



Africa 2030: Realizing the possibilities

Introduction



This publication marks a subtle change in emphasis for EY. Since we initiated our flagship Africa attractiveness programme in 2010, we have been among those at the forefront of promoting the African growth story and advocating for greater levels of investment into Africa. We have developed a robust data- and knowledge base to help provide quantitative substance to support the 'business case' for Africa.

This remains an important task. Despite the clear evidence of sustained progress, there are many who remain sceptical about Africa. It is important for us to continue to provide evidence of the continent's progress, so that decisions are driven by facts rather than often outdated perceptions. The first chapter of this report highlights some of this evidence, summarizing what for us have been some of the key drivers of the African growth story.

It is clear to us too though that, despite the progress that has been made in Africa since the end of the Cold War and Apartheid, much work still needs to be done to realize Africa's vast possibilities. The time is therefore right for us to begin to shift our focus towards the future of Africa. As we look forward over the next decade and beyond, our own scenario analysis suggests that a success story for Africa will be one that leads us on an inclusive, sustainable growth path. In the second chapter we begin to explore what it will take to achieve this success story, and we articulate five priorities for action that we believe will be most critical to a successful African future.

The potential exists for us to be part of an African future that would have been virtually unimaginable a generation ago. The reality though is that this future is neither inevitable nor will it happen without active participation and commitment from multiple stakeholders. We therefore need to create platforms and mechanisms for both dialogue and collaborative action. Since 2012, we have convened the annual Strategic Growth Forum Africa as one such platform for dialogue and collaboration among leaders in the private, public and social sectors.

In this report we also present the perspectives of a diverse group of leaders with interests in Africa. Each one of them was invited to provide a point of view on what the future of Africa might look like, what the drivers of change and critical success factors are likely to be. The brief was intentionally broad in order to elicit a range of responses.

Overall, the sense one gets from the various contributions is one of progress and optimism; that the changes we have seen over the past 15 years are sustainable, and will make Africa an international socio-economic focus in the coming years.

Optimism is, however, tempered by notes of caution. A consistent thread running through the contributions is the observation that intra-regional trade is substantially below what can be achieved. The fact is that legislation and regulation still act as blocks to cross-border trade- a stumbling block that has to be removed to promote African prosperity.

Agriculture also receives attention, particularly the need to break down the barriers of traditional subsistence agriculture and then replace it with large-scale commercial operations capable of meeting the production objectives required by a continent in transition.

The depth of human resources, and the availability of a future pool of labour on a continent populated by young people, raised excitement and concern; excitement because of the availability of people to drive the African economy of the future; concern about the delivery of education and the creation of skills appropriate to growing economies.

However, the dominant view is that change is real. Economic growth and development will continue, and will be driven by a burgeoning African middle class with growing levels of discretionary income, growth in local entrepreneurship and investment in bridging the infrastructure gap.

One of the key factors, mentioned by many, is the proliferation of mobile telecommunications, the convergence of technologies and the ability for these to drive forward financial inclusion, government efficiency, trading opportunities, and the delivery of education, healthcare and other services to urban and rural populations.

Whatever the differences or similarities in perspective, the point is that active dialogue and collaborative action is required for us to realize Africa's possibilities. All of us with a passion for Africa are presented with a wonderful opportunity to work together to make a genuine difference. The time and place for Africa's future is here and now. We are the generation of leaders that have to seize the opportunity and make it happen.



Chapter 1

Africa's rise is real

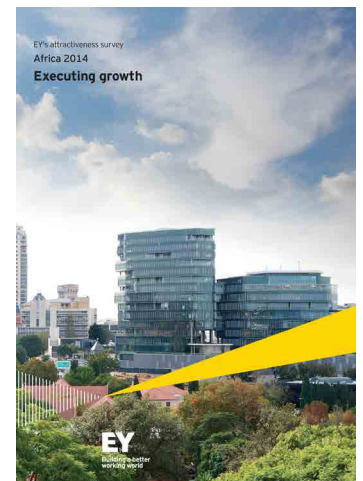
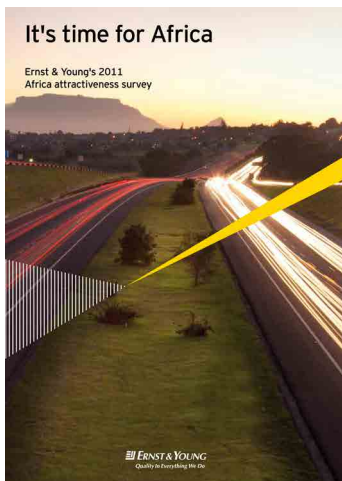


Over the past few years a new African narrative has emerged. For decades, postcolonial Africa has commonly been portrayed as a basket case: economic stagnation, political instability, armed conflict, poverty, famine and disease were the key themes.

However, after a decade of strong economic growth post the millennium, it was clear that an exciting shift was happening in Africa. This shift was exemplified by the contrast between 2 covers of The Economist magazine published 11 years apart: in 2000, the magazine described Africa as “the hopeless continent”; in 2011, it released an issue entitled “Africa rising” with a picture of a boy flying a rainbow-coloured kite the shape of the continent.

“Since The Economist regrettably labelled Africa “the hopeless continent” a decade ago, a profound change has taken hold. Labour productivity has been rising. It is now growing by, on average, 2.7% a year. Trade between Africa and the rest of the world has increased by 200% since 2000. Inflation dropped from 22% in the 1990s to 8% in the past decade. Foreign debts declined by a quarter, budget deficits by two-thirds. In eight of the past ten years, according to the World Bank, sub-Saharan growth has been faster than East Asia’s”, The Economist, “Africa’s hopeful economies,” 3 December, 2011.

Over the past 4 years, EY’s Africa attractiveness reports have highlighted the continent’s steady rise. Our research, which includes investor surveys and analysis of foreign direct investment (FDI) and broader socioeconomic trends, has helped to provide some quantitative substance to the growing perception that African markets offer an exciting growth and investment opportunity.



The lingering perception gap

Despite the emergence of a compelling 'Africa rising' narrative, scepticism still remains. The sub-text of such scepticism is also often one tainted by negative historical beliefs about Africa as a conflict-ridden, politically unstable, hopelessly corrupt basket case.

And there is, of course, unfortunately, still enough bad news in Africa to reinforce the negative stereotypes. The reality of such a vast and diverse continent is that as much as we may want to celebrate the many economic success stories - from Botswana to Mozambique, to Zambia, to Rwanda, to Angola, to Nigeria, to Ghana, and so on - there are also several states that remain fragile. Despite the progress of many, there continue to be failures. Unfortunately, though, it is too often the failures - increasingly the exception rather than the norm - that dominate the news headlines and reinforce outdated stereotypes.

The scepticism with which the Africa rising story is still sometimes viewed is often the result of ignorance. It manifests most obviously in our research with the stubborn perception gap between companies already established in Africa and those that do not yet operate on the continent. Those with an established business presence in Africa are more positive than ever about the continent's prospects. When considering Africa's attractiveness relative to other regions, these investors view the continent as a more attractive investment destination than anywhere else in the world. In stark contrast, those with no business presence in Africa view the continent as the world's least attractive investment destination.

Perception gap in Africa

The EY Africa Attractiveness Survey highlights a stark perception gap

Respondents who ...

... believe Africa's attractiveness has improved over the past year

73%

Established

39%

Not established

... believe Africa's attractiveness will improve over the next three years

87%

Established

51%

Not established

... have a specific strategy for investment in Africa

67%

Established

10%

Not established

Source: EY's 2014 Africa attractiveness survey (total respondents: 503).



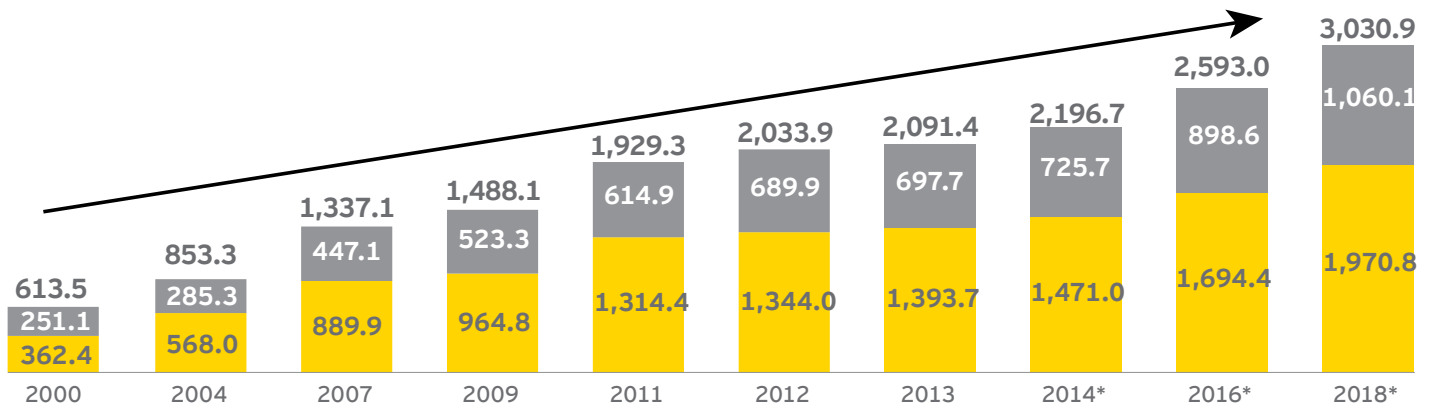
14 years of sustained growth

Despite any lingering scepticism, the evidence of the continent's clear progress over the past decade is irrefutable. The reality is that a diverse range of African countries have now experienced consistent and robust growth for over a decade - certainly the longest period of sustained growth since most countries attained independence in the early 1960s.

In the period since 2000, the size of the sub-Saharan African (SSA) economy has more than quadrupled. What makes this economic performance all the more

remarkable is that the period since 2007-2008 has been marked by a deeply troubled global economy. Although many African economies have been negatively impacted by the situation in key trading partner countries in Europe and North America, most have remained remarkably resilient. A diverse group, including the likes of Angola, Ghana, Ethiopia, Tanzania, Mozambique, Nigeria and Zambia, have been among the fastest growing in the world, with growth of 7% plus over a sustained period.

GDP, current prices (US\$b)



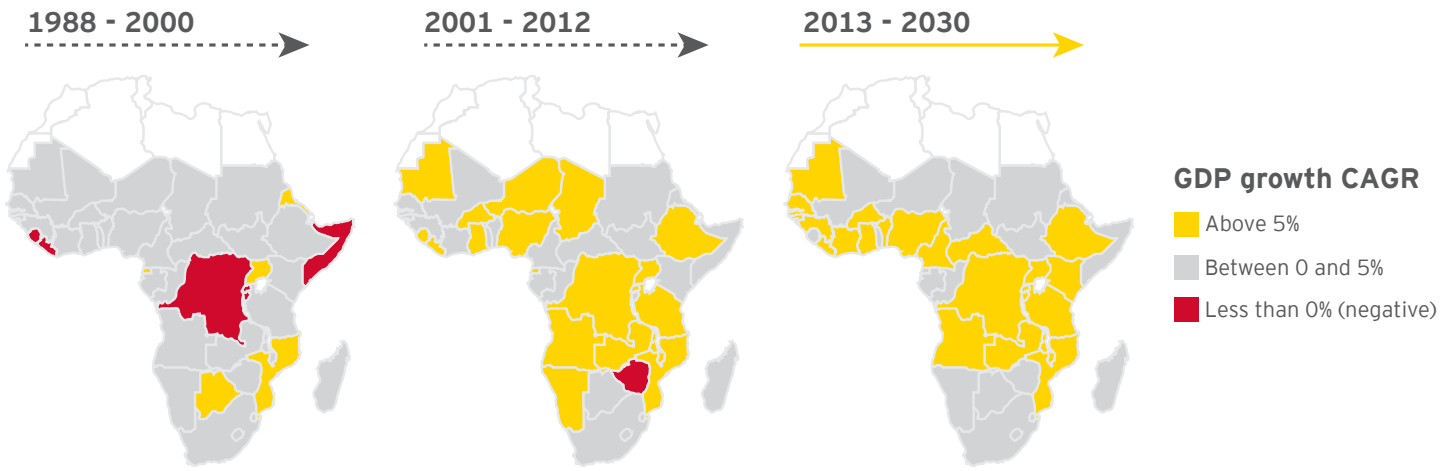
Source: IMF World Economic Outlook Database, April 2014.

