



# AFRICA IRELAND ECONOMIC FORUM

## Africa Ireland Economic Forum 2016

### **Morning Panel Discussion: Developments in Africa and opportunities for enhancing the economic relationships between Africa and Ireland**

*Drawing on the expertise and experience of the panellists, this session discussed issues raised by the opening speakers around trends in economic developments in Africa, where opportunities and challenges may arise, what the experience to date has been in building stronger economic relations between Ireland and Africa.*

#### **Panel:**

- Chair: Mr. Michael Gaffey, DG, DCD (MG)
- Mr. Joe McHugh T.D., Minister of State for the Diaspora and International Development (MoS)
- Senator Hadi Sirika, Nigerian Minister for Aviation (HS)
- Prof. Adolf Mkenda, Permanent Secretary of the Ministry of Industry, Trade and Investment of Tanzania (AM)
- Mr. Brendan Flood, Divisional Manager, International Sales and Partnering, Enterprise Ireland (BF)
- Dr. Deirdre Lewis, Technical Director, SLR Consulting (DL)

1. Minister of State McHugh opened the discussion making reference to the challenge of displacement across the globe today and the Sustainable Development Goals (SDGs). It was noted that there was a need for an integrated and coordinated solution that brings together NGOs, the private sector, and Governments in tackling issues such as climate change, food security, and conflict resolution. Although business is motivated by profit, there is a “social conscience clause” involved in trade with Africa.
2. Furthermore, there was a suggestion that there is too much focus on geographical barriers. The world is now an interconnected place and we must reach out to our Diasporas and harness their potential. In looking at economic relations, there are often natural synergies which transcend political boundaries. In this regard, Ireland is looking at a regional approach to trade promotion with, for example, the appointment of Economic Development Officers in Abuja and potentially Nairobi.
3. Senator Sirika affirmed that there is no ‘Continent B’ when it comes to investment and opportunity in Africa. Western and Central Africa alone has a population of 600 million people with very limited rail/road infrastructure, and with economies in the region highly dependent on the importation of goods and services. There is a need to partner with entrepreneurs who will help train the local population and provide them with the necessary skill sets.



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4. The rapidly evolving development of Nigeria was also noted. It has democratically transitioned from military to civilian rule and most recently with power handed to the opposition. Nigeria is also trying to move from a resource-based to a knowledge-based economy. Agriculture is a major area of interest with over 920,000 km<sup>2</sup> of fertile land and more than 20 government-owned airports strategically located in agri-commercial areas.
5. It was also highlighted that there are strong opportunities for Irish investors in aviation. As an example, Nigeria intends to have private sector leasing companies cater for the needs of the NSAF. There is an opportunity for a partner for the development of a national carrier, which would also require ancillary services in which Irish companies could be involved.
6. Highlighting the stability of Tanzania since independence, Prof. Mkenda noted that Tanzania was the first country in Africa to institute and maintain term limits for presidents (maximum of 2 terms since 1985). The country has enjoyed good growth (~7%) for about 10 years but it has not been as inclusive as it could have been due to the structure of the economy, with two-thirds of the population agrarian. The country is a gateway to East Africa and also to SADC, with three large ports, railway, and the Tanga link pipeline to Uganda. Over the next 5 years 40% of Tanzania's budget will go to development, including developing market stability/regulation and infrastructure.
7. Tanzania favours clean industries with strong links to agriculture but its manufacturing base welcomes investment in all sectors. Two areas of focus are food processing and textiles. It was noted that to further develop the manufacturing industry, the country would need to attract more FDI. As an incentive, there is a tax break for 10 years as long as 80% of products are exported.
8. In general it was noted that East Africa is ready for investment, with Kenya and Rwanda also developing quickly.
9. Enterprise Ireland highlighted that they aim to increase exports to sub-Saharan Africa from €450m to €600m by the end 2018 and the number of Irish companies operating there from 460 to 550. Their short-term objective is to consolidate the Irish presence in South Africa and Nigeria while building up sector-specific consultant networks throughout the region. With 80% of exports to Africa currently in food and agri-tech, EI are trying to promote other areas including ICT, aviation, construction and education.
10. As an example, ICT in sub-Saharan Africa is the fastest growing in the world. By 2020 the region will have the third largest number of mobile users in the world, with 300 million mobile devices. This presents phenomenal opportunities for Irish companies in software, multimedia, mobile banking and cloud computing. With regard to education, it was noted that in Nigeria alone, approx 55,000 students attend third –level education abroad and that there is now awareness among Irish universities that there is business to be won in the region.
11. Dr. Lewis noted that challenges for Irish businesses in Africa are mainly related to infrastructure and power, especially in remote areas. It was highlighted that a balanced regional development approach is necessary as all regions need power and infrastructure. Policies around managing and regulating the private sector also need further development. Although initiatives like the Gates Foundation's "computer in every home" are valuable,



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providing clean water should be a primary concern, *and then* we can look at all these wonderful things that can encourage business.

12. With ~50% of the population of Africa female, efforts must be taken to enhance work opportunities for women. In this regard, it was noted that it is “astounding” what can be achieved through SMEs despite the significant structural and cultural barriers. There was widespread agreement in the audience and across the panel that we will not be successful in developing Africa without the women of Africa.

### **Points from Q&A/Discussion**

13. Africa is ready for business, and cooperation with Ireland should be encouraged and increased. The potential for investment is enormous. However, it is important that the burgeoning business relationship between the continent and Ireland is one of two way trade. Irish businesses should be encouraged to produce in Africa and export back to Ireland to help narrow the gap in the trade balance.
14. The importance of infrastructure was repeatedly highlighted, especially in relation to perishable goods and exports. It would be advantageous if there were more direct flights from Ireland to African markets with large potential. In relation to this, the establishment of a national carrier in Nigeria could be a positive development.
15. However, the citizens of Africa must not be forgotten and there must be tangible benefits for local populations. It was argued that the only hope in achieving this is through a public, environmental focus that involves the private sector in pursuing inclusive, sustainable development.
16. The discussion came to a close noting the strong linkages between Ireland and Africa, both historically and in the present day. Ireland’s commitment to the SDGs was reaffirmed and all governments were called upon to develop business linkages with “good social clauses”. It was noted that this is not the start of the relationship, that the relationship is already here, and Ireland and Africa must build on our embedded relationship of trust and respect to move forward.