

African Trade and Investment for Global Resilience

The Mattei Lecture at the World Bank's 2025
Africa Growth and Opportunity—
Research in Action (AGORA) Conference

Ngozi Okonjo-Iweala



WORLD BANK GROUP

Development Economics Vice Presidency

Office of the Chief Economist and Senior Vice President

January 2026

Abstract

This paper, based on the Mattei Lecture that the author delivered at the 2025 Africa Growth and Opportunity–Research in Action Conference, argues that Africa can anchor a new model of growth—and bolster global resilience—by shifting from commodity dependence to value-added production and deeper integration into trade and investment networks. Against a backdrop of strained multilateralism and falling foreign direct investment to developing economies, global trade remains more robust than presumed, with goods, services, and South-South flows expanding. Africa’s goods exports are projected to grow rapidly, and digitally delivered services have surged from a low base, underscoring untapped potential. Yet persistent impediments—among the world’s highest trade costs, slow regional integration, and limited value addition—have left Africa underrepresented in global trade. The paper advances a two-track agenda: (i) reforming the global trading system, including World Trade Organization modernization and investment

facilitation, to restore predictability and openness; and (ii) accelerating African reforms to implement the African Continental Free Trade Area, reduce intra-African trade frictions, and attract efficiency-seeking foreign direct investment into manufacturing, services, and “industries without smokestacks.” Leveraging Africa’s megatrends—demographic dynamism, rising middle classes, and mineral and arable endowments—and “green comparative advantage,” the paper highlights opportunities to locate energy-intensive activities where renewable resources are abundant, closing gaps in clean energy investment. Case studies—from industrial parks and automotive exports to fintech and critical mineral value chains—demonstrate feasibility but emphasize the need for scale. A pragmatic, delivery-focused partnership—particularly with Europe, via a modernized “Mattei formula”—is proposed to de-risk investment and prioritize timely, transformative infrastructure, yielding shared gains in growth, jobs, and supply chain diversification.

This paper is a product of the Office of the Chief Economist and Senior Vice President, Development Economics Vice Presidency. It is part of a larger effort by the World Bank to provide open access to its research and make a contribution to development policy discussions around the world. Policy Research Working Papers are also posted on the Web at <http://www.worldbank.org/prwp>. The author may be contacted at ngozi.okonjo.iweala@gmail.com.

The Policy Research Working Paper Series disseminates the findings of work in progress to encourage the exchange of ideas about development issues. An objective of the series is to get the findings out quickly, even if the presentations are less than fully polished. The papers carry the names of the authors and should be cited accordingly. The findings, interpretations, and conclusions expressed in this paper are entirely those of the authors. They do not necessarily represent the views of the International Bank for Reconstruction and Development/World Bank and its affiliated organizations, or those of the Executive Directors of the World Bank or the governments they represent.

African Trade and Investment for Global Resilience

**The Mattei Lecture at the World Bank's 2025 Africa Growth and Opportunity–
Research in Action (AGORA) Conference**

Ngozi Okonjo-Iweala

Director-General of the World Trade Organization

Authorized for distribution by Indermit Gill, Chief Economist & Senior Vice President, Development Economics, World Bank Group

JEL Classification Codes:

F13: Trade Policy, International Trade Organizations

F15: Economic Integration

F21: International Investment, Long-term Capital Movements

F50: International Relations and International Economics: General

O10: Economic Development: General

O19: International Linkages to Development, Role of International Organizations

O24: Trade Policy, Factor Movement Policy, Foreign Exchange Policy

O55: Africa

Introduction

Thank you to the Italian Ministry of Economics and Finance, the Banca d'Italia, and of course to my former colleagues at the World Bank, especially Chief Economist Indermit Gill and his team.

My message today is twofold: First, Africa has enormous but only partially realized economic strengths in terms of demographics, material resources, and market size and dynamism. And second, successfully leveraging these strengths to build a new growth model for African economies, one based on value addition and greater integration into global trade and investment, has stakes that go far beyond improving lives and economic prospects within Africa.

It is about building global resilience in a world economy currently marked by some troubling overdependencies: for example, on China for critical minerals, batteries, and other key supplies; on Chinese Taipei for cutting-edge semiconductors; and on the United States for market demand. Bringing Africa from the margins to the mainstream of more supply chains—part of what we call “re-globalization”—would help turn overdependence into healthier interdependence that is less vulnerable to shocks and harder to weaponize.

