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Africa's inner strength: Unlocking a more prosperous future

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Leveraging Africa's inner strength to realize its full economic potential

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Africa is increasingly recognized as the next frontier for global economic growth.¹ Its potential is vast, characterized by diverse natural resources, a burgeoning youth population, and untapped innovation. The question is no longer whether Africa will rise to meet the demands of a rapidly globalizing world, but how it will do so while building on its inherent strengths. It is home to the world's youngest and fastest-growing population,² fast-growing cities,³ and bold innovations in everything from fintech to clean energy. These present abundant opportunities for robust, inclusive growth that harnesses its vast human potential and natural resources to increase prosperity, not just in Africa but across the world.⁴

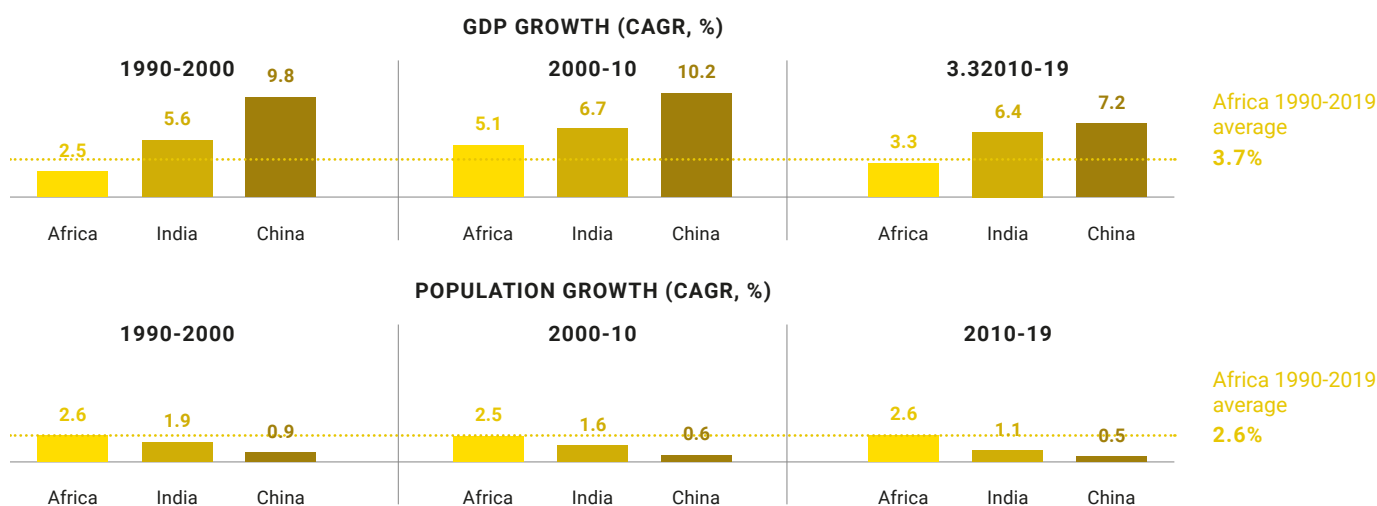
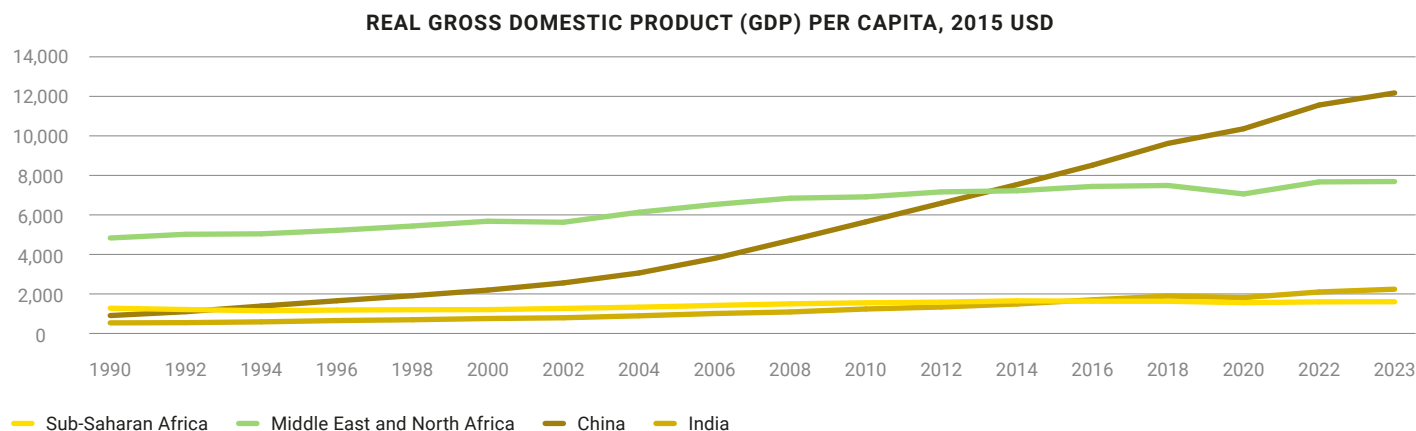
However, we approach these opportunities from a challenging starting point. Today, 60% of Africa's population lives in poverty, the result of per capita income growth that has averaged just 1.1% a year for the past several decades (Figure 1).⁵ Unemployment of African youth sits at over 25% and more than 85% of Africans live with severe or moderate food insecurity.⁶ Low economic productivity across all sectors resulted in a 35% reduction in GDP growth over the last decade.⁷ Governance and the regional and national institutions at its foundations remain challenged across many parts of the continent. Investments in infrastructure and many critical social services (e.g., education and health) have fallen behind as fiscal headroom in many countries is under pressure.

- 1 Landry Signé, *Realizing Africa's Potential: A Journey to Prosperity* (Washington D.C.: Brookings Institution Press, 2025); Mayowa Kuyoro et al., "Reimagining Africa's Economic Growth" (McKinsey & Company, June 5, 2023), <https://www.mckinsey.com/mgi/our-research/reimagining-economic-growth-in-africa-turning-diversity-into-opportunity>; Landry Signé, *Unlocking Africa's Business Potential: Trends, Opportunities, Risks, and Strategies* (Washington, D.C.: Brookings Institution Press, 2020).
- 2 Victor Gaigbe-Togbe et al., "World Population Prospects 2022: Summary of Results" (New York: United Nations Department of Economic and Social Affairs, 2022) https://www.un.org/development/desa/pd/files/wpp2022_summary_of_results.pdf.
- 3 Nirav Patel, "Figure of the Week: Africa Is Home to the 10 Fastest Growing Cities in the World," *Brookings* (blog), accessed December 4, 2024, <https://www.brookings.edu/articles/figure-of-the-week-africa-is-home-to-fastest-growing-cities-in-the-world/>.
- 4 Signé, *Realizing Africa's Potential*.
- 5 Kuyoro et al., "Reimagining Africa's Economic Growth."
- 6 "Statistics Division (ESS) | Food and Agriculture Organization of the United Nations," FAO, accessed December 4, 2024, <https://www.fao.org/about/who-we-are/departments/statistics-division/en/>.
- 7 Kuyoro et al., "Reimagining Africa's Economic Growth."

FIGURE 1

AFRICA'S REAL GDP PER CAPITA

Africa's real GDP per capita has grown only 1.1% annually since 1990



Note: Data includes 47 countries with consistent data for 1990-2019, excluding Djibouti, Eritrea, Liberia, Libya, Somalia, South Sudan, and São Tomé and Príncipe. Line graph divides African countries between sub-Saharan Africa and the Middle East and North Africa regions. Source: World Bank, United Nations Department of Economic and Social Affairs, Population Division.

The question is no longer whether Africa will rise to meet the demands of a rapidly globalizing world, but how it will do so while building on its inherent strengths.

It is important to note, however, that these continent-wide statistics obscure successes in many of its constituent countries that, while uneven, can serve as models to establish productivity as the foundation of Africa's economic growth.⁸ Nearly half of Africa's people live in countries where annual GDP growth between 2010 and 2019 exceeded 4.2%, the continent's average growth rate since 2000.⁹ These countries were largely midsize economies and together accounted for just over one-quarter of total African GDP. They tend to be smaller, non-resource economies in east and west Africa (Figure 2).

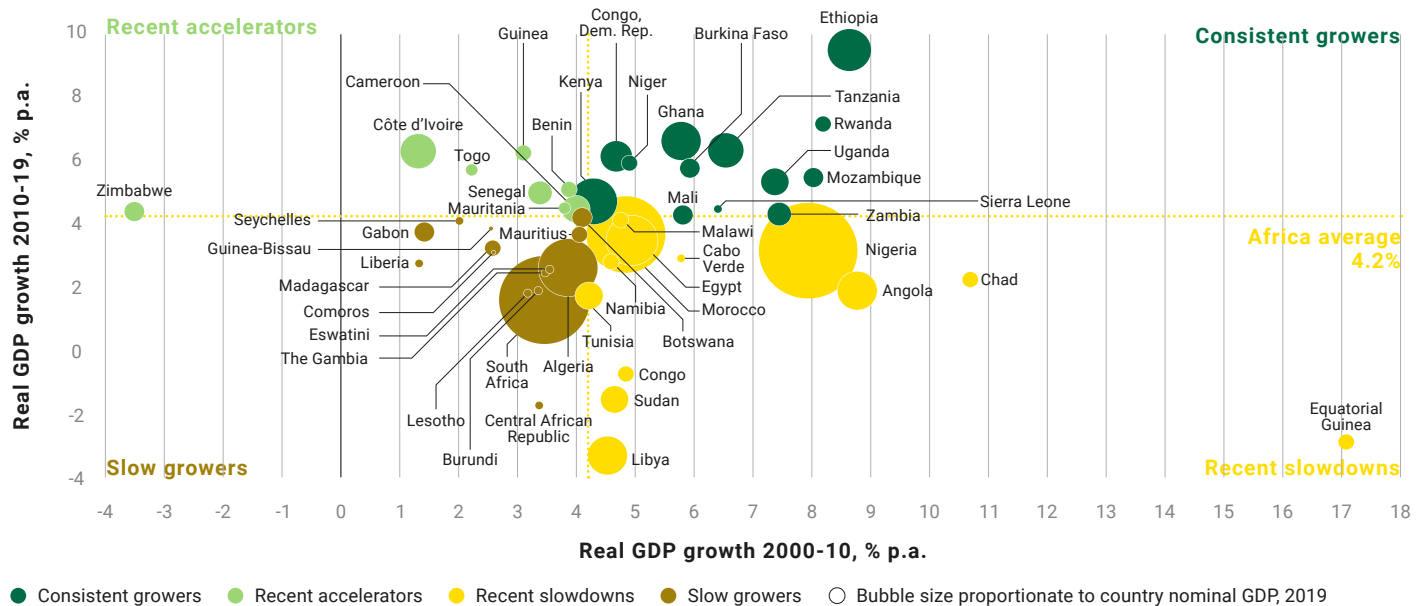
⁸ Signé, *Realizing Africa's Potential*.

⁹ Kuyoro et al., "Reimagining Africa's Economic Growth."

FIGURE 2

AFRICAN ECONOMIES' REAL GDP GROWTH 2000-2010 AND 2010-2019

Wide variation in economic performance across the continent makes it clear there is no “one Africa”



Note: Illustration does not show Equatorial Guinea (34th largest economy: 17.1% p.a. 2000-10; -2.9% p.a. 2010-19) and Zimbabwe (20th largest economy, -3.5% p.a. 2000-10; and 4.4% p.a. 2010-19). Africa average calculated based on 49 economies that have completed GDP data in 2000-19 (Djibouti, Somalia, South Sudan, São Tomé and Príncipe, Eritrea excluded). 2019 used instead of 2020 to mitigate one-off COVID-19 impact, however, country groupings broadly robust to change in year-end. Shares of population and nGDP as of 2019.
Source: World Bank.

The global context is also pertinent: Tepid global GDP growth of ~3.3% in 2023,¹⁰ increasing inflation, recovery from the impact of COVID-19, increased geopolitical volatility, impact of climate shocks, a rapidly aging global population and the potentially seismic impact of technology on the workforce all conspire to create opportunities and challenges for the African continent.

To realize its full economic potential, Africa must harness its diversity, leverage its strategic assets, and mitigate emerging challenges that come with globalization.¹¹ Indeed, the continent is already in transition, for example Africa's economies are shifting rapidly from agriculture and extraction to services. Reflecting that shift, employment in services increased from 30% to 39%.¹² Services also secured its place as the major driver of the continent's economic output, growing to 56% in the last decade compared with 50% in the 2000s as it captured shares from the extractive industries (Figure 3).¹³

10 "World Economic Outlook, April 2024: Steady but Slow: Resilience amid Divergence" (Washington, D.C.: International Monetary Fund, April 2024), <https://www.imf.org/en/Publications/WEO/Issues/2024/04/16/world-economic-outlook-april-2024>.

