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Review Article

Navigating uncertainty: Africa's role in the global economy amidst geopolitical rivalry, protectionism and climate change

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ABSTRACT

In these difficult times marked by growing geopolitical rivalry, rising protectionism and the impending threat of climate change, this paper piece seeks to explore the intricacies of Africa's place within the global economy. Through an analysis of the various obstacles that African countries must overcome, such as trade dynamics, investment trends and environmental sustainability, this paper aims to provide insight into the opportunities and challenges that come with Africa's integration into the global economy. This paper will offer insights into possible solutions for African nations to overcome these obstacles and realize their economic potential through empirical analysis, case studies and policy evaluations. In the end, the paper hopes to add to the conversation on Africa's development trajectory and help guide policy choices meant to promote equitable and sustainable progress in the area.

The paper addresses the theme of African agency in the current phase of global capitalist expansion, the globalization era. The core argument of this paper is that the current phase of globalization is qualitatively different from earlier periods of capitalist expansion and constitutes a new set of challenges for Africa. The primary sectors of the global economy are seeing the process of rapid transformation involving new forms of production, trade and finance. This has led to a situation where the African continent has been drawn into a more active relationship with the global economy, as a supplier of labor and natural resources and a potential market. This changing relationship between Africa and the global economy has been accompanied by a shift in the global terms of trade in favor of primary commodities, the main products of African exports.

Keywords: Protectionism, Climate change, Geopolitical rivalry, Globalization era

INTRODUCTION

This paper is divided into three main sections. Section two is going to provide an analysis of the political economy of globalization and establish the context of the changing relationship between Africa and the global economy. Section three will examine those dimensions of the globalization process that are particularly detrimental to Africa and analyze the ways in which African agency and autonomy have been compromised (Leal-Arcas R, et al. 2024). The final section will look at conspiracy alternatives and resistance. This could involve strategies for re-engagement with the global economy on more beneficial terms or withdrawal from the present process to regional and domestic economic strategies. This line of inquiry is essentially optimistic, suggesting that Africa retains some potential to influence its position within the global economy and overcome its current situation of marginality and powerlessness (Bonaparte Y, 2024).

African countries have recently entered the fast lane of global economic integration, with rapid growth in trade and foreign direct investment. Sub-Saharan Africa's (henceforth Africa) involvement in the global economy has increased significantly over the past decades and integration has in many cases deepened. This is reflected in Africa's growing trade with the rest of the world and especially with the

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European Union (EU), the North American Free Trade Agreement (NAFTA) countries and the more dynamic Asian countries such as Malaysia, India and China. Africa's global economic engagement has taken many forms, starting with the structural adjustment efforts to the more recent development plans and strategies. "Globalization", broadly defined to include increased international trade, foreign direct investment and the adoption of information technology and policy reform, has become a major factor in the development discourse of African countries (Le Pere GARTH, 2020).

Some observers have heralded the arrival of a "global era" as offering new opportunities for countries to aspire for higher levels of economic welfare and social development. Others have described the global era as a period of increased hegemony by powerful countries and the international institutions that serve their interests. The latter view of the global era has led to various contentions, both within and outside Africa, that increased global engagement has been detrimental to the economic welfare and future prosperity of African countries. This paper project will address the above issues in an attempt to determine whether increased global engagement has been beneficial to the prospects of economic welfare and future prosperity for the African continent.

The paper addresses the theme of African agency in the current phase of global capitalist expansion, the globalization era. The core argument of this essay is that the current phase of globalization is qualitatively different from earlier periods of capitalist expansion and constitutes a new set of challenges for Africa (Agwu FA, 2021).

Background of Africa's global economic integration

African countries have recently entered the fast lane of global economic integration, with rapid growth in trade and foreign direct investment. Sub-Saharan Africa's (henceforth Africa) involvement in the global economy has increased significantly over the past decades and integration has in many cases deepened. This is reflected in Africa's growing trade with the rest of the world and especially with the European Union (EU), the North American Free Trade Agreement (NAFTA) countries and the more dynamic Asian countries such as Malaysia, India and China. Africa's global economic engagement has taken many forms, starting with the structural adjustment efforts to the more recent development plans and strategies. "Globalization", broadly defined to include increased international trade, foreign direct investment and the adoption of information technology and policy reform, has become a major factor in the development discourse of African countries.

Significance of exploring Africa's role in the global economy

Smoot goes on to suggest that the inclusion of Africa into the global economy, if a sustainable level of economic growth and better understanding of the connection between poor countries and poor populations, can provide a bridge between the poor and the prosperous. Current events such as the uprising public awareness campaign of make poverty history, including the Live 8 concerts and the paper done by the Commission for Africa have put poverty at the forefront of the international community's agenda, demonstrating the magnifying importance of understanding economics relative to Africa. In agreement with Soludo, a recent ex-chief economist for the African Development Bank, the turning point in understanding Africa's role in global economics has been the realization that decades of development strategies and international aid have not resulted in sustainable economic and social progress for the continent (Vlados CM, 2024).

Given the high level of integration characterizing globalization, the progress of economic liberalization in Africa and the related sharp increase of foreign direct investment into the continent, paper into Africa's role in the global economy has a merited significance. This is due to the potential effects and externalities on both Africa and the rest of the world that will be bred from increased integration of Africa into the global economy. Understanding the intricate and often tumultuous relationship between Africa and the global economy is crucial in being able to create a more just and fair international trading and finance system.

