

**Testimony of Professor Landry Signé, Ph.D.**

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Policy**

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Thank you very much, Chairman Van Hollen, Ranking Member Rounds, and distinguished members of the subcommittee, for your extraordinary leadership on U.S. Trade and Investment with Africa. Your exemplary bipartisan work on Africa inspires many in the U.S. and abroad on how politics can be used to serve the greater good. I am incredibly honored, and grateful, for the opportunity offered to me by the members of the Senate Foreign Relations Committee's (SFRC) Subcommittee on Africa and Global Health Policy to testify on U.S. Trade and Investment in Africa.

I am Landry Signé, Executive Director and Professor at the Thunderbird School of Global Management, Senior Fellow at the Brookings Institution's Africa Growth Initiative in the Global Economy and Development Program, and a member of the World Economic Forum's Regional Action Group on Africa, and the World Economic Forum's Global Future Council on Agile Governance.

Advancing trade, investment, and technology in Africa offers enormous economic growth and increased prosperity for both regions and is best realized through value-based foreign policy and a market-based model of development, education, and accountability. There is no better time to accelerate U.S. trade and investment in Africa than now. Despite Africa's tremendous economic potential, the U.S. has lost substantial ground to traditional and emerging partners, especially China. Indeed, while recent trends indicate that the U.S. engagement with the region has fallen, it has not and should not cede its relationship with the region to other powers.

Importantly, the U.S. can build on new regional momentum to revive and strengthen its partnership with Africa for mutual prosperity, including building on the recent launch of the African Continental Free Trade Area (AfCFTA), and given the promise of the initiatives of the DFC, Prosper Africa, and the post-AGOA 2025 options. To do so means a shift in emphasis in the relationship to one more focused on a [value-based foreign policy](#),<sup>1</sup> and building upon the areas of strength and convergence with [African citizens' preferences](#),<sup>2</sup> such as trade, investment, technology, market-based model of development, education, and accountability.

## **I. Why should the U.S. care? Africa's tremendous trade and investment potential, and expanding continental integration and global partnerships (strategic geopolitical partner)**

“Borders frequented by trade seldom need soldiers.”

*-William Schurz, second President of the American Institute for Foreign Trade (now the Thunderbird School of Global Management)*

Trade and investment are not just about money and prosperity. They also bring and support peace, stability, and security. In my book [Unlocking Africa's Business Potential](#),<sup>3</sup> I explore key trade and investment trends, opportunities, challenges and strategies, that illustrate the tremendous potential of Africa, and explain the complex competition between emerging and

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<sup>1</sup> Landry Signé, “How to Restore U.S. Credibility in Africa,” *Foreign Policy*, January 15, 2021 (<https://foreignpolicy.com/2021/01/15/united-states-africa-biden-administration-relations-china/>).

<sup>2</sup> E. Gyimah-Boadi, Landry Signé, and Josephine Appiah-Nyamekye Sanny, “US foreign policy toward Africa: An African citizen perspective,” *Africa in Focus*, *Brookings* (<https://www.brookings.edu/blog/africa-in-focus/2020/10/23/us-foreign-policy-toward-africa-an-african-citizen-perspective/>).

<sup>3</sup> Landry Signé, *Unlocking Africa's Business Potential* (Washington: Brookings Institution Press, 2020).

established powers on the continent. The following key trends are critical for policymaking given their implications for trade investment, economic transformation, inclusive prosperity, geopolitical dynamics, and mutual U.S.-Africa interests.

**1. Africa’s economic transformation and business potential are more substantial than most people think: the world’s next growth market.** Considered a hopeless continent in 2000 by [The Economist](#), Africa has seen the two best cumulative successive decades of its existence in the 21<sup>st</sup> century. Trade in and with Africa has grown 300% in the last decade, outperforming global averages (196%).<sup>4</sup> It has become home to many of the world’s fastest-growing economies, offering unique opportunities for U.S. trade and investment. Moreover, Africa has tremendous economic potential and offers rewarding opportunities for local and global partners looking for new markets and long-term investments with some of the highest returns, but also the potential to foster economic growth, diversification, job creation, including for women and youth, and improved general welfare.

**2. The fast population growth on the continent could be turned into demographic dividends, or threats to global prosperity and stability.** Africa was home to 17 percent of the world population in 2020, and is expected to have 26 percent of the global population in 2050 (2.53 billion people).<sup>5</sup> If Africa is not successfully integrated into the global economy, there could be a major threat to global prosperity and stability. Citizens could be further subject to extreme poverty, fragility, violent extremism, illegal immigration, health challenges, among others—challenges that many already face on the continent. If our goal is a prosperous and safe world, Africa must not be left behind.