11 Signé, *Realizing Africa's Potential*.

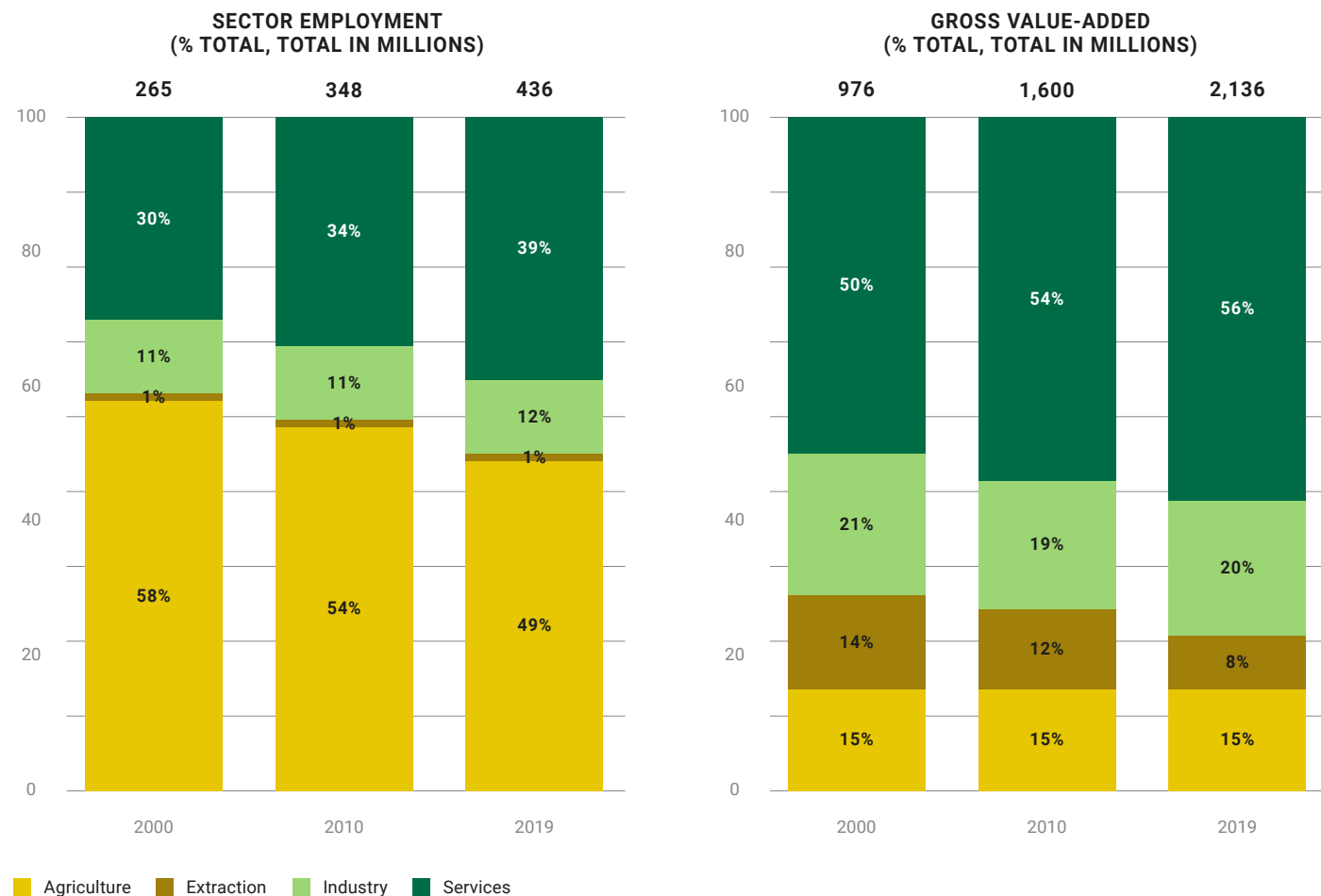
12 "McKinsey African Companies Database," n.d.

13 Kuyoro et al., "Reimagining Africa's Economic Growth."

FIGURE 3

SECTOR EMPLOYMENT AND GROSS VALUE-ADDED

Africa is experiencing a fundamental shift away from agriculture and extraction and toward services



Note: Includes manufacturing, construction, and utilities. Figures may not sum to 100 because of rounding.
Source: MGI Africa Productivity Model.

Given this backdrop, we explore how Africa's assets can position it for success in a globalized world, the lessons learned from successful initiatives, and key imperatives to set the continent on a path for success.

Africa's unique strengths: A catalyst for growth

Africa is not one monolith but a continent rich in varying resources, human capital, and economic capacities.

Africa's strength lies in its diversity—geographically, economically, and culturally. Africa is not one monolith but a continent rich in varying resources, human capital, and economic capacities. The diversity of Africa's economies, whether through its rich mineral wealth, dynamic agricultural landscapes, or the accelerating digital economies, positions the continent uniquely in the global marketplace. A few of these unique attributes are highlighted below:

1. *Natural resources: Africa's wealth in raw materials*

Africa possesses approximately 30% of the world's known mineral reserves such as gold, cobalt, and diamonds.¹⁴ Additionally, African-sourced materials are critical for transition to a low carbon economy—60% of the world's production of Manganese, ~70% of Cobalt, and 70% of Iridium occurs on the continent.¹⁵ Given the right infrastructure and trade policies, these resources can power industries both on the continent and globally.

The key to unlocking this potential lies in value addition. Historically, African nations have relied on exporting raw materials, but the future lies in creating local industries that can process and export finished goods. Countries such as Botswana have made strides by developing diamond-cutting and polishing industries rather than exporting rough stones.¹⁶ As the continent builds processing facilities and develops regional value chains, it can retain more wealth within the continent while creating jobs and raising living standards.

2. *Human capital: Africa's youth population*

By 2050, Africa will account for at least one-quarter of the global workforce. With a median age of 19.7 years, Africa is home to the world's youngest population.¹⁷ This young population can serve as both producers and consumers in the global economy, driving demand for goods and services while also forming a talent pool that the world would increasingly look to for innovation, entrepreneurship, and the digital economy. Given the changing global population growth dynamics, the imperative to make sure that our young population is educated and has the relevant skills is no longer an African one but a global one.

3. *Digital economy: A growing tech hub*

Africa is experiencing a technological revolution, with rapid growth in mobile device penetration, fintech, and e-commerce.¹⁸ The number of internet users for example, has grown by 17% annually since 2013.¹⁹ Mobile money services such as M-Pesa in Kenya have revolutionized financial services, allowing millions of Africans to participate in the formal economy.²⁰ Africa's tech startup scene, with the number of startups tripling in less than two years—particularly in countries like Nigeria, Kenya, and South Africa—is gaining global attention and investment.²¹ By fostering innovation ecosystems and ensuring regulatory frameworks that support technology adoption, Africa can lead the digital economy in developing markets.

14 "African Natural Resources Centre: Catalyzing Growth and Development through Effective Natural Resources Management" (Abidjan: African Development Bank, 2016).

15 "Mineral Commodity Summaries," 2021.

16 Blessing Ernest, "Driving Value Addition in Botswana's Diamond Industry," *African Leadership Magazine* (blog), June 10, 2024, <https://www.africanleadershipmagazine.co.uk/driving-value-addition-in-botswanas-diamond-industry/>.

17 Gaigbe-Togbe et al., "World Population Prospects 2022: Summary of Results."

18 Landry Signé, *Africa's Fourth Industrial Revolution* (Cambridge: Cambridge University Press, 2023).

19 "World Development Indicators | DataBank," 2024, <https://databank.worldbank.org/source/world-development-indicators>.

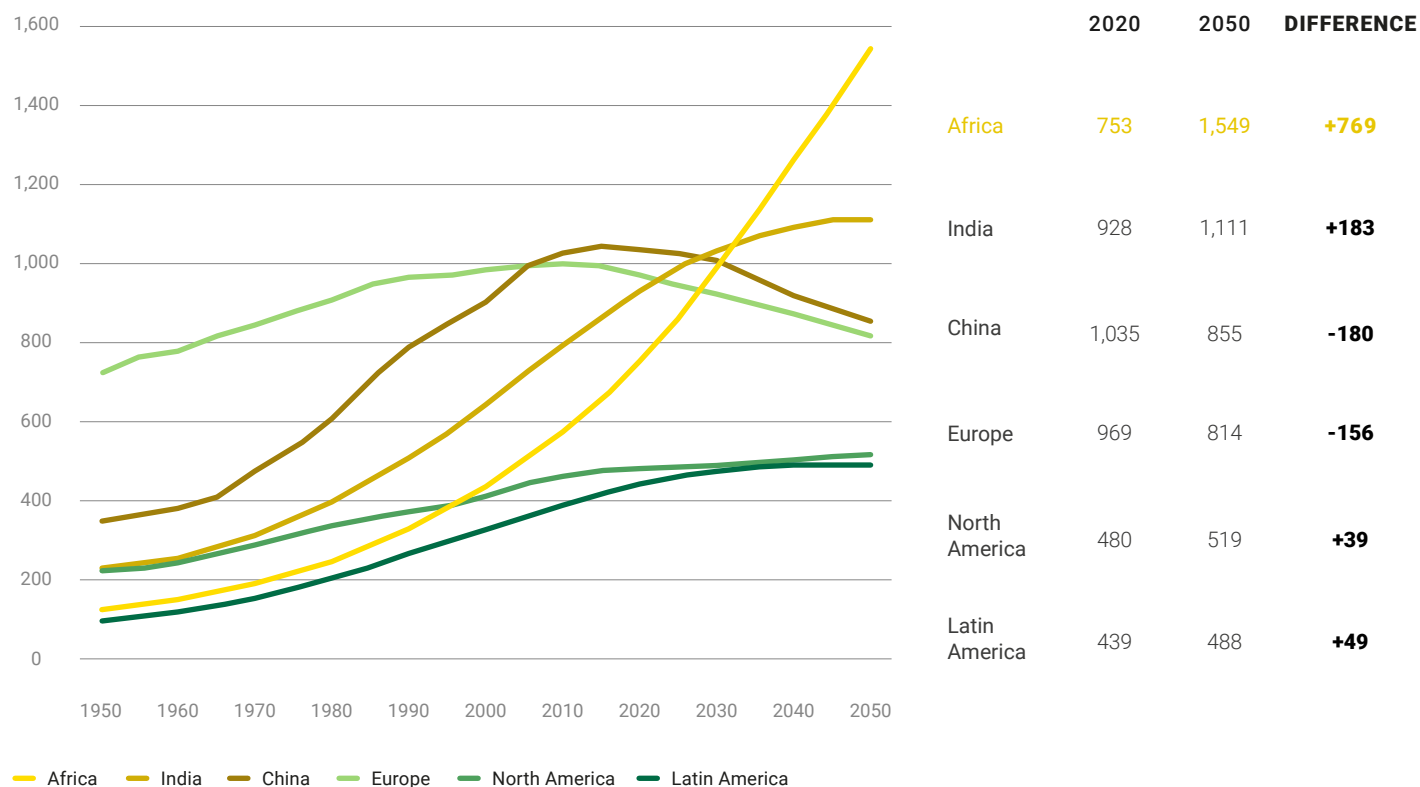
20 "M-Pesa," M-Pesa, accessed January 1, 2025, <https://www.m-pesa.africa/>.

21 Max Flötto et al., "Fintech in Africa: The End of the Beginning" (McKinsey & Company, August 30, 2022), <https://www.mckinsey.com/industries/financial-services/our-insights/fintech-in-africa-the-end-of-the-beginning>.

FIGURE 4

SIZE OF WORKING AGE POPULATION (15 - 64 YEARS OLD)

By 2050, Africa will add 796 million people to the global workforce and be home to the largest and youngest population globally



Note: In millions. Latin America includes the Caribbean.

Source: United Nations Population Prospects 2022 (medium variant scenario used for forecasted years).

4. Urbanization and thriving cities

The future of Africa lies in its vibrant cities. Africa is the fastest-urbanizing place on earth, with more than 500 million people likely to leave the countryside between now and 2040.²² Most will move to the continent's largest cities, increasing the need for better infrastructure to enable these migrants to thrive. Also by 2040, the number of cities with over 5 million inhabitants will grow from 12 to 31.²³ Africa's "second cities," those with the second-largest population in each country, are generally much smaller than their largest counterpart. Among a set of the largest countries on the continent, only four of 14 have a second city larger than half the size of their primary city.²⁴ Investment in these smaller second cities could take the pressure off their larger cousins, spreading rising productivity and incomes more broadly.

²² Kuyoro et al., "Reimagining Africa's Economic Growth."

²³ Kuyoro et al., "Reimagining Africa's Economic Growth."

²⁴ Kuyoro et al., "Reimagining Africa's Economic Growth."

Challenges ahead: Navigating global and local dynamics

While Africa has immense potential, several challenges remain on the horizon.

1. *Global economic volatility*

Africa's economies are highly vulnerable to external shocks, such as fluctuations in commodity prices, global recessions, and changes in trade and economic policies by major economies like the U.S. and China. For example, during the early phase of the pandemic, global demand plummeted, causing sharp declines in prices—particularly in oil, which dropped by more than 50%. This also occurred in the context where Africa's volume share of the global commodity trade reduced by almost half, from 7% in 2010 to 4% in 2019.²⁵ Global debt levels have reached historic highs, driven by pandemic-related government spending and borrowing. According to the IMF, global public debt rose to nearly 94% of global GDP in 2021.²⁶ Rising interest rates in developed economies pose a significant challenge for countries with high levels of debt, particularly in Africa, where fiscal headroom is limited. Africa's net external debt, while low by global standards, increased by 24% to 57% of GDP by 2019.²⁷ Debt-servicing costs doubled, and current-account balances halved. Just three years later, in 2022, the region's average debt-to-GDP ratio stood at 67%.²⁸ Debt servicing has continued to hamstring governments in 2024 when it accounted for 13.6% of government expenditure across Africa.²⁹ Building economic resilience through diversification and fostering domestic demand will be critical in mitigating these risks.