In addition, for Europe and other regions with aging populations, commercial engagement with Africa is about tapping into the growth and sustainability opportunities of the future. That is why the equitable partnership models you are trying to build here matter so much. The time for unkept promises, or for telling Africans what to do instead of working with them to understand their goals and needs, is over.

The State of Trade and Investment: Risks and Resilience

Let me start by addressing the wider global context for trade and investment, since that will affect everything we discuss here. It is no secret the global trading system is facing the biggest disruptions in 80 years. Open global markets enabled decades of trade-led growth in many developing countries, and prior to that had supported Italy's postwar economic miracle. But the international architecture that enabled this progress is now under strain.

Foreign direct investment into developing economies is falling, as the World Bank reported in June. In 2023, FDI inflows were just 2.3 percent of GDP—half their peak level in 2008. This matters: FDI is a key driver of growth and job creation and a vital mechanism for the spread of new ideas and technology. Further financing pressures are coming from rising sovereign debt and the end of overseas development aid as we knew it.

If we look more closely at the data, however, some positives begin to emerge. While the global trading system has been battered and bruised by US unilateral tariff actions, it has not been broken. Seventy-two percent of global goods trade continues to operate on core WTO “most-favored nation” tariff terms.

Trade has been resilient. Our latest forecast shows global goods trade growing by 2.4 percent this year, in volume terms, as countries other than the United States continue to trade with each other on a mostly normal basis, while the AI investment boom boosts trade in tandem with massive frontloading by US importers.

Services trade is set to grow 4.6 percent this year—and digitally delivered services by 6.1 percent. South-South trade looks especially strong—goods trade grew 8 percent year-on-year in the first six months of 2025 (all figures in volume terms).

In short, despite the headwinds, global trade continues to offer opportunities for African companies and countries. Our new forecast estimates that Africa is on track to register 5.3

percent growth in goods exports this year—tied with Asia for the fastest of any region. (Goods imports are set to rise by 11.8 percent, also in volume terms.) Last year, African exports of digitally delivered services grew by 15 percent, albeit from a low base—faster than any other region.

In addition, the ongoing push to reduce supply chain risks by diversifying away from China opens new doors for Africa to attract investment in labor-intensive manufacturing. Former World Bank chief economist Justin Yifu Lin observed that activities like textile production have always moved around, as countries grow richer and move up the value chain. Some of these “*flying geese*” can and should be encouraged to land in Africa. But preserving the broadly open global trading system necessary for this to happen will require political engagement to manage tensions and contain pressures for unilateral action.

Multilateral and Policy Foundations: Keeping Markets Open

The welcome de-escalation of tariffs, export controls, and shipping levies achieved by President Trump and President Xi at their bilateral meeting in the Republic of Korea last week, although fragile, is one example of the dialogue and cooperation we need. I also would like to say that avoidance of a tit-for-tat trade war with the United States by other WTO members—something the world experienced in the 1930s—has been key.

At the multilateral level, the present crisis offers a window of opportunity for governments to put trade on firmer footing by delivering long overdue reforms to the WTO. Although a great deal that is blamed on trade today is in fact the result of automation, weak domestic social policies, and macroeconomic imbalances, we must recognize that part of what brought us here is WTO members’ collective failure to respond to legitimate concerns, voiced by the United States and many others, about issues like inadequate policy transparency, unfair trade practices, level playing field issues, and policy space to support industrialization.

The good news is that WTO members have placed reform at the center of their ongoing work, including for our Fourteenth Ministerial Conference in Cameroon next March. The path to reform has three prongs: First, Members should agree on what is working well at the WTO and move to sustain and strengthen it. Second, they should identify what does not work and act to reform it. Third, they should reposition the WTO to better help members to take advantage of new emerging opportunities in trade like green trade, digital trade, services, and AI.

A reformed and reinvigorated WTO would create a better enabling environment for African countries to use global trade to drive sustainable growth and job creation. Bringing plurilateral instruments into the WTO framework, like the Investment Facilitation for Development Agreement, which aims to sweep away bureaucracy and other blockages in the way of investment, will be critical. The agreement counts 32 African members among its 128 signatories. It would help derisk investment into African countries. But recent experience reminds us that the enabling environment is a necessary but insufficient condition for success.