**3. The growth of the household consumption and business spending: a unique opportunity for U.S. trade and investment.** By 2050, Africa will be home to an estimated USD 16.12 trillion of combined consumer and business spending.<sup>6,7</sup> And Africa’s prosperity can be good for the US: Such growth will offer tremendous opportunities for U.S. businesses in household consumption (USD 8 trillion) in areas such as food and beverages, housing, hospitality and recreation, health care, financial services, education and transport, and consumer goods, but also business to business spending (construction, utility, and transportation, agriculture and agri-processing, wholesale and retail, etc.).

**4. The rise of global partnerships and the competition between traditional and new players: an opportunity for the U.S. to build on its sustainable competitive advantage.** [China](#) became the region’s prime trading partner. In fact, between 2006 and 2016, China’s trade with Africa surged, with imports increasing by 233 percent and exports increasing 53 percent, as they did for several other global players as well.<sup>8</sup> China’s influence goes beyond the trade relationship: It is also the top investor in infrastructure, and now is the first destination of English-speaking

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<sup>4</sup> Landry Signé and Chris Heitzig, “Seizing the momentum for effective engagement with Africa,” forthcoming 2021.

<sup>5</sup> Signé, *Unlocking Africa’s Business Potential*, p. 247.

<sup>6</sup> *Ibid.*

<sup>7</sup> *Ibid.*, p. 14.

<sup>8</sup> Wenjie Chen and Roger Nord, “Reassessing Africa’s global partnerships,” in *Foresight Africa 2018* (Brookings Institution, January 11, 2018) p. 110 (<https://www.brookings.edu/research/reassessing-africas-global-partnerships/>)

African students, outperforming the U.S. and the U.K.<sup>9</sup> Indeed, during this time, the U.S. lost ground in exports to Africa (-66 percent).<sup>10</sup>

	Change (increase) in imports from Africa, 2006 - 2016	Change (increase) in exports to Africa, 2006 - 2016
Russia	142%	168%
Turkey	192%	61%
India	181%	186%
Indonesia	107%	147%
World	56%	18%

Source: IMF, Direction of Trade Statistics, 2017.<sup>11</sup>

But the U.S. remains a critical player on the continent, as I mentioned in a recent [article](#): “Successes in the past decades—initiatives such as the African Growth and Opportunity Act (AGOA), the President’s Malaria Initiative, the President’s Emergency Plan for AIDS Relief, the Millennium Challenge Corporation, and U.S. trade and investment hubs—have generated tremendous opportunities for millions of Africans and Americans. But the current era—and competition from other global powers—will require new ideas and a new approach to several key issues.”<sup>12</sup> In fact, African countries would often prefer to work with the U.S. given local content regulation rules, more investment in on-the-ground resources, and standards about hiring/training locals. In other words, it’s less extractive and more transparent than numerous other partners.

**5. Fast urbanization but also fast rural population growth:** By [2030](#), Africa will be home to 5 cities of more than 10 million inhabitants and 12 other cities of more than 5 million inhabitants.<sup>13</sup> Cities in Africa are becoming powerful economic centers, and a city-based approach to foreign policy, but also trade and investment, will be critical to outperform competitors and build mutual prosperity. Contributing to the prosperity of African cities will also make a difference in addressing security challenges.

**6. Africa has made tremendous progress in mobilizing resources for infrastructure development, working hard to bridge gaps in ICT, energy, water and sanitation, and transportation.** Despite the remaining deficits, the [Infrastructure Consortium for Africa \(ICA\)](#) reported that between 2013 and 2017 the annual funding for infrastructure development in the region was USD 77 billion, about twice as much as the annual funding average of the first six years of the 2000s.<sup>14</sup> However, many of these gaps persist. In 2018 the African Development Bank (AfDB) found that Africa’s infrastructure requirements range between [USD 130 and 170 billion](#) a year, leaving a financing gap of USD 68 to 108 billion.<sup>15</sup> China has played a key role in financing, and has become the largest bilateral infrastructure financier in Africa (Chinese FDI

<sup>9</sup> Signé, “How to Restore U.S. Credibility in Africa.”

<sup>10</sup> Ibid.

<sup>11</sup> Ibid.

<sup>12</sup> Signé, “How to Restore U.S. Credibility in Africa.”

<sup>13</sup> Acha Leke and Landry Signé, “Spotlighting opportunities for business in Africa and strategies to succeed in the world’s next big growth market” in *Foresight Africa 2019* (Brookings Institution, January 11, 2019), p. 83 (<https://foreignpolicy.com/2021/01/15/united-states-africa-biden-administration-relations-china/>)

<sup>14</sup> Kannan Lakmecharan and others, “Solving Africa’s infrastructure paradox,” *McKinsey & Company*, March 6, 2020 (<https://www.mckinsey.com/business-functions/operations/our-insights/solving-africas-infrastructure-paradox>)

<sup>15</sup> AfDB, *African Economic Outlook 2018*, p. xvi (<https://www.afdb.org/en/documents/document/african-economic-outlook-aoe-2018-99877>)

grew [40 percent annually](#) over the last decade).<sup>16</sup> However, the U.S. has the chance to make a monumental difference when it comes to investing in infrastructure development in Africa.