■ North Africa
■ SSA

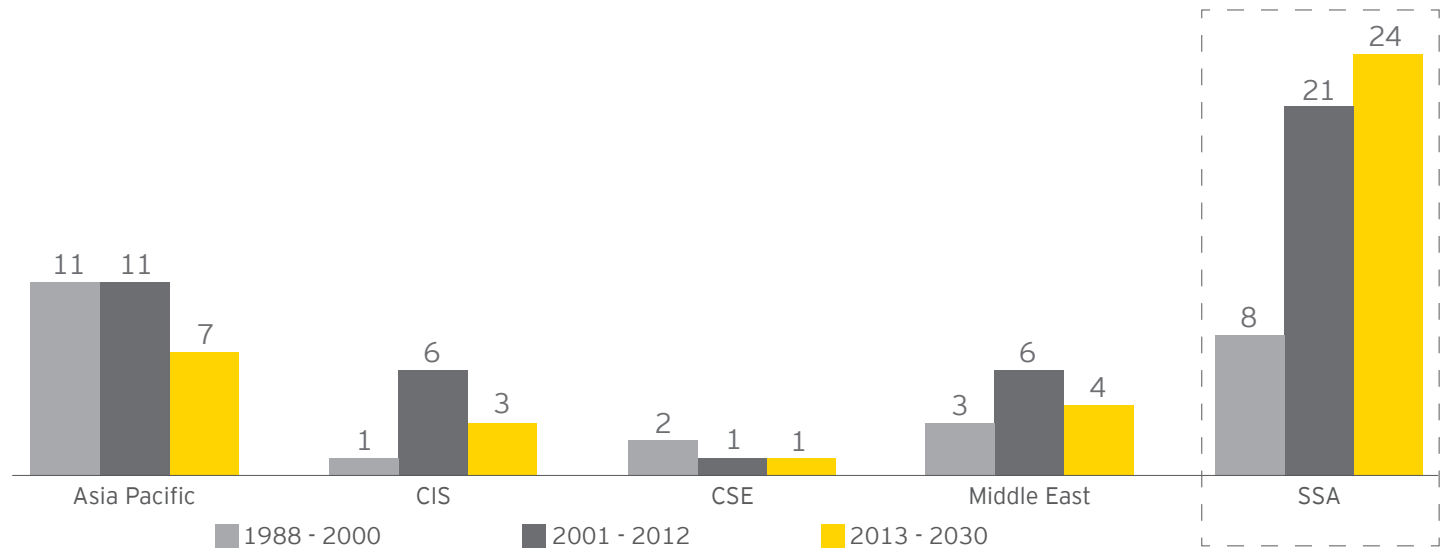


Africa's rise is real

The African growth story is real



Number of economies growing at a rate greater than 5%

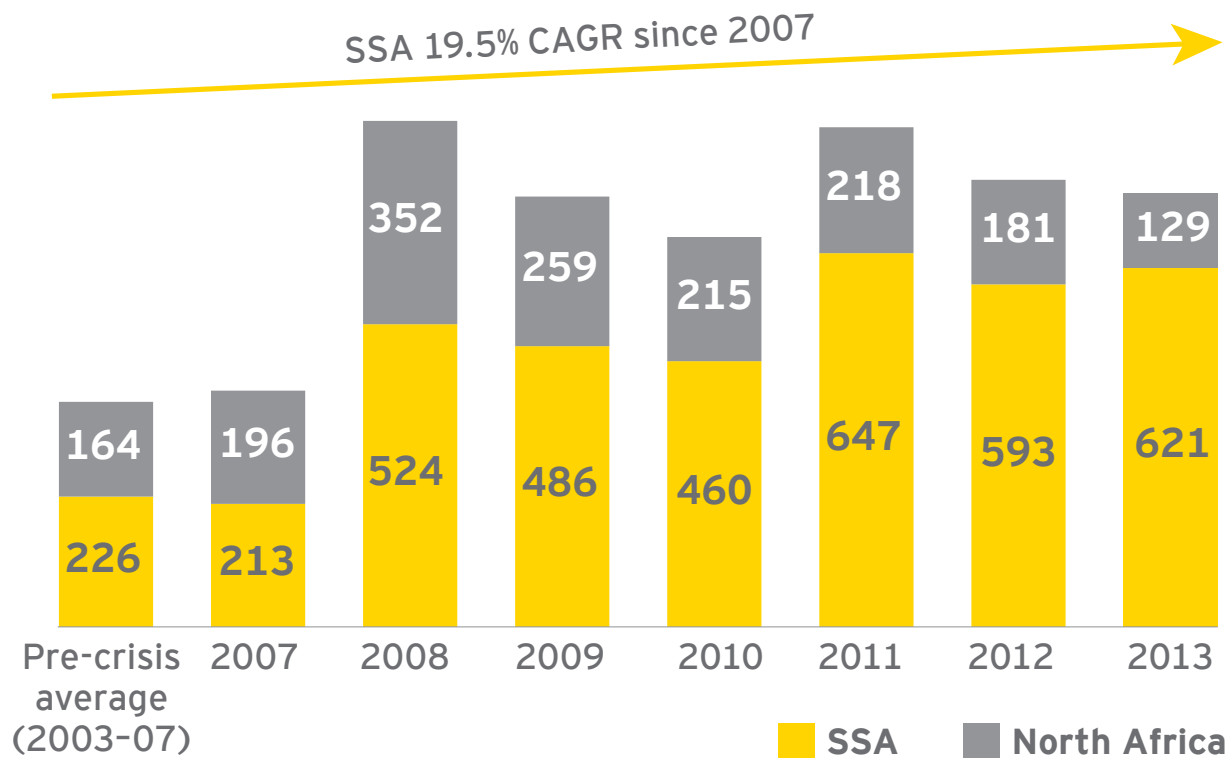


Source: Oxford Economics Database, EY analysis



As a result of this sustained growth, investor interest in Africa has been on the increase. Our 2014 Africa attractiveness report shows that perceptions of Africa's relative attractiveness as an investment destination have improved dramatically over the past 4 years, while FDI projects into SSA grew at a compound rate of 19.5% between 2007 and 2013.

FDI projects in Africa



Source: fDI Intelligence, EY analysis

Key drivers of growth

In order to understand the nature and potential sustainability of this growth it is important to understand the directional trends. The growth story began with the end of the both the Cold War and apartheid in the early 1990s, and the initiation of a period of longer term political, economic and regulatory reform across many parts of Africa. Armed conflict reduced significantly, providing the relative stability required to focus on economic growth and development. Inflation was brought under control, foreign debt and budget deficits reduced, state-owned enterprises privatised, regulatory and legal systems strengthened, and many African economies were opened up to international trade.

These structural changes have helped create an environment in many African countries that has

invigorated markets and commerce, and is increasingly conducive to business and investment. Furthermore, widespread reform, together with steady improvement in political governance, the commodities boom, substantially increased levels of disposable income, urbanisation, and a rapidly developing tertiary sector, are all contributing to Africa's sustained growth path.

Beyond the anecdotal, there is a growing and diverse body of hard evidence to support the view that the economic and broader developmental prospects for Africa have improved considerably over the past decade, and that 14 years of growth has not been a flash in the pan, but rather a direct consequence of several key factors. Among the more important factors for us are the following:

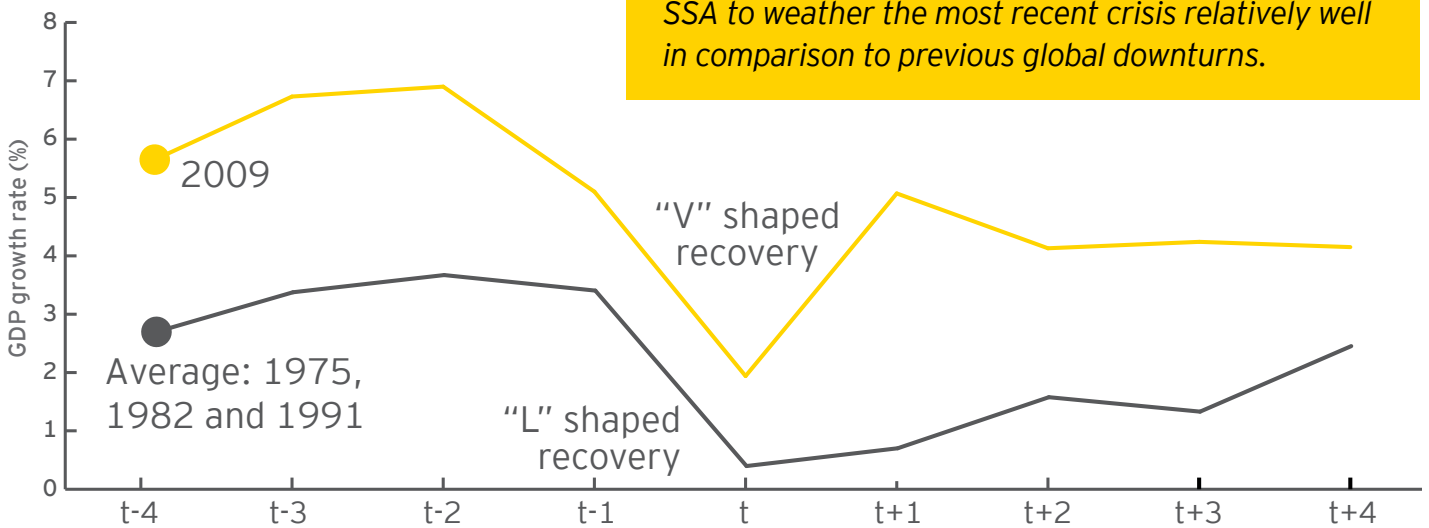


1 | Sound macro-economic management

We do not feel that it is an exaggeration to suggest that a large number of African economies have been better managed over the past decade than their developed market counterparts. Economic reforms that began being implemented in the 1990s have laid a foundation for the sustained growth that we have subsequently seen. Significantly reduced budget deficits and debt levels, together with dramatically improved inflation levels, are among the key indicators of the significant progress that has been made.

GDP growth in SSA during global downturns

Structural reforms in the 1990s, strong macroeconomic policies and early adaption of counter-cyclical monetary and fiscal policies enabled SSA to weather the most recent crisis relatively well in comparison to previous global downturns.



Source: World Bank, EY analysis

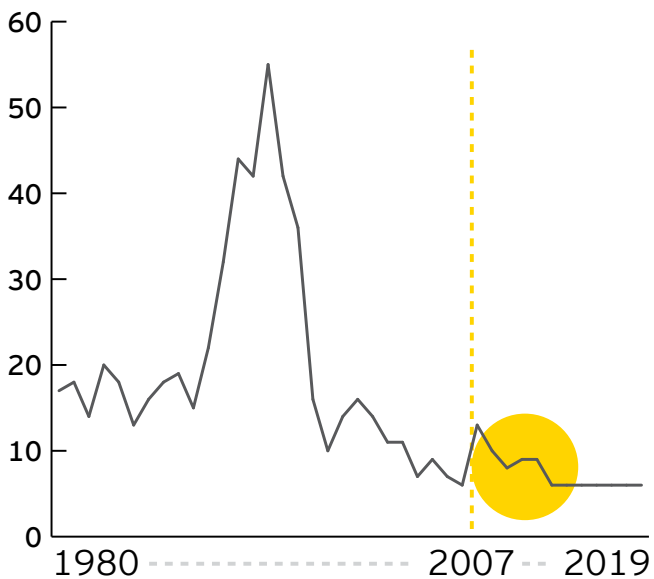
Recession cycles
 Current cycle (t= 2009)
 Average three cycles
 1975,1982 and 1991



Africa's rise is real

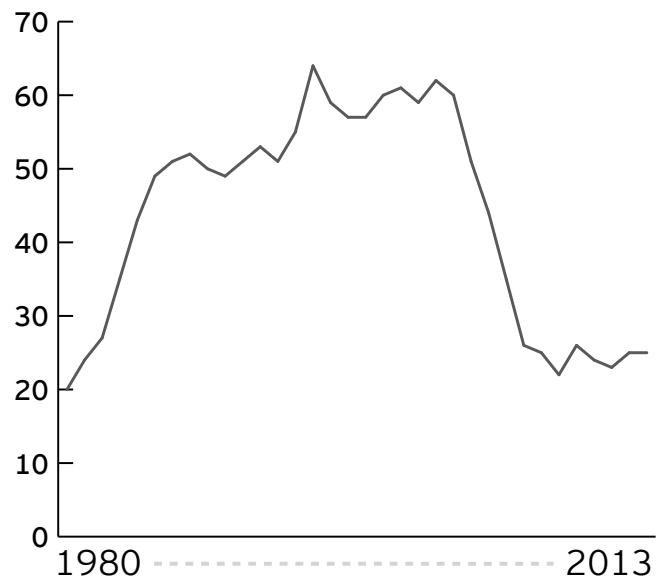
Inflation is in single digits...and is forecasted to keep its downward trend

Inflation (%), average consumer prices



The burden of external debt has declined

External debt (% of GDP)

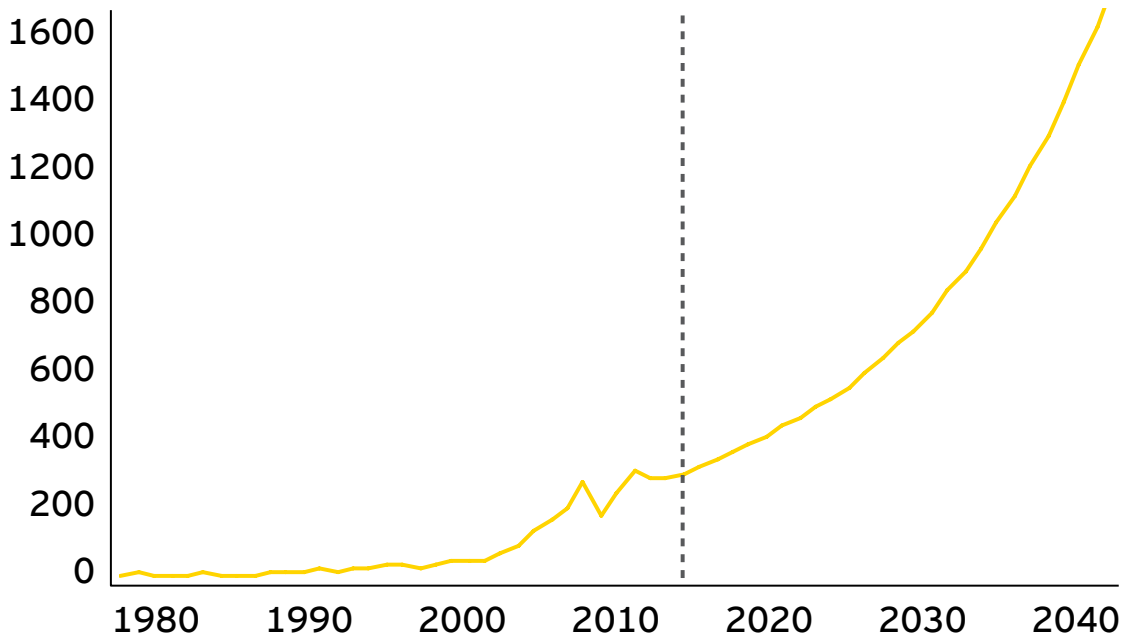


Source: IMF

At the same time, Africa's trade with the rest of the world has grown over fourfold since 2000 and has been another key driver of sustained economic growth. China has been at the forefront of this growth, and is now the continent's single largest trading partner (although the EU remains the largest regional trading partner). Significantly, although intra-African trade remains relatively low, it has grown at a healthy rate of 11% in the period since 1980.



SSA exports (US\$ b)



Partner country	Exports US\$ billion (2013)	CAGR % (1980 - 2013)
China	67	20%
SSA	40	11%
Rest of Asia	11	9%
Middle East and North Africa	10	9%
North America	3	7%
Europe	139	7%
US	20	5%
Latin America and the Caribbean	6	5%

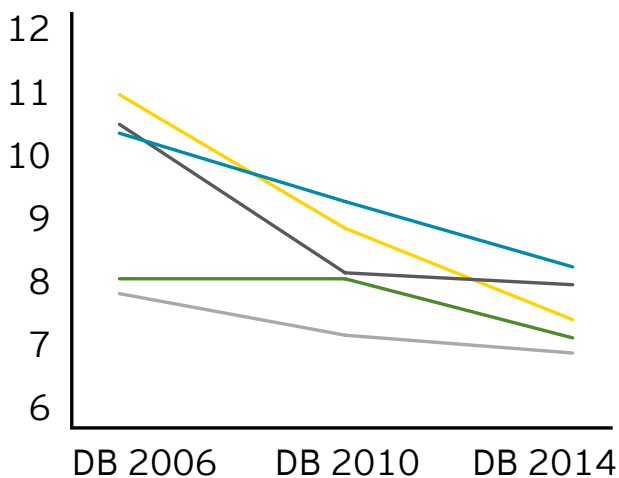
Source: Oxford Economics Database

2 | Improvement in the business environment

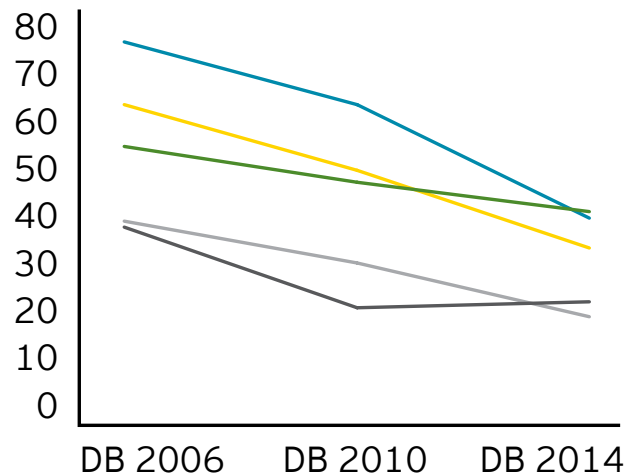
While Africa's size, diversity and fragmented economies make it an inherently complex place to do business, conditions have significantly improved over the past decade. Using The World Bank's Doing Business research as one key indicator of trends, many African economies have made substantial progress. Focusing only on SSA, the World Bank's research shows that 45 out of the 46 sub-Saharan economies they track have improved their regulatory environments for doing business since 2005. In fact, among the 50 economies that have made the biggest improvements over that period, the largest share is in Africa.