Africa’s Constraints on Competitiveness

Even when global trade was thriving in the 1990s and early 2000s, growing two to three times faster than GDP, Africa was underperforming. East Asia, and to a less spectacular extent, South Asia, used trade to sustain rapid growth and sharp declines in poverty, but in Africa, the pace of economic integration, growth, and poverty reduction was much slower. That is a big reason why extreme poverty has become increasingly concentrated in Sub-Saharan Africa. The region is home to 16 percent of the global population but has roughly two-thirds of people living in extreme poverty. The World Bank projects that this share could rise to as much as 87 percent by 2030 if action is not taken.

Africa still accounts for less than 3 percent of global goods trade and an even lower share of services trade. Africa’s exports continue to be overwhelmingly resource-based and commodity-driven, with limited value addition. So, the continent’s path to prosperity requires more value addition. This is critically important to enable Africa to trade more with itself, that is, greater regional integration, and more with the outside of the world, greater global integration. This in turn will require lowering some of the world’s highest trade costs.

WTO economists estimate that Africa’s trade costs for agricultural goods are 16 percent higher than the average for the rest of the world—and 37 percent higher for manufactured products. Intraregional trade costs in Africa are 20 percent more than those for trade with external partners—hardly a recipe for building regional value chains. While the African Continental Free Trade Area (AfCFTA) is a good and right response to this, its implementation needs to be accelerated.

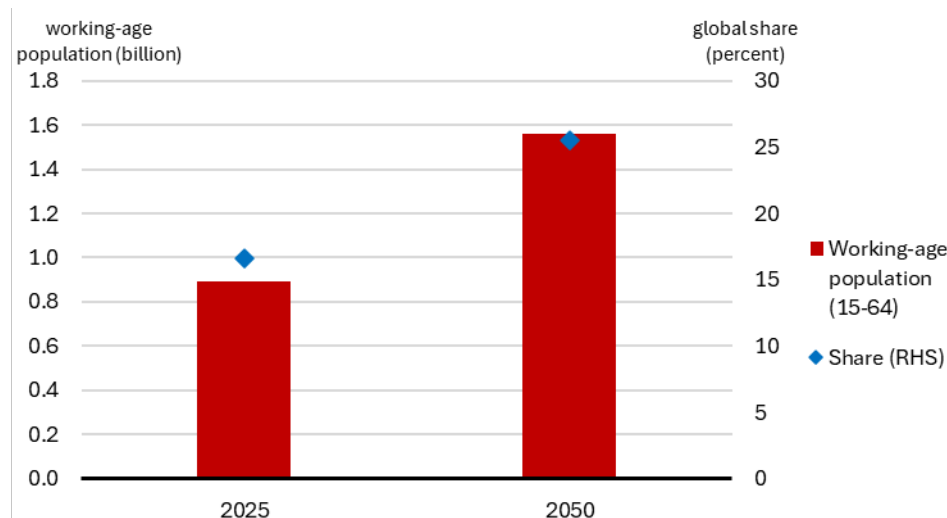
Momentum and Megatrends: Engines of the Next Growth Wave

In an increasingly fragile world, Africans need to look at themselves and build greater national and regional strength. This will enable the continent to seize the many exciting opportunities emerging in the face of the current challenges. Because when we look at Africa’s economy today, there is much to be excited about.

First, the growth stories are there. According to the African Development Bank, 11 of the world’s 20 fastest-growing economies in 2024 were African—among them Ethiopia, Rwanda, Côte d’Ivoire, Senegal, and Guinea. Over the past decade, Ethiopia averaged 7.6 percent growth per year on the back of important structural reforms, while Rwanda grew at 6.9 percent, and Côte d’Ivoire at 6 percent. These countries are showing the continent and the world that African economies can grow if they focus on the right economic reforms.

Second, important megatrends are working in Africa’s favor. On an aging planet, Africa’s young populations, if well skilled and schooled, represent the talent pool and consumer base of the future. World Bank staff estimate that the working-age population in Africa will nearly double over the next quarter century to 1.6 billion by 2050, by which point it will account for about 25 percent of the global working-age population (*figure 1*).

Figure 1: The working-age population in Africa is projected to nearly double over the next 25 years



Source: World Bank staff using the United Nation’s World Population Prospects.

The continent is emerging as a major market in its own right. The World Data Lab estimates that the number of middle-class people in North Africa and Sub-Saharan Africa combined—defined as individuals spending the purchasing power parity equivalent of between \$13 and \$130 per day—will rise from 279 million today to 844 million in 2050. That is about double the current number of middle-class people in India. The 57 million rich people projected to be earning above that range by mid-century is comparable to the current population of Italy.