In fact, Africa has one of the [fastest-growing](#), and is the second-largest, mobile phone market in the world.<sup>17, 18</sup> In sub-Saharan Africa alone, there were 477 million mobile subscribers in 2019; by 2025, the region will host 614 million cell phone subscribers, and 475 million mobile internet users<sup>19</sup> The internet is also expected to contribute to at least [5 to 6 percent](#) of Africa's total GDP by 2025.<sup>20</sup> While the Information and Communication Technology sector is making incredible advancements, water and sanitation, transportation, and energy infrastructure development still needs significant investment. However, this is indicative of positive and extensive investment opportunities that can be undertaken on the African continent.

**7. Fast digitalization, increased technological innovation, and an accelerated Fourth Industrial Revolution (4IR):** The Fourth Industrial Revolution is characterized by the fusion of the digital, biological, and technological world, and technologies such as artificial intelligence, big data, 5G, drones and automated vehicles, and cloud computing.<sup>21</sup> As a world leader in technological innovation, digital transformation, and the Fourth Industrial Revolution, the United States is well-positioned to play a leading role in the African digital space and contribute to Africa's pursuit of now-vital technologies.

Indeed, advanced technology can have beneficial spillover effects: For example, in health, countries such as Rwanda and Ghana are using an American [drone company](#), Zipline, to deliver in record time, medication, blood, and medical supplies to remote rural areas with limited road accessibility.<sup>22</sup> In agriculture, African farmers now have access to affordable precision [farming tools](#) that use sensors, satellites, smart devices, and big data technologies to inform every decisions. The lending, insurance, and e-commerce opportunities provided by the fintech industry are transforming the lives of all Africans, and not just those in urban centers. These advancements are just the beginning too, as African entrepreneurs are increasingly seeking partners to bring transformative businesses to life. African tech startup funding increased over [40 percent](#) in 2020 to over USD 700 million, a fraction of tech startup funding outside of Africa. Despite such progress, the digital divide remains important and must be bridged to allow inclusive development. During the pandemic for example, access to school and business on the continent was more complex given the level of internet connectivity, among others. Bridging the digital divide represent an opportunity to both advance U.S. trade and investment in Africa while addressing some of Africa's key priorities.

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<sup>16</sup> Miriam Tuerk, "Africa is the Next Frontier for the Internet," *Forbes*, June 9, 2020 (<https://www.forbes.com/sites/miriamtuerk/2020/06/09/africa-is-the-next-frontier-for-the-internet/?sh=1bf4088a4900>)

<sup>17</sup> AfDB, "Infrastructure Development," 2021, (<https://www.afdb.org/en/knowledge/publications/tracking-africa-s-progress-in-figures/infrastructure-development>).

<sup>18</sup> GSMA, "The Mobile Economy Sub-Saharan Africa," 2020 ([https://www.gsma.com/mobileeconomy/wp-content/uploads/2020/09/GSMA\\_MobileEconomy2020\\_SSA\\_Eng.pdf](https://www.gsma.com/mobileeconomy/wp-content/uploads/2020/09/GSMA_MobileEconomy2020_SSA_Eng.pdf)).

<sup>19</sup> Ibid. In Sub-Saharan Africa [mobile internet users](#) are expected to increase from 272 million (26 percent of the population) in 2019 to 475 million (39 percent) in 2025, and 65 percent of people will own smartphones by 2025.

<sup>20</sup> AfDB, "Infrastructure Development."

<sup>21</sup> Njuguna Ndung'u and Landry Signé, "The Fourth Industrial Revolution and digitization will transform Africa into a global powerhouse," in *Foresight Africa 2020*, (Brookings Institution, January 8, 2020), p. 61 (<https://www.brookings.edu/research/the-fourth-industrial-revolution-and-digitization-will-transform-africa-into-a-global-powerhouse/>)

<sup>22</sup> Noah Lewis, "A tech company engineered drones to deliver vital COVID-19 medical supplies to rural Ghana and Rwanda in minutes," *Business Insider*, May 12, 2020 (<https://www.businessinsider.com/zipline-drone-coronavirus-supplies-africa-rwanda-ghana-2020-5>)

**8. Fast regional integration and the African Continental Free Trade Areas: opportunities for a continental engagement.** With the signing of the African Continental Free Trade Area (AfCFTA) in 2018, ratification in 2019, and an official launch in January 2021, African growth prospects and business opportunities have been magnified. The continent is giving the world just one more reason to invest in it with the creation of the largest new free-trade zone per number of countries in world, since the creation of the WTO. The AfCFTA will accelerate Africa's industrialization as well as incomes, which will lead to the increase of both household consumption and business spending, generating unique opportunities for U.S. trade and investment. Per a [World Bank study](#), the AfCFTA has the potential to lift 30 million people out of extreme poverty, increase the income of 68 million Africans, increase Africa's exports by USD 560 billion, and generate USD 450 billion of potential gains for African economies by 2035.<sup>23</sup>