Steep improvement in doing business ranking...

Starting a business (Number of procedures)



Starting a business - Time (days)



Source: World Bank, Doing business ranking

- SSA
- South Asia
- MENA
- Latin America
- East Asia and Pacific



Indicators	SSA's top ranked countries (among top 50 in 2014)
Ease of doing business	Mauritius (20), Rwanda (32)
Starting a business	Rwanda (9), Mauritius (19)
Dealing with construction permit	South Africa (26), Namibia (31)
Registering property	Rwanda (8), Botswana (41), Sudan (41)
Getting credit	Rwanda, Zambia, Kenya, Nigeria (All 13)
Protecting investors	South Africa (10), Mauritius (12)
Paying taxes	Mauritius (13), Seychelles (19)
Trading across borders	Mauritius (12)
Enforcing contracts	Cape Verde (35), Rwanda (40)
Resolving insolvency	Botswana (34)

...supported by number of reforms

Every year about 30 countries in SSA have undertaken at least one Doing Business reform

Year	2009	2010	2011	2012	2013	2014
Number of SSA countries taking at least one reform	28	29	27	36	28	31
Number of reforms	58	67	49	75	44	66
Countries in top 10	3	2	3	4	1	4
Name of countries in top 10	Senegal, Burkina Faso, Botswana	Liberia, Rwanda	Rwanda, Cape Verde, Zambia	Sao Tome, Principe, Cape Verde, Sierra Leone, Burundi	Burundi	Rwanda, Djibouti, Cote d'Ivoire, Burundi
Top SSA country rank	24	20	20	23	19	20

Source: World Bank, Doing business ranking

3 | Diversification

There is a fairly common view that Africa's growth over the past decade has been driven by natural resources. However, while they are and will continue to be an important contributor to growth, resources have contributed less than a third of Africa's growth since 2000. The rest has come from a range of other sectors, including agriculture, manufacturing, construction and, in particular, services. These growth patterns are reflected in FDI trends. Our Africa attractiveness research reveals the shift that has happened over the past decade: as a proportion of total FDI projects, natural resources has shrunk from an average of 24% from 2003-2007 to only 5% in 2013.

		2003-07		2013
Technology, media and telecommunications	14%		20%	
Retail and consumer products	12%		17%	
Financial services	12%		15%	
Business services	6%		12%	
Metals and mining	13%		2%	
Coal, oil and natural gas	11%		3%	

Share of extractive sectors in FDI projects in Africa reached an all-time low in 2013.

Source: fDI Intelligence, EY analysis



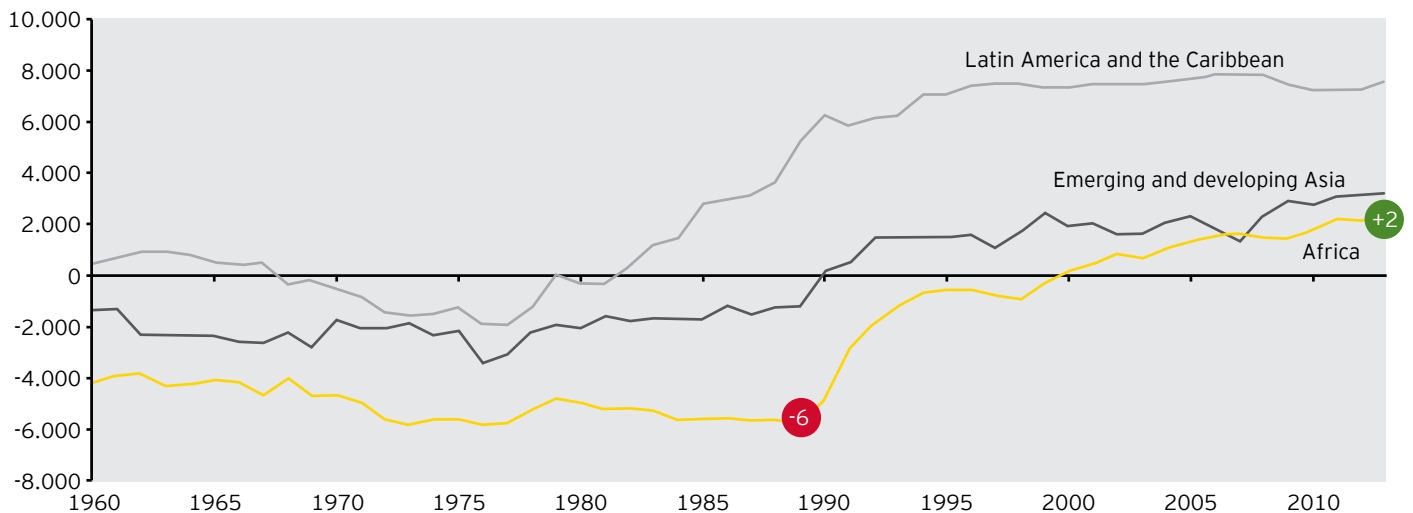
4 | Political reform

From the early days of independence in the 1960s right through the 1980s, almost every African country was ruled by some form of dictator. However, the democratic elections in Namibia in 1989 symbolized a turning point in Africa's political development. Within months after the Berlin Wall had fallen, Nelson Mandela had been released from jail, and an era of political reform and democratization had begun.

Looking back on 25 years of slow but steady progress, Africa's political landscape has changed dramatically. Some form of regular democratic elections has increasingly become the norm across most parts of Africa. Although the process is often not perfect, and there is still a long way to go in many countries, progress is very real and substantial. To illustrate the point, between 1960 and the fall of the Berlin Wall in 1989, only five African countries held elections on any kind of regular basis, and there was only a single instance - in Mauritius - of a peaceful, democratic transfer of power. In contrast, since 1990, we have seen over 35 ruling parties or leaders changing through a democratic process - Kenya's presidential elections last year being the most high profile recent example.

Democracy has become entrenched

Africa is rapidly democratizing, with major progress noted since the 1990's



Source: Polity IV

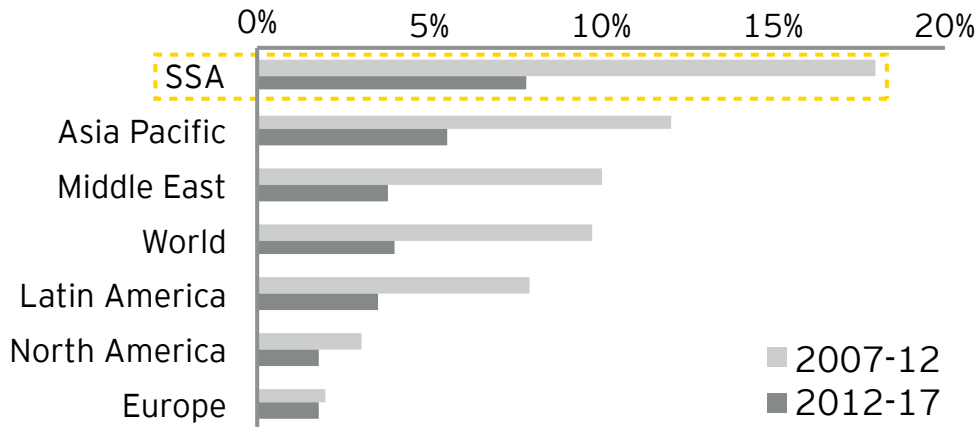
5 | Technology

Mobile technology has been an important catalyst for economic growth in Africa. Although Africa has by far the lowest fixed line penetration in the world, the exponential growth in access to mobile communication and services has allowed Africans to leapfrog legacy technologies. This leapfrog effect has transformed not only the social, but also the commercial landscape in Africa. This year, the mobile ecosystem GSMA Sub-Saharan Africa Mobile Economy 2013 will contribute approximately 7.1% to SSA's GDP, with that proportion rising to over 8% by 2020 . In comparison, that contribution in Asia-Pacific is less than 2%.

Growing mobile ecosystem in SSA

SSA witnessed the highest subscriber growth rate during 2007-12...and will continue to be the fastest growing market until 2017

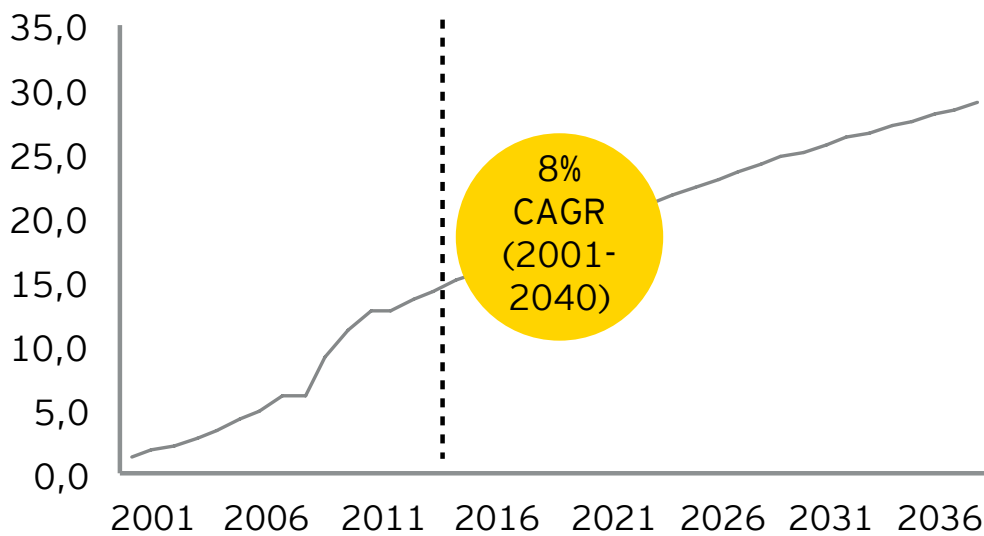
Subscriber growth rates (CAGR %)



Source: GSMA Intelligence

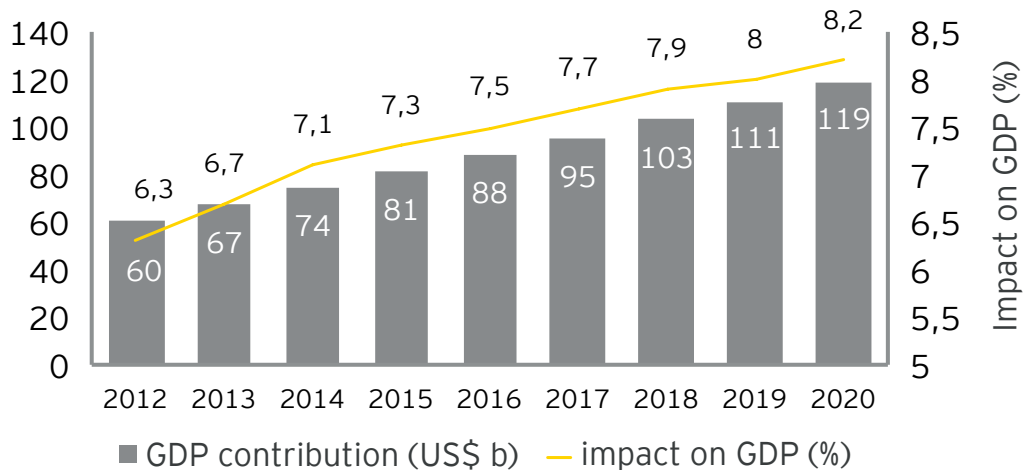


Internet users per 100 people (SSA)



Source: GSMA Intelligence

Mobile ecosystem contribution to GDP



Source: Oxford Economics Database, EY analysis

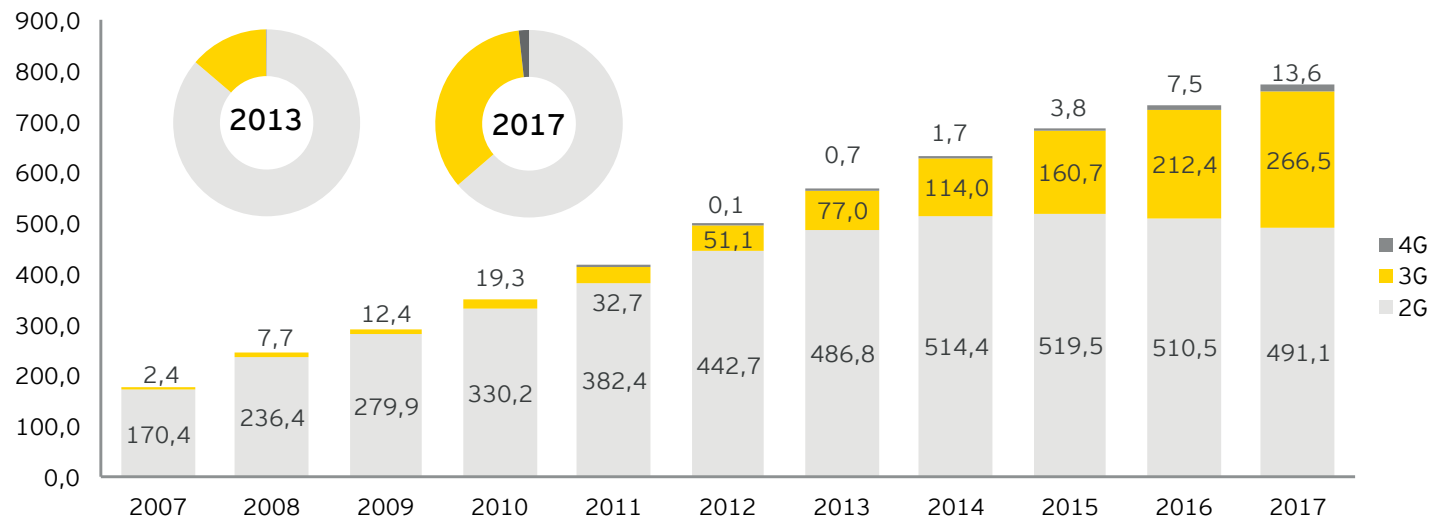
Africa's rise is real

The next wave of change is being driven by growing levels of internet access. Although internet penetration levels remain relatively low in Africa, with about 20% of Africans expected to be online by the end of 2014, that proportion has grown from only 10% in 2010 . With basic smartphones becoming more affordable (MTN, for example, recently launched a \$50 smartphone in South Africa - half the price of what is considered the affordability threshold) and growth in mobile broadband of over 40% (by far the highest in the world), access to internet-based services and technology via mobile phones is likely to explode in the coming years. This will not only open up numerous commercial opportunities, but also provide access to information and services in areas such as education, health and agriculture that could transform the lives of many millions of Africans.