The unified market promised by the AfCFTA will make the continent more attractive to investors. World Bank economists estimate that the AfCFTA has the potential to increase African FDI inflows by 85 percent from countries in the region, and by 120 percent from the rest of the world.

Africa also has abundant arable land and mineral wealth. According to the US Geological Survey, the continent holds nearly 30 percent of the world's known mineral reserves. That includes resources that are vital for economic growth and the low-carbon transition—and the rare earths currently at the center of so much attention.

Low-cost renewable energy is opening new possibilities to leverage Africa's abundant solar and wind energy potential to seize "green comparative advantages." The notion is straightforward. Just as individuals and countries reap economic gains by specializing in what they are relatively good at, the world can reap environmental benefits if countries specialize in activities they are relatively green at.

Ricardo Hausmann at Harvard noted that while fossil fuels are cheap to transport, wind and solar energy are not. It makes sense to locate investment in energy-intensive sectors in parts of Africa with high green energy potential. This means correcting the huge gap in renewable energy investment on the continent, where Africa is getting only 2 percent of global solar investment despite having 60 percent of the solar potential. Done right, it is not hard to envision value chains cutting across African regions with mineral extraction and processing powered by green hydrogen and other kinds of clean energy.

And third, if we look at individual businesses, projects, and sectors, we already see signs of the faster-growing, employment-generating, regionally and globally integrated, and more sustainable African economy we want.

Bear with me as I go through quite a few examples. First, Ethiopia has been attracting investment in labor-intensive manufacturing. Auto factories in Morocco and South Africa are exporting more than half of their production. Second, Africans are investing in Africa: We see companies like Maroc Telecom, United Bank for Africa, Access Bank, Shoprite, and Dangote operating in countries across the continent. Moreover, Afreximbank is partnering with ARISE Integrated Industrial Platforms to build and expand industrial parks and Special Export Zones in countries including Benin, Togo, Chad, Côte d'Ivoire, Rwanda, the Democratic Republic of Congo, Kenya, Nigeria, and Malawi. The goal is to provide business ecosystems and the reliable electricity, water, logistics, and factory space needed for value-added manufacturing.

I had the opportunity to visit the Glo-Djigbé Industrial Zone in Benin, and it was inspiring to see hundreds of young people—many of them women—working to process West African cotton into fabric, and into clothes for export to international retailers like Walmart and the Children's Place.

We are seeing "industries without smokestacks." I am sure Brahim Coulibaly of Brookings, who just authored a book on this, will say job-creating, growth-enhancing developments in tradable sectors like horticulture, agro-processing, and tourism are great drivers of Africa's

growth. Kenya's cut flower industry, for example, has become a major exporter that employs an estimated 150,000 people, directly and indirectly.

In the tech sector, Africa is emerging as a dynamic digital hub, with a fast-growing online economy powered by the continent's innovative young entrepreneurs. From fintech unicorns like Flutterwave, Moniepoint, and TymeBank to agritech startups that are using digital platforms to help farmers raise yields by connecting them to data, training, credit, and markets, to health tech and securitech, the sector is driving growth, socioeconomic inclusion, and job creation.

The IFC estimates the digital economy could be adding over \$700 billion to Africa's GDP by 2050. As a Nigerian, I must mention the cultural and creative industries. Nollywood employs an estimated 300,000 people and contributes to 2 percent of Nigeria's GDP. African movies, fashion, music, books, and food are taking the world by storm. Arts and culture account for 7.5 percent of California's GDP, illustrating the growth potential there for Africa and Nigeria.

On the resource front, new critical mineral projects are coming online and attracting more international partners. The Songwe Hill rare earth mining project in Malawi has received funding from the US International Development Finance Corporation and been designated a strategic project by the EU. We see moves up the value chain, as with a Sino-Moroccan venture near Casablanca that started producing EV battery components earlier this year.

New infrastructure is coming online: instead of a month driving copper cathodes from the Congolese Copperbelt to the Angolan port of Lobito, a first shipment by rail last year took six days. I understand that one of the focus projects of the European Commission–Italy partnership under the Global Gateway and the Mattei Plan deals with extending the Lobito Corridor to Zambia. We are even seeing moves to seize green comparative advantages: Kenya has attracted a billion-dollar investment to build a geothermal-powered data center. Plans are underway to equip a major copper mining complex in the Democratic Republic of Congo with solar and battery power.