Purpose and objectives

This paper aims to situate current economic events in a historical and institutional context so as to provide guidelines for policy and to identify potential opportunities and threats for various stakeholders. There are three main objectives. First, we seek to provide a balanced assessment of Africa's role in the world economy, avoiding the extremes of Afro-optimism and Afro-pessimism. Second, we aim to draw lessons from different types of global economic integration in order to assess what lies ahead for Africa. Finally, we aim to provide the analysis and the tools for policymakers in Africa and in the wider world to contribute to a more favorable scenario for Africa in the global economy in the decades to come. By making these our objectives, we do not claim to offer a definitive account of Africa's relationship with the global economy (Anaukwu NO, Anueyiagu UB, 2024). This is an extensive topic and the data and the tools of analysis are often inadequate. However, it is our assessment that given the enormous importance of the topic, more balanced and structured analysis is required to inform the policy debate. We aim to offer such analysis.

LITERATURE REVIEW

Geopolitical rivalry and Africa's economic landscape

This section's main focus is about how the conflict between countries has affected the economic situation in Africa. It tries to generalize the effects of those geopolitical issues from the entire continent by only viewing one side, the negative side. It starts with the impact of geopolitical rivalries on Africa's trade relations. The subheading itself is already a summary for the entire section (Ozel M, 2024). It begins by stating how the Cold War affected African countries. The Cold War brought significant negative impact for African countries, although they were not participating in between the two power blocks. The conflicts between the US and communist countries have led to proxy wars in Africa, causing great instability for the continent due to political and military tensions. The most tangible effects are that Africa was forced by the IMF (which at the time was a US-led organization) to choose their alignment, whether to support the US or the USSR, neither of which provided benefits for African countries. This situation was worsened by the oil price instability due to the conflicts between the US and Iran and also the US and USSR. As a consequence of this situation, Africa was marginalized from the world economies as the oil price turmoil damaged industries from oil-importing countries and also created de-industrialization in some oil-exporting countries, as they focused too much on the oil sector, taking advantage of the high oil prices. The high levels of insecure oil supply due to the oil price instability also affect the investment climate in the continent. After the Cold War concluded, the burgeoning China, as a new economic superpower, started to take significant interest in Africa. Although it is still debatable, China's entry to Africa brings both positive and negative values. Positive values are that China's investment in Africa has brought economic growth and opened new job fields, more stable oil prices and supply from China's energy security base policy and China has a less conditional trade and investment strategy compared to western countries. Negative values are that the rapid and excessive investment might create resource and trade imbalance between China and African countries and the neo-mercantilist nature of China might hinder Africa's effort to industrialize and push them back to being raw materials exporters (Prys-Hansen M, Kaack S, 2024). In the end, the impact from the geopolitical rivalry on Africa's trade relations has hindered the continent from sustainable economic growth, which results in the next two subheadings and case studies.

Impact of geopolitical rivalry on Africa's trade relations

The EU is historically Africa's largest trade partner and still provides the largest share of African exports. However, its influence is declining. From its own paper, the EU predicts that its share of world trade will fall by 2020 to 15 percent from 18 percent in 2003 and that 90 percent of the EU's new trade will be with countries that are currently developing countries or economies in transition. This is a result of a deliberate policy by the EU to promote South-South trade particularly with Asia, where countries are often in fierce competition with each other. The result is an increased focus on Africa as a source of raw materials and market for manufactured goods and less EU cohesion in its dealings with Africa. From 2000-06, EU joint trade and aid agreements with African, Caribbean and Pacific (ACP) countries, known as the Cotonou Agreement, have been increasingly side-tracked by individual EU member countries negotiating Economic Partnership Agreements with different regions. This has divided African regional trading blocs and undermined ACP unity in trade negotiations with the EU.

Strategies for Africa to mitigate geopolitical risks

Africa should seek to reduce the impact of geopolitical rivalry through conflict resolution mechanisms and political risk insurance. Conflict resolution mechanisms, such as mediation by neutral third parties, can effectively prevent conflicts from escalating and spreading to neighboring countries. The Organization of African Unity's Mechanism for Conflict Prevention, Management and Resolution was a positive step, but it suffered from a lack of resources and poor coordination. Political risk insurance can provide protection against losses caused by political events for foreign investors and domestic firms, thus effectively reducing risk. Currently, there are several agencies offering different forms of political risk insurance, but this strategy has not been widely adopted in Africa and its effectiveness is uncertain. To encourage foreign direct investment, African nations could also collaborate in promoting themselves as investment destinations while competing with each other less aggressively. Striking a balance between healthy competition and cooperation can enhance Africa's relative attractiveness compared to other regions. For example, establishing standardized wages for labor while improving overall efficiency and productivity can protect workers' interests without pricing unskilled workers out of the market. Ongoing efforts at greater regional integration can also facilitate cooperation between African nations. Promoting intra-African trade by reducing trade barriers is a great example of this. By fostering common goals and values and increasing interaction, integration can transform the political landscape from zero-sum rivalry to positive-sum cooperation (Roberts A, Lamp N, 2022).