**9. The sustained demand for accountability, democracy, and stability of African citizens, and policy priorities aligned with U.S. core values.** [Per Afrobarometer surveys](#), 7 out of 10 Africans support democracy and accountable governance, and approximately two-thirds are opposed to a single party or military government.<sup>24</sup> Importantly, areas in which the U.S. has a sustained competitive advantage, given its global leadership in democracy and human rights, and its support for such issues as health and education, are priorities for Africans too.<sup>25</sup> Given China's leadership in infrastructure, the U.S. could grow its footprint in this area but by partnering with other players such as the G7 and the European Union countries. This approach will be welcomed by African citizens, who prefer the U.S. model of development (32%) over the Chinese one (23%).<sup>26</sup>

## **II. U.S. policy recommendations for bolstering trade with Africa by increasing investment, bridging the digital divide, and addressing the continent's energy and infrastructure needs.**

The pandemic has created unique momentum for engagement with Africa. **The U.S. should seize this momentum and build on Congress' historical bi-partisan support for the region to develop and successfully implement a long-term comprehensive Africa strategy that effectively coordinates action around trade, investment, commerce, and economic growth. This strategy should draw from consultations with African partners and multilaterals, building on areas of sustainable competitive advantages. The strategy should:**

- a) be rooted in the American values and principles that are aligned with the priorities of African citizens and U.S.-Africa mutual trade and investment interests
- b) protect American, African, and global interests by advancing security, stability, and peace through strategic partnerships with African organizations

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<sup>23</sup> World Bank, "The African Continental Free Trade Area," July 27, 2020 (<https://www.worldbank.org/en/topic/trade/publication/the-african-continental-free-trade-area>)

<sup>24</sup> Gyimah-Boadi, Signé, and Sanny, "US foreign policy toward Africa: An African citizen perspective."

<sup>25</sup> Ibid.

<sup>26</sup> Signé, "How to Restore U.S. Credibility in Africa."

c) utilize U.S. strengths (digital transformation, Fourth Industrial Revolution, education, creative industries, health, democratic values, etc.) in the context of the new continental trade dynamics brought about by the African Continental Free Trade Areas (AfCFTA).

Importantly, these are areas where the U.S. can still outperform its main competitors such as China or Russia. More specifically, my recommendations to the Subcommittee are as follows:

1. **Build on multilateralism and strategic alliances in concert with African partners to advance U.S. and African interests.** Given Africa’s own emphasis on regionalism, the U.S. would do well to support those efforts and align its own strategy with this perspective in mind.
2. Core African partners include: the African Union, the African Continental Free Trade Area, the Africa Centres for Disease Control and Prevention, the African Union Development Agency, the African Development Bank, among others.

African leaders are looking for partners, especially in terms of trade and investment, more than they need aid. Initiatives from the Millennium Challenge Corporation, DFC, should further support African regional and continental projects, when possible, through regional compacts (MCC, through the [2018 AGOA and MCA Modernization Act](#), allows investments to be made across borders in Africa, creating opportunities for trade and investment by fostering regional integration and integrated markets).<sup>27</sup> For the U.S. to outperform its competitors, it must be on the ground engaging with Africa both at the base but also at the highest levels, building on the Trade and Investment hubs, but going much further.

## **2. Enhance the effectiveness and better coordinate the action of U.S. agencies acting around trade and investment in Africa by adopting the principle of agile governance.**

The U.S. already has phenomenal tools, which in principle, could make a monumental difference if successfully implemented. Prosper Africa holds a lot of potential in terms of trade, investment, shared prosperity, and effective coordination of U.S. agencies, which is not yet realized. The goal of Prosper Africa is to coordinate the tools from across government agencies<sup>28</sup> and to foster trade and investment between the U.S. and Africa. Although it is a great idea, many players, especially on the African side, are still hoping for it to achieve its full potential. It will be extremely important to have major wins to reinstate trust with African partners.

I recommend making Prosper Africa more agile in its ability to manage complexity and competition, and appoint a dedicated full-time Chief Executive Officer to assist the current Executive Chairman and Chief Operating Officer, who are doing tremendous work. This new position should have the authority needed to fix the pacing, (appropriate speed of action) coordination (legitimate and appropriate coordination), and representation challenges

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<sup>27</sup> MCC, “Regional Investments,” 2021 (<https://www.mcc.gov/news-and-events/feature/regional-investments>)

<sup>28</sup> The agencies include: USAID (U.S. Agency for International Development), DFC (U.S. International Development Finance Corporation), U.S. Department of Commerce (DOC), U.S. Department of State, U.S. Trade and Development Agency (USTDA), Export-Import Bank of the United States (EXIM), U.S. African Development Foundation (USADF), U.S. Office of the Trade Representative (USTR), Millennium Challenge Corporation (MCC), U.S. Department of Energy (DOE), U.S. Department of Labor (DOL), U.S. Department of Homeland Security’s Customs and Border Protection (DHS/CBP), U.S. Department of Transportation (DOT), U.S. Department of Treasury, U.S. Department of Defense (DOD), U.S. Department of Agriculture (USDA), U.S. Small Business Administration (SBA).

