Abstract

This article focuses on the growth of financial centres in Sub-Saharan Africa. The continent is in a long-term growth trend that is deepening its integration into the global economy. We know little about the structures being put in place by states and private actors to steer this process. International Political Economy (IPE) has concentrated research on financial centres in industrialised economies, with more recent interest in Asia. There is a dearth of information on Africa’s growing financial networks and the ways they are connecting with transnational capital networks. The argument being made is that the swift rise of the use of the term ‘gateway’ reveals important changes taking place in the distribution of power nodes on the African continent. Countries using the term – notably South Africa, Nigeria and Kenya – are regional powerhouses. All three aim to an emerging economy status in the next two decades. Intrinsic to this goal is the growth of a financial centre that serves their regional ambitions.
Introduction

African countries have historically not been studied as important constituent elements of the global political economy. Apart from some research such as Lavelle’s (2004) work on equity markets in emerging economies, the study of finance in Sub-Saharan Africa (SSA), as the sector which covers banks, investors, insurers and specialist finance houses, has largely been overlooked in International Political Economy (IPE) scholarship. Development studies and development economics have largely dominated research. Figure 1 can give some explanation to this as it highlights the historical prevalence of official development assistance (ODA) in comparison to other forms of capital flows.

Figure 1: External financial flows to Africa
Source: African Economic Outlook (2014, 49)

According to the latest African Economic Outlook, compiled by the African Development Bank, the Organisation for Economic Co-operation and Development (OECD) and the UN Development Programme, the continent maintained an average growth rate of 4 per cent in 2013, compare to 3 per cent for the global economy (African Economic Outlook 2014). Continued slow growth in the West, along with low interest rates and expensive Western stocks,
are generating further interest in developing and emerging economies. In line with this, more attention is being paid to Africa’s economic growth and investment opportunities.

Financial flows to the Africa have quadrupled since 2000 and will reach over USD 200 billion in 2014 (African Economic Outlook 2014, 2). Private investments in Africa – direct and portfolio – are expected to reach USD 80 billion in 2014, making private foreign investment the largest financial flow to the continent (2014: 48). Much of these private flows come from non-OECD countries as Africa finds itself at the centre of global changes as it becomes the world’s second fastest-growing continent (African Development Bank 2013).

Africa’s growth is deepening its integration into a global economy that is shifting slowly eastwards. Figure 2 below demonstrates this move east that has been traced by following the average location of economic activity across the Earth (Quah 2011). Quah points out that in 1980 the global economy’s centre was mid-Atlantic. By 2008, this has moved to Europe from the continuing rise of China and the rest of East Asia. Working with data from 700 locations around the world, Quah projects that the economic centre of gravity will be located between India and China by 2050.

![Figure 2: The world’s economic centre of gravity, 1980–2007 (black) and extrapolated (in red), at three-year intervals. Source: Quah (2011: 7)](image-url)
The global economy is increasingly interconnected and this interconnection is being driven, amongst other factors such as technology, by the growth and rising prosperity in emerging markets. Emerging economies account for 38 per cent of all global flows – trade, finance, people, communication and data; this is triple 1990s figures (Manyika et al. 2014, 3). This is the global political economy that Sub-Saharan Africa is integrating. For these reasons, developments taking place in Sub-Saharan Africa will be far reaching as South-South trade and investment follows current trends. These changes drive the need to study how non-western states are shaping, and not only being shaped by, the global political economy.

The focus of this article is on how African countries are beginning to partake in and shape international financial architecture, understood as the set of institutional arrangements that manage international financial actions, including decision-making and distributions of power amongst states and private actors. International financial architecture has been profoundly affected by the 2008 financial crisis and by the shift of world economic production and wealth to emerging powers. My attention here is on the ways key SSA states – South Africa, Nigeria and Kenya – are leading domestic financial architecture as their countries expand and deepen transnational economic connections. One way this is being done is through the development of a ‘gateway’ status which provides financial services clustering. Why and how financial clustering occurs, as well as the factors that determine the location of financial centers, is an central matter for both established financial centers who aim to maintain their competitive global position as it is for emerging economies keen to identify the levers necessary to support financial sector growth (Jarvis 2009).