Case studies: Geopolitical rivalry and its effects on African economies

One of the countries of recent importance globally, due to its role as a major petroleum supplier, is Nigeria. As one of the foremost examples of a country that has felt the effects of geopolitical rivalry on economic performance, Nigeria's economic instability throughout the 1990's and into the 21st century has been well documented. Describing a volatile transition between military rule, democracy and just recently again, military rule, Nigeria's political arena has been characterized by upheaval and a lack of continuity in government. The economic effects of this change have been staggering; in the 1980's, Nigeria was enjoying an oil boom with GDP at nearly $3500 per capita, yet due to weak oil prices and poor policies, this figure has slid to below $1000 per capita at the end of the 20th century. By far the largest factor influencing this downfall has been the intervention of

Western Powers on Nigerian politics. Uprisings against military regimes in the form of strikes, protests and in some cases, internal conflict, though initiated by a concerned populace, were generally fueled by Western pressure due to human rights abuses or failure to adopt western economic policies. In one such case, Nigeria was suspended from the Commonwealth of Nations from late 1995 to 1999.

DISCUSSION

Protectionism and its implications for Africa

Policies of trade protectionism run a wide spectrum depending upon the severity of measures. This can include setting tariffs, import quotas, exchange rate manipulation, non-tariff barriers such as Technical Barriers to Trade (TBT) and Sanitary and Phytosanitary Measures (SPS), often because of health concerns. They might be used as a way of promoting or de-promoting certain products. Measures may also include subsidies, preferential state financing and state ownership, all of which are designed to promote the nation's own industries. Measures can also be inter-industry or intra-industry; they can focus on certain products or certain industries as a whole. Due to the sensitivity of these topics in the international trade arena, at times protectionist measures can lead to trade wars and to the dissolution of previous free trade agreements.

Often times, a country will use protectionism in a certain sector to quickly accelerate the local production of a good and fend off foreign competition to avoid structural unemployment. Another common practice is using protectionism on a key political campaign issue. When a sector is in the public eye or in political contention, it is more likely that it will receive protection due to lobbying by producers seeking to preserve their narrow economic interests.

Overview of protectionist policies in global trade

Global trends in protectionist policies have shown a decline in the use of tariffs and quotas by developed nations and a move towards increased usage of non-tariff barriers, particularly in the form of anti-dumping measures from the 1970’s through to the present day. This trend has provided little relief for African countries who have long been seeking to gain greater access to markets in developed nations. High income elasticity for primary products, such as cash crops and natural resources, means that African countries are highly dependent on exports for foreign exchange earnings and economic growth. Tariff escalation in sectors such as manufacturing has also hindered efforts by African countries to add value to exports through the development of manufacturing industries.

The Uruguay round of trade negotiations from 1986-1994 did promise some hope for African countries. The negotiations aimed to address issues relating to the constraints of access to markets in developed countries and cater for the needs of developing countries in trade liberalization. The key characteristics and instruments of protectionism can be understood through an examination of the methods used to block or restrict unwanted imports and the fostering of development of self-sufficiency in particular industries (Autarky). According to Krueger, these methods include tariffs, import quotas and non-tariff barriers (such as technical barriers to trade or voluntary export restraints), exchange rate manipulation to make exports more expensive and imports cheaper and subsidies to local industries. Africa and its individual countries have all at various times implemented protectionist policies to help foster economic growth and to shield domestic industries from international competition. Africa's experience with protectionism has been substantial in comparison with the rest of the world, thus two in-depth case studies of the countries of Nigeria and South Africa will be examined following a general overview of the impact of protectionism on African countries.

Challenges faced by African countries due to protectionism

The most recent wave of protectionist measures taken by industrialised countries comes at a time when many African countries are hopeful of capitalising on improved governance, macroeconomic management and infrastructural development and greater stability that has been achieved in the 2000’s. The global financial crisis has made the task of remaining open to trade more difficult. Measures in response to it, together with climate change related policies and energy security strategies are making it more difficult for many African countries to export high value added primary products, let alone diversify into manufacturing and other sectors. The implications of protectionism and related measures for African countries' economies are varied, complex and often hard to disentangle. Nevertheless, they can be broadly categorised into direct trade measures, of which there has been a recent proliferation, terms of trade effects and implications for prospects of structural transformation and sustainable development.

Opportunities for Africa to adapt and thrive amidst protectionist measures

Some African countries may be able to adapt to the changing global climate for trade by seeking different markets and buyers, while others may actually be able to raise exports to their current trade partners. The former possibility is likely to be the most widely available option, though what is often lacking is the knowledge or information to determine which new markets might be most accessible or what products have the most potential to be export earners. In this context, the Trade Policy Analysis and Paper Programme (TPARP), a joint initiative of the South African Ministry of Trade and Industry and the European Union, has already produced some useful paper on a range of issues concerning South Africa's trade potential.

For instance, a 'value chain' analysis has been carried out for the clothing and textile sector with a view to determining possibilities for export promotion, import substitution and labour intensive growth strategies. This kind of targeted, sector specific paper can be highly valuable for individual African countries in their attempts to find niche markets or products with relative comparative advantage.

African exporters face increasing market access problems due to protectionist measures in their main export destinations in the developed world. This is particularly true in agriculture, where African countries rely on preferential market access to the EU and US. Failure of the Doha Round and collapse of negotiations under the Free Trade Area for Africa and the EU (FTA) have led to fears of declining preferences and erosion of existing access. In the case of the EU, various forms of non-tariff barrier such as Sanitary and Phytosanitary (SPS) measures are at the root of much of the problem.

Trade in certain products is inhibited by non-transparent or overly rigorous health and safety standards. An innovative proposal for the establishment of a free trade area between individual African countries and the US has been put forward by the AGOA (African Growth and Opportunity Act) coalition. Though it has likely been partially superseded by the trade related negotiations under the Tripartite FTA between COMESA, SADC and the EAC, AGOA remains an important potential source of export growth given the relatively low utilisation rates of preferences and numerous non-tariff obstacles to trade in other preferential agreements.