2. *Increased political instability*

Political instability also increased across the continent and continues to grow, even in countries with faster-growing economies. 30% of Africa's population was affected by unstable political events such as coups that brought instability during the 2010s, compared with 4% in the 2000s.

3. *Slowing economic growth and challenged productivity*

Since 2010, Africa's economic progress slowed due to a confluence of factors ranging from waning demand for commodities to deteriorating economic fundamentals in the continent's largest economies. All these developments coincided with and contributed to a steep decline in Africa's annual productivity growth, which fell from 2.2% in the 2000-10 decade to 0.8% in the last decade.³⁰ Africa's economy is now the least productive relative to emerging market peers today (Figure 5).

25 Kuyoro et al., "Reimagining Africa's Economic Growth"; Marcos Poplawski-Ribeiro et al., "2024 Global Debt Monitor" (Washington, D.C.: International Monetary Fund, December 2024), <https://www.imf.org/external/datamapper/GDD/2024%20Global%20Debt%20Monitor.pdf>.

26 Roberto Perelli et al., "2022 Global Debt Monitor" (Washington, D.C.: International Monetary Fund, December 2022).

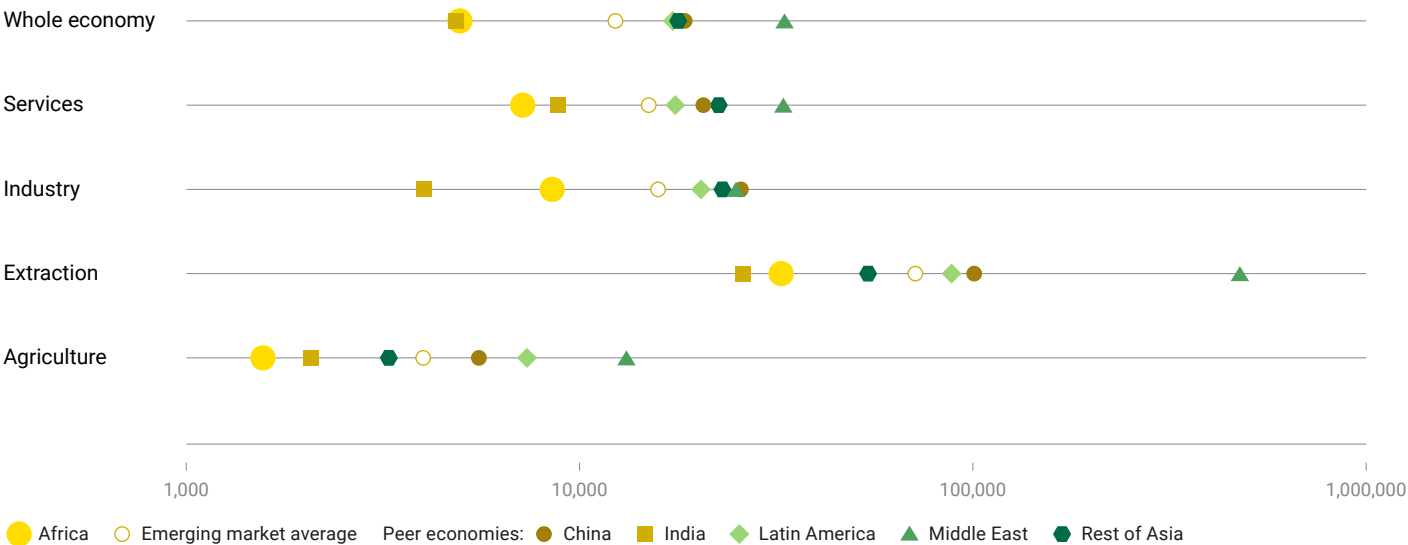
27 "Global Debt Database," accessed December 4, 2024, <https://www.imf.org/external/datamapper/datasets/GDD>.

28 "Global Debt Database."

29 Sara Harcourt, Jorge Rivera, and Fiona Robertson, "African Debt," *ONE Data & Analysis* (blog), accessed December 6, 2024, <https://data.one.org/topics/african-debt/>.

30 Kuyoro et al., "Reimagining Africa's Economic Growth."

FIGURE 5
REAL PRODUCTIVITY BY INDUSTRY AND REGION/COUNTRY
Across all sectors, Africa's level of productivity lags the emerging market



Note: In 2019 USD. Real productivity is calculated by adjusting outputs and inputs for inflation and dividing output by input to get a productivity ratio.
Source: World Bank, United Nations Department of Economic and Social Affairs, Population Division.

4. *Climate change and environmental sustainability*
Looking to the future, climate change may pose a new challenge to growth on the continent as Africa faces the potential for increasing weather-related acute events. By 2050, nearly 900 million people may face climate hazards.³¹ The transition to a global low-carbon economy could also impact Africa's reliance on fossil fuel exports, which comprise 16% of its GDP. However, opportunities in green industries exist, and the continent must develop new businesses, secure investment, and build expertise to capitalize on the net-zero shift.

Charting a sustainable path: Fostering productive growth in Africa

Looking ahead, Africa's economic growth must be driven by productivity. Africa's rich diversity and growing population should be harnessed to build a productivity-focused economy, unlocking its full potential through innovation, value-added industries, and the development of human capital. This shift will ensure more resilient, sustainable growth that capitalizes on the continent's internal strengths and capabilities. A few critical areas to consider include:

31 Lyes Bouchene et al., "Green Africa: A Growth and Resilience Agenda for the Continent" (London: McKinsey and Company, November 2021), <https://data.europa.eu/doi/10.2760/173513>.

1. *Investing to enhance resource productivity and tap into new opportunities*

Extraction will be a part of the continent's development going forward. Investment is therefore needed to raise the sector's productivity. More broadly, as the world undertakes the energy transition, the types of natural resources it needs are changing, and Africa is well-positioned to become a significant supplier. Benefiting from both newly sought after and traditional resource exports is, however, not a given. Lessons learned from Africa's historic reliance on extraction can be used to institutionalize best practices and strengthen governance to ensure that resource wealth is directed to minimizing the sector's impact on the environment and spreading prosperity more broadly throughout African society. Investments in value addition will be crucial to maximize the continent's benefits from its abundant natural resources.³²

2. *Leveraging digital innovation*

To fully harness Africa's economic potential, embracing digital technologies across all sectors is crucial.³³ Digital innovations can enhance competitiveness, improve customer experiences, and increase productivity. Data analytics offer significant growth opportunities in Africa's data-scarce environment. For governments, leveraging digital tools can boost efficiency, revenue collection, and service delivery. Additionally, developing a skilled African workforce tailored to local needs and global demands is vital. 230 million digital jobs could be created, of which over 10 million could be created through Tech and Business Process Outsourcing hubs.³⁴ There are also enormous indirect job creation opportunities, including 650 million opportunities for digital training, translating into a \$130 billion opportunity.³⁵

3. *Improving regional integration*

Africa trades far more with other countries than with itself. In 2022, intraregional trade in Africa stood at only 14%,³⁶ significantly lower than in other regions globally. Having more coordinated and aligned strategies across countries and regions, such as pharmaceutical manufacturing strategies that span entire African regions, can build resilience and improve productivity. The African Continental Free Trade Area (AfCFTA) presents an important opportunity,³⁷ and its implementation should be accelerated by adapting established models such as the North American Free Trade Agreement, the European Union, the Association of Southeast Asian Nations, and others. Through the elimination of tariffs and the harmonization of standards, AfCFTA has the potential to transform Africa from a collection of small, fragmented markets into a cohesive, competitive region. Similarly, Africa can also better leverage its Regional Economic Communities to support collaboration across national boundaries that will increase productivity and economic growth.

32 Signé, *Realizing Africa's Potential*.

33 Signé, *Africa's Fourth Industrial Revolution*.

34 Alejandro Caballero et al., "Executive Summary: Digital Skills in sub-Saharan Africa: Spotlight on Ghana" (Washington, D.C.: International Finance Corporation, 2019).

35 Caballero et al., "Executive Summary: Digital Skills in sub-Saharan Africa: Spotlight on Ghana."

36 Anthony Coleman et al., "African Trade Report 2022: Leveraging the Power of Culture and Creative Industries for Accelerated Structural Transformation in the AfCFTA Era," *Transforming Africa's Trade* (Cairo: African Export-Import Bank, 2020).

37 AfCFTA, "About the AfCFTA," accessed December 3, 2024, <https://au-afcfta.org/about/>.

4. *Exploring opportunities to benefit from the global net-zero agenda*

While climate change poses challenges for Africa, the global transition to net-zero presents significant opportunities. Capturing these will require developing bankable projects, securing capital, and building technical expertise. African nations are also exploring their own net-zero pathways, aiming to expand energy access, reduce air pollution, and improve urban mobility while promoting economic growth. Eight green manufacturing opportunities have been identified that together could generate up to \$2 billion in revenue a year in total and create 700,000 new jobs by 2030.³⁸ However, challenges include the high initial costs of climate technologies and limited fiscal space. Large-scale support is essential to finance climate projects and protect vulnerable communities affected by the transition.

5. *Harnessing the power of the African private sector*

As of 2022, Africa had ~350 companies making over \$1 billion in revenue. Of these, over 80% were from the private sector.³⁹ Capitalizing on the strengths of these institutions will be essential to unlocking Africa's productive potential. By mobilizing capital, fostering innovation, and building infrastructure, the private sector can drive economic growth across key industries while partnerships with governments can help develop capital markets and promote environments that attract long-term investments. Additionally, the private sector plays a pivotal role in creating jobs, training talent, and unlocking regional trade through supporting initiatives such as the AfCFTA.⁴⁰ This collaboration can help Africa build a resilient, diversified economy that thrives in a global market.

Conclusion: Africa's moment on the global stage

Africa stands at a pivotal moment in its economic journey. By leveraging its inherent strengths—natural resources, human capital, digital innovation, and regional integration—Africa can unlock its full potential. However, realizing this potential will require addressing the challenges of global economic volatility, climate change, and political instability. With the right policies in place, Africa can not only become a global economic player but also set a model for inclusive, sustainable growth in the 21st century.

38 Lyes Bouchene et al., "Africa's Green Manufacturing Crossroads: Choices for a Low-Carbon Industrial Future," *McKinsey & Company* (blog), September 27, 2021, <https://www.mckinsey.com/capabilities/sustainability/our-insights/africas-green-manufacturing-crossroads-choices-for-a-low-carbon-industrial-future>.

39 McKinsey African Companies Database. Companies making over 1 billion dollars in revenues are active across most sectors, with particularly strong representation (about 70 percent) in oil and gas, mining, retail and consumer goods, financial services, manufacturing, and telecommunications.

40 Signé, *Realizing Africa's Potential*.

Africa's moment: Seizing the opportunity for transformation

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To claim that the future belongs to Africa is a reality backed by every socioeconomic indicator. But to turn this potential into progress, Africa must strategically position itself to seize the moment.

By 2030, one-fifth of the world's population will live in Africa, with the majority being young people.¹ The continent's mineral wealth remains largely untapped,² its arable land can feed the world, and most importantly, Africa is largely peaceful today.

To claim that the future belongs to Africa is a reality backed by every socioeconomic indicator. But to turn this potential into progress, Africa must strategically position itself to seize the moment.

The good news is we are making strides. The realization that Africa's socioeconomic transformation lies in the hands of its people is now widespread. No one else will do it for us. Attempts to develop the continent without ownership and leadership by Africans have not fared well.³ We understand our challenges and aspirations better than anyone.

Recent crises—such as the COVID-19 pandemic, the Russia-Ukraine war, and internal political weaknesses—have exposed vulnerabilities, including trade imbalances, skyrocketing inflation, and slowed growth.⁴ However, these challenges have also provided valuable lessons.

