



**CANADIAN GLOBAL AFFAIRS INSTITUTE**  
**INSTITUT CANADIEN DES AFFAIRES MONDIALES**

# **Africa: Shaping the “Canadian Way” on the Continent**

by Andrew Caddell  
March 2018

# INTERNATIONAL TRADE SERIES

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**A**t a roundtable in the fall of 2013 the deputy minister responsible for development at Global Affairs Canada facetiously expressed his sympathies when I described my responsibilities for trade in 25 countries in West and Central Africa. When asked why, he replied, “Well, promoting Canadian trade in Africa must be a pretty tough job. There can’t be much going on.”

Given that the deputy minister had a reputation as a strong player in government, his remarks were surprising. His perceptions were ill-conceived. In reality there were \$800 million of pending contracts between Canada and West and Central Africa at the time – involving mining, pipeline projects and the sale of aircraft. He was astonished to learn that Global Affairs Canada’s officers in the region were working at full capacity.

At another meeting a few months later on Africa’s economic challenges, development officials were discussing their work in sustainable farming, advocating for tools to be sent to Africans farming small rural plots of land. Only a few weeks before, a major African multinational agrifood business had approached Global Affairs Canada seeking Canadian advice on how to deal with spoilage of fruit and vegetables in transportation and storage – a major factor in food supply in Africa.

Canada, with its vast distances and efficient food supply system, was seen as an excellent source of expertise to deal with the issue of spoilage, a challenge in the African climate. While the development advocates around the table sat in silence, the representatives of major banks and investment groups joined in enthusiastically to talk about their own experiences with investment and trade in the “new” Africa.

Both these anecdotes illustrate the dichotomy of the Canadian view of Africa – there are those in positions of authority who presume the continent is the same as it was decades ago, and that policy prescriptions should not change. This is not reflective of 21<sup>st</sup> century Africa. Canada must combine trade strategies with development programs or we will be left behind.

For Canada, the conundrum lies in deciding which Africa our government wants to cultivate – the emerging Africa of free enterprise or the dependent Africa, relying on development funds to sustain its economy. Of the \$5.4 billion offered in Canadian official development assistance in 2017, about half went to Africa – \$400 million to a range of southern Sahara countries; \$190 million to Ethiopia; about \$130 million each to Mali, Tanzania and Ghana; Nigeria received \$105 million.

Could we be investing that money more effectively? While there remain substantial challenges to development in Africa, including governance, infrastructure, training, education and conflict, there are several positive indicators that should lead Canada to join in the growing international interest in the continent’s economy.



According to a 2016 report from McKinsey Consulting, the three key advantages Africa offers are substantial – a young population, compared with the trend to aging in much of Asia and Europe; the move towards greater urbanization, where the levels of productivity are far higher than in the countryside; and the rapid adaptation of technology, from the workplace to the proliferation of smartphones.

**Population:** In 2034, Africa is expected to have the world’s largest working-age population – 1.1 billion – with the growth in employment pegged at over 3.5 per cent per year.

**Urbanization:** Growth in the cities will contribute to growth in consumption by households and businesses. According to McKinsey, household consumption grew at a 4.2 per cent compound annual rate between 2010 and 2015 – faster than the continent’s GDP growth rate – to reach \$1.3 trillion in 2015. They project Africa’s consumers will spend \$2 trillion by 2025.

**Technological change:** East Africa is already a global leader in mobile payments. Smartphone penetration is expected to hit at least the 50 per cent mark in 2020 from only two per cent in 2010.

As Africa grows, there will be a demand for more effective infrastructure. Spending on bridges, roads, ports, pipelines and airports is already growing at a rate of 3.5 per cent per year. Canada is well-placed to take advantage of these changes; our expertise in building bridges, roads and ports is recognized globally. In aerospace, Bombardier has established maintenance hubs in Morocco and South Africa; its Q400 has proved popular, as there are many trips between cities in Africa of 600 nautical miles (1,100 km) or less. The market for turboprops in Africa is expected to be 550 aircraft between 2017 and 2036.

Pipeline companies have fought for a foothold in the region as well, as demand for energy within the continent increases. Canadian engineering, construction and mining companies have a long history in Africa, and should see growth as demand increases.

Not surprisingly, notably in extractive industries, the government of Alberta has been a model in its trade relations with Africa. This year, there will be four Alberta trade missions to Africa – the Egypt petroleum show in February, an agricultural mission in May, a June delegation to the African Energy Forum and a September oil and gas mission to targeted countries.