Climate change and Africa's economic vulnerability

Climate change is a concrete, unambiguous reality and the effects of climate change represent a dramatic threat to the economies of Africa. The main contributor to climate change is greenhouse gas emissions, of which industrialized countries have emitted the vast majority. As a result, Africa, with among the lowest greenhouse gas emissions, will still face the brunt of damage.

According to the Stern report, Africa will be the continent most vulnerable to climate change with 55%-65% of their GDP being climatically sensitive. An estimated 25% of the continent's population will be affected by increased water stress and about 20% will be affected by increased crop failure. The decline in availability of freshwater, whether it be through drought or the unpredictability of rainfall, will affect agriculture and health while producing ecological damage in forms such as desertification and land degradation.

Agriculture and fishing, the most in-demand activities in Africa, are the most susceptible to these climate changes. Up to a 70% decrease in yield for rain-fed agriculture in certain countries will occur as early as 2020 and crop failure will be frequent. Post-harvest loss in fisheries will escalate and the total catch potential will decrease. Wild fisheries are vital to the poor in 20 different African nations, and these resources will be irreversibly damaged.

Climate change effects on Africa's natural resources and agriculture

Substantial evidence shows that increases in global temperatures will lead to substantial reductions in water availability in many already water-short areas of Africa. This will have a negative effect on the productivity of rain-fed agriculture, the source of livelihood for a large proportion of the population. By 2020, between 75 and 250 million people are estimated to be exposed to increased water stress due to climate change. In some countries, yields from rain-fed agriculture could be reduced by up to 50%. Agricultural production is expected to be reduced due to the shift in rainfall, the increased frequency of extreme weather events and increased climate variability. Many crop yields are projected to decrease, with the possibility of complete crop failure for some cereals. Rural communities are expected to experience increased poverty due to the reliance on agriculture and natural resources for livelihoods. This, in turn, will have an effect on food security, increasing the risk of malnutrition, with possible long-term effects on the cognitive development of children.

The potential effects of climate change on Africa's natural resources are dire. Africa is already facing increased stress on the management of land and water resources, pressure on fragile ecosystems and biodiversity and on the ability of African people to sustain their livelihoods. Up to 25% of the species in some taxonomic groups are committed to extinction by 2050 in Africa due to the projected impacts of climate change. This will have a fundamental effect on the ability of future generations to utilize and benefit from Africa's biological resources. Finally, the impacts of climate change will also have a profound effect on conflict and security in Africa, through acting as a threat multiplier and reducing the ability of societies to provide security for themselves.

Economic consequences of climate change for African nations

In the economic sphere, the impacts of climate change for African nations are likely to be severe. Firstly, it is probable that African agriculture will suffer. Many of the poorest African farmers depend on rainfall to water their crops. Climate change could mean drier growing seasons and lessened water supplies. This would in turn lower crop yields and labour productivity, as well as decreasing the number of growing days. Some studies suggest that by 2020, between 75 and 250 million Africans will be exposed to increased water stress. This could be one of the most dramatic consequences of climate change in Africa, whereby by mid-century it is expected that there would be an aggressive reduction of water resources in North Africa, as well as water shortages and loss of crop land in parts of sub-Saharan

Africa. It is forecast that climate change will jeopardize between 9% and 20% of global crop output, with the losses being predominantly in Africa and South Asia. African agriculture also faces further compounding problems from increased desertification and the creation of climate-induced migrants from other areas, particularly from conflict-ridden areas such as the Middle East.

Strategies for Africa to build resilience and sustainable development

The first strategy to build resilience is to anticipate and plan for a future with an evolving and uncertain climate. As indicated in the previous sections, there is much that is known about how climate change will affect Africa, and the potential impacts are very serious. The knowledge that the climate will change and the understanding about the potential impacts provide a robust foundation for adaptation planning in the public and private sectors. To date, most of the focus on planning has been on the shorter-term concerns about climate variability. There is now a need to complement such efforts with a focus on reducing the risks from the longer-term impacts of climate change.

Adger et al., have described this as the need to proactively manage known knowns, known unknowns and enhance the capacity to respond to and learn from change in the future. This can involve building the effectiveness of governance institutions to deal with climate change and also reorienting development towards a resilience focused approach. In the case of sub-Saharan Africa, this would involve taking steps to ensure that development does not lock societies and ecosystems into a pathway of exposure and vulnerability. This will involve a mix of policies some standalone and some mainstreamed into development processes targeted at various sectors. An example of a standalone policy would be the need to revise public health disease reduction strategies with the understanding that climate change will modify the suitability of environmental conditions for certain diseases.

Infrastructure development and Africa's global competitiveness

Infrastructure encompasses those structures providing services which form the underpinning for economic development, whereas infrastructure development involves a variety of large-scale public and private investment with varied success. The importance of infrastructure to economic development is often underestimated. The provision of transport, energy and Information and Communication Technology (ICT) has been acknowledged as a prerequisite for sustained economic growth and poverty reduction. Although the relationship between infrastructure provision and economic growth is not linear, Corby suggests that it does foster growth through providing "stimulus to further investment, augmenting agricultural and industrial productivity through provision of efficient transport to urban markets and the import of essential inputs and strengthening linkages between urban and rural areas". It has also been noted that improvement in infrastructure provision and quality accelerates the process of urbanization and industrialization. Due to these reasons, the provision of infrastructure services and subsequent infrastructure.