While Africa is referred to as ‘the quintessential frontier market’ (Mataen 2012) we know very little about the institutionalisation of finance and the establishment of financial centres
outside of Europe, North America and Asia. This is in good part because financial centres of any importance have historically been situated in the industrialised economies of the West and investigation has largely concentrated on this reality. Tokyo emerged as a financial centre in the second half of the last century; it is now joined by Hong Kong, Shanghai and Singapore as the centre of gravity in the global economy shifts east. As emerging economies invest in Africa and the continent continues its trend of growth and transformation, we are faced by the need to study the growth of financial centres in SSA.

However, as international interest in Africa surges and the continent becomes a new destination for private capital flows from both OECD countries and from emerging economies, understanding the ways in which the continent develops its financial structures and connects to existing transnational regulatory structures will be of prime importance. As noted by Germain: “the principal lesson to be drawn from an historical engagement with the evolution of financial governance … is the crucial role played by states in reaching out and embedding financial markets within regulatory frameworks anchored by publicly sanctioned authority organized in part at the international level” (Germain 2008, 1). So it is with African states.

Two dimensions surface as critical areas for research: firstly, the ways in which African states and business leaders are steering the flow of capital into and across the continent through national financial centres and, secondly the ways in which African financial architecture inserts into and meets up with the global governance of finance. The focus of this article is on the first area of research, namely how sub-Saharan African states are acting to control, shape and steer private capital flows coming into and moving across the continent through financial ‘gateways’.

Gateways permit traders, investors, entrepreneurs to operate regionally from a strategic location. There is a growing use of the terms ‘gateway’ and ‘hub’ in both public and private
business and policy vocabulary across the globe (Andersson and Andersson 2000). It is this context that the present article advances the following main argument: that the swift rise of the use of the term gateway reveals important changes taking place in the distribution of power nodes in the global political economy and that these processes are visible in Africa. If we were to examine existing ‘international financial centres’ in Africa we would probably come to the conclusion that only Johannesburg and Mauritius are worthy of the term. Investigating ‘gateways’ on the other hand reveals the rapid financial clustering that is taking place as states and businesses adopt strategies to direct the flows of global capital entering and transiting Africa. I link these developments to scholarship on financial centres, making the claim gateways are the institutional, political, and economic processes that buttress the clustering of international financial centres (IFC).

The essay starts with an overview of scholarship on financial centres. This lays the foundation for thinking about financial centres in Sub-Saharan Africa. I then draw on scholarship investigating ‘gateways’ in the second section of the paper in an attempt to think about the financial architecture taking place in SSA. In the third part of my paper I examine the emergence of gateways in South Africa, Nigeria, and Kenya as states put in place the regulatory and geographical infrastructures of investment gateways. South Africa plans to become the main gateway for flows of capital entering the region by supporting and reinforcing Johannesburg’s role as international financial centre. However, both the Nigerian and Kenyan governments as regional powers are becoming key players as they establish their countries as strategic commercial and financial gateways.
Financial centres

Financial centres are strategic geographical locations that have the necessary legal and regulatory infrastructure and market depth to organize and deliver international financial services. Financial centres have existed throughout history in ancient cities such as Babylon, Constantinople, Marrakech and Timbuktu through to Genoa, Amsterdam, London, New York, Tokyo and Shanghai. The empirical importance of financial centres resides in their ability to organize the integration of national economies with the global economy, most importantly by channelling capital flows and thereby spurring economic growth. Why and how financial clustering occurs, as well as the factors that determine the location of financial centres, is an important concern for emerging economies keen to identify the policy levers necessary to support financial sector growth. There is a substantial body of scholarship that examines this history of financial centres and their relations to the global political economy (Arrighi 2010, Braudel 1984, Cassis 2006, Cohen 1977, Cox 1987, Eichengreen 1996; 1990, Germain 1997, Helleiner 1994, Kindleberger 1974, Langley 2002, Sassen 2012, Wallerstein 1974).