...with evolving technological advances

SSA region is dominated by low cost 2G connections; however 3G and 4G penetration is expected to rise significantly by 2017

Technology mix - Number of connections (millions)



Source: GSMA Intelligence

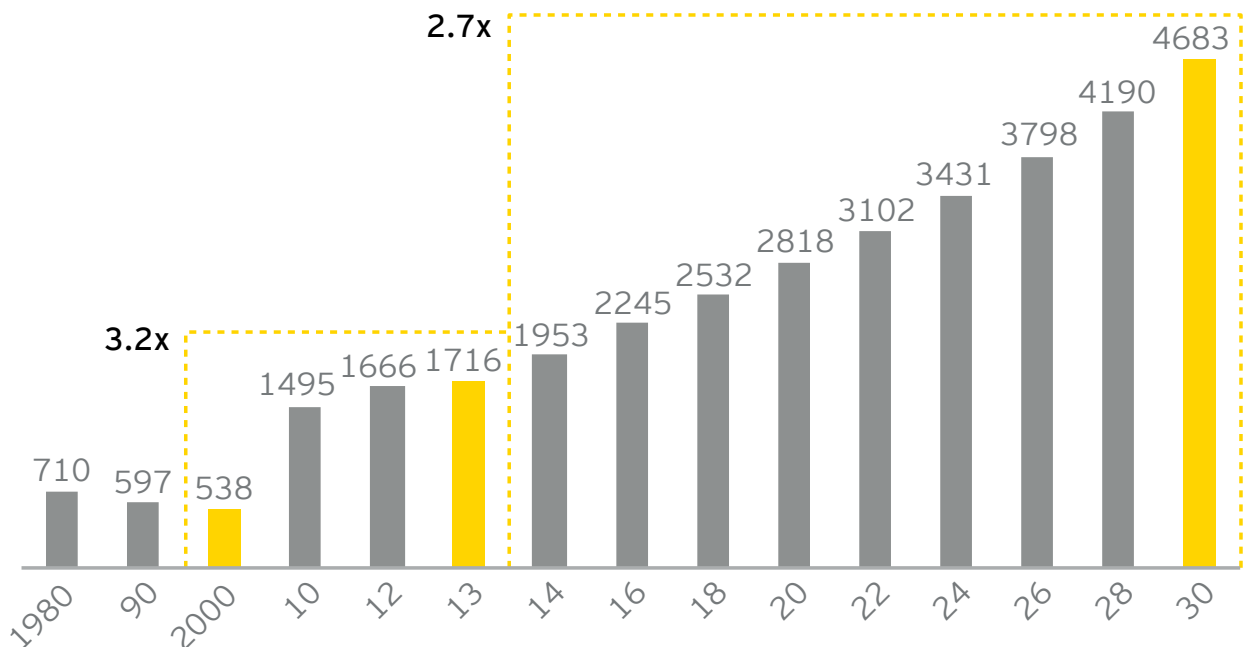


African lives are improving

Improvements in the quality of life are not only a key indicator of the ultimate impact of economic growth, but also of long-term sustainability. While there is obviously still a long way to go, the trends point to significant progress not only in raising income levels, but in areas of health, education and general welfare in many parts of Africa:

- ▶ According to The World Bank, the poverty rate in Africa has been falling by one percentage point a year since 1995. They estimate that the proportion of Africans living beneath the poverty line will have reduced from 60% in 1995 to 38% in 2015 (despite having the highest population growth rates in the world).
- ▶ At the same time, based on UNESCO data, average adult literacy rates in Africa have improved from 52% in the 1990s to almost 65% today.
- ▶ Reduction in the annual rate of child mortality is accelerating (averaging over 3% for sub-Saharan Africa since 2000, according to UNICEF data).
- ▶ An analytical study by Xavier Sala-i-Martin and Maxim Pinkovskiy backs up the view that the quality of life in Africa is steadily improving. In their paper, African Poverty is Falling ... Much Faster than You Think! they reveal that there has been a sharp and widespread reduction in poverty and income inequality in Africa since 1995.

GDP per capita , nominal (US\$)

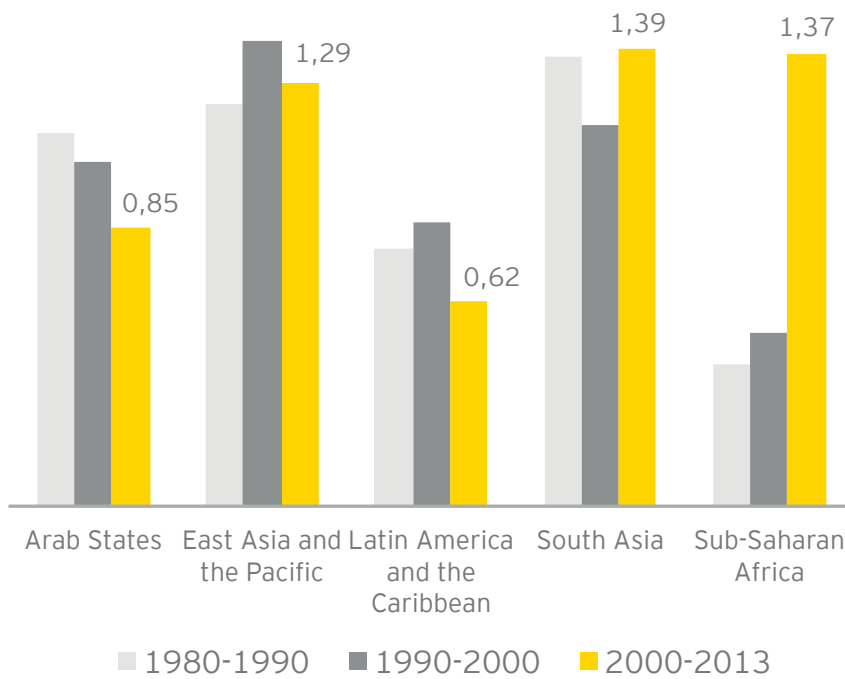


Source: World Bank, forecast from Oxford Economics Database

Steady progress in human development indicators

SSA ranks lowest on the HDI index...however, has witnessed the largest improvement in over the years

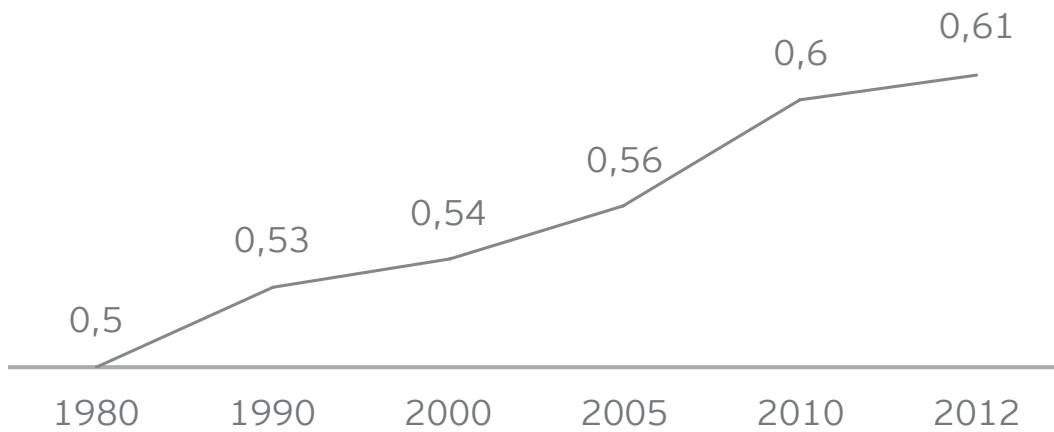
HDI improvement in ranking (growth rate)



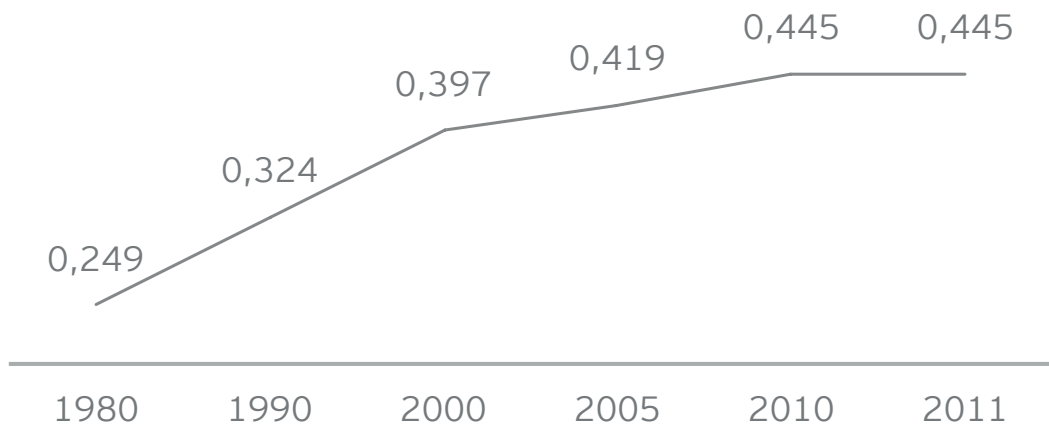
Source: Oxford Economics Database, EY analysis



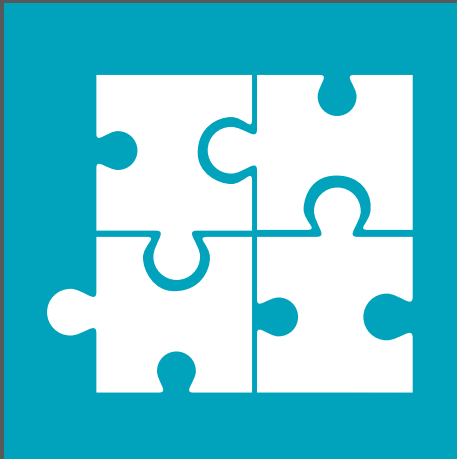
Rising Health index (0= worst, 1= best)



Rising Education index (0= worst, 1= best)



Source: United Nations Development Programme, HDI ranking growth rate for changes in HDI ranking



Chapter 2

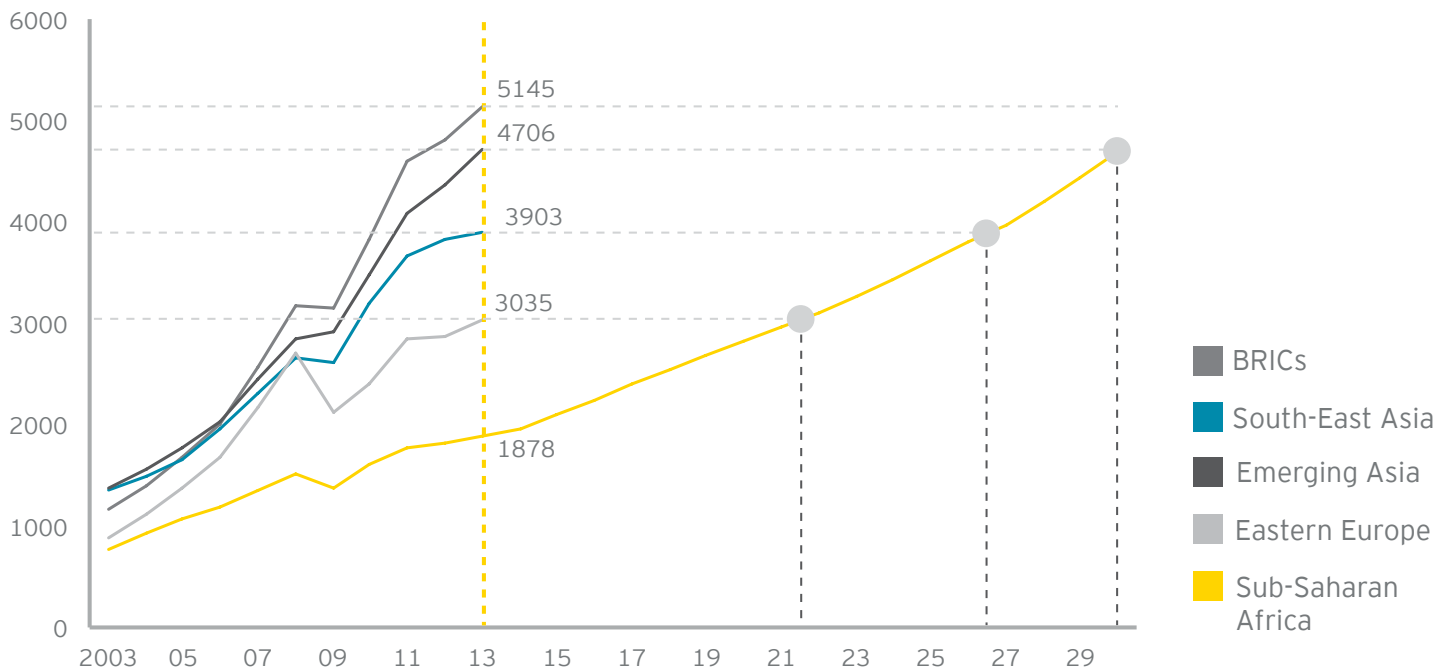
Realizing the possibilities



Let's celebrate ... and then move on

There is therefore good reason to pause and celebrate the progress of a region that was dismissed at the beginning of the 2000s as "the hopeless continent." That said, it is important, too, that we do not get caught up in a latter-day 'gold rush' mentality. Most African countries still have a long way to go to emulate Asia's sustained growth path. In many respects, Africa is perhaps today at a point where many of the east Asian economies were in the 1970s, and the likes of India, Mexico and Turkey were in the 1980s.

By 2030, in terms of per capita income, SSA will reach the level where Emerging Asia is today



Source: United Nations Development Programme, HDI ranking growth rate for changes in HDI ranking

There is no doubt that, with an increasingly solid foundation of economic, political and social reform, together with resilient growth rates, Africa has the potential to emulate Asia's remarkable growth story. If we look forward, at currently forecasted economic growth rates, the Nigerian economy may well be 1 of the world's 20 largest within the next decade. Despite lower growth rates, the South African economy will still likely double in size by 2024. In today's terms, this would position both SA and Nigeria among the top 20 largest economies in the world, of a similar size to the economies of Turkey and the Netherlands, and larger than the majority of European economies. The forecasted size of Egypt's economy by 2024 would also make it one of the 25 largest economies in the world today (on a par with Sweden and Norway), and the Angolan economy is set to almost triple in size to about the equivalent of

Colombia or the UAE today (and larger than Denmark, Malaysia or Chile). A number of other economies across the continent - including Kenya, Ghana, Tanzania, Zambia, Mozambique, Ethiopia, and so on - are also forecast to experience strong economic growth.

However, no right-minded person is suggesting that Africa has been transformed into an economic powerhouse in the space of a few short years. As we look forward towards 2030, nothing is guaranteed. There are still many challenges ahead, not least of which is a robust structural transformation - required across many economies - that will not only lessen dependency on commodities, but also expand the private sector, increase productivity levels and, most of all, create jobs.

