

The Forum on Emerging Economies

Centering Perspectives from the Global South

Preface and Acknowledgements

On November 16th, 2023, around thirty people came together in Nairobi, Kenya, for the inaugural Forum on Emerging Economies (FEE), co-hosted by Botho Emerging Markets Group and PA Group, to discuss the state and fate of emerging economies. FEE is first and foremost about adjusting our vantage point: What does the world look like when we bring the so-called “periphery” to the center? How do things morph and shift when our point of departure is the agency, interests, promise and potential of emerging and developing economies?

This communiqué is an outcome of the conversations and debates that unfolded during FEE, and the commitments that were made to ensure that we ultimately are able to move from discourse to tangible outcomes.

We would like to thank the participants of the FEE, who are effectively the co-authors of this document, which would not exist without their profound expertise, incisive insights, and shared optimism for a better world.

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Introduction: The World as We See It

Polarization Paralysis Calls into Question the Future of Soft Power

In an increasingly polarized world, it seems that the world is running out of tools to restore and guarantee order. Can we keep defaulting to the same methods and approaches in a multipolar context?

In an era that seems to be marked by deepening divisions that are disintegrating in some cases into outright conflict, the conventional mechanisms for maintaining global order are under scrutiny. The reliance on sanctions, for instance, highlights a dilemma: while powerful nations use them under the guise of moral authority, their effectiveness is increasingly questioned due to the unintended consequences they often provoke.

The proliferation of protracted conflicts underscores another critical issue: the international community's capacity to initiate hostilities contrasts sharply with its apparent inability to conclude them. This gap calls into question the current efficacy of diplomacy and soft power, once considered the cornerstones of international conflict resolution.

At the heart of the shifting geopolitical landscape is the emergence of new power blocs within the Global South. These blocs are united by objectives that aim to challenge the status quo: a reformed UN Security Council that mirrors today's geopolitical realities, a reevaluation of the Bretton Woods institutions with entities like the New Development Bank suggesting alternatives, and a challenge to the dollar's dominance as the global reserve currency.

Old Guard Clashes with New Alliances: The Tug-of-War Over Minilateralism's Rise

The emergence of new minilateral and bilateral alliances in the face of weakening traditional partnerships is supposed to present a new world order. However, entrenched axes of power continue to wield influence through established institutions that help maintain the status quo. Meanwhile, global bilateral rivalries between major powers remain at play, making it difficult to dislodge long standing vested interests. These dual realities persist despite the emergence of minilateralism - undermining this very concept.

The rivalry between countries such as the US and China coupled with identities such as far right or left politics have led to a growth in propaganda, fueled by social media and digital tools. Some actors appear to be increasingly resorting to 'sharp power', a form of soft power that uses information warfare tactics to call into question official narratives and shape opinions for political purposes.

In this landscape, how can fledgling minilateral arrangements find their footing and transform into genuine power centers?

The Global Reconfiguration of Supply and Value Chains

Globally, the flow of commodities and development economics is now anchored on tactical maneuvers rather than strategic partnerships. In turn, this has led to foreign policy changes with a focus on building independent yet sustainable value chains. At worst, some analysts are afraid that this points to the end of globalization as we know it.

But is that really the case, or are we in the midst of a reconfiguration of supply chains, value chains, and the general flow of people and goods within and across borders?

Ultimately, as partnerships realign and a multi-polar world rises, we can anticipate the movement of goods and services to reorient in kind. For Africa, unless a concerted and consistent effort is made to build greater resilience through the establishment of regional value chains, the continent will likely remain on the periphery of the global political economy. It is thus imperative to build the infrastructure, both soft and hard, for regional cooperation and greater intra-regional trade.

Instead of asking if this is the end of globalization, perhaps a more appropriate question is: *How do we define and navigate globalization in a multipolar world where there is, in theory at least, a plurality of options?*

Takeaways from FEE

The Three Pillars

In a world grappling with unprecedented challenges, the Forum's discourse occurred at the nexus of geopolitics, business and development, looking at three pillars:

1 "No Strings Attached: Navigating the Politics of Aid to Unlock African Philanthropy" took into account the fact that globally, only a third of total aid goes to partner governments or local organizations. In Africa, too, external actors have often called the shots, while domestic governments have had to compete for resources by showcasing their allyship. *How can Africa take charge of its giving sector and, more broadly, consolidate its domestic funding landscape, to prioritize African interests?*

2 "Minilateralism: Exploring Africa's Playbook" considered the burgeoning trend of forming strategic, smaller-scale alliances as a counterbalance to the entrenched power axes that have long dominated global politics. The emergence of new minilateral alliances in the face of weakening traditional partnerships could lead to a new world order, which affects not just governments, but also the private sector, especially in the flow of foreign direct investments. *How should businesses prepare for this?*

3 "AfCFTAverse: The Nexus of Digitalization, Regional Integration, and Geopolitics" delved into the intricate nexus of commerce, economic growth, and geopolitical forces. A conversation about trade and regional integration that does not address politics is, ultimately, only half a conversation. *How can the African Continental Free Trade Agreement find balance between the diverse interests of its various stakeholders, while prioritizing African interests when policymaking?*

Across these three thematic areas, a few clear points of convergence and divergence emerged from the discussions.