The role of financial centres has heightened as states and private actors adjust to the process of financial globalization that begun with the end of the Bretton Woods System in the 1970s. With the dismantling of controls by the British and US governments, followed by changes in global regimes initiated by international financial institutions, states aim to make financial activity as free of restraints as possible. Financial globalisation is the product of political decisions made by states and their willingness to promote cross-border movement of financial flows (Helleiner 2008, 58). Financial globalisation can therefore be understood as a variety of policies being put in place in various countries in ways that may differ from policies adopted in industrialised economies. Policies include liberalisation of capital accounts in industrialised
economies, to various capital controls put in place in Asian economies (and equally in South Africa), to state-led strategies to develop financial centres in booming African countries.

These changes have led to profound structural changes in the organisation of global finance (Germain 1997). A two-fold movement of *decentralised globalization* (1997: 103 italics in original) is taking place as the globalisation of finance moves through multiple networks and private financial institutions. This is giving rise to multiple financial centres as nodes in a space of financial flows connecting individuals, firms, and governments. Listings such as the Global Financial Centres Index (GFCI) classify and rank financial centres around the world, organising them into a global hierarchy (Cassis 2006).

Finance’ digital and fluid qualities in a globalised world are tethered to and dependent on the material (Sassen 2012). IFC’s have a tendency to cluster in cities as they access pools of specialist labour, support services such as accounting and legal, as well as be in close proximity to global markets. Financial centres are compactly defined areas of global capital as investment banks, insurance and accountancy firms, fund managers and international law firms concentrate their activities within the tight geographical boundaries of financial centres. There are significant benefits to be obtained from clustering and public authorities support this clustering and formation of financial centres in a multitude of ways. A country that has an international financial centre or that acts as leading regional financial centre has significant advantages over its neighbours due to increased levels of investment and business that transit through its borders. International financial centres also bring advantages – jobs, income, wealth, international connections, and new technology – to the countries and cities that host them (Cassis 2006). For emerging economies, financial centres offer an opportunity of enrichment and development through deeper connections to global flows.
Today’s financial centres are increasingly dependent on their connections to one another as the number of transactions between them increases. While the US and Europe remain key financial centres and authorities in global financial regulation and attract global capital, non-western economies and their financial institutions are increasingly central to global financial architecture (Cobbett 2011, Germain 2010, Helleiner and Kirshner 2014). Two big changes are driving the proliferation of financial centres around the globe: the shift of economic activity and jobs towards China, India, and other emerging countries, and the growing demand for natural resources (Klein 2007, para. 8). These issues are of primary importance in the context of swift technological change, increasing capital mobility, and the spread of financial deregulation by states as they integrate into the global economy. These conditions have created a growing worldwide network of financial centres, which interact constantly. Significant changes such as the shift of economic activity and jobs towards China, India, and other emerging powers, the growing demand for natural resources and the growing middle consumer class in these regions encourage the proliferation of financial centres around the globe.

There is a general agreement that the financial crisis of 2008 created exceptional circumstances; 2009 and 2010 were, to put it in Goldman Sachs’ terms (Wilson, Burgi, and Carlson 2011, 2), watershed years in this regard. This crisis heralds a multipolar world and the end of ‘actual or attempted dominance of single powers’ (Desai 2013, 3). Africa lies between the western industrialised economies of the North Atlantic region and the powerful continent of Asia. The historic political economic relations of these different areas to Africa vary tremendously. Patterns of change in the world order are perceptible in Africa as the continent finds itself at the heart of historic shifts in the world economy and is drawn into growing world-economies. Historic poles of power are facing challenges as global finance decentralises and new
centres of surface (Moghalu 2013, Zoellick 2010). As global wealth shifts from OECD (Organisation for Economic Cooperation and Development) industrialised and powerful countries – considered to be the steering for the world economy, there is a simultaneous recycling of capital surpluses in emerging countries (Pezzini in Turkish 2011, 5).