For instance, the inequitable distribution of COVID-19 vaccines highlighted the urgent need to invest in local vaccine manufacturing.⁵ Rwanda, in partnership with BioNTech, is playing its part by establishing a cutting-edge mRNA-enabled vaccine manufacturing plant, setting a precedent for the continent.⁶

- 1 Michael Geiger and Moulaye Ibrahim Bamba, "What Hong Kong and Singapore Can Teach Africa on How to Become an Economic Powerhouse," World Economic Forum (blog), January 5, 2021, <https://www.weforum.org/stories/2021/01/hubs-africa-growth-potential-economics/>.
- 2 Louise Margolin, "DRC, South Africa, Botswana...Who Has the Greatest Potential in Critical Minerals?," The Africa Report (blog), accessed December 3, 2024, <https://www.theafricareport.com/333508/drc-south-africa-botswana-who-has-the-greatest-potential-in-critical-minerals/>.
- 3 Joaquin Matamis, "Africa's Future: Rethinking Development Based on the African Experience," Stimson Center (blog), September 1, 2023, <https://www.stimson.org/2023/africas-future-rethinking-development-based-on-the-african-experience/>.
- 4 Matamis, "Africa's Future."
- 5 Harvey Mogoje, "How Has the African Vaccine Manufacturing Landscape Changed in the Last Year?," Clinton Health Access Initiative (blog), October 18, 2024, <https://www.clintonhealthaccess.org/report/how-has-the-african-vaccine-manufacturing-landscape-changed-in-the-last-year/>.
- 6 BioNTech, "BioNTech Achieves Milestone at mRNA-Based Vaccine Manufacturing Site in Rwanda," December 18, 2023, <https://investors.biontech.de/news-releases/news-release-details/biontech-achieves-milestone-mrna-based-vaccine-manufacturing-0#:~:text=KIGALI%2C%20Rwanda%2C%20December%2018%2C,Company's%20site%20in%20Kigali%2C%20Rwanda.>

To secure Africa's future, Africa must seek solutions from within. The African Continental Free Trade Area (AfCFTA) is a testament to this unity, connecting 1.3 billion people across 54 countries with a combined GDP of over \$3.4 trillion. With the political will for reform and steady implementation, the AfCFTA is set to be a game-changer for trade, investment, and economic integration across the continent.⁷

On the global stage, Africa has started to leverage its influence effectively. Whether it's advocating for a unified position on climate action,⁸ reforming international financial systems,⁹ or amplifying our voices within global platforms,¹⁰ Africa is demonstrating that it can shape its destiny.

Rwanda's journey offers valuable lessons. Our socioeconomic transformation is being driven by ownership—developing homegrown solutions rooted in our culture and tailored to our unique challenges.¹¹ While partnerships are crucial, they are most productive when aligned with our vision and goals.

Yet, challenges remain. We need significant investment in productive sectors to create opportunities for our young population. Expanding energy access,¹² building robust digital financial ecosystems,¹³ and navigating a fragmented global economic system are urgent priorities.¹⁴

With just five years left to achieve the Sustainable Development Goals, Africa must act decisively. In a world marked by weakening multilateralism, rising trade barriers, geopolitical tensions, and increasing climate disasters, Africa must strengthen its global positioning. Most importantly, we must resist being instrumentalized and keep the improved wellbeing of our people as the ultimate prize.

Africa's moment is now. We are ready to collaborate and lead.

7 "About the AfCFTA," AfCFTA, accessed December 3, 2024, <https://au-afcfta.org/about/>.

8 Inger Andersen, "African Climate Leadership at COP29 and Beyond," <https://www.unep.org/news-and-stories/speech/african-climate-leadership-cop29-and-beyond>.

9 "Finance and Foreign Ministers Call for Remaking the International Financial System in the Interest of Developing Countries," United Nations, July 26, 2024, <https://www.un.org/en/finance-and-foreign-ministers-call-for-remaking-the-international-financial-system>.

10 Ovigwe Eguegu, Hannah Ryder, and Trevor Lwere, "Africa's Design for a Reformed UN Security Council," Center for Strategic and International Studies, October 1, 2024, <https://www.csis.org/analysis/africas-design-reformed-un-security-council>.

11 "Home Grown Solutions," Rwanda Governance Board, accessed December 3, 2024, <https://www.rgb.rw/1/home-grown-solutions>.

12 "Energizing Rwanda's Development," Sustainable Energy for All, September 10, 2024, <https://www.seforall.org/publications/energizing-rwandas-development>; "Increasing Energy Investment in Africa is Vital for the Continent's Sustainable Economic Growth," IEA, June 15, 2024, <https://www.iea.org/news/increasing-energy-investment-in-africa-is-vital-for-the-continents-sustainable-economic-growth>.

13 Patient Rambe, "Digital Payments for Deepening Financial Inclusion and Democratising Financial Ecosystems in Africa," in *Blockchain, Metaverse, and Digital Payments* (London: Routledge, 2024); Eric Gacuruzwa, "Rwanda's Five-Year FinTech Strategy: Aiming to Lead Africa's Digital Future," FurtherAfrica (blog), November 29, 2024, <https://furtherafrica.com/2024/11/29/rwandas-five-year-fintech-strategy-aiming-to-lead-africas-digital-future/>.

14 Spencer Feingold, "Economic Fragmentation Rises with Global Tensions: Experts," World Economic Forum (blog), June 26, 2024, <https://www.weforum.org/stories/2024/06/economic-fragmentation-global-tensions-experts/>.

Leveraging mining for accelerated development

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Since African countries began gaining independence, the world has spoken of the African resource curse—the phenomenon of nations that struggle economically despite being rich in natural resources.² Studies show that African countries with natural resources experience challenges that include diminished health,³ lower levels of education,⁴ and democratic challenges.⁵ However, the existence of natural resources itself is not a curse. Botswana is one nation that has seemingly overcome the resource curse through careful and strategic resource management, allowing its government to create regulations and tax mining companies to efficiently reallocate resources to development needs.

Botswana's discovery of diamonds in 1967 resulted in the government implementing sustainable mining regulations within two years.⁶ The Botswanan mining sector stands as a unique socioeconomic development model, showcasing its ability to convert natural resources into avenues for growth, diversification, and prosperity. This has been achieved through the creation of a legal framework that outlines inclusive resource exploitation by vesting ownership of minerals through governmental partnerships.

This results in substantial rents that have been reinvested to address the nation's development needs.⁷ Government partnerships with mining companies such as Debswana—a 50-50 partnership with De Beers—allows for mining profits to go directly to the government to be redistributed to Botswana's citizens through government programs and the investment in public goods.⁸

- 1 We extend our gratitude to Nichole Grossman, Research Analyst at Brookings Africa Growth Initiative, for her outstanding research and editorial support.
- 2 Pr Atangana Ondo Henri, "Natural Resources Curse: A Reality in Africa," *Resources Policy* 63 (October 1, 2019): 101406, <https://doi.org/10.1016/j.resourpol.2019.101406>; Joseph R Biden et al., "Committee on Foreign Relations," n.d.; Kazeem Bello Ajide, "Is Natural Resource Curse Thesis an Empirical Regularity for Economic Complexity in Africa?," *Resources Policy* 76 (June 1, 2022): 102755, <https://doi.org/10.1016/j.resourpol.2022.102755>.
- 3 Kazeem Bello Ajide et al., "Infectious Diseases and Health Outcomes' Implications of Natural Resource Curse in Africa," *Resources Policy* 81 (March 1, 2023): 103394, <https://doi.org/10.1016/j.resourpol.2023.103394>.
- 4 Pelle Ahlerup, Thushyanthan Baskaran, and Arne Bigsten, "Gold Mining and Education: A Long-Run Resource Curse in Africa?," *Journal of Development Studies* 56, no. 9 (September 2020): 1745–62, <https://doi.org/10.1080/00220388.2019.1696959>.
- 5 Alex O. Acheampong et al., "Sub-Saharan Africa's Tragedy: Resource Curse, Democracy and Income Inequality," *Social Indicators Research* 168, no. 1–3 (August 2023): 471–509, <https://doi.org/10.1007/s11205-023-03137-2>.
- 6 Atsushi Iimi, *Did Botswana Escape from the Resource Curse?* (Washington, D.C.: International Monetary Fund, 2006), <http://ebookcentral.proquest.com/lib/aul/detail.action?docID=3014488>.
- 7 Chasca Twyman, "Participatory Conservation? Community-Based Natural Resource Management in Botswana," *The Geographical Journal* 166 (December 2000): 323–35.
- 8 "Debswana – Mining Diamonds, Enriching the Nation," accessed January 7, 2025, <https://www.debswana.com/>.

Botswana's established expertise in resource contract negotiations and natural resource management sets it as a key player in critical mineral mining.

Looking to the future, Botswana's established expertise in resource contract negotiations and natural resource management sets it as a key player in critical mineral mining. These materials are indispensable for renewable energy technologies, electric vehicles, and other components of the green economy. The renaissance of industrial policy offers a unique opportunity not only for raw material mining but for value chain development and beneficiation within the mineral sector and through the implementation of the Africa Continental Free Trade Area.⁹

Vision 2063 and critical minerals leadership

As Africa advances towards the African Union's Vision 2063 goals of achieving inclusive and sustainable development, the mining sector must evolve to include a robust focus on the continent's abundant endowment of critical minerals needed for the global transition to a green economy. To prepare for the changing economy, we all need to invest in the development of new technologies and the human capital needed to deploy them. We should work together to find ways to regulate the industry to provide the safest and most profitable approach to critical mineral mining that advances all African economies. A few key areas to focus on are as follows.

1. Good governance and transparency: Studies show that countries who are unable to improve their economic well-being despite significant natural resources often suffer from high levels of corruption.¹⁰ Creating mining regulations through an inclusive process that includes a method for transparent monitoring of mining activities is the best way to ensure citizen safety while promoting development.
2. Reinvestment of resource rents: Mining should be appropriately taxed by local and national governments so that citizens across the country can benefit indirectly from these economic initiatives through government programming and long-term development projects¹¹ In addition to using these funds for development needs, establishing sovereign wealth funds can provide the much-needed service of stabilizing economies against commodity price fluctuations that can severely hamper economic growth. By reinvesting rents in ways that diversify economies, countries can reduce dependency on mineral exports and build resilience.

9 Muhammad Uzair Ali and Ying Wang, "Is Participation in Global Value Chains a Blessing or a Curse for Green Total Factor Productivity in Belt and Road Initiative Countries?," *Journal of Cleaner Production* 426 (November 10, 2023): 138963, <https://doi.org/10.1016/j.jclepro.2023.138963>.

10 Philippe Le Billon and Aled Williams, eds., *Corruption, Natural Resources and Development: From Resource Curse to Political Ecology* (Cheltenham, UK: Edward Elgar Publishing, 2017); Erwin Bulte and Richard Damania, "Resources for Sale: Corruption, Democracy and the Natural Resource Curse," *The B.E. Journal of Economic Analysis and Policy* 8, no. 1 (2008), <https://doi.org/10.2202/1935-1682.1890>.

11 Kafayat Amusa and Mutiu Abimbola Oyinlola, "The Effectiveness of Government Expenditure on Economic Growth in Botswana," *African Journal of Economic and Management Studies* 10, no. 3 (2019): 368–84, <https://doi.org/10.1108/AJEMS-03-2018-0081>.

3. Development of a continental critical materials strategy: Given the enormity of the industry and the increasing global need for critical minerals, it would be in Africa's best interest to develop a continent-wide strategy toward their management.¹² A focus on value-addition through processing and manufacturing these minerals locally would greatly benefit African economies.
4. Community engagement and benefit-sharing: Inclusivity is key to a strong sustainable mining strategy. Communities directly affected by mining should have a voice in, and receive direct benefits from, the process. Benefit-sharing mechanisms have been shown to be effective in the development of local communities. Inclusive decisionmaking also helps minimize conflict between the community and the mining companies while holding the latter accountable to agreed-upon sustainable mining practices.¹³
5. Promotion of sustainable and ethical mining practices: Africa disproportionately shares the burdens of climate change despite their minimal contributions to the issue.¹⁴ Mining practices should not add to these challenges. Minimizing environmental degradation through government regulation should be a goal of all mining endeavors for the health and safety of Africa's citizens.¹⁵
6. Investment in research and innovation: Research and innovation regarding mining technologies must focus on the needs of African nations.¹⁶ Partnerships with local, regional, and global research institutions can help create mining techniques that eliminate common environmental concerns and minimize community impact.
7. Strengthening regional cooperation: Regional cooperation toward the strategies discussed above is essential to facilitate knowledge-sharing, technology and infrastructure development, and best practices in mineral governance. In this way, all African nations can overcome the resource curse.

Africa has the opportunity to leverage its natural resources to create prosperity, reduce inequality, and enhance their negotiating power on the global stage. However, to do so successfully requires a reimagining of the current state of critical resource management that focuses on collective adherence to best practices for a sustainable future. Working from exemplars such as Botswana, together, we can achieve this goal.

12 "Africa's Critical Mineral Resources, a Boon for Intra-African Trade and Regional Integration," *ECA*, December 22, 2024, <https://www.uneca.org/stories/africa%E2%80%99s-critical-mineral-resources%2C-a-boon-for-intra-african-trade-and-regional-integration>.

13 Twyman, "Participatory Conservation?"

14 "Africa Faces Disproportionate Burden from Climate Change and Adaptation Costs," *World Meteorological Association*, September 2, 2024, <https://wmo.int/news/media-centre/africa-faces-disproportionate-burden-from-climate-change-and-adaptation-costs>.

15 Kennedy O. Ouma, Agabu Shane, and Stephen Syampungani, "Aquatic Ecological Risk of Heavy-Metal Pollution Associated with Degraded Mining Landscapes of the Southern Africa River Basins: A Review," *Minerals* 12, no. 2 (February 2022): 225, <https://doi.org/10.3390/min12020225>.

16 Moshood Onifade et al., "Advancing toward Sustainability: The Emergence of Green Mining Technologies and Practices," *Green and Smart Mining Engineering* 1, no. 2 (June 1, 2024): 157–74, <https://doi.org/10.1016/j.gsme.2024.05.005>.

