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Reflections on UK-Africa relations:
Britain and Africa after 50 years



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Reflections on UK Africa relations: Britain and Africa after 50 years

This essay considers a number of questions. Where does Africa stand and where is it heading? Why is the UK well placed to work with Africa on its journey? What is the Government doing to support the continent's future? How can Government and business work in partnership to build prosperity for Africa, and for Britain? These will be addressed under two main headings: responsibilities and challenges. The first addresses two main areas in which the UK, and particularly the Foreign and Commonwealth Office, has responsibilities in Africa. The second highlights five challenges for African development that lie ahead.

Responsibilities

Prosperity

Recently The Times ran an article that is synonymous with the new narrative of economic growth in Africa. Putting it simply, it said, "Africa is hot." The facts speak for themselves. The economy of sub-Saharan Africa is already worth £1.3 trillion, and it is forecast to be 50% higher in 2017.

Last year, five African nations outgrew China and twenty-two beat India. Seventeen African nations are ranked higher than India on the World Bank's ease of doing business rankings. Thirty-five African countries are, according to Transparency International's Corruption Perception Index, more transparent than Russia.

This growth is compounded by a significant demographic shift. Not only is the population of Africa growing, it's also becoming increasingly prosperous. Standard Chartered estimated that in 2011 around sixty million Africans had an annual income of more than \$3,000. They predicted that this would rise to 100 million by 2015. Again, consider the rate of increase: nearly 70%.

It's not surprising, then, that the World Bank says that Africa is on the verge of an economic take-off similar to that experienced by China thirty years ago. The city of Lagos in Nigeria reminds me of Vietnam twenty years ago: entrepreneurial and energetic.

The UK Government's response to these developments encompasses a number of issues. Part of the response is about improving the UK's diplomatic presence on the ground. Since coming into office we have opened or re-opened Embassies in Somalia, South Sudan, Cote d'Ivoire, Madagascar and Liberia, as well as opening the doors of a new UK Trade and Investment office in Mozambique.

Ministers from across Government are visiting Africa frequently – myself included – and we are supporting a growing number of trade missions, such as those led by the Lord Mayor of London to Nigeria, Angola and Ghana in April and May. We have created a sub-Saharan Africa Task Force of key companies and stakeholders, which, under Lord Green's chairmanship, is seeking to better respond to the needs of UK businesses. In November 2012 the Prime Minister appointed Baroness Scotland as his Trade Envoy to South Africa.

Ministers are driving forward UKTI's High Value Opportunities programme, which has identified five large projects in Africa where the UK can win significant business. I have been personally leading our work on one of these, focused on oil and gas in Eastern Africa.

Within the Foreign Office, we have, for example, established a network of around fifty staff across our Africa Posts who work on prosperity issues – which is supported by a seven-strong team of ‘prosperity champions’ in London. And we have improved our engagement with the private sector by setting up new British Business Groups in places like Sierra Leone and Botswana, and strengthening our links with key organisations such as TheCityUK and the Business Council for Africa.

I have also championed a new approach to UK-Africa relations in the form of ‘High Level Prosperity Partnerships’. This is a model focused on outcomes, and rather than being spread across Africa is targeted at five key countries: Tanzania, Ghana, Mozambique, Cote d’Ivoire & Angola. These will be genuine partnerships, finding out the priorities in these countries and working on ways to meet our shared interests.

These partnerships will involve the FCO working with African governments on a political level to improve investment and growth environments; DFID using its huge expertise to back that up with capacity building, with its increasing interest in providing finance; UKTI supporting British firms to deliver on the ground; and at home, HMG aligning to ensure that British firms of all shapes and sizes are aware of the opportunities, and the support available to them.

DFID are doing much more with business to support both domestic and international investment in African economies, and they are also working to support Africa’s aspirations to deliver a continental free trade area by 2017. A huge amount of work is underway to support the development of infrastructure, open up border crossings and develop local businesses along corridors. At the same time, we are working across Government to help Africa tackle barriers to business such as corruption – not least through our G8 agenda of Tax, Transparency and Trade, the ‘3Ts’.

Let me take equity funds as a more specific example. Equity funds that badge themselves African held assets of less than \$1 billion in 2006. That had risen to nearly \$5 billion by the end of last year. Compare the headline figure to, say, Latin America and it doesn’t seem overly impressive – \$5 billion to Latin America’s \$38 billion. But compare the rate of growth and you get the real story. Sub-Saharan African funds saw an increase of close to 400% in just six years. In Latin America growth was less than 40%.

British private equity firms are queuing up to do business in Africa. They tell me regularly about the excitement of investing in African firms. Their focus is not just extractives, but increasingly consumer companies – breweries or biscuit manufactures – proof of the rising wealth across Africa.