As part of these changes in the global political economy, African governments are putting in place the necessary infrastructure for nascent financial centres, underpinning the observation that “global markets always exist within a political context set by states” (Helleiner 2008, 68). I suggest that a way to study the growth of SSA financial architecture is to look at the concept and implementation of gateways as governmental strategies to direct the flow of global capital through national economies.

**Gateways**

Fifteen years after the publication of Andersson and Andersson’s *Gateways to the Global Economy* (2000), the growing use of the terms ‘gateway’ and ‘hub’ across the globe in both public and private business and policy vocabulary reveals significant territorialized changes taking place in the distribution of power in the global political economy. The creation of gateways channels global interest to domestic markets through ‘centralized territorial nodes’ (Sassen 2012, 2). Gateway strategies serve to internationalize specific locations as multi-modal nodes between the national and the global political economy. Recent political and business-led strategies to market cities – such as Abu Dhabi, Singapore and Vancouver – as gateways reflect the mounting need of traders, investors, and entrepreneurs to operate regionally from a given strategic location.

Gateway strategies can be hard infrastructure-based initiatives – such as transport (airports, railroads, highways, and bridges), office building and residential – to soft ones, such as
policy initiatives, clustering of services and financial environments, and culture. Geographically, gateways offer entry points for global actors to the continent to be entered; they permit traders, investors, entrepreneurs to operate regionally from a strategic location. While economic and social clustering does not depend on political authority and direction, the creation of gateways is a strategy to direct economic flows through national economies. Gateways require infrastructure, both material and immaterial such as legal services and the rule of law in order to intensify the movement of people, trade, finance and data through them. The difference is between a hub and a gateway where a hub is created through economic advantages such as economies of scale and a gateway are the nodes – a city or a city region – that act as saddle points between a region and the global economy (Andersson and Andersson 2000).

As investment in Africa increases, actors are identifying ‘gateway’ countries that serve as points of entry into the continent and as headquarters for foreign companies doing business and investing in African markets. The need for African gateway countries is accentuated by the fact that foreign investment is no longer concentrated in isolated countries, but is spreading throughout the continent (Business Report 2011). The use of the concept ‘gateway to Africa’ reflects the rapidly growing interest in African markets by global actors. And African states are putting in place gateway strategies as the growth of technology, the mobility of capital, and the spread of financial deregulation create a growing network of financial centres around the globe.

Speaking in Abu Dhabi, South African President Jacob Zuma highlights the role of states in shaping these strategic locations as they see gateways as: “regional business hubs and gateways into our respective regions [which can] provide us with the muscle to increase our economic and trade outcomes” (Zuma 2013). Gateways are located in leading cities such as Johannesburg, Dacca, Lagos, and Nairobi. Gateways to Africa are also to be found off the
continent, Dubai for instance (Peel 2013, Kituyi 2013) is positioning itself as a hub for investments into and from Africa. While these connections may seem surprising, these centres are reviving economic and social connections dating back hundreds of years. Even Somaliland, a self-declared sovereign state that is internationally recognised as an autonomous region of Somalia, sees itself as gateway to Africa through its port Berbera in the Gulf of Aden (Manson 2013). While Berbera is not considered an international city of great importance, this proclamation gives an indication of the transnational networks being set up in and around Africa.

**Jostling for Gateway Status: South Africa, Nigeria and Kenya**

Given Africa’s growth prospects, the challenge for investors is to identify the best avenue for entering SSA markets. Johannesburg is the only globally recognised financial centre on the continent. It is an international financial city connected to global markets through the country’s distinct history centred on mining and connections to the Dutch and then British world-economies. Kenya is East Africa’s ancient regional centre by virtue of its location and connections to the Middle East, the Indian sub-continent, the Britain’s empire and now at the centre of US’ security interest in the Horn of Africa. It has excellent infrastructure and political stability that is underpinning Nairobi as international financial centre.

On the other side of the continent, there is a lot of debate on which country can claim to be the economic hub of West Africa. Nigeria and Ghana both claim to be the economic gateway to West Africa. Ghana scores points for its strong state, legal framework and developed financial infrastructure. Nigeria, while accused of endemic corruption related to oil extraction and security threats has just over taken South Africa as the continent’s largest economy. Nigeria has size and dynamism, its huge market potential is driven by its population of close to 160 million. Africa’s
biggest city, Lagos, is one of the globe’s most dynamic and fast-growing mega-cities; it generates about a quarter of Nigeria’s total gross domestic product.