Trade and Africa's development goals: A window of opportunity

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These are difficult times for global trade. Despite the resilience displayed through successive crises, the world economy continues to be vulnerable to geopolitical tensions,¹ unilateral trade barriers,² and regional conflicts.³

In Africa, while most economies have seen growth tick back upwards after the pandemic,⁴ many are struggling with burdensome debt,⁵ a financing squeeze,⁶ and vulnerability to climate change.⁷

Yet there are opportunities for Africa within these challenges. Structural and demographic trends,⁸ ongoing policy initiatives like continental economic integration,⁹ and changing geopolitical currents¹⁰ create a window for African countries to use trade to spur the faster growth and better job prospects that our young people deserve.

Two key linked opportunities are important to highlight. First, the transition to a clean green energy economy, and second, the move to de-risk and decentralize supply chains to avoid the over-concentration-related vulnerabilities experienced during the pandemic. The natural resources needed to fuel the clean energy transition are currently subject to similar fears of excessive concentration, particularly with respect to their processing.¹¹

- 1 Ahmet Kaya, "How Are Geopolitical Risks Affecting the World Economy?," *Economics Observatory* (blog), accessed December 4, 2024, <https://www.economicsobservatory.com/how-are-geopolitical-risks-affecting-the-world-economy>.
- 2 Mari Elka Pangestu and Axel Van Trotsenburg, "Trade Restrictions Are Inflaming the Worst Food Crisis in a Decade," *World Bank Blogs* (blog), July 6, 2022, <https://blogs.worldbank.org/en/voices/trade-restrictions-are-inflaming-worst-food-crisis-decade>.
- 3 Hamish Kinnear, "Conflict Surges in 28 Countries, Global Trade Facing Elevated Threats," *Verisk Maplecroft* (blog), July 18, 2024, <https://www.maplecroft.com/products-and-solutions/geopolitical-and-country-risk/insights/conflict-surges-in-28-countries-global-trade-facing-elevated-threats/>.
- 4 "Will African Countries See Growth Post-COVID?," *Development Reimagined*, November 6, 2023, <https://developmentreimagined.com/infographic-will-african-countries-see-growth-post-covid/>.
- 5 "State of Play of Debt Burden in Africa 2024: Debt Dynamics and Mounting Vulnerability" (Cairo: Afreximbank Research, 2024).
- 6 Abebe Aemro Selassie, "IMF's sub-Saharan Africa Regional Economic Outlook: The Big Funding Squeeze" (Washington, D.C.: International Monetary Fund, April 14, 2023), <https://www.imf.org/en/News/Articles/2023/04/14/pr23119-sub-saharan-africa-regional-economic-outlook-the-big-funding-squeeze>.
- 7 "Africa Faces Disproportionate Burden from Climate Change and Adaptation Costs" (Geneva: World Meteorological Organization, September 2, 2024), <https://wmo.int/news/media-centre/africa-faces-disproportionate-burden-from-climate-change-and-adaptation-costs>.
- 8 Bienvenu Yves-Géthème Gbehe, Yao Silvere Konan, and Zié Ballo, "Demographic Structure, Structural Change, and Economic Growth: Panel Evidence in sub-Saharan African Countries," *Cogent Economics & Finance*, December 31, 2024, <https://www.tandfonline.com/doi/abs/10.1080/23322039.2024.2375786>.
- 9 Hippolyte Fofack, "A Competitive Africa," *IMF Finance and Development Magazine*, December 2021.
- 10 Francis Kornegay, *Africa and the World: Navigating Shifting Geopolitics* (Oxford, South Africa: Mapungubwe Institute for Strategic Reflection, The, 2020), <http://ebookcentral.proquest.com/lib/aul/detail.action?docID=6212310>.
- 11 Gracelin Baskaran and Sophie Coste, "Achieving Universal Energy Access in Africa amid Global Decarbonization," Centre for Strategic and International Studies, January 31, 2024, <https://www.csis.org/analysis/achieving-universal-energy-access-africa-amid-global-decarbonization>.

Africa has what we term at the World Trade Organization (WTO) a “green comparative advantage.”¹² Just as countries and regions can reap economic gains by specializing in making and trading what they are relatively *good* at, they can also reap economic and environmental gains by specializing in making and trading what they are relatively *green* at.

Africa has over 60% of the world’s solar potential along with wind, geothermal, and other renewable resources such as green hydrogen.¹³ At the same time, Africa houses a substantial percentage of the world’s resources of critical minerals needed for the green transition. The continent accounts for over 40% of global production of cobalt (led by the Democratic Republic of the Congo), manganese (South Africa, Gabon, Ghana) and platinum (South Africa, Zimbabwe).¹⁴ But apart from platinum refining in South Africa, these minerals are mostly exported as unprocessed ores.

We need to reimagine globalization to include those parts of the world left on the margins of the global division of labor, making world trade more inclusive, more sustainable, and more resilient.

There is an unprecedented opportunity for the continent to harness its green energy potential and deploy it to the processing of the critical minerals on the continent. To do this, it needs to attract and marry together the value chain investments for both clean energy and critical minerals. No longer should the development model be extraction and export of raw commodities. Rather, processing and value addition should be prioritized on the continent. That way, trade is boosted, thousands of jobs are created for young people, and supply bottlenecks for these products are eased, all while helping close the continent’s energy access gap and meet global targets to ramp up renewable energy.

Attracting investment into these areas and becoming part of globalized supply chains for clean energy products, processed minerals, and lithium-ion batteries, for example, would make Africa part of the re-globalized world economy that we need to create. We need to reimagine globalization to include those parts of the world left on the margins of the global division of labor, making world trade more inclusive, more sustainable, and more resilient.

Despite its immense green energy potential, Africa attracts only 2% of global investment in renewable energy.¹⁵ Its share of world trade has stagnated at around 3% for years.¹⁶ It is time for Africa to seize the opportunity to boost both in tandem, creating jobs and prosperity by leveraging its green comparative advantages.

The continent must be bold and pursue investments for value addition and not merely extraction. It can make this possible by lowering costly barriers to investment and trade.

12 Lyes Bouchene et al., “Green Africa: A Growth and Resilience Agenda for the Continent” (McKinsey and Company, November 2021), <https://data.europa.eu/doi/10.2760/173513>.

13 Laura Cozzi, Daniel Wetzel, and Stephanie Bouckaert, “Africa Energy Outlook 2022” (Vienna: International Energy Agency, 2022).

14 Cozzi, Wetzel, and Bouckaert. “Africa Energy Outlook 2022.”

15 *Renewable Energy Market Analysis: Africa and Its Regions* (Abu Dhabi and Abidjan: International Renewable Energy Agency and African Development Bank, 2022).

16 “African Countries Trading More Outside the Continent than amongst Themselves, ECA Report” (Victoria Falls, Zimbabwe: ECA, March 1, 2024), <https://www.uneca.org/stories/african-countries-trading-more-outside-the-continent-than-amongst-themselves%2C-eca-report>.

Intra-African trade and its potential to accelerate progress toward the SDGs

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Intra-African trade has been growing, especially with the push from the African Continental Free Trade Area (AfCFTA) which was operationalized in January 2021.¹ Prior to the implementation of the AfCFTA, total formal trade within the continent totaled between 12-18%.² Since its enactment, intracontinental trade has noticeably increased. This upswing in activity presents a unique opportunity to further leverage the potential of regional markets to drive sustainable development and economic prosperity.

In the evolving context of intra-African trade, significant progress has been made in creating a more integrated and sustainable economic environment across the continent. The 2030 Agenda for Sustainable Development recognizes international trade as “an engine for inclusive economic growth and poverty reduction, and contributes to the promotion of sustainable development.”³

International trade promotes efficient resource allocation and sustainability by enhancing productivity and welfare. It is governed by various policies and instruments, including non-tariff measures, technical barriers to trade, and sanitary and phytosanitary measures. Moreover, Voluntary Sustainability Standards have emerged as effective market-based tools to address sustainability challenges, ensuring that trade growth aligns with environmental and social benchmarks.⁴

In the evolving context of intra-African trade, significant progress has been made in creating a more integrated and sustainable economic environment across the continent.

Driven by the AfCFTA, intra-African trade offers considerable opportunities for continent-wide sustainable development. By promoting increased trade connectivity, Africa can foster sustained, inclusive economic growth (SDG 8), thereby creating job opportunities and building more resilient economic structures. This growth in trade connectivity naturally extends to fostering industrialization and innovation (SDG 9), which is pivotal for sustainable and inclusive industrial development. Moreover, such interconnected trade and industrial growth contribute to stabilizing food prices and improving food security (SDG 2), illustrating the broad benefits of enhanced intra-African trade.

1 “About the AfCFTA,” AfCFTA, accessed December 3, 2024, <https://au-afcfta.org/about/>.

2 This low figure of up to 18% does not include small-scale informal cross-border trade, which is significant, estimated for a number of countries to constitute up to 50% of total trade. Factoring in this trade can raise the total of intra-Africa trade as a percentage of total trade by 28 percentage points to 40%. There are also methodological errors that have tended to downplay the true significance of intra-African trade. Please see: Francis Mangeni, and Andrew Mold. “The Economic Significance of Intra-African Trade: Getting the Narrative Right” in *Borderless Africa: A Sceptic’s Guide to the Continental Free Trade Area*, 141–54. (New York, Oxford University Press, 2024.)

3 “Transforming Our World: The 2030 Agenda for Sustainable Development,” United Nations General Assembly (A/RES/70/1), October 21, 2015, <https://sdgs.un.org/2030agenda>.

4 “Understanding Voluntary Sustainability Standards: A Strengths, Weaknesses, Opportunities, and Threats Analysis” (Geneva: United Nations Conference on Trade and Development, 2023).

This economic expansion not only spurs industrial and agricultural growth but also sets the stage for significant environmental gains. By fostering an interconnected market, the AfCFTA enhances economic resilience while also promoting ecological sustainability, matching economic activities with climate action (SDG 13). This integrated approach is crucial for constructing a sustainable future where economic growth and environmental health are mutually reinforcing.

To unlock these benefits, African countries must persist in reducing trade barriers, enhancing logistical and regulatory frameworks, and investing in infrastructural connectivity. Strengthening economic cooperation and integration will lead to a more prosperous Africa and ensure that the continent plays a significant role in the global economy as a competitive, innovative, and sustainable region.

The AfCFTA offers an outstanding opportunity to boost trade in Africa while also advancing sustainable economic practices. The AfCFTA, a flagship project of Agenda 2063, which emphasizes the development of “environmentally sustainable and climate resilient economies and communities,” can be leveraged to promote investment in green sectors and the development of green investment standards.⁵ In accordance with this goal, the African Trade Policy Centre, a unit of the Economic Commission for Africa, conducted the first ever Strategic Environmental Assessment of the AfCFTA to guide on how to incorporate environmental considerations into negotiations for phases two (investment, competition policy, and intellectual property rights) and three (e-commerce) of the agreement.⁶

While the AfCFTA agreement currently lacks specific provisions on climate change and green energy, it offers the flexibility to incorporate such measures in the future, as outlined in Article 23, thereby providing a framework for the potential inclusion of environmental concerns as necessitated by the member states. Moreover, the AfCFTA already has provisions to facilitate the production of environmentally friendly goods, harmonize and strengthen environmental standards, incentivize green technologies, and promote sustainable investments.⁷

Since its launch, the AfCFTA has demonstrated significant progress, characterized by successful trading stories and encouraging statistical evidence.

Since its launch, the AfCFTA has demonstrated significant progress, characterized by successful trading stories and encouraging statistical evidence. The Guided Trade Initiative, initiated by the AfCFTA Secretariat in October 2022 with seven countries, has expanded as of October 2024 to include 37 of the 54 member countries, marking a new era of commercially-meaningful trading under AfCFTA rules.⁸

5 “Agenda 2063: The Africa We Want” (African Union Commission, September 2015), https://au.int/sites/default/files/documents/36204-doc-agenda2063_popular_version_en.pdf; “Africa Should Leverage the AfCFTA to Promote Green Transition,” *ECA* (blog), October 5, 2023, <https://www.uneca.org/stories/africa-should-leverage-the-afcfta-to-promote-green-transition>.

6 “ATPC Embarks on First Ever Environmental Assessment of the AfCFTA to Usher in Green-Friendly Trade on the Continent,” *ECA*, April 8, 2021, <https://www.uneca.org/stories/atpc-embarks-on-first-ever-environmental-assessment-of-the-afcfta-to-usher-in-green-friendly>.

7 “Agenda 2063: The Africa We Want.”

8 “AfCFTA Update November 2024,” *International Trade Administration, Market Intelligence* (blog), November 1, 2024, <https://www.trade.gov/market-intelligence/afcfta-update-november-2024>.