(uniqueness of the voice, communication, and acceptance of the credibility), to deliver exceptional outcomes for U.S. and African businesses, and investors, to achieve mutual prosperity.

### **3. Redefine the base for new engagement with Africa by appointing a U.S. Special Presidential Envoy for Africa to represent the U.S. at high-level meetings and multiply presidential and high-level visits in Africa.**

To stop ceding ground to other powers in Africa, it is crucial that the U.S. reiterate the respect it has for Africa, Africans, and their leaders. Appointing a Special Envoy and reinstating high-level meetings, including presidential visits to the region, between the United States and Africa will send a strong signal. Regular visits by senior U.S. officials, including the President and his cabinet, will help to shift perceptions around Africa, highlighting the continent as a safe, reliable destination for investment. Creating a forum for dialogue between government officials and the SME community will create the opportunity to engage in a systematic and coordinated way.<sup>29</sup>

Advancing such levels of engagement, with specific actions, will substantially advance mutual interests. The U.S. should build on this to further institutionalize relations with Africa and engagements at the highest level. The success of the [U.S.-Africa Business Forum](#), which did contribute to deals around \$14 billion dollars between 2014 (first edition) and 2016, with additional deals and commitments of \$9 billion at the 2016 edition, illustrate the importance of high-level meetings, which should be reinitiated (The [first edition](#) of the U.S.-Africa Business Forum was attended by about 50 heads of state and governments, and 150 Global CEOs).

This is not just important for African leaders, but also for African citizens who prefer the U.S. model of development compared to any other countries.<sup>30</sup> Strategically seizing such as opportunity to build a long-term sustainable advantage will be critical.

### **4. For the successful implementation of the AfCFTA and other critical initiatives (post-2025 AGOA, among others) the U.S. should be involved in regular high-level consultations between the United States Trade Representative, the AfCFTA, and the African Union, creating a working group which could define the critical steps forward.**

It is important to engage with Africa on the way forward about U.S.-Africa relations, through regular consultations. The AfCFTA offers new opportunities for U.S. businesses to use Africa as a global platform, not just to capitalize on the large African market, but to benefit from the unique advantage provided to sell around the world. The U.S. will also gain market shares, etc. Africa can become the base for U.S. companies to trade not just with Africa, but with the world as well. Africa is not just a market, but also a platform to manufacture and export in other regions of the world. AGOA Forum provides a platform to discuss these questions in partnership with Africans, but it remains underutilized.

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<sup>29</sup> Recommendation six is an adapted excerpt from my previously published article "[Can Trump's Prosper Africa make America greater than China and other partners in Africa?](#)" *Brookings*, 26 July 2019 (<https://www.brookings.edu/blog/africa-in-focus/2019/06/26/can-trumps-prosper-africa-make-america-greater-than-china-and-other-partners-in-africa/>)

<sup>30</sup> Gyimah-Boadi, Signé, and Sanny, "US foreign policy toward Africa: An African citizen perspective."



**5. The U.S. should capitalize on the AfCFTA that provides the opportunity for the U.S. and the world to finally address the global macroeconomic imbalances which been reflected in structurally large US current account deficits with a handful of countries largely on account of excessive concentration of supply chains.** The growth opportunities associated with increasing economies of scale and productivity growth under the AfCFTA provides the path to reorder and diversify the supply chains for greater resilience and while also sustainably addressing the macroeconomic imbalances which have dominated the world economy over the past decades.

Already several countries and corporations are taking advantage of growth opportunities offered by the AfCFTA in the automotive industry. [Volkswagen](#) has opened its first car plant in [Rwanda](#).<sup>31</sup><sup>32</sup> Groupe [Peugeot Société Anonyme](#) has established its first plant to assemble up to 5000 cars a year in Namibia, taking advantage of the free market area to target customers in other countries across the region<sup>33</sup>. With its population growth and rising middle class, Africa could well become the largest market for the automotive industry in the coming decades.

These are tremendous opportunities that U.S. carmakers, including those manufacturing less polluting new energy vehicles should be targeting, especially with Africa's excess reserves of lithium and coltan which are some of the most important raw materials for a rapidly changing industry.