I wanted to mention all these to illustrate that the future we are seeking is achievable—it is already here, it is just not yet at scale. We still have a long way to go to get there. We need above 5 percent GDP growth, sustained year after year for long enough to transform people's lives and prospects.

Europe's Strategic Engagement and the Path Forward: The Mattei Plan

European engagement can help catalyze the investment, build the value chains, and create the jobs needed to bring the continent closer to this objective. And as I said at the outset, there is a strong self-interest case for this. Deconcentrating and diversifying supply networks by adding nodes in Africa would relax potential chokepoints and enhance resilience to shocks, whether due to extreme weather, disease outbreaks, or politically driven actions.

Imagine for a moment that there were already African value chains for extracting and processing critical minerals and rare earths. China's recent export control announcements would not have caused nearly as much alarm. Imagine earlier investments to create jobs in Africa. Then fear of irregular migration would not be such a potent political issue.

More trade, with more partners, diminishes the ability of any single country to weaponize either the outflow of goods or access to its market. That is another reason why Europe should want a prosperous, well-integrated African economy on its metaphorical doorstep. But to play their cards more effectively, European policy makers and the private sector will need a change in mindset.

According to Eurostat, as of 2022 only 2.95 percent of the stock of European foreign direct investment outside the EU was in Africa. I do not mean to single out Europe here—the number is similar for Japan. Still, this share needs to rise. European investors need to bring their risk perceptions about the continent more into line with actual risks and rates of return. European institutions can help with creative action on de-risking.

Enrico Mattei's legacy can offer us some guidance about new models of commercial engagement with Africa. As head of Eni in the 1950s, charged with securing oil for Italy, Mattei was able to break the stranglehold of the dominant Anglo-American oil giants in the Arab Republic of Egypt, the Islamic Republic of Iran, Libya, Morocco, and elsewhere by offering host countries a better deal: more of the profits from their own resources. Under what became known as the "*Mattei formula*," host governments that opted to share in production costs would get 75 percent of the royalties, instead of the customary 50 percent.

A reimagined "*Mattei formula*" for the 21st century could have European companies invest in value addition on the continent, not merely extraction, leveraging green comparative advantages where feasible. And African governments could help reduce costs for these companies by improving the business environment for investment, production, and trade.

Before closing, let me say that when African governments and companies think about potential partners for investment and development, Europe is one of several and it must take this into account. A few years ago, Larry Summers made headlines with a characteristically punchy anecdote about how developing countries experienced outreach from China versus Western governments. He said an official told him, and I quote, "*When we are engaged with the Chinese, we get an airport. And when we are engaged with you guys, we get a lecture.*"

Around the same time (2022), Germany's Friedrich Naumann Foundation commissioned a Kenyan think tank to survey African policy makers about how they perceived EU and Chinese engagement. What they found was that the EU actually outscored China on the delivery of high-quality products and services, on better treatment of Africans, on environmental standards, working conditions, and anti-corruption. But China outperformed the EU on quick decision-making, infrastructure development, timely project completion, and interfering less in internal affairs.

A staffer for the foundation highlighted the pragmatic, delivery-oriented view of the African policy makers who were surveyed. "*A road that is completed after a short construction period by the Chinese is also a value in the perception of Africans,*" were his exact words.

Infrastructure and better governance are not—and should not be—an either-or proposition. I am convinced Europe can engage with Africa in a manner that is true to its own values. But the continent will only pay serious attention if Europe is seen to be delivering visible, transformative investments on time. This is what the Mattei Plan and the Global Gateway must accomplish.

Excellencies, ladies, and gentlemen, let me now conclude. Europe today faces formidable challenges at home and abroad. An important response to this is to yes, look inward to strengthen regional economic and political ties, and build resilience. But Europe also faces important opportunities, now and in the future. Africa is one such opportunity. Building the right partnerships now, making the right investments, and cultivating the important African stakeholders is the way to go. The Mattei Plan and the Global Gateway are steps in the right direction, and the World Bank is a worthy partner. In the words of Enrico Mattei, "*Ingenuity is seeing possibility where others do not see it.*" It is time to look at Africa differently.

Thank you, and I wish you the very best—for this meeting and for the work ahead.