One notable example is South Africa's inaugural shipment to Kenya under the AfCFTA, which included refrigerators, machinery, and agricultural products, symbolizing a crucial step in regional trade dynamics.⁹ Similarly, Rwanda and Tanzania have shown how value addition can reshape trade patterns. Rwanda began trade with Ghana by exporting packaged coffee and has since diversified their shipments to include tea, avocado oil, and honey.¹⁰ Tanzania has successfully traded coffee with Algeria and sisal fiber to Nigeria,¹¹ moving beyond raw commodity exports to more processed and market-ready products. Nigeria's inaugural consignments under the AfCFTA regime also included high-technology content products such as cables and smart cards to Egypt, Algeria, Uganda, Cameroon, and Kenya.¹²

The effectiveness of the AfCFTA is also reflected in robust trade figures. According to the Afreximbank's Africa Trade Report 2024, intra-African trade rose to \$192.2 billion in 2023, a 3.2% increase from the previous year.¹³ This growth increased the share of formal intra-African trade from 13.6% in 2022 to 14.9% in 2023, despite global economic challenges.¹⁴ Further, the United Nations Economic Commission for Africa projects a 35% increase in intra-African trade by 2045, following the full implementation of the AfCFTA.¹⁵

The AfCFTA is not only increasing trade volumes but also promoting structural economic diversification across Africa. The agreement was designed to steer economies away from reliance on commodity exports and towards a future focused on manufacturing and value-added industries. While there has been some success in this regard, the expected diversification has been slow to materialize.¹⁶ This shift is crucial to achieve sustainable economic development.

The initiative's inclusivity is another critical aspect. Small and medium-sized enterprises, including those led by women, are finding new opportunities through the AfCFTA. Recent negotiations have led to a substantial draft of the Women and Youth Protocol of the AfCFTA

- 9 Luke Anami, "Kenya Imports Fridges from South Africa under AfCFTA," *Business Daily Africa*, February 1, 2024, <https://www.naeb.gov.rw/1/updates/news-detail/rwanda-dispatches-first-value-added-agri-products-consignment-to-ghana-under-afcfta>
- 10 "Rwanda Dispatches First Value Added Agri-Products Consignment to Ghana under AfCFTA," *National Agricultural Export Development Board*, accessed December 17, 2024, <https://www.naeb.gov.rw/1/updates/news-detail/rwanda-dispatches-first-value-added-agri-products-consignment-to-ghana-under-afcfta>; Jean de la Croix Tabaro, "Rwanda Exports High Value Agricultural Products to Ghana Under AfCFTA Framework," *KT PRESS*, September 25, 2024, sec. Companies, <https://www.ktpress.rw/2024/09/rwanda-exports-high-value-agricultural-products-to-ghana-under-afcfta-framework/>.
- 11 Rosemary Mirondo, "Coffee Leads Exports in AfCFTA Trials," *The Citizen*, November 3, 2023, <https://www.thecitizen.co.tz/tanzania/business/coffee-leads-exports-in-afcfta-trials-4421950>.
- 12 "Nigeria Initiates Shipment under AfCFTA Guided Trade Initiative," *Global Business Council*, July 18, 2024, <https://gbc1.net/index.php/2024/07/18/nigeria-initiates-shipment-under-afcfta-guided-trade-initiative/>; Amaka Anagor-Ewuzie, "Nigeria Records First Shipment Four Years after AfCFTA Nod," *Businessday NG*, July 17, 2024, <https://businessday.ng/news/article/nigeria-records-first-shipment-four-years-after-afcfta-nod/>.
- 13 "African Trade Report 2024: Climate Implications of the AfCFTA Implementation" (Cairo: Afreximbank, 2024), https://media.afreximbank.com/afrexim/African-Trade-Report_2024.pdf
- 14 "African Trade Report 2024: Climate Implications of the AfCFTA Implementation."
- 15 Francis Mangeni et al., "The Promise of Free Trade and Integration Across Africa's Nations," *Foresight Africa* (podcast), Brookings Institution, October 2, 2024, <https://www.brookings.edu/articles/the-promise-of-free-trade-and-integration-across-africas-nations/>.
- 16 Franklin Olakunle Amoo and Rahul Kumbhani, "Africa's Future: The AfCFTA & Value-Added Manufacturing," *Forbes*, July 19, 2023, <https://www.forbes.com/sites/franklinamoo/2023/07/19/africas-future-the-afcfta-value-added-manufacturing/>.

designed to address challenges specific to these demographics, the first regional free trade agreement to embark on the creation of such protocols. However, at this time, provisions for non-compliance with these protocols have yet to be negotiated.¹⁷

Moreover, the AfCFTA is poised to make a substantial impact on poverty reduction. The World Bank forecasts that the initiative will lift at least 50 million Africans out of extreme poverty by 2035, a significant milestone considering the continent's broader challenges with poverty.¹⁸ This effort marks the beginning of a transformative journey towards greater economic resilience and prosperity.

As these developments unfold, the AfCFTA continues to affirm its crucial role in fostering a more integrated, prosperous, and sustainable economic landscape across Africa.

To enhance the effectiveness of the AfCFTA, member states should adopt a triple helix model, which integrates government, industry, and academia to foster innovation and economic development. This collaborative approach will align the objectives of all three sectors towards enhancing trade capabilities, developing sector-specific technologies, and addressing continental challenges.

Governments need to implement policies that promote cooperation across these spheres, such as offering tax incentives for R&D, providing grants for joint projects, and facilitating the commercialization of academic research. By implementing this model within the AfCFTA framework, a dynamic ecosystem for innovation can be created, supporting the agreement's goals and propelling Africa toward greater economic integration.

Addressing current limitations and building on successes requires significantly more investment in cross-border infrastructure to ease trade. Achieving deeper integration also demands strong political commitment from all member states, which can be challenging due to diverse national interests and political environments. This holistic approach can effectively tackle complex, multi-sectoral challenges through coordinated efforts and innovative solutions, crucial for the continent's economic progression.

With concerted efforts and sustained commitment to advancing the AfCFTA, Africa has the opportunity not only to accelerate its progress towards the SDGs by 2030 but to establish a sustainable economic foundation for future generations. Indeed, the integration of economic growth with sustainable practices underscores the transformative potential of the AfCFTA, setting a path for a sustainable and prosperous African continent.

17 Prachi Agarwal, "Empowering African Women in Trade through AfCFTA's Guided Trade Initiative," *ODI: Think Change* (blog), August 15, 2024, <https://odi.org/en/insights/empowering-african-women-in-trade-through-afcftas-guided-trade-initiative/>.

18 Roberto Echandi et al., "Making the Most of the African Continental Free Trade Area: Leveraging Trade and Foreign Direct Investment to Boost Growth and Reduce Poverty" (Washington, D.C.: World Bank, 2022).

A decade of progress, innovation, resilience, and Africa's path forward

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Africa has a long way to go to make [the SDGs] a reality. However, they can be met if the continent collaborates and unlocks its inner strengths.

The rush to meet the Sustainable Development Goals (SDGs) before the 2030 deadline can seem overwhelming. Africa has a long way to go to make these goals a reality. However, they can be met if the continent collaborates and unlocks its inner strengths. With the right investments, Africa's significant youth population can be empowered to strengthen the economy, minimize societal, infrastructural, and economic inequalities, and move Africa toward a technological revolution.² Multinational Development Banks (MDBs) are in a unique position to make this goal a reality.

The African Development Bank (AfDB) has solidified its vision of transforming Africa's potential into tangible opportunities through its High 5 strategic priorities: "Light up and Power Africa, Feed Africa, Industrialize Africa, Integrate Africa, and Improve the Quality of Life for the People of Africa."³ Over the past decade, these priorities have positively impacted more than 400 million people, providing access to food, electricity, water, health care, and education.⁴

While our work has made a positive contribution toward achieving the SDGs on the continent, there is still much work to be done if we are to reach these goals by 2030, such as filling existing financing gaps. The Bank's finances have tripled over the decade, with authorized capital rising from \$94 billion in 2014 to \$318 billion by 2024.⁵ Similarly, the African Development Fund, our concessional financing arm supporting 37 low-income countries, achieved a record \$8.9 billion during its 16th replenishment.⁶

1 We extend our gratitude to Nichole Grossman, Research Analyst at Brookings Africa Growth Initiative, for her outstanding research and editorial support.

2 "Unlocking Africa's Full Potential for SDG Acceleration," UNSDG, accessed December 19, 2024, <https://unsdg.un.org/latest/stories/unlocking-africa%E2%80%99s-full-potential-sdg-acceleration>, <https://unsdg.un.org/latest/stories/unlocking-africa%E2%80%99s-full-potential-sdg-acceleration>.

3 "The High 5s (2013 - 2022)," African Development Bank Group, accessed December 19, 2024, <https://www.afdb.org/en/high5s>.

4 "The Bank at 60," African Development Bank Group (African Development Bank Group, August 1, 2024), <https://www.afdb.org/en/about/overview/history/bank-60>.

5 "African Development Bank Annual Report 2015" (Abidjan: African Development Bank, 2015); "African Development Bank Group Board of Governors Approves \$117 Billion General Callable Capital Increase," *African Development Bank Group*, June 2, 2024, <https://www.afdb.org/en/news-and-events/press-releases/african-development-bank-group-board-governors-approves-117-billion-general-callable-capital-increase-71459>.

6 "African Development Fund Mobilizes \$8.9 Billion for Africa's Low-Income Countries, the Highest in its 50-Year History," *African Development Bank Group*, December 6, 2022, <https://www.afdb.org/en/news-and-events/press-releases/african-development-fund-mobilizes-89-billion-africas-low-income-countries-highest-its-50-year-history-57132>.

The Bank's growth has allowed it to provide financing to development projects across sectors throughout the continent. Despite these record investments, development funding requires a threefold increase to provide enough capital to meet the SDGs.⁷ It is imperative that every dollar invested is maximized to make the greatest impact. Financing projects that address the social and institutional determinants of inequality is a way to do just that.⁸

A few key areas in which the Bank is focusing on structural transformation for the SDGs—including health, agriculture, and energy access—are highlighted below.

1. *Health access for all*

The COVID-19 pandemic underscored Africa's vulnerability in global health supply chains, and unequal health infrastructure left many Africans without access to medications or health care services.⁹ In response, we established the \$3 billion African Pharmaceutical Technology Foundation to enhance local manufacturing of essential medicines and vaccines, complemented by an additional \$3 billion investment through our quality health infrastructure strategy. These efforts helped to combat the challenges which arose from the pandemic as well as contributing to sustainable solutions to entrenched health care issues on the continent.

2. *Agricultural transformation*

The agriculture industry constitutes roughly 23% of sub-Saharan Africa's Gross Domestic Product and is the number one employer on the continent. Investing in agriculture creates benefits for the economy as well as those experiencing hunger, reduces instances of poverty through job creation, and, if done sustainably, slows climate change, among other advantages.¹⁰ The Bank's \$7 billion investment under its "Feed Africa" strategy has impacted more than 100 million people,¹¹ while the Technologies for African Agricultural Transformation initiative seeks to address "cross-cutting issues such as soil fertility management, water management, capacity development, policy support, attracting African youth in agribusiness, and fall armyworm response."¹² Climate-resilient crop varieties have reached over 11 million smallholder farmers across 31 countries,

7 Amar Bhattacharya et al., "Financing a Big Investment Push in Emerging Markets and Developing Countries for Sustainable, Resilient and Inclusive Recovery and Growth." (London; Washington D.C.: Grantham Research Institute on Climate Change and the Environment; Center for Sustainable Development at Brookings Institution, May 2022).

8 Frederique Autin and Fabrizio Butera, *Institutional Determinants of Social Inequality* (Lausanne: Frontiers Media SA, 2016), <https://doi.org/10.3389/978-2-88919-785-9>; Eshetu B. Worku and Selamawit A. Woldeesenbet, "Poverty and Inequality – but of What - as Social Determinants of Health in Africa?," *African Health Sciences* 15, no. 4 (2015): 1330–38, <https://doi.org/10.4314/ahs.v15i4.36>.

9 Blessing Takawira and Raborale I. D. Poole, "Supply Chain Disruptions during COVID-19 Pandemic: Key Lessons from the Pharmaceutical Industry," *South African Journal of Business Management* 55, no. 1 (n.d.): 4048, <https://doi.org/10.4102/sajbm.v55i1.4048>.

10 Anthony Muchoki, "Why Agriculture Matters in Africa: The Continent's Number One Employer | Agrilinks," *Feed the Future: US Government's Global Hunger and Food Security Initiative* (blog), August 14, 2024, <https://agrilinks.org/post/why-agriculture-matters-africa-continent-number-one-employer/>; "Climate-Smart Agriculture," World Bank, accessed December 19, 2024, <https://www.worldbank.org/en/topic/climate-smart-agriculture>.

11 "Feed Africa," African Development Bank Group (Abidjan: African Development Bank Group, June 8, 2019), <https://www.afdb.org/en/the-high-5/feed-africa>.