Importance of infrastructure for Africa's economic growth

Paper shows that infrastructure is a fundamental underlying determinant of economic growth and plays a critical role in shaping the competitive position of nations and firms. For Africa to achieve sustained economic growth and poverty reduction, the quality of its infrastructure is of crucial importance. The peculiar geography of Africa, with a relatively small coastline compared to the size of the continent, presents a special need for transport infrastructure to overcome the high degree of land lockedness of many countries. The transport paradox of Africa has been that the basic infrastructure to move goods and people within and between countries has been deteriorating. This is especially detrimental to a continent that is highly dependent on agriculture and natural resources as a source of competitively traded economic growth. The lack of farm-to-market roads has been a major cause of fragmented food markets and very low agricultural productivity. Rural infrastructure has traditionally been a major catalyst for rapid growth in other regions, but it has been a forgotten area in Africa. Energy infrastructure is also crucial, with the cost and reliability of electrical supply being major constraints to firm level investment and growth.

Telecommunications infrastructure is an important facilitator for doing business in other sectors and has become a vital part of globalized production and service networks. Overall, improvements in infrastructure increase the potential returns to investment and spur increased investment, especially from the private sector. The recent discovery of large mineral and hydrocarbon deposits in many African countries means that the 'resource curse' problem must be addressed and good infrastructure is vital in making sure that these resources are a blessing and not a curse to the bulk of the population.

Challenges and opportunities in infrastructure development

In recent years, donors have given increased attention to infrastructure, citing poor infrastructure as a major constraint to growth and poverty reduction in Africa. This attention is not without reason. The World Bank estimates that the "sufficient" infrastructure to support development costs between 5% and 7% of GDP, while the region currently spends a little over 4% of GDP on infrastructure, half of what other developing regions spend. Indeed, the effects of poor infrastructure are everywhere. Transport costs in Africa are among the highest in the world; it costs more to import a car from Japan to Abidjan than it does to ship it from Japan to Abidjan. Power outages and shortages are pervasive. Firms in

Cameroon and Tanzania report that power outages are their greatest obstacle. Around the continent, inadequate water supply and sanitation exact a heavy human cost. The loss of healthy life years in sub-Saharan Africa due to inadequate water and sanitation is estimated at 5.3 million years. Africa's infrastructure deficits are generally believed to reduce growth rates by 2% per year and by 40% in some countries. Under current trends, Africa will achieve only 30% of its investment needs in infrastructure, leaving a shortfall of US$31 billion per year. If these trends are not arrested, they may actually worsen. Declines in public infrastructure investment in the 1970's and 1980's have been followed by increases in operations and maintenance costs, to the extent that there has been net disinvestment in infrastructure. In addition to the crippling effect on growth and development, this situation places Africa's fragile environment under further stress, as the African poor seek to exploit marginal lands to compensate for inadequate rural infrastructure. Given the magnitude of the problem and its interaction with other forms of capital, it is clear that Africa's past and current strategies for infrastructure development are not working. In order to restart and maintain sustained growth implicit in the recent increased attention to the infrastructure issue, the region must seek out radical new strategies.

Foreign direct investment and Africa's economic transformation

It is a little more than thirty years since the first investment in an African company by a multinational corporation was reported-the first significant break with the African continent's marginal role in the global economy both past and present. In the early 1980's, it was international resource companies, mainly in extractive industries, that led the way in making Foreign Direct Investments (FDI) in Africa. Since then, there has been a significant expansion in FDI in Africa, particularly since the early 2000's and increasing diversification in terms of sectoral and geographical spread.

The most visible manifestation of this is the recent acquisition of large tracts of farmland in several African countries by foreign investors, mainly for food or biofuel production-a trend that has attracted much controversy but is not the subject of systematic analysis. A number of African countries and regions have also been selected as sites for investment in special economic zones or similar initiatives, involving clusters of export-oriented production facilitated by various combinations of fiscal and regulatory incentives and infrastructure provision.

An earlier phase of this phenomenon was the establishment of export processing zones, which proliferated in Africa from the late 1970's, again often driven by Asia's example, but in most cases with disappointing results. Trends and patterns of FDI in Africa are best understood in the broader context of changing international investment and strategies of multinational corporations, while FDI's consequences for Africa reflect the evolving identities and interests of host countries as well as shifts in the global economy and international development strategies.

Trends and patterns of foreign direct investment in Africa

Foreign Direct Investment (FDI) has been viewed as an important stimulus to economic growth in developing countries. The perceived role of FDI generating positive spillovers for the host economy and the behavior of FDI investors in seeking efficiency-seeking investment location implies that FDI should have a large impact on the restructuring and performance of African economies. This section tests this perception by looking at the scale, sectoral patterns and geographical distribution of FDI in Africa. Data on FDI in Africa has not been well recorded and although there is evidence of recent increases in FDI inflows into Africa, the continent still only represents 3 percent of world inflows. FDI stock for the period 1980-1995 shows that Africa's share has been relatively constant at around 2 percent of world stock and declined in the 1990's to its current level of 1.5 percent. When compared to other developing regions of the world, Africa has the lowest share of FDI and these stated figures would not support the perception of FDI being an important stimulus to restructuring African economies.