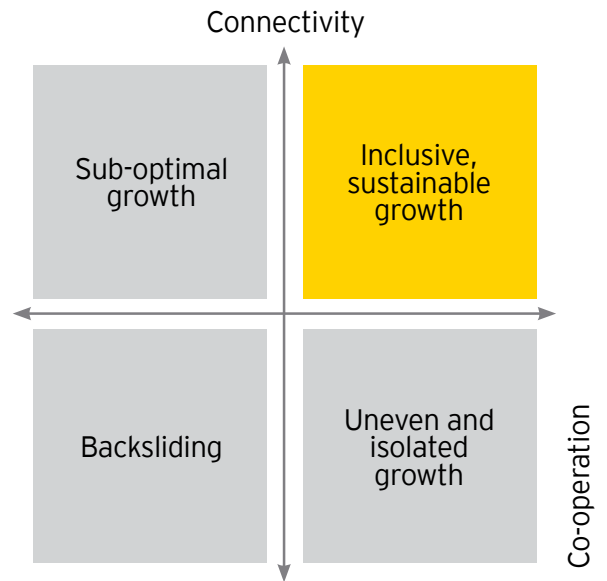
Looking forward: Towards inclusive, sustainable growth

Looking forward over the next decade and beyond, EY's scenario analysis suggests that a success story for Africa will be one that leads us on an inclusive, sustainable growth path; one in which economic growth remains robust, but with a far greater emphasis on enterprise development, job creation and human welfare.

While Africa's economic growth has been impressive, poverty and inequality remain intractable realities. With the fastest growing population in the world, we face a real challenge to create the jobs and economic opportunities that will lift ever greater numbers of Africans out of poverty. As the number of active economic citizens increase, so too will the resilience of Africa's economies, with an emerging consumer class and domestic demand being a key driver of sustainable growth.

The flip side, of course, is a scenario in which the economic success we have experienced over the past 15 years fails to translate into fundamentally improved lives for most Africans, and inequality levels continue to widen. This scenario is likely to lead to political and social instability, and may well result in a situation in which African economies begin to stagnate or even backslide.

Based on our analysis, the twin key drivers of Africa's success story will be our ability to connect and integrate markets across the continent, and the (related) co-operation between the public and private sector, especially to encourage and harness inclusive growth, and to create the social, market and political conditions and institutions which will capture the potential demographic dividend.



With this combination of high levels of connectivity and private-public collaboration, we will start to see a sequence of key 'building blocks' that will lead to Africa's success story of inclusive, sustainable growth.

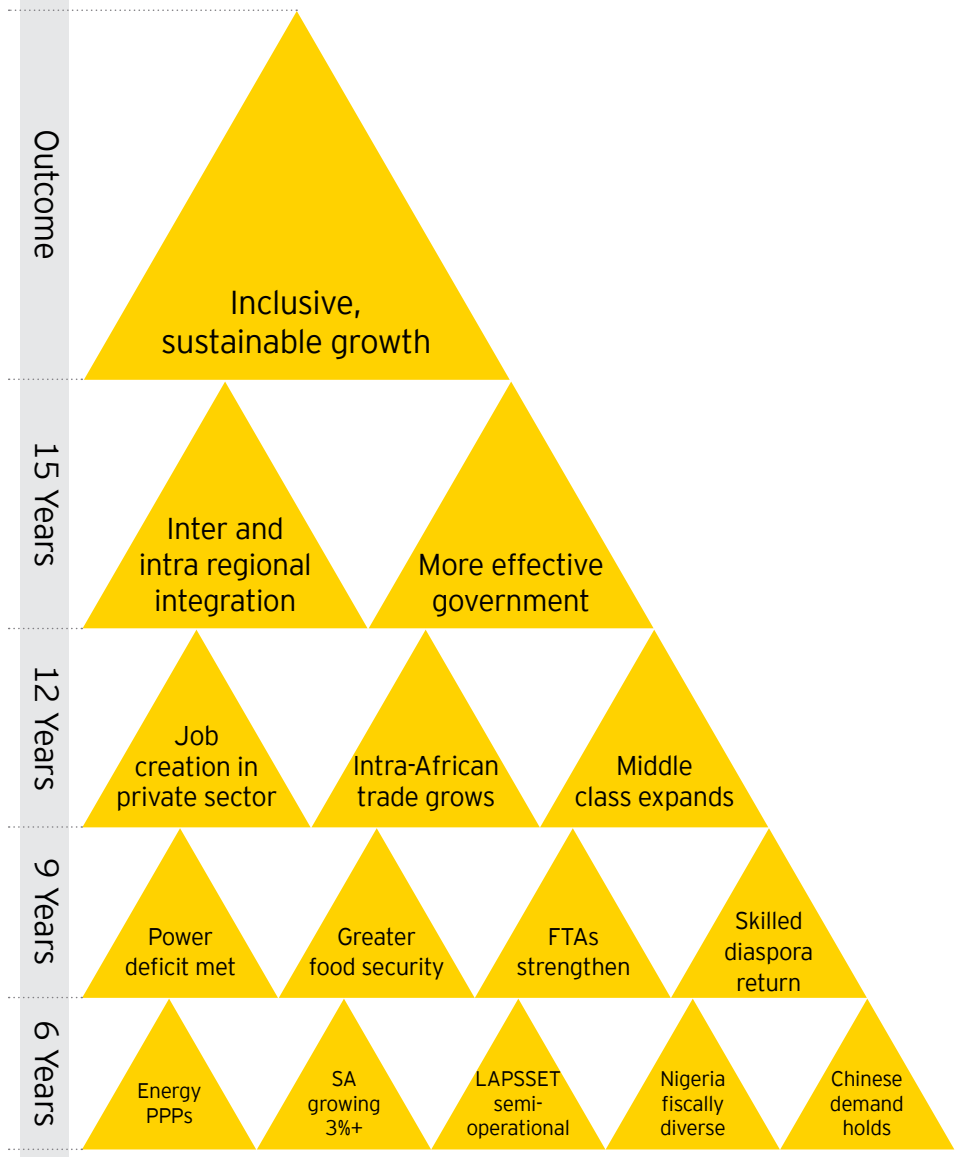
In the shorter term, the gains we will see will be exemplified by Nigeria's ongoing fiscal diversification, South Africa's return to reasonable growth levels and the proliferation of effective public-private partnerships (PPPs), notably in the energy sector. An improving global economy and ongoing Chinese demand for Africa's resources sets the foundation for more positive developments in the medium-term.



These positive developments will include the strengthening of regional free trade agreements (FTAs), led by the implementation of the Tripartite FTA, comprising 26 African countries, stretching from South Africa to Egypt, with a combined population of approximately 600 million people. Improved trade relationships combined with new technologies will boost productivity in the agricultural sector, bolstering food security and creating new jobs. Private-public co-operation in the energy sector will reduce the power deficit, lowering costs and driving the growth in manufacturing that will enable structural transformation and sustainable job creation. Africa's rising economies together with well-planned government incentive schemes draw back ever greater numbers of skilled diaspora, who see more promise in their home markets than in more stagnant developed markets.

In the longer term, these factors combine to stimulate the private sector, resulting in job creation, growing domestic economic opportunities and a higher tax base. Intra-African trade continues to expand, together with a burgeoning middle class that produces a multiplier effect across African economies via domestic demand driven growth. These factors will, in turn, enable greater levels of regional integration and more effective government, and underpin and sustain Africa's success story.

Timeline



The EY point of view: 5 priorities for inclusive, sustainable growth

It is clear that the potential exists for us to be part of an African future that would have been virtually unimaginable a generation ago. The reality though is that the best case future for Africa is neither inevitable nor will it happen without active participation and commitment from multiple stakeholders. As a large, global multi-national, strongly committed to Africa, we are particularly focused on the role and responsibility of business in helping to realise the possibilities for inclusive, sustainable growth on the continent.

Besides investing in our own growth in Africa, part of our commitment has been to leverage our brand and global reach to promote the African investment agenda. Since we began our flagship Africa attractiveness programme in 2010, we have been among those at the forefront of highlighting the African growth narrative. Since 2012, we have also convened the Strategic Growth Forum Africa, a platform for dialogue and collaboration among business and government leaders. Its focus is exclusively on Africa: on the strategic growth opportunities that the continent offers and the challenges that need to be addressed to realise these opportunities.

Over this period, the key focus areas for us have been to more fully articulate the African 'growth story' - moving beneath the sometimes sensationalized headlines to help provide fact-based substance - as well as to address key challenges that companies have faced as they execute their growth strategies in Africa. While these focus areas remain important, our own experience is that an increasing number of people 'get' that the African growth opportunity is difficult to ignore. And, while doing business in Africa remains complex and challenging, there is a critical mass of companies that are getting it right.

We therefore feel the time is right for us to shift our own focus towards the future of Africa: what it will take to achieve the success story of inclusive, sustainable growth, and what the responsibilities are of leaders in private, public and social sectors in realising Africa's possibilities. There are many challenges and opportunities that we could focus on in terms of keeping our economies on the path towards inclusive, sustainable growth. However, it is important that we make some choices. In this context, we are promoting 5 priorities for action that we believe will be most critical to a successful African future.





1. Embracing shared value:

The central premise behind creating shared value is that the competitiveness of a company and the health of the communities and economy around it are mutually dependent. It is a fundamental business philosophy that recognizes that profit AND purpose can co-exist and be mutually reinforcing. For EY, a philosophy of shared value is underpinned by core purpose as an organization - building a better working world - a working world with increased trust and confidence in business and capital markets, the development of talent in all its forms, greater collaboration across private, public and social sectors, and inclusive, sustainable growth at its heart; a purpose that is more relevant in the African context than ever before.

2. Promoting partnerships:

The relationship between government and business across many parts of the continent is not always as engaging and productive as it could and should be. Too often business is viewed as part of the problem. In contrast, government and business, both local and international, need to become partners both in embracing a philosophy of shared value and driving a common agenda of inclusive, sustainable growth. Partnership, co-operation and collaboration across the private, public and social sectors could be a powerful force for transformative change and growth.

3. Fostering entrepreneurship:

Entrepreneurs provide one of the main engines of growth in any healthy economy. They act as vital agents of change by developing new products and services, implementing more efficient production methods, and creating new business models and industries. Perhaps most importantly, small and medium sized enterprises (SMEs) will be the main drivers of the job creation required to realize inclusive, sustainable growth. For organizations genuinely committed to shared value and collaborative partnerships, the promotion of local content and enterprise development should clearly be a key business priority.

4. Accelerating regional integration:

With the shifting dynamics in the global economy, we believe that Africans have a unique opportunity to break the structural constraints that have long marginalized the continent. This will, however, only be achieved by driving greater regional coherence from the current patchwork quilt of 54 sovereign states. Regional integration and stronger regional institutions (such as the African Union and Regional Economic Communities) are key to promoting greater levels of regional investment and trade, because it will make it much easier and more efficient to conduct cross-border business, and will create markets with greater critical mass, coherence and density of economic activity.

5. Bridging the infrastructure gap:

Ultimately, though, regional integration will be enabled by sufficient investment in infrastructure; road networks, electricity access, telecommunications, and trade infrastructure (such as ports, highway corridors and railroads) will physically connect markets, reduce the cost of delivered goods, facilitate the mobility of people and products, remove productivity constraints, and enhance the overall competitiveness of the region.



Seize the opportunity

In the years since the end of the Cold War and apartheid, Africa has made remarkable progress. With an increasingly solid foundation of economic, political and social reform, together with resilient growth rates, the continent as a whole is on track to sustain its upward trajectory. Despite the fact that there will undoubtedly be bumps in the road, there is a strong probability that a number of these economies will follow the same developmental paths that some of the Asian economies, as well as economies such as Mexico and Turkey, have over the past 30 years.

However, the success scenario for Africa is certainly neither clear cut nor guaranteed. What is clear, however, is that we, Africans and those with a passion for Africa, are presented with a wonderful opportunity to work together to make a genuine difference in our lifetime. This is the time and place for Africa's future; it is our generation of leaders that can make it happen.



Chapter 3

Africa 2030: Points of view

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Do the reports on 'Africa rising' really reflect reality?

Gareth Ackerman

Gareth Ackerman is the Chair of Pick 'n Pay, a leading South African retailer with operations in six other Southern African countries.

I am very positive about Africa. However, I am also sceptical about the various reports being produced that market the 'Africa rising' narrative. I am yet to be convinced that what is being marketed is true.

There is no doubt that major opportunities are emerging in many parts of Africa. For a retail business like Pick 'n Pay, the growth of a middle class that can afford to shop in stores is one example of an exciting opportunity. However, I am also concerned that many of these opportunities are being exaggerated, and that the real challenges that remain are being glossed over. This is not because I am sceptical about Africa's growth potential, but rather because there are practical, social and political challenges that need to be addressed if we are to realise that potential.

Two Serious Challenges

Probably two of the most serious of these challenges relate to over population and environmental sustainability.

While Africa's young and growing population certainly represents an opportunity from a consumer perspective, it also represents a threat to stability and sustainability. Already, we are seeing the devastation and disappearance of natural habitats across the continent. As pressures to grow economies and feed more people continue to mount, there is a strong possibility that population pressures will lead to natural resources being destroyed for future generations.

Speaking more specifically to business-related challenges, probably the most significant issue for us is logistics and the difficulty experienced in moving goods and people across borders. Regional integration is a fine concept, but our experience is that barriers are put up despite regional trade agreements. It is not only trade barriers that are the problem; it is the entire system of customs, border control, logistics infrastructure, and related activities. Roads are being built, but often on the cheap, bureaucracy at borders remains a nightmare, and there seems to be very little genuine effort to improve things at ground level. It takes between five and six days to transport goods via road from Johannesburg to Lusaka; a trip that should take two days at most. Logistics to other African cities via sea can be even worse, with goods routinely being held in port for months. The situation seems to be worsening, rather than improving.



Emergence of New Leaders

What does make me positive that key challenges like these can be addressed, is the emergence of a new generation of leaders. As the next generation of leadership starts to take shape, I am hopeful that the more traditional hierarchical and patronage-driven model will begin to disappear. In the future we are going to see far more diverse, dynamic, and polyglot communities that will break down these barriers to progress. The process of urbanisation is already breaking down old-style political structures and traditional ways of thinking. I suspect that the rise of new technologies will accelerate this process; cheap smartphones and broadband will be crucial to this.

It will also be vital though that the next generation of African leaders are visionaries who have the courage to adopt a long-term perspective. The danger, and one of the risks of deepening democracies, is that Africa's sustainable future is traded off against political and short-term expediency. This will require, for example, significant investment in infrastructure; converting the abundant wealth that sits underground into above-ground wealth. The upgrading of cities, given the pressures of population growth and urbanisation, is going to be particularly important. Luanda provides an example of a city that seems to be getting this right by taking a portion of the oil wealth and using it to substantially upgrade the city's infrastructure. Currently though, Luanda seems to be the exception rather than the rule.

Recolonisation a Real Threat

Whatever the opportunities and challenges, one issue we are all going to have to seriously consider is how we avoid a recolonisation of Africa by the likes of China, the USA, and even South Africa. We need to ensure that value creation is shared fairly, that foreign investors make a positive and sustainable socio-economic impact, and that profits are not simply stripped and repatriated from African countries, as has so often been the case in the past.

In our business, the implementation of global supply chains and pricing and intensifying competition can make retaining income in-country very difficult to get right. As global supply chains become more efficient, local suppliers can often get squeezed out.