*South Africa*

South Africa is a zone that has historically been at the edges of world economies. It comes to this place through its unique history as an important geopolitical station and strategic location at the edge of world-economies for the last 400 years. It is, more than any other African country, a space where world-economies overlap. This is because a fundamental condition of South Africa’s political economy is its position at the southernmost extremity of the continent. Far from world markets, it lies on the ancient routes of long-distance trade to the East, to India, China, and the Indonesian archipelago.

![Figure 1: Gateway to Africa](Image)

*Source* City of Johannesburg (2014)

The world in 2014 is a very different place for South Africa as it forges new relations with Asia, Latin America, and with other countries on its continent. South Africa has been
identified by China—the key player in the emerging multipolar world order—as the geopolitical representative of the continent for the international political organisation of leading emerging economies, the BRICS (Brazil, Russia, India, China, and South Africa). The undeniable and steady move to a multipolar world order is accompanied by the increasing influence of the BRICS. These developments are conveyed in rhetoric of new alliances, global change, and new opportunities, as is evident in the following excerpt of the South African Minister of International Relations and Cooperation’s speech:

Led by President Zuma, we joined the BRICS formation, just a few years after we co-founded IBSA [India, Brazil, South Africa], as another important formation to champion the cause of the marginalized, and to bring their voice into the political space that will craft our common future. [...] We must direct our energies to ensuring that this results in tangible outcomes that improve the lives of the people in South Africa, Africa and in the countries of our partners (Nkoana-Mashabane 2011, para. 32).

The changing world order provides important windows of opportunity for South Africa as centres of power of the last century shift, and space for fresh prospects is created. South Africa’s foreign policy is geared to securing the role of gateway to Africa on the basis on its historic and tight linkage to the western world, its mature financial and legal sectors and its position as the continent’s economic power and centre for businesses operating in the region. Johannesburg has the most developed business infrastructure south of the Sahara and is recognized for its financial depth and sophistication.

South Africa’s location, its strength in financial services and its banking infrastructure make it a potential gateway into Africa. Government proposes measures to enhance this role. In 2010/11, further investigations will be done to enhance our attractiveness as a viable and effective location from which businesses can extend their African operations (Republic of South Africa National Treasury 2010, 78).
While Nigeria serves as the major economic hub for West Africa and Kenya serves as the key economic hub for East Africa, South Africa is seen as the undisputed major economic hub for Southern Africa and potentially for the entire continent: “We will be a good gateway for the BRIC countries,’ said Nkoana-Mashabane, South Africa’s foreign minister, to reporters in Pretoria. ‘...we don’t just speak for South Africa; we speak for Africa as a whole’” (Conway-Smith, 2011, para. 11). A gateway’s embryonic form—a cluster of financial service companies a, Africa’s economic city and powerhouse, is at the heart of South Africa’s financial system and is an important centre (Yeandle 2011). This city demonstrates the existence of a cluster effect attributable to a financial centre (Long Finance 2011, 5) and its equity market dwarfs other exchanges on the continent.

While Johannesburg and its gold mines and sophisticated financial companies have long been at the heart of the country’s economic power, the South African government is now clearly positioning the city as the indisputable hub of banking and investment for companies doing business in Africa (National Treasury 2010). South Africa sees itself as continental headquarters for companies doing business in Africa, many of which will be Islamic-based businesses and investment agencies:

The development of Islamic finance in South Africa is critical to the expansion of National Treasury’s strategy to position South Africa as a gateway into Africa. The treasury envisages South Africa being a central hub for Islamic product development and ensuring the rollout of such products into African markets (PricewaterhouseCoopers South 2011, para. 4).

