

## UK Government Statement

London, 20 January 2020

*The UK-Africa Investment Summit on 20 January 2020 laid the foundations for new partnerships between the UK and African nations based on trade, investment, shared values and mutual interest. Billions of pounds of new commercial deals were announced highlighting the strength of the UK's offer and existing relationship with Africa. The UK also announced new initiatives and funding which will: strengthen the joint trading relationship, support African countries in their ambition to transform their economies, launch a major new partnership with the city of London, turbo-charge infrastructure financing, and enable Africa's clean energy potential. Taken together, this will help to realise the UK's ambition to be the investment partner of choice for Africa, create hundreds of thousands of jobs and ensure the mutual prosperity of all our nations.*

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1. **On 20 January 2020, the UK Prime Minister, Boris Johnson, hosted the UK-Africa Investment Summit.** The Summit agreed new lasting partnerships between the UK and African countries to deliver more investment, jobs and growth. More than one thousand people attended the summit, including Heads of State and Ministers from African Governments, CEOs and senior representatives from African and British businesses, institutional investors, international organisations, financial institutions and civil society.
2. **Businesses highlighted Africa's huge economic potential.** Leaders were clear that Africa's success is necessary for a secure and prosperous world. The Summit heard about the extraordinary dynamism and innovation coming from African firms: 8 of the 15 fastest growing economies are expected to be in Africa, and by 2050 over 1 in 4 global consumers will be African. The Summit demonstrated the breadth of opportunities for new investment and business partnerships.
3. **The UK set out its ambition to increase trade and investment links with Africa.** This means building a stronger, long-term relationship with African countries – based on trade, investment, shared values and mutual interest. The UK wants to be the investment partner of choice for Africa and will continue to support African countries in their ambition to transform their economies. The UK launched a new partnership between Africa and the City of London to generate sustainable finance and harness the UK's world-leading financial expertise.
4. **The UK, African Governments and partners launched a package of new initiatives, funding, commercial deals and partnerships to deliver this ambition, and:**
  - Increase trade between the UK and Africa;
  - Support African countries to transform their economies, including by empowering women and young people;
  - Mobilise sustainable finance for Africa, including a step-change in work on infrastructure financing, and a new partnership with the City of London;
  - Enable Africa's clean energy potential.

5. **The Summit delivered results that will benefit people and businesses across Africa and the UK.** This was reflected in commercial deals between UK companies and African partners announced at the Summit worth over £6.5 billion, spanning sectors including infrastructure, energy, retail and tech. They include agreements with well-known British firms such as Rolls Royce, GSK, and Diageo. In addition, deals worth billions more were made during the day of the Summit. The UK Government also announced over £1.5 billion of UK aid-funded initiatives that are expected to create hundreds of thousands of jobs and mobilise over £2.4 billion of additional private investment for the continent.

#### **Increase Trade Between the UK and Africa**

6. **The UK is open for trade with Africa.** The UK is a key trading partner for African nations: UK-Africa trade increased 7.5% last year to £36 billion. As it leaves the EU, the UK has ensured that businesses from 46 African countries can continue to export to the UK and pay reduced or zero tariff rates. This includes signed trade agreements with 11 African countries and having legislated for a trade preferences scheme with a further 35 African countries. The UK is working with the remaining countries to finalise continuity agreements by the end of 2020. In the future, the UK will aim to deepen these agreements to make them even better for business, ensuring they reflect the ambitions of African partners to increase trade with the UK in high-value services, harnessing the internet and new technologies. The UK also has a world-leading export finance offer: UK Export Finance has provided financial support worth over £1.8 billion in the last two years to generate contracts for UK firms in Africa, and now offers financing to over 40 countries across the continent. The UK will continue to support a rules-based international trade system – with the World Trade Organisation at its heart – that is inclusive and delivers for our African partners.
7. **The Summit demonstrated that the UK will go further to generate business to business links between the UK and Africa,** capitalising on the exciting potential of the African Continental Free Trade Area which, when ratified, will create the world’s largest free trade area, with a population of 1.2 billion. The UK committed to over £397 million of new programmes to boost further trade and investment links between the UK and Africa; the UK will:
- Assist Southern Africa to increase intra-African trade flows, reduce barriers to trade and increase investment (funding of up to £200 million over seven years).
  - Launch a new Africa Investors Group to drive future growth and investment.
  - Establish an import promotion service, Trade Connect, to support African businesses to increase their presence in international markets, as well as support UK firms to source quality products from Africa (funding of £20 million).
  - Establish a Growth Gateway, available immediately to support all businesses, including from Africa and the UK, to trade with and invest across Africa (funding of £37 million).
  - New country specific programmes, including a new programme in Malawi to support its shift into high value sectors for exports (funding of £95 million), and a new programme in Ethiopia to support the private sector, FDI, industrial parks and investment climate (funding of £45 million).