We are very pragmatic about the value we can create in the markets in which we operate. Besides providing consumers with good products at good prices in a pleasant and safe shopping environment, we create new jobs, and push hard to purchase as much as possible from local sources and suppliers located near our facilities, rather than ship product from our central distribution centre in Johannesburg. Ultimately, creating jobs and economic opportunities systematically, literally 'one-by-one', is probably the most positive impact that organisations like ours can have on local economies.

Imagining an African utopia

Tutu Agyare

Tutu Agyare is Managing Partner of Nubuke Investments and serves as an Independent Director on the board of Tullow Oil. Nubuke Investment is an investment management firm focused solely on African markets.

My successful and Utopic African country of 2030 is one where a 'slightly' autocratic dictator is serving a single six-year term, rather than the usual maximum of two four-year terms - as prescribed by others. Her longer singular time frame allows her enough time to be elected, figure out what she has 'inherited', and devise the first six-year phase of a twenty four-year plan - the '2054 bi-partisan National Development Programme'.

The most important thing about this plan is that is home-grown. We Africans seem to be the only race which expects others to come into our world, build and design our long-term plans and structures, fund them and then execute them. This African Utopia I envisage has turned all that on its head. It has hired the best and brightest within and beyond its borders and then designed a Development Plan that it believes is best for the country and its people.

The 2054 Programme takes into account all the human, natural resources and proximity assets that the country possesses. By proximity, I refer to the hard assets such as natural resources, and the softer assets such as the available 'human capital' that give the country a competitive advantage over those that surround it. Region-wide Economic Zones are crucial to exploiting this advantage.

The development programme, which also has a rigid public and transparent review process, which clearly measures stated targets and deliverables, ensures accountability and adherence to benchmarked international standards of transparency.

Technology and social inclusion form the backbone of the country's development. Financial inclusion across urban and rural areas is key factor in the nation's success, whilst, rural broadband and internet solutions broadcast from drones or high altitude balloons ensure universal access to everyone.

Crucial to this universal access to the ethernet is a biometric-based ID card which doubles as an electronic payment card linked to a mobile phone. This, coupled with a GPS-based address, forms the basis of all national interactions.

This national ID card also serves as a voters' registration card, national health card and is linked to driver's licences, passport, tax number and workplace ID.

This interaction of various databases has created a wealth of opportunity for both the government and the private sector, which uses the advantages it offers to deliver targeted and useful services to citizens and also significantly streamlines businesses.

Electronic distribution of services has cut the use of physical cash and the government payroll in half. It has also altered the ratio between the formal sector and the informal sector from 1:1 to 4:1 as a percentage of GDP, because it is now considerably more expensive to be excluded than included.

Clearing personal goods at ports of entry is a painless, bribe free, paperless experience. Tax returns are filed online, with minimum human interaction, reduced the cost of collection and the embedded security features that makes it impossible to interfere with the process.

With GPS-based address systems, the local council is up-to-date with its collection of buildings rates and half way through implementing its urban plan to delivers clean and well serviced roads, scheduled refuse collection, and street lights to neighbourhoods.

The provision of free basic health care is in full swing with a greater emphasis being laid on the delivery of primary and preventative healthcare solutions.

All births and deaths are recorded electronically as soon as they happen. No more prepayment is required for services at the point of delivery.

Technology also allows for remote medical diagnosis and early intervention treatments. The previous nine-month delay in the diagnosis and treatment of cancer is a thing of the past. There is also a formal system for identifying local medicinal remedies cures and commercialising them with the appropriate patenting and payment systems in place.

The local research institute has announced a cure to the tsetse fly plague, so we can now rear cattle and provide alternative sources of protein in West Africa. The research institution's sister organisation has just completed cataloguing most of the natural herbs used in medicines and is receiving royalties from those multi-national companies who previously used to develop drugs from them without generating income from those who originally identified their potential.



Children have access to a redesigned educational system that does not simply funnel students into a small number of elite universities, but is rather geared towards providing functional and artisanal literacy for most, especially in the fields of agriculture, health care, carpentry, welding and other manufacturing skills.

It has also reversed the inconsistent graduate student output ratio of 'Arts to Agriculture' from 10:1 to 1:10. This has been achieved by creating multi-disciplinary technical colleges and polytechnics. State-sponsored distance learning and MOOCs (Massive Open Online Courses) for artisans are also widely available - a departure from the inherited colonial system of previous years, and a system that is far better suited to the nation's needs.

The government has women in about half of all positions, and there is proportionate representation now at all levels of Government.

The local content policy is bearing fruit, with more than half the service contracts in the extractives industries and new concessions being awarded to majority-owned consortia. The result is a new wave of wealthy entrepreneurs who have succeeded in creating major new job opportunities across the spectrum of employment.

Having built up expertise levels over the years, these local companies are now identifying export opportunities for their products and services.

The local content policy now matches the 'country's unique selling proposition'. The notion of not just exporting our raw materials but rather beneficiating them and creating value-added products has been challenged.

Lateral thinking by local companies has developed a vibrant local light manufacturing industry and assembly industry. This has provided skilled employment opportunities for locals, and the country is now an exporter of finished goods and services to the region - rather than to global markets. Backing this flow of goods and services are effective regional legislative structure and controls that are tax efficient and promote the free movement of goods and services.

Seventy percent of goods and services are provided by majority, locally-owned companies and less than fifty percent of commodities are exported in their original, raw state.

Operation Feed Yourself has gone incredibly well and has set the African benchmark for food self-sufficiency. The import bill for basic foodstuffs has halved and with the improved energy situation half the goods leaving the country are finished rather than raw products. Over fifty percent of available arable land is under irrigation and food poverty no longer exists, as the network of silos and the farm credit system is working perfectly.

The country is an integral part of the regional economic zone with the ease of transport of goods and services that it deserves. Freedom of movement is guaranteed and there is no double taxation, while access to larger markets promotes the sale of goods.

Energy is the bedrock of the development programme, complimenting the technology and human capital revolution. The execution of this part of the programme has been the crucial driver in moving the country forward. The secure power supply, coupled with fair prices access has promoted consistent growth in the field of value-added services for some time.

The country now has a Ministry for the Diaspora, which represents the interests of its largest donor groups.

This replaces the disproportionate influence of the donor agencies and DFI's who contribute much less to the economy. The ministry has now become one of the most important in the country, linking the highly trained, less risk averse and more long-term diaspora with the needs of the country. It also leverages opportunities for them to be honest brokers who help review contracts with international entities, while providing the additional intellectual capital needed to help deliver the long-term development plan.

It is easy to dream of what could be. But, sometimes dreams can become aspirations. There are a few countries that can deliver on some, most or even all of these aspirations.

Media in Africa - a vision for 2030

Omar Ben Yedder and Amadou Mahtar Ba

Omar Ben Yedder is Group Publisher for IC Publications, a leading source of analysis and debate on African political and economic issues, whose publications include African Business, African Banker and New African.

Amadou Mahtar Ba is on the Advisory Board of IC Publications, is the former CEO of the African Media Initiative (AMI), a pan-African effort aimed at strengthening the media sector in Africa, and is co-founder and Chair of AllAfrica Global Media.

Analysts would probably chuckle at the thought of a media owner looking too far ahead, considering what has happened to the media industry these past two decades. The demise of the media has been well documented over this time, with journalists and newspaper publishers in the West lamenting the passing of the 'golden age' of journalism.

But we couldn't be more optimistic about the media landscape in Africa because we are convinced it still has so much to offer. This may be through sheer naivety or blind hope and optimism.

Admittedly, our outlook has changed considerably over the past three years and is likely to evolve even more over time. But if anything, there are more opportunities today than there were three years ago. Travelling across the continent, we have been hugely encouraged by the pace at which the media space is evolving and by interesting innovation across TV, radio, print and online. These are indeed exciting times in Africa and the media industry is ripe for transformational change. As witnessed in many places and several industries, with change come great opportunities.

For many years journalism and the African media industry as a whole have been regularly criticised by many actors, sometimes justifiably. As Rwanda commemorates 20 years since the 1994 genocide, it is important to remember that media did play a major role in this human tragedy. Likewise in the Kenyan post elections violence of 2007-2008, in the Côte d'Ivoire crisis and most recently in Central African Republic.

To be fair, media has also tried to play its watchdog role in many countries around the continent and as a result, journalists have paid the ultimate price while their killers remain free.

Without doubt, we have witnessed some progress on press freedom and freedom of expression as more countries embrace democratic principles. This progress will continue in the years ahead even as we observe some push back from unfriendly governments from time to time. The road to press freedom and freedom of expression will be a long one filled with disappointments.

This past year alone has seen some surprising developments; regressive media laws in Kenya and South Africa - two nations considered to be among the most democratic ones in Africa - shocking rulings in Egypt to name a few countries. But if anything, this is because the media is increasing in importance and influence. However, to remain relevant, media professionals will have to adapt to a changing landscape and the tectonic shifts in how news and information as well as other media services are collected, produced, distributed and consumed. The advent of cheaper and sophisticated technology, a growing middle class thirsty for knowledge and for entertainment, as well as a critical mass of businesses aiming to reach out to wealthier consumers are all part of key ingredients to a thriving media industry.

Besides draconian media laws, a number of reasons can explain why the African media landscape has not yet fulfilled its promise. Amongst these reasons are inability to access capital, a low degree of technological adaptation, lack of capacity and poor ethics and leadership in the industry.

Financially, the media has not been able to sustain itself through the traditional subscription and advertising model. Consequently, it relied too often on rich benefactors or the state, thus compromising its independence. Furthermore government pressure and crippling laws made it difficult for journalists and media owners to adequately do their jobs. Over the years, this has meant that the media industry has been unable to attract the best talent. Possible recruits often felt it safer and more financially rewarding to use their skills elsewhere. Lack of talent and poor distribution channels reduced the size of audiences.

Hope is on the horizon! As cheaper technology is making both content creation and distribution easier, African media houses are starting to operate nationally, sometimes continentally and globally. Technology is allowing them to reach a wider audience within their borders and beyond; but also to tailor offerings to the needs of the different market segments from farmers to business leaders, government officials or sports fans and other aficionados.



Consolidation in the industry, as well as the erosion of some established brands alongside the emergence of others, is to be expected. For years, we have heard at many international gatherings, the 'need' for an 'African CNN or Al Jazeera. Millions of dollars are being spent by entrepreneurs seeking to launch Africa's TV news channel. Too often, unfortunately, this is undertaken without an understanding of the structure and needs of a 24-hour news channel.

There are no official numbers available, but Al Jazeera is arguably at least a US \$500 million a year institution, with about 40% of its funding coming from the Qatari State. The Chinese broadcaster CCTV is investing US \$ 2 billion over the next five years in Africa, opening up local bureaux and building up a network of journalists as well as technical professionals, the majority of them African, to run their local operations.

This bodes well for the industry and it is almost certain that African media houses will learn to cooperate, in every sense of the word, so the establishment of a number of professional, pan-African media outfits of global importance and global reach can be achieved. Surely, a dominant pan-African media powerhouse will also have its place in the years ahead. Most likely, it will be very different from the models we have known so far.

By 2030, the African media landscape will be stronger financially with greater quality and higher ethical standards demanded by more educated and wealthier audiences. To survive and remain relevant, media houses will have to do a greater job in holding to account society at large, including political powers and business or other interest groups. Journalists and media owners will have no other choice, as they themselves will be held to account by more demanding audiences.

Already, institutions such as the African Media Initiative are working hard to create an ecosystem to strengthen the media industry across many areas including ethics, capacity building, self-regulation, access to capital, technology adaptation, and creating stronger industry networks to help share experiences and deliver viable financial models. The road is still long but the organization has already made some significant contributions during its short existence.

In Tunisia, we have witnessed how, three years on, the most prized asset of the revolution remains freedom of speech. However much authorities try to restrain it, freedom of speech will prevail and the wall of fear will slowly, but surely, begin to crumble across Africa. When it came to the media, the Ben Ali regime was one of the most repressive regimes imaginable. Today, the industry has flourished and the landscape is unrecognisable to what it was four years ago.

It is not easy to predict with any degree of accuracy how things will evolve in the African media landscape and it is arguably not a useful or even a practical exercise.

What we can say with confidence, however, is that the media will play a greater and more positive role in our societies, in shaping the African narrative locally and globally, in taking our leaders to task, in helping to inform, educate and spread the message to a wider audience.

The breadth and depth of our content will be wider, but the core fundamentals of a proper media house will be as important in 20 years as they are today. The art of curating and editing will distinguish the great from the average. Fact checking, accuracy and credibility will be increasingly important in an era where there is so much information and misinformation. The art of narrating, packaging and presenting will only gain in importance. As the world of media gets more democratic, and the African media space gets more competitive, the media houses that survive will be those that are objective and inclusive, rather than partial and divisive.

The size of the media industry will also increase as more marketing and advertising revenues are directed its way. A discerning customer will go to the most professional media outfits. We are only really starting to see the emergence of a plural and quality media industry, with the best still to come.

Inevitably we shall see some deep structural changes to our industry. The golden age of African media is clearly ahead of us, and we are confident that our heyday will arrive well before 2030, by which time our media will be recognised and respected not only at home but globally.

Driving Consumer Engagement in Africa

Derek Bouwer

Derek Bouwer is the Group CEO of TBWA Africa, one of the world's leading marketing and advertising agencies.

The figures are well known and the sentiment even more so – Africa is enjoying significant growth of the middle class; GDP growth exceeds population growth, so access to disposable income is on the rise and this is expected to grow even further as we edge towards a working-age population of close to 1.3 billion people by 2050. We also have a significant skew to youth, with close to two-thirds of Africa's population being 25 and younger.

With this, the awareness and desire for branded goods is growing. Consumer goods companies all want a piece of the action, but the African consumer is both well-informed and extremely selective. Selecting the right brands and products to take to market and establishing the best way for their brands to engage with consumers will be critical to the long-term success of these consumer goods companies.

Our experience has shown us that there are four key considerations that brands and brand owners will need to take into account in the future if they are to successfully drive consumer engagement in Africa:

1. Keeping the promise

If a brand is a promise, brand owners need to ensure that they can deliver on that promise and provide their customers with a consistent experience. This relates as much to how customers experience the product as it relates to how customers experience the brand and the brand owners. Features and benefits are table-stakes. Customers expect brand owners to deliver the right product at the right price but, equally, customers expect the brand and the brand owner to behave in a familiar way – to do what they say and to say what they do. Consistently.

Whether it is delivering a particular level of quality at a particular price-point or whether it is the language that you use (both visual and verbal), consistency builds familiarity, familiarity builds trust and trust builds brands.

2. A purposeful brand

However, in today's world, just keeping the promise is not enough. Customers today want to know that a brand and its owner serve a purpose higher than profit. Why are you doing what are you doing, and why does it matter? The Edelman goodpurpose® 2012 survey reports that consumers in emerging markets respond considerably more favourably to purposeful brands than do their counterparts in developed markets.

That much better if it is a purpose that they, as consumers, can identify with.