## **6. Focus policy action on impact, and on the effective implementation and delivery of initiatives, not just on big policy announcements.**

The U.S. should distinguish itself by focusing on successful implementation of existing or new initiatives. For example, the G7 countries and partners have announced an USD 80 billion dollars commitment for Africa's private sector for the next five years. How will it be implemented? It is critical to have a clear mechanism for successful implementation that includes sufficient details about the projects. For example, the U.S. and partners should engage with African multilaterals (AfCFTA, AU, etc.) and governments during the policymaking and implementation processes to strategically identify and align objectives. An implementation unit may be created, and a multistakeholder working group to assess and decide on mutual priorities. Similarly, how could the Build Back Better World initiative be successfully implemented, and to what extent will Africa benefit from it? The administration needs to appoint a leader to strategically engage and to have consultations with allies. Bringing the allies together, and giving teeth to the plans that have been put together, will be critical to build sustainable competitive advantage for the U.S.

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<sup>31</sup> "VW opens Rwanda's first car-assembly plant," *The Economist*, June 30, 2018 (<https://www.economist.com/business/2018/06/28/vw-opens-rwandas-first-car-assembly-plant>)

<sup>32</sup> Ignatius Ssuuna, "Volkswagen opens Rwanda's 1st car assembly plant," *The Washington Post*, June 27, 2018 ([https://www.washingtonpost.com/world/africa/volkswagen-opens-rwandas-1st-car-assembly-plant/2018/06/27/83c9bcb2-7a07-11e8-ac4e-421ef7165923\\_story.html](https://www.washingtonpost.com/world/africa/volkswagen-opens-rwandas-1st-car-assembly-plant/2018/06/27/83c9bcb2-7a07-11e8-ac4e-421ef7165923_story.html))

<sup>33</sup> "Peugeot to open new assembly plant in Namibia," *Peugeot*, 2018, (<https://www.peugeot.co.za/brand-and-technology/news/peugeot-to-open-a-new-assembly-plant-in-namibia.html>)

**7. The U.S. should promote commercial diplomacy through an economic strategy that goes beyond the traditional vision of trade and investment. Domestically, the U.S. should increase efforts to document and disseminate the tremendous potential Africa can have for U.S. businesses.**

Given that a central goal of Prosper Africa is to double two-way trade, the United States should play a better role in identifying and sharing business and investment opportunities with its domestic businesses and corporations. As large corporations are already better resourced when dealing in Africa, American SMEs are the most likely beneficiaries of Prosper Africa—whether through market access or on the supply side—and the DFC should provide them with resources to help trade and invest in a timely manner. For Prosper Africa to benefit *both* the U.S. and Africa, each side needs to feel confident in the trading process and consider each other as friends.

Prosper Africa should focus on specific mechanisms aimed at ensuring that American SMEs better understand the dynamics in Africa, to develop a specific interest and attraction on the continent and make others more eager to invest and do business there. This goal can be achieved through business promotion and facilitation activities encouraging business development as well as corporate diplomacy.

**8. The U.S. should capitalize on the African Diaspora, which is heavily represented and active in the U.S., by specifically adopting diaspora commercial diplomacy to foster trade and investment between the U.S. and Africa.**

President Biden has made steps in strengthening this relationship through early engagement with the community, but this strategy can be pursued further in regard to trade and investment with Africa in order to distinguish the U.S. from other competitors and accelerate its competitive advantage. The collaborations between African innovators on the continent and African and African-American innovators based in the U.S. have the potential to [advance](#) U.S.-Africa relations on several levels.<sup>34</sup> Members of the African diaspora have an incredibly valuable understanding of Africa-U.S. cross-cultural engagement, not to mention existing relationships and networks on the continent, making them perhaps the best suited to Prosper Africa’s efforts to support and facilitate business I mentioned above. Prosper Africa should formalize a relationship with the African diaspora’s SME community and the continent’s SME community, and routinely engage as a group, to support the formulation of strategies and mechanisms to increase two-way trade. It has started such an effort, but can do more: For example, in 2019, Brookings hosted a conversation between USAID and members of the diaspora’s SMEs. It brought to light specific, actionable ways to enhance the program’s mechanisms, including the need to expand staff support at trade hubs, expedite DFC loans, and improve data collection and analysis. SMEs in Africa are crucial to include in these conversations so that all stakeholders are involved to ensure Prosper Africa designs effective, efficient policies.