Yet there is still a perception problem. Even now, many companies are put off by what we call the “old agenda”. They worry that doing business with Africa is too risky. Corruption, war and famine are words I hear all too often.

There is, of course, a reason for that. As the situation in Mali, Somalia and other conflict areas makes clear, the “old agenda” has not gone away completely. But one of the key messages I make to companies in the UK and overseas is that Africa is not homogenous. Corruption, war and famine are very real in some places, but look across the continent as a whole and they are now exceptions, not the rule.

Security

On security in particular, our assistance in Somalia, and northern Nigeria amongst others is all about building capacity in those countries to protect their people, their lands. But to do so in line with international human rights standards. It's my firm belief that building security and promoting human rights lays the foundations for prosperity in Africa.

In Nigeria we are providing help and support in dealing with Boko Haram. In Somalia we are providing training and arms for troops. Both are examples of us helping to build African government capacity. But there is more we can do.

Four of my personal ideas of new ways of thinking about security assistance in Africa include, firstly, exploring how social media can be harnessed in responding to terrorists, and the 'digital disruption' of their messages. Secondly, we should expose and cut off funding to terrorist groups – wherever in the world it is coming from. Thirdly, we need more research on, and better understanding of, public attitudes to terrorist groups in Africa, ultimately bringing the power of public opinion against these groups. Finally, we need to help construct a counter narrative against their claim to provide better forms of social security and belonging than African governments can. We need to break their myths about offering a better way of life.

The FCO has a range of other responsibilities – including the very important role of providing consular services to UK citizens abroad. This was crucial during the Libyan intervention, when it became very difficult to help UK citizens leave the country. We found during this that the Chinese were also experiencing similar issues, and the provision of consular services might be an area for greater collaboration between governments in the future.

Challenges

Democracy

The first challenge is democracy: African nations will need to direct themselves with determination towards democracy. This is not a lecture. This is the call from Africans, who – with a smart-phone in their hand and twitter at their fingertips – want to shape and define their future; choose committed leaders and hold them accountable. The next few years are vital – several countries have elections or the end of Presidential terms in 2015. Recent events in Burkina Faso after Blaise Compaoré resigned as president after 27 years in office show the power of public feeling and the capacity of Africans to strive for democracy.

Tackling Corruption

I cannot, of course, claim that Africa does not face challenges. It would be naive to say otherwise. These challenges are often long running and require multi-faceted solutions. The challenges are in politics, in economics, and in security. Too many Africans are still at risk from appalling levels of violence and poverty. Corruption remains a problem. There are more elections taking place today than before, but too many of these elections are neither credible nor fair.

Aid inevitably focuses more on the consequences of poverty. To eradicate poverty we need to deal with its causes too. That means supporting what I call "the golden thread" of conditions that enable open

economies and open societies to thrive: the absence of conflict and corruption, the rule of law, free speech and the presence of property rights and strong institutions. These things aren't just valuable in themselves.

They are also vital in providing the foundations for the sustained economic growth that can lift countries out of poverty. It is a simple fact that countries beset by corruption and weak governance are most likely to succumb to conflict. And remember this: no country in conflict has ever met a single one of the Millennium Development Goals.

Now a big part of tackling the causes of poverty is ensuring that developing countries get the revenues and the benefits of growth that are rightfully theirs. And three vital things are needed to make that happen: fairer taxes, greater transparency and more trade.

The 3Ts is a snappy title, but, really, why link these three together? Because they all have something in common: in each case developing countries are badly missing out.

Corruption is wrong. It starves the poor. It poisons the system. It saps the faith of people in progress. It wrecks the case for aid. When we see it we should condemn it utterly.

I know some people put their hands up in the air and say this can never change. But by ending the era of tax secrecy and driving real openness over what governments and businesses do – it can change. And there are political leaders here who are making that happen.

Examples include President Mahama of Ghana, who has opened up his country's budget so his people can see how their money is spent. President Conde of Guinea, who has recently led the way on publishing mining contracts online. President Kikwete of Tanzania, who is working to ensure that the citizens of his country can enjoy clear and secure property rights. And President Sall of Senegal, who has simplified taxes, unleashed auditors on public finances and set up a commission to tackle corruption.

Fairer taxes are also crucial. The UK has pushed for international agreements to fight the scourge of tax evasion and aggressive tax avoidance at the G8. That means automatic exchange of information between our tax authorities – so those who want to evade taxes have nowhere to hide. It means getting companies to report to tax authorities where they earn their profits and where they pay their tax. It also means transparency about who owns which companies and who benefits from it – so called beneficial ownership.