#### **Support African Countries to Transform their Economies**

8. **The UK committed to support African countries transform their economies** particularly in growth sectors that can create quality jobs at scale. Summit pre-events in agriculture and manufacturing, attended by senior UK and African business leaders, demonstrated the huge breadth of opportunities in these sectors and the growing need for investment. UK aid already supports £750 million in agriculture businesses investment programmes. The Summit also showcased huge opportunities: in the ‘fourth industrial revolution’ underway in Africa as new technologies like AI, 3D-printing and drones are deployed; in Africa’s rapidly growing cities; and through unleashing the potential of women and girls to drive economic

transformation. At the Summit, the UK committed to increase its work to support African nations increase growth. The UK will:

- Expand the Manufacturing Africa programme, which aims to generate hundreds of millions of pounds of new foreign direct investment in manufacturing, into West Africa.
- Deliver new partnerships with Investment Promotion Agencies in Nigeria and South Africa (funding of £25 million).
- Establish a new UK Centre for Cities and Infrastructure to enable African governments and city authorities to access expertise to improve how cities are planned, built and run (up to £30 million of funding), and provide rapid response to tackle barriers to better infrastructure and cities, through an extension to the Cities and Infrastructure for Growth programme (an additional £15 million of funding).
- Significantly uplift work on women's economic empowerment: expanding the Work and Opportunities for Women programme across Africa which works with business to improve economic opportunities and outcomes for women in their supply chains (funding of £6.1 million); expanding the SheTrades programme supporting female entrepreneurs to access trading opportunities in Ghana, Nigeria, and Kenya (funding of £3.5 million); and extending women's economic empowerment work in Mozambique (funding of £2 million).
- Ensure even closer collaboration with Egypt through a new UK-Egypt Joint Statement on economic cooperation.
- Deliver a new Digital Access Programme in Kenya, Nigeria and South Africa (£45 million of funding) to increase connectivity and digital skills of marginalised communities, build cybersecurity capacity and establish Tech Hubs to grow the local digital economy, and empower start-ups with the skills needed to expand globally.

### **Mobilise Sustainable Finance for Africa**

9. **The UK is already one of the biggest investors in Africa.** UK investment stock in Africa reached £38 billion in 2018, representing a 13.8% increase on the previous year. UK companies are making a difference in Africa. For example, British renewable power company Lekela is building what will become West Africa's largest wind farm in Senegal and has just achieved financial close for its first wind project in Egypt. The UK Government helps to mobilise investment. CDC Group, the UK's Development Finance Institution, is a leading investor with over £2.4 billion invested in over 600 businesses across the continent, employing over 370,000 people. CDC has announced £300 million of new investment commitments at the Summit and plans to invest a further £2 billion into Africa by 2022.
10. **The Summit announced a new partnership with the City of London – already the financial exchange of choice for Africa's businesses.** The London Stock Exchange hosts more African companies than any other international exchange. The 112 African companies listed are worth more than £125 billion, and fifty-six African bonds have already been listed in London, raising £50 billion to date. There are a growing number of opportunities for investors to participate in local currency issuances, which have the benefit of protecting borrowers from damaging exchange rate risk. At the same time, there is an emerging opportunity for African countries to benefit from the growing appetite of investors in the UK for investments that deliver a social or environmental return. Research shows that a significant majority of people in the UK want to see their savings have positive impact on people and planet alongside a financial return. The UK Government, together with businesses from around the world, used the summit to launch new initiatives and collaborations that will strengthen Africa's partnership with the City of London and the wider UK financial sector:
  - A collaboration with the City of London to launch a new competition for fund managers to identify and develop listed products for Africa that can be traded on public stock exchanges, making it easier for investors to finance African projects at scale (funding of £45 million).
  - A £1.5 billion World Bank Sterling bond, issued on the London Stock Exchange on 17 January, will be used to finance high-impact projects through the International Development Association (IDA), two

thirds of which currently goes to African countries. This was followed by successful listings of Kenyan and Rwandan local currency bonds on 20 January.

- A new facility with the International Finance Corporation (IFC) to develop more local currency bonds, allowing businesses in Africa to raise investment in their own currencies and protect them from exchange rate fluctuations (funding of £30 million).
- Expanding the UK's Financial Sector Deepening Platform to support 45 African countries to increase the attractiveness of their financial systems to investors (£320 million of funding).
- Sharing UK expertise through new regulatory partnerships, including to support Mauritius deliver the Africa Fintech Festival, the Bank of England to partner with Morocco's Bank Al-Maghrib, and setting up a Nigeria Regulatory Sandbox to support fintech firms to develop.
- Launching a new Development Impact Bond Fund to help underwrite new bonds issued by African Governments to leverage the growing impact investment market (£79 million of funding)
- Supporting the UN Global Compact launched their Africa Strategy, with financial support from DFID, to support businesses to contribute more to the Global Goals (£250,000 of funding).