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<sup>34</sup> Landry Signé, “From Wakanda to reality: Building mutual prosperity between African-Americans and Africa,” *Africa in Focus*, Brookings, February 14, 2019 (<https://www.brookings.edu/blog/africa-in-focus/2019/02/14/from-wakanda-to-reality-building-stronger-relations-between-african-americans-and-africa/>)

**9) Accelerate the COVID-19 vaccine strategy and partnerships, and aggressively pursue vaccine diplomacy beyond COVID-19 by supporting the development of a vaccine manufacturing industry in Africa, including investments in human capital and technology development.<sup>35</sup>**

According to the Africa Centers for Disease Control and Prevention (Africa CDC), only [3.19 percent](#) of Africans have received at least one dose of the COVID-19 vaccine as of July 21, 2021.<sup>36</sup> A Duke University study estimated that most Africans will not have had an opportunity to receive the COVID-19 vaccine [until 2024](#).<sup>37</sup> The devastation of the COVID-19 pandemic, as well as other epidemics in recent years like, has revealed the urgent need for investment in Africa’s national and continental healthcare systems. Vaccine diplomacy is a crucial first step towards helping Africa recover from the pandemic and prevent the emergence of new variants that might damage the recoveries in other nations.

While it is the right thing to do, it will also support U.S. businesses. Poor healthcare systems threaten Africa’s industrialization and workforce development, and now is the opportunity for the U.S. to help build equitable health systems and ensure preparedness for future health emergencies. This support should not be limited to loans or donations. Partnerships with academic institutions or public-private partnerships between U.S. and African agencies and firms that create avenues for collaboration, knowledge exchange, and skill and technology development will all be instrumental in strengthening the soft power of the U.S.

Specifically, the U.S. should provide broad technical and financial support for the new African Union-Africa CDC initiative, Partnerships for African Vaccine Manufacturing (PAVM), which aims to build five vaccine-manufacturing research centers over the next 10-15 years. The success of this PAVM initiative would open doors for a transformation of Africa’s pharmaceutical industry in Africa, a sector that has enormous growth potential. The development must go beyond [“fill and finish” manufacturing](#), which does little to truly decrease Africa’s overreliance on foreign suppliers.<sup>38</sup>

**10. Contribute to closing the gap in the physical and digital infrastructure by leveraging existing programs supporting African countries’ digital transformation strategies.<sup>39</sup>**

The U.S. already has established infrastructure and technology development programs, but is underutilizing them. Such initiatives, especially those that focus on electricity and internet penetration, should be prioritized and fast-tracked.<sup>40</sup>

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<sup>35</sup> Recommendation eight is adapted from my forthcoming report, “*Seizing the momentum for effective engagement with Africa*,” co-authored with Chris Heitzig.

<sup>36</sup> Africa CDC, “Africa CDC Vaccine Dashboard,” (<https://africacdc.org/covid-19-vaccination/>)

<sup>37</sup> Douglas Bell and Kyle Lawless, “How free trade can accelerate Africa’s COVID-19 recovery,” *EY*, February 23, 2021 ([https://www.ey.com/en\\_gl/public-policy/how-free-trade-can-accelerate-africas-covid-19-recovery](https://www.ey.com/en_gl/public-policy/how-free-trade-can-accelerate-africas-covid-19-recovery))

<sup>38</sup> Carlos Mureithi, “What Pfizer and BioNTech’s partnership in Africa means for the continent,” *Quartz Africa*, July 22, 2021 ([https://qz.com/africa/2036736/what-pfizer-and-biontechs-partnership-in-africa-means-for-africa/?utm\\_source=email&utm\\_medium=africa-weekly-brief&utm\\_content=2ed74f95-ebc6-11eb-a0a8-ca71a6b14d37](https://qz.com/africa/2036736/what-pfizer-and-biontechs-partnership-in-africa-means-for-africa/?utm_source=email&utm_medium=africa-weekly-brief&utm_content=2ed74f95-ebc6-11eb-a0a8-ca71a6b14d37))

<sup>39</sup> Recommendation nine is adapted from my forthcoming report, “*Seizing the momentum for effective engagement with Africa*,” co-authored with Chris Heitzig.

<sup>40</sup> Emilia Columbo, “Leveraging Africa’s Technology Boom to Protect U.S. Interests,” *Lawfare*, April 7, 2020, (<https://www.lawfareblog.com/leveraging-africas-technology-boom-protect-us-interests>)

Most importantly and prior to even leveraging these existing initiatives, the U.S. should consult and act in partnership with African countries for the investments in major infrastructures, including 5G. For example, an opportunity is within OPIC [now DFC]'s “Connect Africa” initiative, which was launched with a fund of USD 1 billion for transportation, ICT, and value chain development projects.<sup>41</sup> The Power Africa initiative has been successful, and augmenting the program now would contribute to repairing and strengthening the U.S.-Africa relationship.<sup>42</sup>

Furthermore, several African countries are developing and implementing a multi-stakeholder Fourth Industrial Revolution (4IR) national task force or commission to assess country readiness and adopt a comprehensive national strategy. Initiatives such as the Centers for the Fourth Industrial Revolution (South Africa and Rwanda), or the Presidential Commission on the 4IR (South Africa) should be supported and replicated across the continent.