The 1990's was a decade of structural adjustment for African economies and the perceived increase in efficiency of these economies led to increased attractiveness to FDI. Although the data shows that there was an increase in FDI inflows with the end of the 1990's, something must be said of the types of FDI projects that Africa is attracting. It is widely perceived that the majority of FDI projects in Africa are in resource-seeking industries and these projects are often enclaves with few linkages to the host economy in terms of employment and skill development. This perception is supported by recent studies using data on Greenfield investments and cross-border M&A. These studies have found that the probability of an FDI project in Africa being in the primary sector is higher than projects for any other region in the world and the increase in the 1990's was considerably high when compared to other types of projects. A large portion of these projects are also export-oriented, with evidence showing a decline in employment linkage to the host economy for these types of projects.

Impacts of foreign direct investment on African economies

Foreign Direct Investment (FDI) is a key component in the process of global economic integration. As such, it is an important factor in accelerating economic growth and development. FDI can be defined as an investment involving a long-term relationship reflecting a lasting interest and control by a resident entity in one economy (the direct investor) in an enterprise resident in an economy other than that of the direct investor (the direct investment enterprise). The lasting interest implies the existence of a long-term relationship between the direct investor and the enterprise and a significant degree of influence by the former on the management of the latter. Direct investment involves both the acquisition of a lasting interest in a foreign enterprise and a degree of influence on the management of that enterprise. Created by FDI in income and jobs can help boost the host country's economy and increase its standard of living.

Policies to attract and maximize foreign direct investment in Africa

This type of investment has great potential in generating externalities to the wider economy, such as skill and technological transfers. Nonetheless, the enclave nature of such projects and the fact that many host countries have been unable to negotiate favorable terms makes it difficult to achieve linkages with the rest of the economy. Furthermore, given the volatility and finite nature of natural resource reserves, it is important that countries reinvest their profits into alternative forms of economic activity in order to avoid the dreaded "resource curse". To facilitate this, it is suggested that countries save a portion of revenues and devise "resource funds" to support future social and economic development.

With the intensification of the globalization process and growing competition for foreign investment worldwide, African countries need to become more strategic in their efforts to attract FDI. This will mean moving away from the traditional reliance on the re-export of natural resources to actually using those resources to support broader-based industrial development. The recent commodity boom has seen significant FDI inflows into the natural resource sectors of various African countries, most notably in mining and upstream petroleum.

Human capital development and Africa's economic progress

Due to the young and growing population in the continent, human capital has been a key asset in Africa for development. Investment in human capital plays an important role in the growth of the economy in a developing country. Investment in education results in an increase in the economy's total output. People become more productive as they develop their skills and the quality of their labour improves. An educated and skilled workforce enhances productivity, technological innovation and the capacity for adaptation in a rapidly changing global marketplace. There is a significant body of economic paper showing the positive correlation between education and economic growth in Africa and other developing countries. Across the continent, education is considered as the best known route out of poverty. However, education by itself is not enough to ensure that the knowledge and skills acquired result in greater productivity and enhanced economic growth. Ongoing investment in education and skills development will be essential in ensuring that Africa's growing young population can contribute to economic growth and poverty reduction in the future. Heads of State within the African Union have recognized this and set a target in 2006 for all countries to allocate 1% of GDP to paper and development. This will be important in building Africa's technological and innovation capacity in the long run.

Regional integration and Africa's economic integration

Africa has undergone various attempts of regional integration, which have had different effects and outcomes. This is a reflection of the wide diversity of the African continent with respect to culture, history and levels of economic development. Past attempts have included the establishment of economic communities, customs unions and various forms of free trade areas, with the economic community being the highest level of integration. The OAU treaty for an African Economic Community was then established in 1991 as a framework to establish an Economic Community for Africa.

Africa's economic integration is seen by most experts as crucial to the continent's development and prosperity, with regional integration as a crucial step towards achieving this goal. Generally, regional integration can be defined as the political and economic integration of a group of countries coming together to work more closely in a specific region. The ultimate aim of economic integration is the establishment of a single, unified regional market, which greatly resembles the Economic Community of West African States (ECOWAS) free trade area that was established in 1979. However, regional integration is not simply a move towards a unified market; it consists of various stages through which nations can increase cooperation, with the effects being felt in the economic, political, social and security-related areas. With regards to Africa, regional integration is seen as a means to accelerate economic growth, as well as an instrumental tool in integrating Africa into the global economy. This is due to the fact that small, fragmented markets lead to inefficient economic systems characterized by low levels of investment and trade. High transportation and communication costs due to the isolation of countries within the continent, as well as conflicts of interest between nations, also contribute to high levels of poverty and food insecurity. Thus, market access is considered the foundation of economic growth and poverty and successfully integrating into the global economy would bring about much-needed sustainable development for the continent.

Overview of regional integration efforts in Africa

The most commonly cited classification of regional integration was developed by Bela Balassa, who grouped successive stages into a hierarchical typology. This classification revolved around the degree of economic integration, *i.e.*, the liberalization of trade and factor movements and the allocation of significant portions of national policy to the regional level. It distinguished between a Free Trade Area (FTAA), a customs union, a common market, an economic union and full integration, each successive state requiring a higher level of integration than the last. Full integration would involve the merger of member states into a single political unit. The European Union is the most advanced case of Balassa's model. This typology is problematic for Africa on the grounds that many integration initiatives have never progressed beyond the most basic forms of integration. Also, the simple correlation between economic integration and economic welfare is an oversimplification. However, this classification remains highly useful for comparing the levels of integration between different African integration initiatives and those of other regions.