Here is where we agree

1. There is a growing **impetus within Africa to assert its own agency** and interests on the global stage, driven in part by mounting evidence of the Global North prioritizing its own self-interests over mutual benefits and pre-established commitments. As African stakeholders feel disillusioned by the prevailing dynamics of global collaboration, be it in aid, trade, climate action or diplomacy, this may yield a greater desire to pursue more South-South collaborations.
2. In the realm of aid and philanthropy, the imperative for **local ownership in the management and utilization of aid** remains a persistent theme. The consensus is that aid should enable, not define, Africa's development agenda. For this to become a possibility, Africa will need to redefine its relationship with external financiers, ensuring that aid catalyzes locally set objectives. Additionally, unlocking local capital is critical, particularly from currently under-leveraged institutions, such as pension funds, in order to invest in local enterprises and alternative investments. That said, the continent continues to suffer from the "Africa Premium", where perceived risks of doing business on the continent continue to disincentivize the localization of both aid and trade.
3. A **lack of policy harmonization and ownership also undermines localization efforts**. Even as Africa campaigns for greater ownership of its own agenda on matters of trade, data control and aid, the continent lacks common platforms and policies to steer these, while simultaneously having to capitulate to externally determined benchmarks and conditions. A case in point is credit ratings, which are determined without African participation or input.

And here's one notable outlier

African collectivism may not be the all-time solution that many people believe it to be. For instance, the ban on the import of second hand clothes was introduced to promote local textile industries. However, such solutions need to be supported with increased investments in local industries, which again, often rely on foreign investors, reintroducing the same power dynamics between international investors from mature countries and local policymakers from developing and emerging economies.

In conclusion, there is a growing recognition of the need to forge a path of self-determination for Africa. By addressing internal challenges, leveraging the continent's vast resources, and reshaping relationships with external partners, Africa has the potential to fully realize its interests.

Commitments from FEE

To Tell and Sell

The commitment to tell African stories is a call to action for Africans to take ownership of their narrative, to highlight their successes, challenges, and the unique cultural nuances that define the tapestry of the continent. This commitment underscores the importance of sharing the diverse and rich experiences of the African continent through its own lens. It is an acknowledgement of the power of storytelling in shaping perceptions, fostering understanding, and preserving cultural heritage. It is about creating a platform where African voices can articulate their histories, innovations, and visions for the future without external filters or biases.

This commitment also serves as a counter-narrative to the often one-dimensional portrayal of Africa in the global media. It is an invitation to celebrate the continent's achievements, to honestly confront its issues, and to showcase the dynamic and resilient spirit of its people. By telling African stories, there is an opportunity to inspire mental and cultural emancipation, promote local content, and foster a deeper sense of identity and pride among Africans.

To make sure that we move from rhetoric to reality, we further commit to:

1. **Buy and promote local** products and services
2. **Travel within and across the continent**, as tourism is a powerful vehicle for storytelling in practice
3. Be intentional about identifying and pursuing **intra-African partnerships and joint ventures**

Localize, localize, localize

1. **Setting up a funders roundtable for like-minded funders who are keen to unlock private funding or local philanthropy into African entities.** Localizing aid means designing and implementing development programs that are led by local entities, ensuring that aid aligns with the specific needs and priorities of African communities. Localizing aid will also include moving away from externally imposed solutions and towards empowering local organizations to drive change from within.
2. **Unlocking existing local capital** and challenging risk-averse institutional investors, such as pension funds, to shift from bonds to alternate investments by:
 - a. Relooking at the incentive structures for incentive managers
 - b. Introducing de-risking mechanisms and guarantee to encourage more capital flows towards local enterprises
3. **Extending the localization of capital to the international sphere** by, for example, restructuring investment councils to ensure more local representation. The aim is to attract and utilize foreign investments in a manner that aligns with and supports local economic agendas. This ensures that the influx of international capital does not overshadow or disrupt local markets but instead contributes to their growth and sustainability.

Africa to Africa, South to South

1. **Actively participate** in multilateral forums that provide a platform for dialogue, cooperation, and the development of norms that reflect the diverse interests of African nations.
2. **Advocate** for reforms that enhance the efficiency, transparency, and inclusivity of multilateral mechanisms.
3. Establish robust **follow-up** mechanisms that allow for ongoing discussions, assessments, and adjustments to strategies based on the evolving needs and challenges faced by African nations.

About Botho Emerging Markets Group

For almost two decades, Botho Emerging Markets Group has been a leader in guiding Fortune 500 companies, governments, development institutions, small businesses, and nonprofits in navigating the world's fastest growing markets.

We are entrepreneurs and investors, thought leaders and scholars. Creatives and innovators connecting capital, catalyzing conversations, and creating opportunities to implement solutions to complex global problems. We're guided by a common set of values: curiosity, collaboration, and impact.

What we learn from collaborating closely with SMEs and multinational companies as well as government and international organizations, we share to advance a more sustainable, inclusive world.

About PA Group

PA Group has been a strategic adviser for the past 25 years, offering in-depth analysis and innovative solutions to governments, corporations, and individuals worldwide. With a focus on implementing strategies that leverage the latest technologies and insights from a global network, PA is committed to helping leaders understand and address the challenges and opportunities their organizations face.

.PA Create has produced, managed and assisted events around the world, helping industry leaders, political figures and governments reach their desired audiences in the most impactful manner.

We are a full-service firm working with an extensive global network of event & media specialists, guaranteeing delivery at all stages of the event process, including content production, media engagement, speaker identification and management, and operational logistics.

About The Forum on Emerging Economies

With the unique role that Africa plays in the global political economy, it is high time for a platform that centers African interests and projects African agency in a progressively multipolar world. Meanwhile, this evolving multipolarity demands that the private sector understands how to operate at the intersection of geopolitics and business.

To address this, the Forum on Emerging Economies (FEE) convenes the public and private sectors in Africa and the broader Global South to collectively navigate a rapidly changing world order, where alliances continuously shift and morph, where business and politics keep colliding, and where those who were once peripheral, are starting to exert their own centers of gravity.