Not only is South Africa the economic hub for foreign businesses operating in the region, the country is the biggest emerging-economy investor in the continent and its companies are active in at least half of all African countries. The South African government is making fundamental changes to historic financial legislation and promoting South African financial
companies’ penetration into African markets and South Africa as the continental base, or gateway, for foreign investment into the continent (Matarirano and Modise 2011).

_Nigeria_

South Africa’s strategies for rapid growth and financial gateway formation are shared by other leading African states as the continent shows an average growth of 5.6 per cent a year. Nigeria, the African giant aims to become one of the world’s top 20 economies in over a decade (Nigerian State 2009). Nigeria has maintained an impressive average rate of growth of 7 per cent over the last four years (World Bank 2013). This is in comparison to South Africa’s average rate of 2 per cent and Kenya’s of 4.5 percent. Nigeria’s economy has recently surpassed South Africa’s as the largest on the continent after the West African nation overhauled its GDP data. The size of the economy expanded by more than three-quarters to an estimated 80 trillion naira ($488 billion) for 2013, this compares with South Africa’s GDP of $370.3bn at the end of 2013.

Nigeria has been included in newly coined MINT countries (Mexico, Indonesia, Nigeria and Turkey) which Jim O’Neill forecasts as among the ten largest economies in the next 30 years (McBain 2014). The move from BRICS, to MINT, passing by N11 (the 11 most important emerging economies) point to the very many perceptions of current and anticipated shifts in world production, consumption and wealth accumulation. With a population of an estimated 160 million people, the Nigerian federal government has a clear vision for a broad based national development—as set out in its 20:2020 vision—to position Nigeria as one of the world’s top 20 economies by 2020.
To achieve the vision 2020 Nigeria will focus on economic and political and governance reforms. Nigeria’s vision sees greater integration into the global economy through trade and finance. Nigeria’s financial sector in particular is identified by the state as playing a critical role in Nigeria’s quest for rapid development by unlocking the growth and development aspirations of the nation (Abiola and Okodua 2008, National Planning Commission 2009, 7-9). To this end, Nigerian banks have undergone important reforms in 2004 under the supervision of Charles Soludo, Governor of the Central Bank of Nigeria. The reforms pushed consolidation of 89 banks to 24 through mergers and acquisitions in order to raise their capital bases to the new required minimum of N25 billion (Sanusi 2011, 2). Following reforms, the larger Nigerian banks have been expanding their operations into other African countries (Alade 2013).

The centralization of power in the ministry of finance and the central bank underpins this vision to strengthen the national financial markets, improve access to transnational finance and build an integrated infrastructure for the financial industry. The re-basing of the Nigerian GDP has brought global interest into the Nigerian Stock Exchange (NSE). Being ranked as Africa’s largest economy is seen by Nigerian financial sector as an opportunity to brand itself as the gateway to African markets for its global investors (Matutu 2014). The NSE is targeting a $1 tn market capitalisation by 2016 (Bloomberg 2014). This goal will be enhanced through ECOWAS’ West African Capital Markets Integration project which plans to integrate the NSE, Ghana Stock Exchange (GSE) and the Cote d’Ivoire Bourse Regionale des Valeurs Mobilieres (BRVM). This will permit companies and investors in Nigeria to raise money for trade in stocks and bonds listed in Ghana or Côte d’Ivoire. West Africa’s integrated capital market is being qualified as an investment ‘cloud’ by Onyema, CEO of the Nigerian Stock Exchange (Bloomberg 2014). Driven
by the recently inaugurated West African Capital Markets Integration Council (WACMIC), Nigeria is central to shaping this cloud investment gateway.

Nigeria becoming the largest economy in Africa and its move to position the country and region as an investment hub does not yet challenge the status of South Africa as main financial centre and economic gateway to region. SSA is a huge space and requires regionalised gateways rather than one for the whole continent. As Nigeria positions itself as investment gateway to West Africa, and South Africa remains the leading financial gateways within SSA, Kenya is vying for gateway leadership to East Africa.