In their 2013 white paper "Doing Business on Purpose: how meaning will transform your business" (www.ywood.co.za/thinking/papers-and-downloads/doing-business-on-purpose.aspx), Yellowwood offered their advice on how to get purpose right. They identified four key actions to be taken in determining, articulating and activating your purpose as a business:

- ▶ **Assessment:** Understand the needs, aspirations, values of your customer and establish what kind of difference you want to make in relation to these needs.
- ▶ **Alignment:** Establish where these needs intersect with, or are solved by what you do best from a business perspective and what you hold dear as an organization: your heritage, beliefs, strengths and behaviours as this will assure that you can identify a purpose statement that you can activate in an authentic and sustainable way.
- ▶ **Activation:** Execute your chosen purpose idea across the most important employee and customer touchpoints, partnerships, and communication platforms.
- ▶ **Engagement:** Listen, respond, and facilitate real interaction, experiences and relationship-building activities with stakeholders around your purpose idea.



3. Relevance

As important as Promise and Purpose may be, so is the relevance of your message. To enable the creation of a message that truly connects with the right audience, and that elicits the desired response, it is critical to understand fully

- ▶ Who your target market is
- ▶ How, where and when they use your product or service
- ▶ Where and when customers are most receptive to your message

In an increasingly complex environment, it is essential to get close to consumers. To become immersed in their lives and to have the type of conversations with them that will enable you to understand what drives them.

Armed with the insights derived out of these ongoing consumer conversations, you will be well-positioned to deliver the most relevant content to your customer in the most relevant context. Using language, visual cues and platforms that resonate with them.

Depending upon the platform that you use, you can even customize the message or the experience for individual mind-sets and common interest communities. The mobile device, whether smartphone or feature phone, has become the personal computer of Africa. Ever-present, it provides brands and brand owners with a powerful platform to engage with customers directly. But, take care - the highly personal nature of the mobile device means that you can easily alienate customers if you impose yourself on their world. Using (permission-based) sms or more complex platforms like mobile applications, brands and brand owners can serve up appropriate content that customers and potential customers are receptive to, and can to engage with at a time and place that is most relevant to them.

Other platforms remain just as important. Whether as drivers of awareness or a call to action, the right message delivered at an appropriate time in a relevant traditional medium can elicit an equally valuable response.

4. Creativity

As consumer markets in Africa grow, so does the volume of messaging to those consumers. To the point that we begin to find ourselves consumed by marketing communication clutter. In such a world, the relevance of one's message alone will not be enough to break through.

Four years ago, the UK's Institute of Practitioners in Advertising conducted a study of advertising case studies from the preceding eight years that demonstrated, objectively, that creatively recognized advertising campaigns were eleven times more effective than those that were not creatively recognized. Albeit that the findings relate to the developed market, they are as relevant to Africa as they are to the developed market. Media channels in Africa are proliferating, and African audiences have the same level of choice as to how, where and when they consume information as do their developed market counterparts.

In a world like this, a compelling story creatively told will give you the edge.

After all, Africa is a continent of storytellers. We revere good stories and storytellers. As audience, we engage with the story - we contribute and build - to something that is memorable and enduring. By tapping into this tradition of storytelling, and by leveraging on creativity to build their brand stories, brands and brand owners will be able to engage their audience and tell brand stories that gain and hold the attention of their audience. And, in so doing, shut out the clutter.

As is the case in the rest of the world, the balance of power has shifted in favour of the consumer. The more that brands and brand owners operating in Africa are able to understand consumers and engage with them around these four guiding principles, the more likely it is that those consumers will come to trust them and align with them. And, as trust and alignment becomes advocacy, so brands will be built, customers will be attracted and brand owners will be capable of achieving their desired long-term success.

Africa 2030 - Some inconvenient thoughts

Frank Braeken

Frank Braeken was formerly Unilever's Executive Vice President for Africa, and is now Chief Investment Officer of Amatheon Agri Holding, a German headquartered agribusiness and farming company developing and operating sustainable agricultural and food projects in Sub-Saharan Africa.

I cannot shake off a sense of nervousness and mild irritation, each time I listen to the gospel of Africa's enormous opportunity. Some of the irritation must come from fatigue, from hearing the same statistics and statements too often, but there is more to it. At its core, is the belief that if we do not move the debate and discussion to the 'next' level, most of the African miracle we see today will turn into a mirage. And, a lot of the blame will be on us- those who have been driving the hype but failed to deliver the content.

First of all, we continue to think and talk in half-truths and half lies. Whilst every presentation about Africa starts with the statement that it is impossible to talk about Africa in general, the next thing we do is exactly that. Let's face it, Africa is a complex topic whether one talks geography, politics, economics, culture or climate.

Talking in aggregate is easier on the audience and we can get away with more sloppiness and generic statements - not inconvenient in a situation where up-to-date data are hard, if not impossible, to find. When we all, in particular investors, went onto a massive collective learning curve about the Africa opportunity this was acceptable, but now, many years of conferences later, the quality of the discussion must move on. Let's put a halt to speeches and panels that talk about Africa, but instead drive a focus on specific countries, regions and issues. And, just as importantly let's put through the shredder all these Africa studies and reports that contain five-year-old data and basically reduce Africa to five countries, as diverse as Egypt, South Africa and Nigeria. It is time for a next round of more in-depth study and learning.

Secondly, there is the obsession with investments - but in a narrow sense.

Of course Africa's future hinges on its ability to attract foreign direct investments. Massive numbers are floating around, and increasingly these focus on the need for an investment in utilities and transport infrastructure. This focus on the big future investments has started to crowd out the one that is at least as important. Africa needs to address the issue of how it deploys and maintains what it has, and in particular its existing public and state-owned infrastructure.

We are all too aware that barely half of the current capacity is in use, that existing inefficiencies benefit rent seekers who seek to hold on to it, and that there is inadequate technical and managerial capacity to fully exploit and maintain what already exists. Just building more, will also mean wasting more. It is urgent that any discussion on infrastructure investments becomes (again) one that goes beyond the quest for capital, and includes the need for regulatory reform and overall technical and managerial capabilities.

This brings us to the topic of education and talent, or skills, in general.

In the face of ample evidence that there is an acute shortage of skills in virtually all sectors of the economy, most countries have not upgraded their educational infrastructure. Worse, in several countries, educational infrastructure has continued to deteriorate with an increasing numbers of upper and middle-class families now contracting in their children's education from overseas.



The result is a massive loss of talent : Firstly, Africa loses the bright minds who don't have access to proper education. Secondly, there are those who leave to study abroad and never return. If only African leaders (and I mean this in a wider sense, beyond politics) would take some lessons from China's success in lifting a massive number of people out of poverty. More than the influx of capital, at the core of China's success was an extreme willingness, even obsession, to attract skills and know-how, both from the Chinese diaspora as well as from other nations. Seldom have we seen a country that so readily welcomes outsiders, be it managers, academics, chefs or entrepreneurs. And in virtually all cases, local entrepreneurs did find a way to learn, copy or leverage expertise in new or bigger ways.

It is a sign of success that Africa is indeed attracting ever larger foreign investments. But, where are the calls for increased transfer of expertise through the facilitation of (re)immigration, be it across African countries or from other continents. Not only is there no facilitation, in many cases the call for 'Africa for Africans' has the perverse effect of locking Africa, and in many cases countries themselves, into their own solutions and talent pool. Often, this is actively or passively encouraged by those with an interest in maintaining the status quo or monopolising the know-how - often these include expatriates or foreigner investors who have no interest in increased competition.

To open up fully will require African communities to be confident that they can, and will, stay in control. The fear of a 'new colonisation' is not unfounded, but can be avoided with strong African leadership and, most importantly, the recognition that attracting foreign or diaspora talent is an important facet of a countries development strategy that must include strengthening its institutions.

Africa is often, glowingly, described as the continent where 'everything is possible but nothing is easy'. We must move on and make Africa into a continent where 'not everything is possible (after all, why should it be ?), but everything is easy'. This evolution requires strong regulatory frameworks to ensure that at all times, the interest of the society in general, and the weakest in particular, are paramount. This is the real protection against Africa losing control of its own destiny.

One last point. George Bush was quoted as referring to the 'soft bigotry of low expectations' when he described a fundamental issue facing inner city schools. Soft in this sense was 'well meaning'. Bigotry, because it describes the unspoken. Is there something similar at work in the debate around Africa?

I wonder why statements about Africa are so often framed in a particular way : 'For Africa, this is an excellent product'; 'In the Africa context, this is a great performance'. Or to put it like one of my African friends did: ' Why were the same football pitches in a much worse state when South Africa hosted the Africa Cup of Nations than when it hosted the World Cup ? '

Why should we not raise the standards and expectations for everything we do in, for and with Africa to ensure that we get a much better outcome than we ever hopped for?. We should adopt this attitude, even if it is only for consumers who pay too much for products that are often substandard, or for citizens who do not get their fair share of the economic success.

Rapid GDP growth the 'new normal' in sub-Saharan Africa

Business Action for Africa

Business Action for Africa is a group of companies and international development organisations, working collectively to harness the development impact of business in Africa. Business Action for Africa helps catalyze an evidence-based conversation about the role of business in Africa - that both informs and inspires positive action.

Rapid GDP growth is the new normal in sub-Saharan Africa, with those few countries still struggling with growth in low single digits, or contracting GDPs due to internal political disruptions now being the exception, rather than the rule.

This growth is being driven by factors we know well, namely the emergence of industrial powers in Asia and Latin America, continents that need Africa's natural resources. This demand for natural resources in Africa has, in turn, driven the rapid urbanisation, which has placed pressure for the system of traditional subsistence agricultural practices to adopt commercial farming to maximise the productivity of the huge tracts of land available on the continent.

A 'side effect' of the urbanisation is the expansion of an African middle class, which the African Development Bank estimates is now 300 million-strong. This burgeoning class is consuming and innovating, building and supporting businesses in retail, telecoms, real estate, construction, technology and media.

Global consumer goods companies, such as Unilever, Diageo, Coca-Cola and SABMiller, have benefited from the sharp rise in consumer spending that has resulted from Africans' rising aspirations and expectations. Local banking groups have emerged to challenge models, built up over decades, that favoured lending to governments over lending to private enterprise. Capital is therefore beginning to flow into innovative new companies.

Mobile telephony, and in particular mobile money, has begun to change the shape of African business. A new cohort of entrepreneurs has emerged, using technology to break down social and economic barriers, building Africa-centric solutions to healthcare, agriculture, retail and finance.

But tressing these domestic factors is a global change in how the continent is perceived.

Over the past decade, the African narrative has shifted, with 'Africa Rising' overtaking the older, preconceived notions of a continent locked in political turmoil and economic stagnation. Global banks, such as Standard Chartered, have pushed further into African markets, replacing the old models of 'suitcase banking' with deepening networks and locally-sourced and trained talent.

These significant strides forward have a long way yet to run, and if their current courses are maintained, will ensure that Africa in 2030 is a different world to that of 2014. However, there are other possible outcomes, as the progress is fragile, and, as yet, incomplete.

The demographic dividend has a significant downside – hundreds of millions of Africans will enter the workforce over the next decade. These young people will need to have access to productive employment, and will require the political and economic freedom to meet their aspirations. Poverty reduction has not kept pace with growth across the continent, and for every young entrepreneur who finds financing for his or her idea in the city, there are many others who remain wedded to cycles of poverty and insecurity.

Growth without inclusion is unsustainable.

In Nigeria, now the largest economy on the continent – a hydrocarbon-driven economy with fast-growing consumer markets, agriculture and manufacturing – inequality is widely acknowledged to be fuelling the civil conflict in the north-east which burst into the public consciousness in April, when more than 200 girls were kidnapped by the Islamist group Boko Haram.

The tragedy of the Ebola outbreak in West Africa has demonstrated that for all of the progress in that region, healthcare systems are still brittle. Droughts in the Horn of Africa have led to hunger, even in countries developing as fast as Kenya.

The runaway urbanisation, which is so often used to illustrate the growth potential of African markets, is marked by overstretched infrastructure and by rising populations in informal settlements.

These are not impossible problems to overcome, but they require more than simple positivity – they require strategic thinking and long-term solutions. They require financing, expertise and commitment from the public sector, but also from the private sector. They require more than just business as usual, but new, innovative approaches to development challenges that can be taken to scale.

The good news is that many companies, from multi-nationals down to startups, are awake to their moral and commercial imperative to participate fully in the growth of the societies that host them.



Just as African economies have developed over the past decade, the companies that operate in them have evolved, taking on new philosophies of inclusive growth and development. Today, corporate philanthropy is an outdated concept, replaced by holistic models of collaboration, innovation and shared prosperity.

The spectrum of approaches to tackling development challenges is as broad and varied as the range of sectors that these companies operate in. In the natural resources sector, which has long been criticised for the relatively small number of jobs it creates, companies, such as Shell and Anglo American, are investing up their value chains, helping to build capacities in local companies that can serve their contracting needs and deepen the positive impact they have on their host economies.

The global drink-maker Diageo, which has found profitable markets for its products in Africa, is among other consumer goods businesses that have expanded their local sourcing of raw materials, building small farmers into sustainable businesses by offering them a guaranteed end-market.

This has had immediate commercial benefits, reducing the company's reliance on expensive imports, and benefitting farmers whose incomes have risen. Perhaps more importantly for the long-term, this kind of deeper integration with local supply chains means that the objectives of the government, farmers and company have become co-mingled, giving the company an even more powerful incentive to improve farmers' training and education, develop infrastructure and work to preserve the environment.

SABMiller, another huge global beverage business, has deliberately brought these environmental and social considerations into its business, defining a vision of shared prosperity with the governments, societies and businesses that it works with. Its Prosper initiative, launched this year, sets out clear targets to measure its progress in addressing five critically important global challenges of inclusive growth, responsible consumption, resource scarcity, environmental degradation and climate change.

The Coca-Cola Company, which has been a leading innovator in building small-scale distribution businesses across the continent, has invested heavily in Africa.

In August 2014, at the US-Africa Leaders Summit, the company pledged to invest an additional US \$5 billion to create jobs and to support its 'RAIN' initiative, which aims to bring clean water to six million people across Africa by 2020.

'Project Nurture', a US \$11.5 million partnership with small-scale fruit farms, has helped 50 000 farmers increase their production and incomes. The company is now planning to build on that experience with its 'Source Africa' initiative, which will focus on building capacity in key crops across the continent so that the company can source consistent and sustainable local ingredients.

Businesses are investing more in understanding their impact too. Just as the international public sector has moved from measuring its benefits by the size of the cheques it signs, some in the private sector are applying their expertise in business intelligence to illuminate the scope of their impact.

Standard Chartered is a leader in this field, using independent research in Ghana, Zambia, Nigeria and Kenya to track the direct and indirect effects of its operations. Armed with an understanding of the socio-economic levers at its disposal, Standard Chartered is now able to shape its business to more efficiently match its commercial objectives with its social ones.

It is this kind of commitment and innovation that gives us hope that the Africa we will see in 2030 will be the prosperous, peaceful and thriving Africa that the current trajectory promises.

The private sector is the main engine of growth and employment in most developing countries, a fact that has been accepted by governments across Africa, who are working to improve the environment for business. In return, businesses are showing that they have understood the centrality of their role in building the societies that they want to operate in.

Africa will rise, but the rise will be neither linear nor guaranteed

Colin Coleman

Colin Coleman is Managing Director, Head of the South African Office and Investment Banking Division, Sub-Saharan Africa, for Goldman Sachs, the leading global investment banking, securities and investment management firm.