12 "About TAAT," African Development Bank Group (Abidjan: African Development Bank Group, June 4, 2020), <https://www.afdb.org/en/topics-and-sectors/initiatives-partnerships/technologies-african-agricultural-transformation-taat/about-taat>.

working to produce 100 million metric tons of food by 2025.¹³ At the 2023 Dakar 2 Feed Africa summit, co-hosted with Senegal and the African Union, 34 African leaders and development partners mobilized over \$72 billion—including \$10 billion from the Bank—for national food and agriculture delivery compacts.¹⁴

3. *Electrifying the continent*

Africa is the most energy-deficient continent in the world, with 75% of those without energy access in the world residing in Africa.¹⁵ Roughly 600 million people lacked access to energy in 2022.¹⁶ To address this problem, the African Development Bank, in partnership with the World Bank, launched Mission 300 in 2024, an initiative intending to cut that number in half by 2030.¹⁷ The first wave of programs funded through Mission 300 has begun, such as the Accelerating Sustainable and Clean Energy Access Transformation program in East and Southern Africa,¹⁸ the Nigeria Distributed Access through Renewable Scale-UP project, which is aiming to provide 17.5 million Nigerians with new or improved clean energy solutions;¹⁹ the new Regional Emergency Solar Power Intervention Project in Chad, Liberia, Sierra Leone, and Togo;²⁰ and the West Africa Power Pool, which has already made progress by connecting 22.8 million people with new or improved clean energy access.²¹ This effort will gain further momentum at the High-level Africa Energy Summit in Tanzania in January 2025.²²

Despite the progress that has been made in projects like these that target multiple SDGs, there remains much more to be done. Africa's health care security is still in jeopardy, with 99% of vaccines and 95% of medicines being imported as of 2022.²³ Additionally, donor health

13 "Feed Africa"; "Taata-Africa – Strengthening African Countries," African Development Bank Group, (Abidjan: African Development Bank Group). Accessed December 19, 2024, <https://taata-africa.org/>; "About TAAT."

14 Charles Dietz, "Time for Africa to Feed Itself – Dakar 2 Summit Takes Africa's Food Agenda Forward," *African Business*, February 28, 2023, <https://african.business/2023/02/resources/time-for-africa-to-feed-itself-dakar-2-summit-takes-africas-food-agenda-forward>.

15 Gracelin Baskaran and Sophie Coste, "Achieving Universal Energy Access in Africa amid Global Decarbonization," Center for Strategic and International Studies January 31, 2024, <https://www.csis.org/analysis/achieving-universal-energy-access-africa-amid-global-decarbonization>.

16 Baskaran and Coste, "Achieving Universal Energy Access in Africa amid Global Decarbonization."

17 "Mission 300 Is Powering Africa," World Bank, accessed December 19, 2024, <https://www.worldbank.org/en/programs/energizing-africa>; "Connecting Millions to Electricity in Africa With Mission 300," *World Bank*, September 19, 2024, <https://www.worldbank.org/en/news/feature/2024/09/19/five-ways-the-world-bank-will-achieve-mission-300>.

18 "100 Million People in Eastern and Southern Africa Poised to Receive Access to Sustainable and Clean Energy by 2030," *World Bank*, November 28, 2023, <https://www.worldbank.org/en/news/press-release/2023/11/28/100-million-people-in-afe-eastern-and-southern-africa-poised-to-receive-access-to-sustainable-and-clean-energy-by-2030>.

19 "Nigeria to Expand Access to Clean Energy for 17.5 Million People," *World Bank*, December 14, 2023, <https://www.worldbank.org/en/news/press-release/2023/12/15/nigeria-to-expand-access-to-clean-energy-for-17-5-million-people>.

20 "Development Projects: Regional Emergency Solar Power Intervention Project - P179267," World Bank, accessed December 20, 2024, <https://projects.worldbank.org/en/projects-operations/project-detail/P179267>.

21 "Scaling Up Energy Access for Green, Resilient, and Inclusive Development in Western and Central Africa," *World Bank*, November 17, 2023, <https://projects.worldbank.org/en/results/2023/11/17/scaling-up-energy-access-for-green-resilient-and-inclusive-development-in-western-and-central-africa>.

22 Gertrude Mbago, "Mission 300 Initiative: Tanzania at Centre Stage to Drive Africa's Energy Development," *The Guardian*, January 8, 2025, sec. Features, <https://www.ippmedia.com/the-guardian/features/read/mission-300-initiative-tanzania-at-centre-stage-to-drive-africas-energy-development-2025-01-07-180307>.

23 AbdulRahman A Saied et al., "Strengthening Vaccines and Medicines Manufacturing Capabilities in Africa: Challenges and Perspectives," *EMBO Molecular Medicine* 14, no. 8 (June 27, 2022): e16287, <https://doi.org/10.15252/emmm.202216287>.

Africa's banks have an essential role in transforming the continent, elevating its people, and establishing the continent as a global leader.

funding has been on the decline.²⁴ Solutions to Africa's health care challenges must derive from Africa.²⁵ Summits like the Dakar 2 Feed Africa Summit and the High-level Africa Energy Summit are crucial to advancing the SDGs across sectors through innovative technology and strategic intra-African partnerships.

Future summits should focus on ways to capitalize on the African Continental Free Trade Area Agreement so countries can leverage their agricultural, pharmaceutical, or energy comparative advantages to grow their economies through intra-African trade.²⁶ The Bank's Mission 300 and similar initiatives—such as Power Africa by the US Agency for International Development and the Energy Transition Program by the African Union—²⁷ are imperative for Africa's chances of achieving the SDGs. More financing is needed to ensure the existing gaps to achievement are addressed.

Our endeavors have provided us with important lessons to be learned when implementing development financing in Africa. Globally, the Bank has advocated for innovative financing mechanisms, including rechanneling Special Drawing Rights through MDBs, which could unlock development finance up to eight times the initial value. Africa's banks have an essential role in transforming the continent, elevating its people, and establishing the continent as a global leader. They must continue to mobilize private and public investments that target critical sectors including transport, energy, agriculture, education, climate change, and health, which affect the indicators of almost all the SDGs. Bringing together various stakeholders through summits is a vital opportunity to build upon already-instrumental initiatives and learn from the past and present experiences of others. These conversations can propel the continent forward and accelerate progress toward the SDGs.

24 Allison Krugman, "Africa's Health Financing Gap | Think Global Health," *Council on Foreign Relations* (blog), August 29, 2024, <https://www.thinkglobalhealth.org/article/africas-health-financing-gap>.

25 "African Development Bank Group Board of Governors Approves \$117 Billion General Callable Capital Increase."

26 "About the AfCFTA," African Union, accessed December 3, 2024, <https://au-afcfta.org/about/>.

27 "Energy Transition Programme | AFREC," African Union, accessed December 19, 2024, <https://au-afrec.org/energy-transition-programme>; "Power Africa," U.S. Agency for International Development accessed December 19, 2024, <https://www.usaid.gov/powerafrica>.

Pathways to sustainable development in Africa: Afreximbank's role

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Success in reaching the Sustainable Development Goals (SDGs) in Africa has hinged on the availability of the financing needed to implement the necessary reforms. Current spending levels have left a roughly \$800 billion gap in funding for reaching the goals by 2030.² Both the IMF and the World Bank have taken steps to alleviate this need. However, they cannot do it alone; regional banks need to step up and fill this gap.³ These institutions already have the development frameworks and monitoring teams in place to ensure financial effectiveness. The African Development Bank, for example, has already partnered with the United Nations Development Programme to accelerate investments in green and blue economies in Africa.⁴ In September 2024, during the Summit of the Future, leaders of the United Nations met with the heads of ten multilateral development banks (MDBs) to discuss steps that need to be taken to accelerate progress toward the SDGs. The range of activities discussed was wide, and included scaling-up MDB finance capacity, boosting action on climate adaptation, and generating investment from the private sector.⁵

Afreximbank has worked to contribute to the attainment of the SDGs through several critical avenues, namely, implementing the African Continental Free Trade Agreement (AfCFTA), powering industrial development, investing in critical energy, establishing industrial and trade-enabling infrastructure, building viable creative industries that support youth and women, and facilitating improved access to quality health care.⁶ Many challenges still hinder attempts to fully realize these outcomes, such as a lack of financing and effective coordination with governments. Nevertheless, overcoming these challenges and implementing these initiatives, which have the potential to create jobs, improve livelihoods, and reduce poverty in Africa, are the primary focus of Afreximbank.

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2 Amar Bhattacharya et al., "Financing a Big Investment Push in Emerging Markets and Developing Countries for Sustainable, Resilient and Inclusive Recovery and Growth." (London; Washington D.C.: Grantham Research Institute on Climate Change and the Environment; Center for Sustainable Development at Brookings Institution, May 2022).

3 Hassatou Diop N'Sele and Gustavo De Rosa, "Opinion: Time to Empower Regional Development Banks for SDG Financing," *African Development Bank Group* (blog) (Abidjan: African Development Bank Group, November 18, 2022), <https://www.afdb.org/en/news-and-events/opinion-time-empower-regional-development-banks-sdg-financing-56621>.

4 "UNDP and African Development Bank Explore SDG Investments in Africa's Blue and Green Economies | Private Finance for the SDGs," *UNDP*, accessed December 19, 2024, <http://sdgprivatefinance.undp.org/resources/news/undp-and-african-development-bank-explore-sdg-investments-africas-blue-and-green>.

5 "UN, Development Banks Partner for Sustainable Development Goals," *ISDB*, September 22, 2024, <https://www.isdb.org/news/un-development-banks-partner-for-sustainable-development-goals>.

6 "About Us," African Export-Import Bank, accessed December 10, 2024, <https://www.afreximbank.com/our-bank/about-us/>.

The Pan-African Payment and Settlement System, which supports cross-border payments in national currencies ... will help cut the \$5 billion in foreign exchange costs associated with intra-African payments.

Afreximbank supports the implementation of the AfCFTA⁷ by directly financing intra-African trade and investments as well as indirectly, through AfCFTA-facilitating initiatives. The latter include:

1. The Pan-African Payment and Settlement System, which supports cross-border payments in national currencies.⁸ This system will help cut the \$5 billion in foreign exchange costs associated with intra-African payments and the time to make such payments from an average of 5 days to under 12 seconds, all while promoting financial inclusion by formalizing the \$30 billion annually of informal sector cross-border trade.^{9,10}
2. The AfCFTA Adjustment Fund,¹¹ which supports eligible AfCFTA-participating states to adjust in an orderly manner to the new AfCFTA trade regime.
3. The African Collaborative Transit Guarantee Scheme, which helps smooth cross-border transportation and saves the continent roughly \$300 million annually in transit costs.¹²

These and other Afreximbank-sponsored AfCFTA-enablers are helping to optimize the benefits of freer intra-African trade, including raising income by 7% (or \$450 billion) by 2035 and lifting 40 million people out of extreme poverty.¹³ Collectively, these initiatives take Africa closer to reaching SDGs 8 (decent work and economic growth), 10 (reduced inequality), 11 (sustainable cities and communities), 12 (responsible consumption and production), 13 (climate change), and 17 (partnerships for the goals).

Afreximbank and its investee company, Arise Integrated Industrial Platform, actively invest in developing special industrial zones.¹⁴ Special industrial zones have already been developed in Benin, Chad, Gabon, Rwanda, and Togo, and projects are underway in Botswana, Côte d'Ivoire, the Democratic Republic of the Congo, Kenya, Malawi, Nigeria, Zambia, and more. These special industrial zones are creating continental value chains that are helping to boost intra-African trade and investments and providing opportunities for small businesses, particularly those which are run by or employ youth and women. The Gabon Special Economic Zone has so far created over 20,000 direct and indirect jobs and attracted about \$1.6 billion

7 "About the AfCFTA," African Union, accessed December 3, 2024, <https://au-afcfta.org/about/>.

8 "How It Works - Make Instant and Secure Cross-border Payments in Local Currencies Across Africa," PAPSS, October 20, 2021, <https://papss.com/how-it-works/>.

9 David Luke, "Understanding African Trade Is Key to Helping its Development," LSE Research for the World, January 24, 2023, <https://www.lse.ac.uk/research/research-for-the-world/economics/understanding-african-trade-is-key-to-helping-its-development>.

10 "UNCTAD Data Hub," United Nations, accessed November 24, 2024, <https://unctadstat.unctad.org/EN/>.

11 Benedict Okey Oramah, "Facilitating the Transformational AfCFTA: Tools for Eliminating Bottlenecks," Brookings Institution, March 11, 2021, <https://www.brookings.edu/articles/facilitating-the-transformational-afcfta-tools-for-eliminating-bottlenecks/>.

12 "Afreximbank Issues the First-Ever Multi-Border Transit Bond in Zambia under the Afreximbank African Collaborative Transit Guarantee Scheme (AATGS)," APO Group - Africa Newsroom, October 24, 2023, <https://afreximbank.africa-newsroom.com/press/afreximbank-issues-the-first-ever-multi-border-transit-bond-in-zambia-under-the-afreximbank-african-collaborative-transit-guarantee-scheme-aatgs?lang=en>.

13 "Free Trade Deal Boosts Africa's Economic Development," World Bank, February 7, 2023, <https://www.worldbank.org/en/topic/trade/publication/free-trade-deal-boosts-africa-economic-development>.

14 "Arise Integrated Industrial Platforms - Making Africa Thrive," Arise Integrated Industrial Platforms accessed December 10, 2024, <https://www.ariseiip.com/>.