Kenya

Whereas South Africa is SSA’s leading and most sophisticated financial centre and Nigeria is building investment gateway status through domestic financial reforms and regional integration of capital markets, Kenya is positioning Nairobi as gateway for the East African Community (EAC) and the Common Market for East and Southern Africa (Comesa). Nairobi is at the centre of Kenya’s financial gateway plan. As with Lagos and Johannesburg, Nairobi as an African city is at the centre of the economic growth, contributing about sixty per cent to the country’s GDP.

Strong growth in East Africa, supported by FDI flows into offshore natural gas resource, the onset of oil production in Uganda, and Kenya, and agriculture in Ethiopia, is underpinning Kenya’s plans to make the country the regional economic and financial gateway for the EAC.
As evident in figure 3 above, the Lamu Port South Sudan Ethiopia Transport Corridor (Lapsset) which will connect Lamu, the largest port being built on the Eastern African coast, to Kenya and its land locked neighbours is a prime example of the government’s Vision 2030 strategy. Lapsset will be thousands of kilometres of highway, railways and oil pipelines connecting South Sudanese oil production to the new port in the Indian Ocean. These are the hard infrastructure-based gateway strategies being put in place by the state.

In addition, Kenya’s government and financial actors are positioning Nairobi as the Eastern financial gateway to Africa (Olaka 2014). Kenyatta, current president of Kenya and the country’s former finance minister, launched the all-encompassing Nairobi International Financial Centre (NIFC) plan as part of Kenya’s Vision 2030. When he was finance minister Kenyatta noted:

Global competition in financial services is intensifying with a lot of significance attached to the benefits of location, being plugged into global financial networks and the support of a world class ICT platform (Mugwe 2011, para. 5).
The Kenyan state believes that Nairobi will be able to compete with South Africa and Mauritius; SSA’s current leading financial centres and is positioning the city as a financial hub for Africa as a whole. Kenya’s ambitious vision 2030 long-term development plan draws heavily on similar policies in Singapore and Malaysia. Kenya is also drawing on western financial expertise coming out of London, such as TheCityUK.

The NIFC aims to act as a hub for non-African actors doing business on the continent, for example as gateway for companies based in Mauritius or in the Seychelles but operating in African markets. As part of this financial gateway strategy and as a member of the International Centre for Settlement of Investment Disputes (ICSID), Kenya’s parliament passed the Nairobi Centre for Arbitration Act which establishes a dispute resolution centre to administer domestic and international commercial agreements (International Law Office 2013). Arbitration forms part a key element of a ‘gateway’ status through financial services clustering. The Kenyan Capital Markets Authority is carrying out bond market reforms, the full demutualization of the Nairobi Stock Exchange and a Capital Markets steering committee overseeing a 10-year master plan for the capital markets in the country and, by extension, the region.

Conclusion

In this article I argued that that the swift rise of the use of the term gateway reveals important changes taking place in the distribution of power nodes in the global political economy and that these processes are visible in Africa. Nigeria and Kenya are seeking to join South Africa’s emerging-economy status. These three countries are regional powers in their respective areas: South Africa in the SADC (South African Development Community), Kenya in EAC and Comesa, and Nigeria as part of ECOWAS. All three states face important domestic and regional
challenges relating to security, poverty, leadership controversies, and so forth. But all three
countries also demonstrate strategies to not only integrate the global economy deeper but to
direct global flows through gateways located in their leading economic centres.

Historic economic hubs in sub-Saharan Africa are being identified as gateways for
investment and business into the continent. In spite of these rapid changes, very little research is
being conducted to trace and analyse the growth of African financial cities. The reason for this
may lay in outdated ideas about Africa as ‘the dark continent’ and its gloom and doom. It may be
in part because major financial cities are situated in Europe, the United States, and in Asia and
thinking about their rise in Africa calls for a different outlook to what is unfolding. The
difference now from even two decades ago is that there is global interest in African markets and
there is both choice and competition for private investors and for states who wish to direct capital
flows through their domestic economies. In order to understand this through an international
political economy perspective, we need to open up what we call the global economy or
globalisation and identify networks of trade and investment, along with emerging ones. Research
along these lines will address the paucity of knowledge on financial centres and architecture in
Africa and the political processes underpinning this development.
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