Shane Jaffer, senior director for Africa at the Alberta International Development Office in Calgary, listed the areas he emphasizes: engineering, financial services, training, technology, renewable energy and infrastructure. He says his office likes to work closely with African partners on the ground: “I was surprised so many people sitting across at the table have been trained in Canada or by Canadians. Last year, in Angola, there were over 400 alumni from SAIT (Southern Alberta Institute of Technology in Calgary) at an event to discuss Canadian oil and gas expertise.”

Across Africa, SAIT and its Edmonton equivalent, NAIT, have thousands of graduates, many of whom have trained at “gateway programs” based in Mozambique and Equatorial Guinea before



coming to Alberta. Jaffer notes that those links provide credibility for Canada: “When I have an educational institution in the room there is a level of trust and they help to break down the barriers with the people there.”

This is one of the interesting byproducts of being a country small in population but rich in expertise. Canadian companies who go to Africa have had to rely on training local talent, rather than shipping in expatriates, as China has done recently. What is known as the “Canadian way” in Africa – of training and promoting Africans – grew completely out of necessity, but has engendered a great deal of goodwill for the Maple Leaf.



*Figure 1: A solar farm in Rwanda. Renewable energy projects such as this may “prove timely in an Africa leaping from one stage of technological development to another,” according to the author. (Source: Gigawatt Global)*

The Trudeau government has promoted alternative energy companies as the answer to the dependence on petroleum-based energy sources. This strategy may prove timely in an Africa leaping from one stage of technological development to another. When I was in rural Africa in 1997 with the UN, I noted the lack of telephone or electrical wires. Today, the move to a wireless society has huge advantages – rather than spending on large infrastructure projects for overhead wiring, communities can go directly to cellphones, solar and wind electricity.

Canada has dozens of trade and development officers in Africa. Working together, they could focus on combining development objectives with trade tools in Africa to emphasize our inherent skills – trade expertise, good governance, investment and education.



**Trade expertise:** Africa is hamstrung by protectionist policies among its 54 countries. At a 2016 World Economic Forum meeting in Rwanda, it was revealed that trade among African nations accounted for just 11 per cent of total transactions, compared with Asia where regional trade accounted for 40 per cent and Europe, where it was 70 per cent. As a world leader in open trade, Canada could be showing the way for the freer flow of goods and services within the African Union. Working with the leadership in those countries, our trade experts could point to the huge economic advantages and growth we have experienced from free trade in NAFTA, Europe and soon with Asia.

**Good governance:** Canada should be able to call on experts from both our government and our own African diaspora, which has increased significantly with immigration. This new “Team Canada” could encourage reforms in governance, discourage corruption and promote women’s involvement in politics and government.

**Investment:** We need to open up more sources of investment in Africa in the resource and extractive industries. Currently, billions of Canadian dollars are invested in mining in Africa. The TSX is the world’s largest source of financing for mining; it could partner more effectively with Canadian resource companies and pension funds to free up more investment.

Given Canada’s experience in alternative energy, the government should be encouraging Canadian investment in solar, wind and geothermal power in African communities, as well as using our skills in communications technology to expand wireless networks across the continent. There are clearly opportunities for Canada’s banks and financial services in these sectors.

**Education:** Following the Alberta example, more Canadian technical schools could open gateway campuses to assist in training technical students, as well as encouraging a greater presence of African students in Canadian universities. There should be an increase in African immigration, and better contacts with the African diaspora in Canada to encourage trade.

All of these initiatives lead to the strengths for which Africa recognizes Canada, and they rely on the expertise and knowledge of both the private and public sectors.

Global Affairs Canada is currently in the process of developing a new trade and development strategy for Africa. While it has not yet been made public, there are some indications as to what it may contain.

On the Global Affairs Canada Development website, there is a focus on the feminist international assistance policy, which offers to encourage the status of women and girls in governance, education and the economy. It adds, “In line with the international assistance policy, Canada will build innovation into its international assistance, (offering) new solutions to development challenges.”

Encouragingly, a November 2017 working paper for GAC says: “There are opportunities to better link trade and development strategies, both in areas of current strength (e.g., agriculture



and agri-food) and especially from a forward-looking perspective with regards to high-tech, high-value added and ‘sunrise sectors’ (e.g., clean technologies), in a ...‘win-win-win’ for development impact, Canada’s international priorities and future trade and investment diversification.”<sup>1</sup>

If Canadians want to be truly innovative, we have to put aside the separation of development and trade in Africa. If the new direction and thirst for innovation is any indication, Global Affairs Canada is at last recognizing the two are not mutually exclusive.

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<sup>1</sup> Aniket Bhushan and Fanny Siaw-Soegiarto, “Is there a Link Between Canadian Exports and Official Development Assistance?” *GAC Working Paper*, November 2017. Available at <http://cidpnsi.ca/canadian-exports-oda-gravity-model/>

## ▶ **About the Author**

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