Africa - Quo Vadis?

Friday, February 26, 2016

Focus also in this summit was on the growing economy and increasing market opportunities in many parts of Africa, both for industrial and consumer related products and services.

The African continent hosts the world’s youngest and fastest growing urban population, so Africa’s economy must facilitate rapid growth and change in the coming years. Therefore, “Linking Nordic capabilities to African opportunities” was the main theme at this year’s summit. Increased standard of living is considered the core factor of the positive development. The African middle class so far is in average only about 10%, but is quickly growing. 80% of the population is < 35 years old.

Corruption and political instability are still challenges in several countries. The Nigerian last election is, however, a good example of things becoming better.

Lack of electrical power is also a significant issue. South Sahara has the same power available as Spain, but has 20x bigger population. Privatization of the power industry is considered the key for solution.

With 54 countries in total, of which 46 are south of Sahara, Africa is not homogenous at all. There are significant differences in history, culture, languages, practical systems etc. Also, there are large distances and limited transport means across different parts of the continent.

East Africa is perceived to be in lead of the transformation, followed by Ethiopia, Ghana and not least Nigeria (with 150 mill people). Africa’s GDP per capita is actually >30% higher than India (which soon will have 1/4 of the world’s population). In Kenya, most financial transactions are now done by mobile phones. (Nearly 80% of the people have mobile phones).

Three issues will have a massive impact in the coming years:

- Social media and digital technology
- Overall transparency
- Environmental & climate change

In general, Africa now needs partners, investment and trade, not aid.

The keys to success for foreign companies are persistence and local partnerships, offering international network to local employees and predictability.

One problem in African business is bureaucracy and undue “red tape”, but still the return on investment (ROI) may be the highest in the world today.

One must be prepared to take some risk, but be well aware of the big difference between perceived and real risks!

More information may be seen at this link [1].

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