Regional integration is among the most complex and advanced issues in the study of African development. At a time when the rest of the world is engaged in regionalism, it is often assumed that such strategies are right for Africa as well. This is because the economic and geographical circumstances between African countries bear a close resemblance to those of other developing countries which have pursued regional economic integration. However, regional integration has important implications for the sovereignty of member states and the allocation of resources.

Benefits and challenges of regional integration for African countries

Regional integration has been seen as a way to spur economic growth in African countries. By promoting trade, member countries can experience gains from comparative advantage and subsequently increase their income and gross domestic product. This is based on the theory of comparative advantage: That countries can benefit through trade if they specialize in the production of goods and services in which they have a cost advantage. A common market for goods and services often leads to the movement of these products. In the African context, this raises other challenges, such as the issue of protecting infant industries and the creation of an enabling environment beneficial for those industries. The Southern African Development Community (SADC) has had to face the difficulty of competing with the lower cost, more efficient South East Asian motor vehicle industry. This has led it to impose a common external tariff to protect its own industry. This, in turn, has led to a price increase and some would argue a misallocation of resources. This example has negative implications, but on the whole, the theory suggests that the dynamic gains from trade will lead to a more efficient allocation of resources and long-run benefits for SADC.

Case studies: Successful regional integration initiatives in Africa

The case studies discussed in this section offer a final evaluation of the outcomes of regional integration in Africa. They show that integration is a slow and difficult process, often with many setbacks and limited success. Nevertheless, regional integration in Africa still has strong support from many African leaders and citizens who see it as an essential tool in dealing with the many development challenges that Africa faces today. The case studies show that regional integration has led to some positive economic outcomes for several African regions such as trade creation, investment and increased growth and development. High levels of trade creation and trade diversion are expected between African regional economic groupings and even higher levels with major trade diversion being anticipated between the Northern and Southern African groupings.

The case studies demonstrate the complexity of regional integration and the way in which it is shaped by and in turn shapes, wider global relationships and processes. The way in which regional integration in Africa interacts with global politics and economics requires further paper and analysis and is likely to yield important implications for both regional integration and wider global issues.

Sustainable development goals and Africa's path to prosperity

A comparison of the SDGs and Africa's own development strategies would not have been possible a few years ago as the SDGs had not yet been formulated and the major UN conferences and agreements during the 1990’s were the main reference point for Africa. This was the case in the 2000’s with the MDGs, which had a major impact on development strategies in Africa. But the SDGs surpass the MDGs not only in the number of goals (17 as opposed to 8) and the level of ambition, but in their universality and comprehensiveness. The SDGs are supposed to apply to all countries, not just those in the South and therefore a comparative approach is relevant.

At first sight there may seem to be a contradiction talking about universal goals and those specific to Africa. But a critical examination of the SDGs and taking account different national and regional circumstances are entirely consistent with a universal approach. The SDGs are means to an end, not an end in themselves and are supposed to be adapted and implemented according to national contexts. The AU's Agenda 2063, which is an extension of the LPA and embodies a Pan African vision of agriculture transformation, allows for differences in African countries and regions and therefore a continental wide agenda may able to transition into different countries developmental contexts.

The SDGs do make an attempt to address the issue of coherence and integration for Africa with Goal 17 to "Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development". Whilst this may seem like wishful thinking it does still leave the scope for Africa to articulate its own strategy for achieving the other goals and try and leverage the current fragmented nature of development co-operation into an act in Africa's long term interests.

Alignment of African nations with the sustainable development goals

In a unique global partnership, the 193 member countries of the United Nations drew up a set of 17 goals applicable to all member states referred to as the "Sustainable Development Goals" (SDGs). These goals provide a road map for development until 2030 and succeed the Millennium Development Goals (MDGs). A preliminary task for African countries was to identify which among the 169 targets were most salient to their own national development aspirations. This was done in collaboration with the United Nations Economic Commission for Africa and the African Union Commission. After an extensive consultative exercise, over 350 development indicators were identified that have direct or indirect correspondence to the 17 goals and 169 targets and are pertinent to Africa. This was more than double the number of indicators used to assess the MDGs. The exercise resulted in the production of an "African Common Position" document which acts as a filter mechanism enabling African countries to systematically adapt the global SDGs to their own context. In some cases, this resulted in the rewording of SDGs and targets to make them more relevant to African development needs. In others, it was deemed that there were no African indicators for a particular goal or target and these were therefore not adopted into the African Common Position. The culmination of the exercise was the identification of 14 SDGs and 58 targets deemed as absolutely essential to Africa and the elaboration of a subset of indicators for monitoring progress.

Progress and challenges in achieving the sustainable development goals in Africa

In late September 2019, Agenda 2063 and the 2030 Agenda for Sustainable Development were adopted, both of which address the aspirations and development of African nations. The African Union's Agenda 2063 is an economic and political toolkit to assist African nations in realizing a better future and in an efficiently timely manner. It is a manifestation of the want emancipation and power from the malaise of underdevelopment and international marginalization that has plagued Africa for generations known. Agenda 2063 speaks to the "African renaissance" and allowing for Africa to take its rightful place on the international stage. The United Nations Sustainable Development summit was a turning point for the world and development in general. The 17 Sustainable Development Goals and 169 targets that were subsequently adopted by all United Nations Member States, including 54 African countries, provide a shared blueprint for peace and prosperity for people on the planet, now and into the future. These two historic policy documents converge in ideology and hold an agenda to move the continent's inhabitants out of poverty, hunger and desolation. They embody a collective and universal vision to free the human race from the tyranny of poverty and the plague of war. However, since then, there has been a litany of conflicting conjecture and criticism as to whether these global platforms and specifically the SDGs are even relevant and feasible for African countries. This chapter analyzes the progress and challenges faced by African nations in achieving the UN Sustainable Development goals, using preliminary data from various African nations and case studies from the World Bank's Millennium Development Goals.