That means we need to put the information out there so they can calculate the taxes they are owed. And we need to help them improve their ability to collect taxes. That's what the UK has done right across the world. In Rwanda tax revenues have increased six-fold in the last decade. In Afghanistan, eight-fold since 2004. And in Ethiopia – nearly a 50 per cent increase between 2007 and 2011.

But just as important is to make sure that the growth of trade benefits Africa too. So let's back African countries in achieving their goal of doubling intra-African trade by 2022. Let's back Africa in ending the crazy bureaucracy that means a trucker taking goods from Cape Town to Kigali has to carry up to 1000 documents.

Energy & Infrastructure

We should also back Africans on infrastructure – they have a point when they say it was largely designed in another era and primarily focused on getting products out of the continent rather than promoting trade within it. So let's get behind President Kaberuka's work through the African Development Bank to secure the private finance that can deliver the infrastructure that is so badly needed.

During his visit to three African countries, President Barack Obama announced an initiative aiming to double access to electricity across in Sub Saharan Africa. A U.S.\$7 billion commitment to 'Power Africa' from the U.S. government over the next five years is to be supplemented by more than U.S.\$9 billion in leveraged private investments to support projects in an initial set of partner countries, including: Ethiopia, Ghana, Kenya, Liberia, Nigeria, Tanzania, Uganda and Mozambique. Legislation introduced in the U.S. Congress supports the same electrification goal.

Energy has been a long-standing cornerstone of U.S.-Africa relations, with oil at the center. For decades, Africa supplied 15% of U.S. petroleum imports, and that percentage climbed above 20% in 2006. Today Africa provides less than 5% of oil imports due largely to rising U.S. shale oil production. But American oil companies continue to have major investments in many African countries – not only giants like ExxonMobil and Chevron but also numerous smaller firms – and oil-related business activity by U.S. firms is increasing as more and more nations on the continent join the oil- and gas-producer ranks.

Africa has some of the fastest-growing economies in the world. There is a rapidly growing middle class. There are expanding sectors like manufacturing and retail, and one of the fastest-growing telecommunications markets in the world. More African governments are reforming, attracting a record level of foreign investment. Africa is the youngest and fastest-growing continent, with young people that are full of dreams and ambition.

In conjunction with the U.S.-Africa Business Forum, a number of American companies are announcing new partnerships in Africa. Blackstone will invest in African energy projects. Coca-Cola will partner with Africa to bring clean water to its communities. GE will help build African infrastructure. Marriott will build more hotels. All told, American companies – many with our trade assistance – are announcing new deals in clean energy, aviation, banking, and construction worth more than \$14 billion, spurring development across Africa and selling more goods stamped with that proud label, "Made in America."

Climate Change

Another challenge is climate change. It is not a myth; it's not science fiction – it's science fact. Climate change is man-made, as established by scientific evidence, including from the study of ice cores by the British Antarctic Survey. The IPCC has confirmed what thousands of people all over the world – including in the UK and China – already know: that unmitigated climate change poses significant risks to human health, global food security, and economic development; access to water, political stability, and the potential for significant migratory movements.

I know from the communities I represent in the East of England – an area of stunning coast and countryside – that the climate is affecting lives. Some of you may have seen that the UK has suffered its wettest winter

since records began in 2013-4. Crops were ruined, animals lost, homes destroyed, businesses disrupted and infrastructure damaged. I had some in my constituency in east England in December 2013.

The need to act could not be more clear, or – indeed I would argue – more urgent. And it means that climate change needs to be at the heart of debates about national and international political economy.

Developments like the new Climate Fund are crucial. We know that the green economy means jobs, growth and prosperity. In the UK alone it could be worth £20billion to the economy over the next few years – in addition to the £23billion companies could save by using resources like energy and water more efficiently.

Girls Empowerment & Education

The final challenge is in the area of the empowerment and education of girls. UK Aid has been transformative for many African countries, tackling the roots of poverty and conflict and building the foundations for countries that can flourish. But our commitment to working in partnership on development – as in Nigeria – remains. It is right that my government made a brave decision in 2010, in spite of the UK's serious economic challenges, not to balance our books on the backs of Africa's poor.

The context of gender empowerment is very simple for me. The context is about equality. I'm a dad with three children, two girls and a boy, and I want my girls to grow up with every opportunity that my son has, with no disadvantage, with the chance to make everything that my girls can of their lives. And that is really what this is, it's about equality.

And when we look at the problems of childhood and early forced marriage, in our world today, 700 million people married as children, and a further 280 million at risk. When we think of the great development challenges that we face, of eradicating poverty, of dealing with diseases – malaria, TB, polio – this ranks alongside that in terms of the scale of the challenge that we face and the scale of the ambition that we need in order to defeat it.

Taken together, these challenges should provide the contours for the future development of UK-Africa relations over the next fifty years.