Afreximbank's \$2 billion Creative Africa Nexus (CANEX) initiative is helping to bridge the funding gap in Africa's creative industries ... providing funding for infrastructure and boosting activities throughout the creative value chains.

in foreign direct investments, in turn assisting Gabon in reaching SDG 1 (no poverty).¹⁵ This is expected to grow as more investors take up opportunities in the zone. The textile and garment units of Togo's Adétikopé Industrial Platform, as well, would create approximately 20,000 direct jobs and transform around 30,000 tons of locally produced cotton per year if investors choose to participate.¹⁶ The African Union has promoted such initiatives and referred to special economic zones, a category under which these activities fall, as "one of the main instruments that stimulate economic reforms, promote quality foreign direct investments (FDIs), and accelerate industrialization across the continent."¹⁷

Given the dominance of youth and women in the creative economy, this industry also represents a vital avenue for promoting their economic development.¹⁸ Afreximbank's \$2 billion Creative Africa Nexus (CANEX) initiative is helping to bridge the funding gap in Africa's creative industries.¹⁹ CANEX is providing funding for infrastructure and boosting activities throughout the creative value chains—from sports to movies, music, fashion, arts and crafts, culinary and gastronomy, and other related activities. In addition to financing, support includes initiatives to commercialize Africa's creative content and protect intellectual property rights through the newly established company CANEX Creations Incorporated.²⁰ These protections will help increase Africa's share of the global creative economy, valued at \$2 trillion. Other interventions involve addressing market access opportunities, capacity and skills development, and exchange. Each of these initiatives push the continent closer to meeting SDG 8 (decent work and economic growth) by addressing the high level of unemployment within the large working-age youth population across Africa.

The health sector is another significant priority for Afreximbank. The Bank is heavily investing in creating world-class medical facilities across Africa to improve access to quality health care. For instance, it has invested about \$300 million in developing the African Medical Centre of Excellence in Abuja, Nigeria, a quaternary-level medical center focused on oncology, haematology, cardiology, and general care.²¹ Similar facilities will soon be built in other parts of Africa. Investments are also being provided to upgrade or expand local medical facilities

15 "Home," Gabon Special Economic Zone, May 13, 2024, <https://gsez.com/en/>.

16 "Manufacturing," PIA Togo, April 7, 2023, <https://pia-togo.com/business-verticals/manufacturing/>.

17 "African Special Economic Zones: Engine for Resilience and Accelerator for Sustainable Industrial Value Chains Development." African Union, accessed December 19, 2024, <https://au.int/en/pressreleases/20221201/african-special-economic-zones-engine-resilience-and-accelerator-sustainable>.

18 According to M'Hamdi and Jaïdi, the cultural and creative industries in Africa employ more people aged 15-29 than any other sector (20% of total employment in those sectors); Nezha Alaoui, M Hammdi, and Larabi Jaïdi, "The Cultural and Creative Industries in Africa and Latin America: A Diver for Transatlantic Cooperation," (Rabat: Policy Center for the New South, September 2023), https://www.policycenter.ma/sites/default/files/2023-09/Report%20-%20The%20Cultural%20and%20Creative%20Industries%20in%20Africa%20and%20Latin%20America_0.pdf.

19 Afreximbank, "Afreximbank Announces Aim to Double CANEX Funding to \$2 Billion to Boost Africa's Creative Economy" African Export-Import Bank, October 18, 2024, <https://www.afreximbank.com/afreximbank-announces-aim-to-double-canex-funding-to-2-billion-to-boost-africas-creative-economy>.

20 "Afreximbank's Creative Africa Nexus (CANEX) Announces the Release of Groundbreaking EP 'One Drum,' - African Export-Import Bank," August 16, 2024, <https://www.afreximbank.com/afreximbanks-creative-africa-nexus-canex-announces-the-release-of-groundbreaking-ep-one-drum>.

21 "Africa Finance Corporation Commits up to US\$40 Million Equity Investment in the African Medical Centre of Excellence (AMCE Abuja) to Revolutionise Healthcare Advancements in West Africa," African Finance Corporation 2024, <https://www.africafc.org/news-and-insights/news/africa-finance-corporation-commits-up-to-us-40-million-equity-investment-in-the-african-medical-centre-of-excellence-amce-abuja-to-revolutionise-healthcare-advancements-in-west-africa>.

in many African countries. Afreximbank is not the only development bank to engage in such activities. Many development banks are working in this area with large investment projects.²² Until recently, these projects were occurring simultaneously but without coordination, which has, at times, led to duplicating efforts while leaving many needs unaddressed.²³ To begin to address this issue, the African Development Bank and its partners recently created the “Guidance for developing inclusive health infrastructure” report, which identifies three infrastructure priorities to create a more evenly-distributed health network. These include connecting primary health care infrastructure to programs, improving comprehensive infrastructure needed for public goods such as sanitation and water, investing in the development of secondary and tertiary health care facilities that include clinics for specialized care, and implementing diagnostic infrastructure.²⁴ Investments that meet standardized guidelines are more likely to provide equal health care access and availability across Africa, creating a higher likelihood of addressing the gaps in achieving SDG 3 (good health and well-being).

Access to steady electricity is still elusive for many across the continent, hindering much of the progress toward most of the SDGs. Afreximbank is actively supporting various investments in energy infrastructure. The construction of the Rufiji dam in Tanzania,²⁵ which is expected to increase access to electricity for millions of Tanzanians, bringing access from 67.5% to an unprecedented 100% by 2025, is one such initiative supported by Afreximbank.²⁶ The spillover effects are enormous in Tanzania and across East Africa, accelerating progress toward SDG 3 (good health and well-being). The World Bank Group and the African Development Bank are also working to provide access to electricity to 300 million people across sub-Saharan Africa through “Mission 300.” If successful, this initiative will address half of the continent’s current electricity needs.²⁷ However, even with ambitious initiatives such as this one, more work is needed.

- 22 “WHO and Multilateral Development Banks Kick off US\$ 1.5 Billion Primary Health Financing Platform with New Funds and Launch of First Investment Plans in 15 Countries,” *Reliefweb*, September 23, 2024, <https://reliefweb.int/report/burundi/who-and-multilateral-development-banks-kick-us-1.5-billion-primary-health-financing-platform-new-funds-and-launch-first-investment-plans-15-countries-enru>; “African Development Bank and Partners Unveil Guidance to Transform Healthcare Infrastructure in Africa,” *African Development Bank Group*, December 12, 2024, <https://www.afdb.org/en/news-and-events/african-development-bank-and-partners-unveil-guidance-transform-healthcare-infrastructure-africa-79525>; “IFC and Development Partners Make Landmark Health Care Investment in East and Southern Africa,” *IFC*, November 23, 2019, <https://www.ifc.org/en/pressroom/2019/ifc-and-development-partners-make-landmark-health-care-investment-in-east-and-southern-africa>.
- 23 Olusesan Ayodeji Makinde et al., “Duplication of Effort across Development Projects in Nigeria: An Example Using the Master Health Facility List,” *Online Journal of Public Health Informatics* 10, no. 2 (September 21, 2018): e208, <https://doi.org/10.5210/ojphi.v10i2.9104>.
- 24 “African Development Bank and Partners Unveil Guidance to Transform Healthcare Infrastructure in Africa,” *African Development Bank*, December 12, 2024, <https://www.afdb.org/en/news-and-events/african-development-bank-and-partners-unveil-guidance-transform-healthcare-infrastructure-africa-79525>.
- 25 Marwa Abo Almajd, “Afreximbank Extends \$500m Credit Facility to Elsewedy Electric and Arab Contractors Company,” (Zawya, November 13, 2023), <https://www.zawya.com/en/projects/utilities/afreximbank-extends-500mln-credit-facility-to-elsewedy-electric-and-arab-contractors-company-idp8hycv>.
- 26 Saleh Pamba et al., “The Report on Responses and Mitigations: Beyond the True Cost of Power,” (Tanzania High Commission New Delhi, India, March 2019), https://www.in.tzembassy.go.tz/uploads/SGR_Report.pdf.
- 27 “Connecting Millions to Electricity in Africa With Mission 300,” *World Bank*, September 19, 2024, <https://www.worldbank.org/en/news/feature/2024/09/19/five-ways-the-world-bank-will-achieve-mission-300>.

The path towards realization of the SDGs is clear. Regional development banks across Africa and their partners must continue to invest in job creation opportunities that will help build local wealth and lift millions out of poverty. In this regard, continued investments and policy support for these critical initiatives, among others, remain vital to attaining the SDGs. However, banks cannot do this without the support of African governments, which must prioritize working with institutions that are at the core of tackling Africa's development challenges, particularly African multilateral development institutions such as Afreximbank. Large financing gaps remain for Africa to achieve the SDGs by 2030. Africa's multilateral financial institutions have an opportunity to provide the investments necessary to bridge them.

Africa's strategic positioning in the global green revolution and critical minerals race

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Africa is a key player in the energy transition, holding approximately 30% of the world's largest mineral reserves.

Africa stands at the crossroads of the transformation required by the global green revolution agenda, spurred by climate change imperatives and the rapid shift toward clean energy technologies. The demand for critical or “green”¹ minerals, such as lithium, cobalt, copper, nickel, graphite, and rare earth elements, is surging,² driven by the rise of electric vehicles, renewable energy systems, and energy storage solutions across the world. Africa is a key player in the energy transition, holding approximately 30% of the world's largest mineral reserves,³ including 70% of cobalt.⁴ The critical minerals race presents an immense opportunity for Africa to go beyond extraction. Africa could become a global hub for critical mineral processing and the production of green technologies through a vertically integrated value chain that includes mining, processing, manufacturing, and technology development. However, Africa must act proactively, decisively, and quickly to secure its place in the global minerals value chains.

Africa's visions and strategies such as Agenda 2063,⁵ the Africa Mining Vision (AMV),⁶ the African Commodity Strategy, and the forthcoming African Green Minerals Strategy (AGMS) collectively emphasize the need for Africa to transform its mineral wealth into sustainable, value-added industries.⁷ The AGMS specifically highlights the importance of positioning Africa as a key player in the green transition, advocating for the responsible extraction and processing of green minerals while promoting industrialization and green technology development.

What will it take? By 2030, African policymakers must adopt innovative approaches to fully implement these strategies by developing coherent policies at all levels to ensure that the ecosystems around value addition and industrialization are developed, including the requisite

1 In the AU's forthcoming African Green Minerals Strategy (AGMS), green minerals are those that are used in clean-energy technologies and green industries, and those that are feedstocks into the mining supply chain. The draft AGMS will be introduced for adoption by Ministers at an Extraordinary Specialized Technical Committee meeting of Trade, Industry, and Minerals on December 9-13, 2024, in Ethiopia.

2 Mineral demand for clean energy technologies is expected to almost triple by 2030 and quadruple by 2040. See: “Global Critical Minerals Outlook 2024,” (Paris: IEA, May 2024). <https://iea.blob.core.windows.net/assets/ee01701d-1d5c-4ba8-9df6-abeac9de99a/GlobalCriticalMineralsOutlook2024.pdf>

3 “Our Work in Africa,” United Nations Environment Programme, accessed December 13, 2024, <https://www.unep.org/regions/africa/our-work-africa>.

4 “Approach Paper towards Preparation of an African Green Minerals Strategy” African Natural Resources Management and Investment Centre, (Abidjan: African Development Bank, December 2022), https://www.afdb.org/sites/default/files/documents/publications/approach_paper_towards_preparation_of_an_african_green_minerals_strategy.pdf.

5 “Agenda 2063: The Africa We Want,” African Union, accessed December 13, 2024, <https://au.int/en/agenda2063/overview>.

6 “Africa Mining Vision 2009” (African Union, February 2009). <https://au.int/en/ti/amv/about>

7 Directorate of Information and Communication, “Africa's Commodities Strategy: Value Addition for Global Competitiveness.” *African Union*, September 2, 2021, <https://au.int/en/pressreleases/20210902/africas-commodities-strategy-value-addition-global-competitiveness>; “Approach Paper towards Preparation of an African Green Minerals Strategy.”

infrastructure, skills, technology, regional cooperation, and capital. Since channeling domestic private savings into productive sectors through Africa's capital markets is one of the best avenues for domestic resource mobilization, the African Minerals and Energy Classification and Management System⁸ and the Pan-African Reporting Code by the African Minerals Development Centre⁹ will be pivotal and transformative for facilitating access to African capital markets. Standardizing resource estimation and reporting across Africa will create frameworks that bolster investor confidence by enhancing transparency and governance in Africa's critical minerals sector and unlock the continent's capital markets, leading to value addition and economic diversification.¹⁰ Public-private partnerships and joint ventures are also essential for mobilizing the necessary capital.¹¹ African governments should tap into the growing climate finance market by aligning national goals with those of global climate.

Lastly, regional cooperation is vital for Africa to benefit from the critical minerals race. The African Continental Free Trade Area should be leveraged to foster intra-African collaboration to build integrated value chains, share best practices, and pool resources for large-scale projects.¹² The development of regional hubs for mineral processing and manufacturing will boost Africa's global competitiveness.

8 "African Mineral and Energy Resources Classification and Management System (AMREC)" (African Union, August 31, 2019), <https://au.int/sw/node/44206>.

9 "Launch of the Pan African Resource Reporting Code" (African Union, April 3, 2024), <https://au.int/en/newsevents/20240403/launch-pan-african-resource-reporting-code>.

10 Barbara Buchner et al., "Global Landscape of Climate Finance 2023" (Climate Policy Initiative, November 2, 2023), <https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2023/>.

11 "Mobilizing the Private Sector to Drive Development in Africa," *World Bank*, December 1, 2023, <https://projects.worldbank.org/en/results/2023/12/01/mobilizing-the-private-sector-to-drive-development-in-africa>.

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