Strategies to accelerate Africa's progress towards sustainable development

There are numerous paper papers and policy documents on the strategies required to achieve specific sustainable development goals. However, in broader terms, what is required for Africa to achieve the goals is a well-orchestrated and harmonized, but flexible, mix of public policies and private actions informed by the best locally based and nationally tailored paper. Each country should be engaged in a process of continual assessment, learning and knowledge sharing both internally and with others. Although an exact roadmap cannot be determined, lessons can be learned from past development experience and best practice examples in other countries. A supportive global environment will require changes in global governance and the behavior of global actors that are favorable to African development. A key question is the most effective ways of linking national policy formulation with international actions and structural changes in the global economy.

This task is rendered more difficult in a global environment characterized by economic uncertainty and volatility and the increased frequencies and magnitudes of natural and man-made disasters. Additionally, changes in the global trade and investment architecture hold both threats and opportunities for African development. At the Fifteenth Session of the UNCTAD Ministerial Meeting in 2014, trade ministers from African countries indicated that they "remain determined to make the multilateral trading system more development-oriented so that it can contribute to addressing Africa's development needs and to integrating Africa into the world economy." A month later, in July 2004, at the Fifth Session of the African Union Assembly, African Heads of State and Government expressed their commitment to "exert every effort to place Africa in a position to benefit from the opportunities offered by globalization and liberalization." The New Partnership for Africa's Development (NEPAD) enunciates the commitment of African leaders to eradicate poverty and to place their countries, both individually and collectively, on a path of sustainable growth and development and to participate in the world economy and global trading. By engaging with others in the international community, African countries have the potential to beneficially reshape the global economy and to create an international environment that is supportive of their own development needs and those of other poor, but not least developed, countries.

CONCLUSION

There are a number of key findings and insights from the structured analysis that has been presented by this paper. Trends and events at the global level that generate uncertainty for African countries tend to have negative outcomes. Africa is very vulnerable to global shocks and does not have adequate resources to mitigate these shocks when they occur. Thus, avoiding the negative outcomes from these global events is of critical importance to the development of this region. Positive outcomes are more likely when events unfold in an expected manner. This suggests that promoting global stability and reducing the incidence of radical events is another means by which Africa can benefit in an uncertain world. In most cases, events that have uncertain outcomes tend to have negative effects on Africa. Thus, finding ways to influence the outcomes of key global events at a time when the institutional structure of the world is changing is crucial to facilitate positive development in this region.

It is clear that the global economy is in a period of rapid and unpredictable change. Many countries are struggling to adapt to the challenges and risks that are being generated by these shifts. The situation is particularly acute for countries in Africa which have still not been able to fully integrate into the global economy. Understanding the types of uncertainty and the ways to navigate through them to generate positive outcomes both domestically and globally is vital for Africa.

RECOMMENDATIONS

For the most part, policymakers are continuously in search of strategies and recommendations which are valuable to Africa in a diverse range of issue areas. What is clear is that there are no longer any first-order simple solutions to policy and strategy, the type that is often sought in the searching of finance or technical transfers. Studies such as the above are indicating the growing complexity of the world economy and the interactions between stages of development, as well as the necessity for various approaches to different issues. At the same time, the increased understanding of the complexity involved in the global economy often leads to policymakers feeling that they are best to simply not influence the course of the global economy to avoid the destabilisation of the current economic environment. This isolationist mentality is not productive; given that it does not acknowledge the effects of changes in the global economy upon African economies. This study suggests that the most valuable type of policy or strategy is one which goes hand in hand with global economic changes, creating and maintaining the always shifting comparative advantages between African economies and other economies in the global economy. This will require flexibility and continual insight and assessment of global economic changes, often a tall order for African policymakers. Given that changes in the global economy can have different effects on different African economies and that these effects are often hard to predict, the continual maintenance of comparative advantage will also require policy which is common specifically in its timing and effects to other policy, a difficult task in a continent separated into many differing regions.

Policymakers and stakeholders must be equipped to manage and supervise the complex pose of inconstancy that emerges out of inadequately understood interactions between technical and financial changes and continuously shifting infrastructure. Grafting a better understanding of the inducements for multinational associations to resign in and generate the type of institutional settings which extend from end to end are perhaps one of the most significant areas where additional paper is required. This will facilitate the construction of strategies and policy choices which are more positive for African development.

A clearer understanding of the ease with which financial capital and multinational corporations can avoid regulations and varying cost of production choices makes it clear that long-term modification is necessary to create an environment which is positive for development. This also calls for more regulation and monitoring of business behaviour which is also egged on by the increasing eagerness of multinational corporations to know what kind of consumer regulations they can expect in different countries. Another area which requires further paper is the flow-on effects from changes in the global economy to African economies.

With the belief that technical and institutional changes are now being recognised as key influences on economic development, there is a growing awareness of the necessity to understand how these changes relate to policy. The understanding of the global economic changes created of the period covered in this study and the construction of strategies to deal with similar types of change in the future are vital for Africa.

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