**11. The U.S. must continue and increase its support to bridging the infrastructure gap in Africa while advancing trade and investment for mutual prosperity.** This, simultaneously, represents both a way forward to enhance trade and investment while achieving the global public good. In fact, in Sub-Saharan Africa, over [50 percent](#) of people live without access to electricity, more [than 70 percent of](#) people live without access to safe drinking water, [69 percent of people](#) live without basic sanitation,<sup>43</sup> and [53 percent](#) of the roads are unpaved.<sup>44</sup> China has been playing a central role by investing in these areas.

Importantly, the U.S. should differentiate its approach from competitors by emphasizing engagement with African continental organizations (PIDA, the AfDB, the African Development Fund, among others), bilaterally—and more importantly, transparently, with specific countries, and by partnering with allies. The U.S. also could better support capacity building and regional projects through investments, new projects, and partnerships. The U.S. could better partner with Africa to bring its own expertise and knowledge to serve at various phases of project development, such as studies and implementation<sup>45</sup>. A long-term partnership will also be key to outperforming other players. The U.S. will see a high return for its investments, as well as geostrategic balance. The U.S. will fill an empty seat, that would otherwise be occupied by other players on the continent.

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<sup>41</sup> U.S. International Development Finance Corporation (USDFC), “OPIC Launches Connect Africa Initiative to Invest more than \$1 Billion Supporting Infrastructure, Communications, and Value Chain Connectivity,” July 2, 2018, (<https://www.dfc.gov/media/opic-press-releases/opic-launches-connect-africa-initiative-invest-more-1-billion-supporting>)

<sup>42</sup> Katie Auth and others, “Going Big on Power Africa: Fortifying the Initiative for Today’s Urgent Challenges,” *Energy for Growth Hub*, March 24, 2021 (<https://www.energyforgrowth.org/report/going-big-on-power-africa-fortifying-the-initiative-for-todays-urgent-challenges/>)

<sup>43</sup> Data retrieved from the World Bank DataBank (<https://databank.worldbank.org/home.aspx>) and represents various years between 2017 and 2019.

<sup>44</sup> AfDB, “Infrastructure Development.”

<sup>45</sup> The United States Trade and Development Agency (USTDA) is already playing an important role in advancing capacity building and regional projects in Africa.

## **12. The U.S. can build on higher education, another area of comparative advantage, to provide technical training and reskilling programs through initiatives and agencies to close the digital skills gap and human capital gap (especially for youth and women)<sup>46</sup>**

It is crucial the U.S. expand educational and training opportunities in Africa. The soft skills and development of academic institutions provide the opportunity for the US to lay the foundation for a lasting win-win partnership with Africa, sustained by knowledge exchange and deepening business ties. U.S. policy needs to provide support that incentivizes American universities to open more campuses and degree programs, especially in STEM and technology, throughout Africa. Such programs provide skills in areas critical for the rise of manufacturing industry and effective decentralisation of global supply chains and will be equally beneficial learning opportunities for African students and American students who may study abroad. For example, Carnegie Mellon University has a campus in Rwanda that offers master's programs in information technology and electrical and computer engineering.<sup>47</sup> Morgan State University has recently launched a [partnership](#) with a university in Ghana, offering two graduate degree programs to students.<sup>48</sup> Fast-growing SMEs will be far more likely to evolve and invest in areas where there is a skilled workforce or, at least, resources to support training workers, and added U.S. support could go a long way towards creating an attractive business environment for SME investment. It is indeed an opportunity to establish a long-term partnership of a new nature between U.S. and Africa.

### **Conclusion**

In closing, it is time for U.S. to reverse the trend in the ground lost in Africa as many traditional and emerging global powers are racing to capture Africa's tremendous economic potential. The U.S. has a sustained competitive advantage to partner with Africa, advance U.S. trade and investment with the continent, while meeting the majority of Africans' priorities. It is up to the U.S. to pursue the recommendations above and seize this unique momentum to advance mutual U.S.-Africa trade and investment interests. By acting promptly, and forging transformative partnerships aligned with African values, the U.S. has the opportunity not only to advance its own interests, but to contribute to the transformation of a continent that will make up nearly 40 percent of the world's population by 2100, but also the opportunity to lead the way in building a more prosperous, democratic, secure, and stable world. As mentioned by William Schurz, "borders frequented by trade seldom need soldiers."

Thank you very much for your attention and looking forward to your questions.

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<sup>46</sup> Recommendation eleven is adapted from my forthcoming report, "Seizing the momentum for effective engagement with Africa," co-authored with Chris Heitzig.

<sup>47</sup> W. Gyude Moore, "Biden already has Africa's early goodwill, here's how to deliver on its promise," *Quartz Africa*, January 22, 2021 ([https://qz.com/africa/1961323/?utm\\_term=mucp](https://qz.com/africa/1961323/?utm_term=mucp))

<sup>48</sup> Morgan State University, (<https://global.morgan.edu/africa/>)