

The New Scramble for Africa – are we ready for it?

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Is Africa Prepared for the New Scramble for its Resources?

By Matunda Nyanchama, PhD

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In an article *titled “U.S. Companies Race to Catch Up in Africa”* James R. Hagerty and Will Connors talk of how American companies are playing catch up in Africa, behind the Chinese that have taken a foothold on the continent.

They write, *inter alia*, that

“U.S. companies' game of catch-up shows the perils of waking up late to the next big frontier market, Africa. The continent's economy is forecast to grow to \$2.6 trillion in 2020 from \$1.6 trillion in 2008, fuelled by booms in mining, agriculture and development of ports, roads and other infrastructure, according to McKinsey Global Institute. The middle class is growing, and total household spending now exceeds that of India.”

Termed accurately, this is the *New Scramble for Africa*, pitting China and India against what the western world, led by Uncle Sam. Africa is being “discovered” once again; this time not for slave labour it provided in the years of yore to build Europe and the rest western world, but for its resources: minerals, forestry products, biodiversity, cheap labour and the desire to create modern economies of sound infrastructure, financial services, health care, education, research and name it!

This should be a concern for every African and everyone who cares for Africa's welfare. The question we should ask is what is in this for Africa in the new scramble? And how can Africa position itself to maximize from this economic neo-colonialism?

Are Africans going to watch on the sidelines as happened in the past when their wealth was squandered, carted away and taken to build economies other than their own? How different would this *New Scramble for Africa* be from that conceived in 1884 Berlin conference? How does Africa strategically position itself to maximize gain from this scramble?

My view is that, unless Africa is prepared, the continent will remain holding an exploited land, ravaged by poverty, disease, crime and all kinds of ills while others maximize shareholder value for their investors in China, India and the western world.

What is Africa going to do differently this time around to avoid being left with an empty bag at the end of the scramble? And is there a role for the African Diaspora? If so what role? How about the role of leadership on the continent? What conduct and accountabilities do we expect of them? How about the African business and investor community? How can they help maximize gain for the continent?

Africa must “look at itself seriously in the mirror and pinch itself” (metaphorically) to better understand the time and age in which we live today. Only then can it understand how to position itself to reap from the projected economic boom on the continent.

The Role of Leadership

This must start with the leadership we elect. Such leadership would provide an environment in which Africa can thrive. In these times, there is no room for dictatorship but leadership focused on building capacity in the people to solve their problems, including employment, security, health care, education, freedom and more. The leadership must understand today's times: a globalized world with rapid capital and labour mobility where wealth can be made or lost in split seconds.

Leadership (political, management, business, community, etc.) is crucial for Africa's success. Leadership would create the needed environment that would assure maximum economic gain. Leadership capacity development is crucial in key sectors that drive the economy.

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Kenya is now world-famous for the mobile money transfer that touches millions of people that would have little access to traditional banking. Termed m-pesa (mobile money) this service has been recognized worldwide with the World Bank honouring Mike Joseph, the Safaricom CEO that oversaw m-pesa implementation

I doubt m-pesa would have been realized under the autocratic Moi. I doubt it would have happened without a receptive government bureaucracy working with the Central Bank of Kenya. It is doubtful this would have happened with the entrepreneurial spirit, innovation and opportunity recognition. I doubt it would have happened without risk taking!

Yet today m-pesa in Kenya moves more money across the country, region and the world than all Kenyan banks combined.

Africa needs to build a risk-taking culture, perhaps supported by government incentives such as guarantees, and grants that would serve as seed capital for new businesses. We need capacity in the management, raising capital, structuring deals, negotiations and more. We need capacity in science and technology.

African leadership needs to re-engineer our society to create a business culture as opposed to the existing beggar mentality, where people expect donors to solve their problems. Here are a few suggestions on capacity building, especially in the enterprise front:

Innovation

We can learn from those that have done it: India, USA, and China, etc. and incorporate these lessons in the education system. This includes the subjects taught and how they are taught; it involves the in academia, and research. It pertains to how we locate higher institutions of learning. For example: we could structure the locations of these institutions to allow for seamless interaction of synergistic professions such as science, engineering, business, management and law.

Knowledge created, unless applied to solve people's problems would be useless. There is a need for greater interaction between academia, research and industry. We need to locate universities and industry to allow for seamlessly collaboration so that there is a continuum between knowledge creation and conversion into products and services.

Governments should provide incentives that people to take risks with their capital, such as allowing individuals and companies tax write offs with respect to risk capital.

African governments should require (as they do many parts of the world) partnerships and joint ventures that benefit the continent; and not simply that these ventures create jobs. It should be more, including capacity building that would allow us to do what otherwise we have done in the past – letting other plan and do on our behalf.

Take infrastructure and road construction in particular, our deal-makers could, for instance, require a minimum percentage (e.g. 50%) subcontracting to local companies. Such a requirement would help the smaller players a chance to participate in large projects and hence learn the ropes on how such projects are accomplished.

African intellectual property management is weak; there is little capacity to management the intellectual property potential on the continent. Yet these would enrich others at the expense of the continent. Africa needs firm foundations for managing its intellectual property; I always shudder at what I hear at conferences. Here, young people, eager to show off what they have developed, expose their wares without having secured rights to their inventions.

The Role of the Diaspora

The African Diaspora is substantial. Their collective knowledge, expertise and experience are enough to turn the continent around. Africa needs to learn from India, China and Pakistan. Africa needs seamless interaction and collaboration with its Diaspora

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African leadership should work hard to help reduce the unnecessary suspicion and rivalry between its home populations and the Diaspora. This would allow for broad focus beyond remittances to include skills, experience and networks. Many Diaspora Africans I know would like to work on the continent in the spirit of “giving back” but with fair compensation for their services. Were the spirit properly harnessed, we would avoid instances where our governments and companies pay several times more to foreign (read white) expertise rather than pay the same to one of their own!

It is shame!

African Business Community

Our African business community needs to realize that we are on a global village and that they need to be prepared to face global competition. The Business Process Outsourcing (BPO) example illustrates the matter where competition for business is that between players across the world. Being competitive and strong positioning to become chosen joint venture partners is important to both increasing their reach and also enhancing their capacity to compete globally.

The Young Generation

Across Africa 60% of the population (on average) is below 30 years of age. It means Africa has a young population; and what they do, the trends they set, the tastes they have, will largely shape the continent’s future. While governments need to do more to position this population for future economic growth, the young generation must itself do the necessary to take advantage of their demographic numbers and globalization opportunities.

The young generation should focus on broad and specialized understanding of the intersection among *business, the technical and the legal*. In India, for instance, scientists and engineers from the Indian Institutes of Technology (IITs), management and business specialists from Indian Institutes of Business and Management; and law experts from law schools interact routinely. This would allow for the back and forth flow of ideas and hence synergy that would fuel economic growth.

Conclusion

Africa needs to be prepared if it has to gain from the developed world’s scramble for its resources. We need structures in place that would assure the continent maximizes from this scramble. This requires electing leadership that is in tune with modern times, it needs education systems that take advantage of the globalized environment and needs a change of attitude from a beggar continent to one focused on self-sufficiency. We are lucky to live in a globalized world where information is king. Moreover, we don’t have to reinvent the wheel as we can learn from examples of China and India.

Failure to act appropriately will repeat past history of past scrambles for the continent; and that would show that we have learnt little since the infamous 1884 Berlin conference of European powers.

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