Shifting the Narrative on Africa: Playing to the Continent's Upside

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Alongside the crises that preoccupy U.S. Africa policymakers and the gloomy headlines that continue to dominate U.S. media coverage on the continent, a far more hopeful story is playing out. Sub-Saharan African economies weathered the global economic downturn of 2008–2009 relatively unscathed and are expected to post an average growth rate of close to 6 percent in 2012—exceeding the projected average of any other world region.

High commodity prices and new sources of energy and mining production—including in Ghana, Mozambique, Liberia, and Sierra Leone—account for much of this surge. But improved macroeconomic management, significant expansion in construction, telecommunications, and financial services, a growing consumer base and middle class, and a broader portfolio of trade and investment partners give greater confidence that this growth can be sustained in the face of future volatility. African states and businesses are finding innovative ways to cut through long-standing barriers to growth and development.

Mobile banking in Kenya, for example, has had a transformative effect, raising access to financial services from 5 percent of the population in 2006 to 70 percent in 2011, according to analysts at South Africa's largest bank. In Zambia, the introduction of digitized court recording and case management in the judiciary has eliminated a massive backlog of unresolved commercial disputes. Other countries are using technology to speed customs procedures, improve tax administration, manage supply and distribution networks, and regulate land tenure.

Beyond the growth figures, there is evidence emerging from the IMF that, more so than in previous commodity booms, economic growth is translating into improved social indicators—particularly in health and primary education—and into overall poverty reduction. The power of social media and global interconnectivity has enabled African citizens to mobilize more efficiently and effectively around demands for service delivery, transparency, and accountability. And in some cases, at least, African leaders are taking note.

In Nigeria, nation-wide protests against the abrupt elimination of domestic fuel subsidies drove not only a compromise on subsidy reduction, but galvanized a far-reaching government investigation to root out corruption in the institutions regulating the petroleum sector. How successful and sustained this effort will be has yet to be seen, but it is potentially an important step in chipping away at the country's rentier economy and the force of the national popular mobilization may impel the government to follow through.

African opportunities have not been lost on the world's emerging economies. China's commercial expansion into Africa has been well documented, but India and Brazil are also building linkages apace, as are a host of newer players including Malaysia, Indonesia, Turkey, South Korea, and even Iran. The success of these investors has begun to pique the interest and competitive spirit of U.S. businesses, which, outside of the energy sector, have traditionally tended to view the continent as a monolith of conflict, corruption, and despair.

As these U.S. companies make tentative forays into African markets, however, they frequently voice concern that the playing field is not altogether level and that the U.S. government does not provide the robust support that their Chinese, Indian, and Brazilian counterparts receive from their governments. Company executives point to the need for more proactive, agile, and swift support from the U.S. Export-Import Bank and the Overseas Private Investment Corporation (OPIC). The U.S. Department of Commerce, they note, is reducing, rather than expanding its presence in Africa.

Greater support for U.S. companies considering investment in Africa should be coupled with efforts to more directly target barriers to investment in African partners. The Millennium Challenge Corporation (MCC), established in 2004, is a bold and pioneering U.S. initiative intended to unlock economic potential in partner countries and at the same time reward good governance and service delivery. MCC compacts aim to bolster the efforts of countries that have an established track record of positive performance. As such, they are large and ambitious, and longer-term in scope. In countries that are still far from eligibility, there may be opportunities for small-scale initiatives that focus on more narrow investment bottlenecks identified by governments or local entrepreneurs, where technical assistance, technology, or training can have relatively quick impact.

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The next administration has an opportunity to build a new narrative around African opportunities. That narrative will not eclipse the many challenges and crises that the continent continues to confront, nor need it detract from the role that the United States plays in promoting conflict resolution, humanitarian assistance, and human security. But the administration, in word and deed, can help convey to the U.S. private sector, the U.S. public, and the U.S. Congress, that there is a strong and growing "upside" in Africa that Americans should not ignore. Playing up these opportunities will not only serve U.S. commercial interests in Africa. U.S. investments, done right, can have long-term development impacts, through technology and knowledge transfer, training, systems development, and partnerships. And a new, more optimistic engagement with Africa's citizens and entrepreneurs will have strong resonance with the continent's up and coming generation, creating links more fully based on enduring mutual interests. Ultimately, expanding the many ways that American companies and citizens engage in Africa will help ensure that the United States remains relevant and influential in an increasingly diverse and competitive global environment. ■