11. **UK and African leaders reaffirmed their commitment to developing high-quality, sustainable, infrastructure in Africa.** Infrastructure is critical for economic growth, it creates jobs, stimulates trade and boosts business. The International Development Infrastructure Commission (IDIC) launched by the UK International Development Secretary last year, has made a series of recommendations on how the UK can turbo-charge private sector investment into infrastructure in developing countries, including in Africa. The summit launched a suite of initiatives to facilitate infrastructure financing:

- To respond to the recommendations of the IDIC, the UK will work together initially with the Governments of Uganda, Egypt, Kenya, Ethiopia and Ghana to design a new UK project development facility which will provide the skills and expertise needed to develop projects and attract finance from the private sector.
- A new programme to support African governments to procure, develop and raise sustainable financing for high-quality, public-sector infrastructure, making sure that end costs to consumers and African taxpayers are more affordable (£350 million of funding).
- The UK reinforced its commitment to the African Development Bank – the African Development Finance Institution which funds over £2.3 billion of infrastructure a year. The UK will remain the top donor to the African Development Fund which stimulates economic growth across the continent and will establish a new Africa Infrastructure Partnership to increase the Bank's capacity to lead infrastructure development and financing in Africa.
- A new facility in Nigeria that will draw on UK expertise to help improve the provision and management of government infrastructure (funding of £80 million).

### **Enable Africa's Clean Energy Potential**

12. **The UK will do more to facilitate new investments into clean energy.** As Africa grows over the next twenty years, energy demand will rise by 60%. In advance of COP26, the UK committed to working in partnership with Africa to unleash its clean energy potential, through sharing public sector expertise and by mobilising technical advice and green financing from the City of London and wider financial sector. The UK is supporting local regulators to develop green bonds across Africa, and the Summit demonstrated significant new UK investments in clean energy, including an investment through CDC to finance Mettle Solar Africa, a pan-African solar platform company. The UK will work with Rwanda and other member states to ensure that the upcoming Commonwealth Heads of Government Meeting (CHOGM) is a key moment for action on climate and clean energy. The UK also announced a package of new initiatives to:

- Establish a new Climate Finance Accelerator programme to work in African countries to promote the flow of green finance and turn Nationally Determined Contributions into investible plans (£10 million of funding).
  - Accelerate the creation of a coherent portfolio of climate compatible energy and transport infrastructure (£38m of funding) and the award matching-grant funding through Innovate UK's Energy Catalyst to 29 projects developing clean energy innovations.
  - Support a just transition to clean energy, through a Clean Energy Pacesetter initiative with Ethiopia, Kenya, Morocco, Nigeria, Sierra Leone and Senegal, and work with South Africa through the UK PACT (Partnering for Accelerated Climate Transitions) programme.
  - Support testing labs for solar products ensuring that solar panels and appliances meet global standards and households have access to good quality, reliable clean energy (funding of £230,000).
  - Continue to work with the industry to implement the UK's Green Finance Strategy. The Investment Association, whose members represent £8 trillion of assets under management, announced that its members will ask companies they invest in to report on their climate change impact by 2022.
  - Support the Energy Commission of Nigeria to update its 2050 Calculator, an energy and emissions model that supports sustainable development planning (funding of £60,000).
  - Build 10,000 energy efficient, affordable homes in Kenya through UK Climate Investments (£30 million of funding).
  - Commit to work closely with African partners, alongside the African Development Bank, on how to meet energy needs across the continent through the accelerated uptake of renewable energy as a cleaner, cheaper alternative to coal power. Partners, including Powering Past Coal Alliance members, will share expertise to ensure a just transition to a low carbon future, and provide an update on this work by the CHOGM.
  - A new programme in Mozambique to increase domestic and business energy access through private sector innovation and investment, and a Memorandum of Understanding between the UK and Guinea Governments to support continued collaboration on responsible development of mineral resources (funding of £40 million).
13. **Recognising the importance of extractives to many African economies, the UK will work to help these sectors support the global transition to clean energy.** The UK Government announced that it will no longer provide any new direct Official Development Assistance, investment, export credit or trade promotion support for thermal coal mining and coal power plants overseas. The UK and businesses reiterated their commitment to ensuring their investments in Africa meet the highest relevant industry standards in transparency, governance and environmental sustainability, including through the Extractives Industry Transparency Initiative.

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14. **The Summit ultimately will deliver impact for the UK and the people of Africa.** Taken together, the partnerships and initiatives launched at the UK-Africa Investment Summit will help to generate sustainable growth in Africa. Investment in businesses creates jobs. Investment in infrastructure enables children to go to school. Investment in public services like health and education helps young people to shape their own futures. The summit laid the foundations for a new stronger relationship between the UK and Africa based on mutually beneficial trade and investment, which will deliver for all our people.