I am a believer in the long term rise of Africa, but am of the opinion that it will be neither linear nor guaranteed. There are some dangers in overstating the 'Africa rising' view; not the least of these reasons is because it is simply a one-dimensional mirror-image of the old, outdated view on Africa. The reality of Africa is far more complex than either of these extremes. As we all know, it is an incredibly diverse continent, with many different trajectories in different countries.

Having said that, Africa's future is likely to depend on the success of a handful of key economies, most notably, South Africa, Nigeria and Kenya. Each of these economies has great potential, but also faces significant challenges. Nigeria and Kenya offer interesting growth prospects, supported by demographics, natural resources, as well as the growing interest of foreign investors from various parts of the world. However, systemic corruption remains a very real challenge. The terrorist threat posed by Boko Haram and Al Shabaab, however, means that long-term peace and stability in both East and West Africa is not guaranteed.

South Africa is obviously a somewhat different proposition in terms of the country's business and financial infrastructure: its sophisticated capital market and depth of capital and management capability, sets it apart from other economies on the continent. However, public sector service delivery failures and endemic corruption are key factors holding the country back.

In the case of all three countries, leadership from both the public and private sectors will be a key determinant in whether we are able to overcome these challenges and realise Africa's potential. From governments, we require competent, professional, capable administrators that can execute on policy. In most instances, the policy we have is fine; it does not require revision or fine-tuning, it requires execution. We require governments that focus on their basic functionality, implementing policy, strengthening public institutions, entrenching rule of law, building roads, power plants, schools and hospitals. Ultimately, we need political leaders who are true democrats, but are able to focus on longer-term growth and prosperity, rather than short-term personal gain.

Business also clearly has a role to play in providing leadership. But, we need to be clear on the line between the job of government and the job of business. Business can be a real force for good in Africa, and long-term growth and development will be largely dependent

on a productive partnership between business and government. However, business leaders clearly require social intelligence in terms of the environment in which they operate. We need to understand that we cannot be here simply to make a profit; the socio-economic dynamics in Africa are such that we must also consciously seek to maximise the broader benefits our activities can create for local economies and communities. This opportunity for growth, as well as making a significant contribution, is one of the things that make Africa such an exciting place.

Despite the challenges we face, there is good reason for optimism. In a best case scenario, and assuming active leadership from, and collaboration across the public and private sectors, South Africa's economy will reach the US\$ 1 trillion mark by 2030. Nigeria's economy will be double that size; approximately the size of the entire continent's economy today. Kenya will be at the centre of a functioning East African common market, in which oil and gas reserves are being responsibly exploited, with resource revenues being reinvested in infrastructure and public welfare. Angola will have emerged as another growth engine for the continent, having reformed its political system, invested significantly in infrastructure, and made strides towards diversifying its economy. Overall these and other African economies will have seen the rise of an entrepreneurial class, the spread of wealth away from political elites to an evolved middle class, and progress towards far more inclusive societies.

This future for Africa is entirely plausible, but it is not guaranteed, and will depend on reaching the high road outcome in the key hub economies. For us, navigating through the dynamics in Africa is an exciting opportunity in a world beset with challenging dynamics. In our business, we are seeing a dynamic cycle of development, investment, M&A and capital raising only beginning to take off. As we move forward our opportunity is to build a substantial and diversified Africa-wide portfolio across different markets, products and revenue streams.

The question we are often asked though is; 'When is the right time to invest?' There are clearly opportunities in Africa today, but I foresee the real opportunity only peaking in 10-15 years. It is a chicken and egg dilemma, but for us, if we were not already on our African growth journey, we do not believe we will be in a position to reap the rewards in the future.



The key to Africa's future fits in the palm of your hand

Fernando de Sousa

Fernando de Sousa is General Manager, Africa Initiatives at Microsoft, the global technology giant that employs over 128,000 people worldwide.

Today, nestled amongst the tall dry grassland of rural Limpopo, South Africa, a classroom of children with eager young minds sit at their desks in front of their own tablets. The lesson is physical science, and today they are learning about acids and bases. Via a projector, the teacher opens the online learning platform with a library of downloadable learning material matched to the country's curriculum. A video of a virtual laboratory pops up, and students can see exactly how an indicator turns red in an acidic solution. With the absence of a school laboratory, this immediately engages them and brings the theory to life. Then it is their turn to demonstrate what they have learned to the class using their tablets and the Internet to search for information, quizzes, and extra learning material on the topic. "We expect our pass rate in Maths and Science to increase from 49% last year to 80% this year with the help of this technology," says the Physics teacher at Doasho High School.

Doasho High School is one of five schools in the Limpopo province that is currently using affordable broadband and Windows 8 powered devices to conduct their lessons. Combined with teacher training, and a tailored eLearning curricula, this project is one of the many programmes of the Microsoft 4Afrika Initiative to actively engage in Africa's economic competitiveness.

In 2030, I foresee that schools like Doasho will be at the forefront of education not only in Africa but around the world- embracing the power of Cloud-based applications and solutions, mobile technology for learning, skills development and productivity enhancing activities.

Potential of Cloud technology

During my travels around the continent, I often see young adults stooped over small screens, their fingers frantically typing away. Then you hear the familiar 'beep-beep' of a new message arriving. This sound is typically associated with feature phones, which still dominate the African mobile landscape and although the mobile uptake has been phenomenal, smartphone penetration is still only 4% in sub-Saharan Africa, according to the GSMA.

This means that mobile usage is rooted around SMS-based activities and communicating with family and friends. Existing SMS bundle packages are used for "chatting" rather than value creating activities. Cloud technology must be introduced at a faster pace, because Cloud-enabled smartphones together with Cloud-based applications offer so much more. According to a study by the Boston Consulting Group, an SME using Cloud technology on a regular basis creates jobs twice as fast, and grows its revenues by 15 % faster than companies with lower level of technology adoption. As local markets slowly transition from feature phones to affordable smartphones with access to the Internet, the shift to productivity enhancing, Cloud-based activities needs to accelerate.

What Are People Doing On Their Smartphones?

The 2014 Global Mobile Statistics Compendium, released by Mobithinking, highlighted some interesting results around the mobile habits of young Africans. They conducted a mobile-based survey of students below the age of 25 across Egypt, South Africa, Nigeria, Ghana and Kenya. The students are considered 'mobile-only', which means that they do not use any other devices to access the Internet besides their smartphone. Such a scenario is a fair depiction of the future across the continent. The most common activities, the survey found, were downloading of games & music; social networking (52 %); search (48 %); and email (46 %).

In fact, according to Analysis Mason, 87% of Africans use their mobile devices as their primary means for connecting to the Internet. However, for these young, educated Africans who have online access and the use of Cloud services, embracing their productivity enhancing and wealth creating potential is not always first on their list - and it should be.

Africa in 2030

In 2030, I believe that smartphones will be fully embraced not only for communication but as the predominant platform for collaboration, conducting business, generating wealth and solving social and business problems.



Productivity Cloud services will be used by young entrepreneurs to ensure their success through connected collaboration and broad access to markets and business services. In addition, those who use the Internet to conduct consumer research, access online training and tools, or market a business, will have a distinct advantage over those who do not. It is also not only for urban tech-savvy youth. A rural farmer with access to Cloud enabled mobile tools can research crop disease, improve technical and non-technical skills and form an online cooperative to significantly increase profits and reach new markets.

Already, a Cloud-based solution in Senegal called DARAL, is supporting farmers in the fight against stock diseases and livestock theft by allowing the identification and traceability of livestock, as well as ease of communication between the various stakeholders. It is estimated that 8,000 professional breeders and 15,000 domestic farmers will be positively affected, contributing to the growth of a sector with strong economic potential. When fully embraced, Cloud applications can also shape democracy through the accessibility and delivery of e-Citizen services, improve transparency, health service delivery and education. South Africa's "Find 'n Fix" app, for example, allows citizens to send the GPS coordinates of potholes, broken traffic lights and other mishaps straight to the nearest municipality - thereby making local Government directly accountable.

Access to Technology Becomes the Norm

In 2030, Internet access will be viewed not as a luxury, but as a necessity. In March 2014, during the 25th anniversary of the World Wide Web, the United Nations announced its serious consideration of making universal Internet access a fundamental human right, like water, sanitation and electricity. Already, there are parts of Africa without electricity or water that have Internet access. South Africa has declared that it will commit 70 billion Rand (around US \$7 billion) to get every citizen online by 2030. However, this is easier in the urban areas that are easily accessible and where population density by private investors makes economic sense. Often, rural areas are left behind because it is not commercially viable to lay vast cable networks to reach isolated communities.

Here, 'Dynamic Spectrum' technology can form a critical part of the mix, by transmitting WiFi over large distances and difficult terrain using the unused spectrum (White Space) reserved for terrestrial television broadcasting. Under the Microsoft 4Afrika Initiative, its

TV white spaces pilot project in Kenya, is transmitting broadband up to 13km from one solar-powered base station and is delivering broadband access for under US \$5 per month on average, per user. Similar projects have been rolled out in Ghana, South Africa and Tanzania. Nearly 20 other countries have expressed their interest in adopting this 'game changing' technology in the quest for affordable access. Regulators across the continent must, however, join the effort and open the doors to broad, affordable access to these new technologies.

From Labour Economy to Knowledge Economy

By 2030, according to the African Development Bank, Africa's working age population will be larger than China and India's combined with an estimated 1.5 billion people of working age.

Investing in the skills of all these people is vital in shifting the continent from a labour-based to a knowledge-based economy. It is important that resource-rich countries diversify their economies toward value-based, knowledge-driven economies to achieve sustainable employment and growth.

I envision that by 2030 Africa will be seen foremost as a continent driven by innovation, and not the harvesting of raw materials. This shift will ultimately be underpinned by technology. It is therefore essential for Africans to embrace the power of it. Investments in innovation hubs, skills training centres, and universal access, is already producing Africa's own tech-savvy, highly-skilled and creative set of knowledge leaders.

It's impossible to predict the future, and I cannot tell you exactly what Africa will look like in 2030.

But, as a company operating in the continent for over 20 years, we know that one thing is certain; the future of Africa over the next 15 to 20 years will change the face not only of the continent, but also the world. The culture of innovation must start at school. Introducing technology from an early age will ensure the youth see the potential of the Internet and of Cloud services and understand how they can help them achieve their goals. It will become an active part of life, of achievement and success.

As we continue to invest in and support the emergence of 'the digital coming of age' of African youth and their impact on the continent's economic development, we look forward to 2030 with great excitement!



Energy and passion of young Africans will drive Africa to 2030 and beyond

Kuseni Dlamini

Among several prominent roles, Kuseni Dlamini is the Chair of both Times Media Group and Massmart, the South African retailer controlled by Wal-mart.

The Africa rising narrative is well overdue. We are continent well-endowed with both natural and human resources, and, the growth and development we have experienced over the past 15 years is not a flash in the pan. There are a number of substantive factors that gives me confidence that the growth narrative now unfolding is sustainable.

The single most important factor for continental growth is the energy and passion of young Africans who have a palpable sense of positive energy and optimism. They are young entrepreneurs, innovators, scientists, academics, engineers, professionals. They are people who do not want aid or charity. They see Africa as a centre of opportunity with the space they want to unleash their full potential.

This ambition to unleash and harness individual potential is a critical one. We are a continent rich in human capital. Just as the leveraging of human capital underpinned the development of economies like the USA, Japan and Germany, so harnessing the energy of our young Africans around the world will continue to propel the continent forward.

Good progress has been made towards the development of some key African cities that will be the propelling engines for modernising and diversifying key economies. There is visible improvement in many parts of Africa, and the continent is a very different physically and emotionally to what it was 20 years ago.

However, even as we look forward, it is critical that we get the basics right. In particular we require a significant step up in physical infrastructure that will provide the backbone for accelerating the transformation of our economies from extractive to economies with world-class production and services capabilities.

It is critical too that we shift mindsets. Short-term outlooks and the cycles of politics remain a constraint. We require long-term strategic thinking. Traditional and emerging powers like the US, UK and China - even Japan, India and Brazil - all seem to be developing strategies to leverage the Africa rising narrative. We require a central organising vision around which Africans can rally. There are many opportunities for intra-regional co-operation. The challenges we continue to face are too large and complex for any to be tackled

by individuals. We need to reinvent leadership in Africa. Visionary leadership is required now so that we can consolidate and take advantage of the growth platform that has been built.

With the rise of a new generation of African leaders, I am confident that this can be achieved. But, the responsibility does not only lie with political leaders. Business leaders are increasingly recognising the opportunities presented by Africa.

In the coming years, and as Africa continue to develop, the continent will become a 'headline act' in terms of the dynamism of its economies and the growth of its middle class. However, we in business need to be careful about repeating the kind of exploitative practices of the past. The private sector must invest for the long-term and play a role in improving the life and welfare of ordinary Africans. This is important not only from a humanitarian perspective but also from a commercial viewpoint. The greater the number of active economic citizens, the more sustainable will be the growth and development of our economies, and the greater the opportunities for business.

It is this longer term philosophy of creating a virtuous cycle - one focused on helping to create greater numbers of economic citizens that, in turn, become customers - that is underpinning much of Walmart's activities in Africa.

In South Africa, for example, Massmart established a fund to provide capital and technical expertise for the development of local suppliers. We have supported 193 local suppliers to become part of our supply chain, with an increasing number of these locally manufactured products also now listed on Walmart's global supply list. It is this kind of long-term commitment that means that when we face challenges we will not pull out. We are focused on building sustainable local sources of supply close to the market.

This not only makes economic sense for us, but also ensures that we are helping to create economic opportunities down the supply chain, create greater numbers of economically active citizens who will ultimately become our citizens. Strategically it is a 'no brainer', and is part of a broader shift in thinking that will propel Africa forward over the next 15 years.

Remgro's future lies in Africa rather than Europe or the USA

Jannie Durand

Jannie Durand is the CEO of Remgro, an investment holding companies listed on the Johannesburg Stock Exchange, with interests across several different industries. Remgro is growing into the rest of Africa primarily via its underlying investments in financial services, consumer products and logistics.

A focus on the rest of Africa is natural for Remgro, not only because our home base is on the continent, but also because our engagement with the rest of the continent goes back decades. The so-called 'Africa rising' narrative is nothing new to us, and we certainly do not need convincing. We are of the view that we will do a lot better in Africa over the next 15 years than we could in other places like the USA or Europe.

While we are convinced of the opportunities, we obviously realise that these opportunities often come with higher risks. However, I have what I think is a somewhat contrarian view on risk in the rest of Africa. While risks in other parts of Africa are very real, the risk of being too highly exposed to the South African market is much higher. Expansion in the rest of Africa is therefore as much about diversifying our risk geographically as it is about seizing growth opportunities.

All of our investee companies have African expansion strategies, but our focus is very much on execution. We walk into new markets and opportunities with our eyes open - we have had bad experiences and have the scars to prove it. Probably the biggest lesson we have learnt is that you must have presence on the ground in market. For example, just importing and distributing rather than sourcing or producing locally is not a sustainable way to do business in African markets. Once we have established that a market works, our intention is always then to establish operations in market.

Our philosophy on expansion in Africa is actually quite straightforward. We prefer to keep things as simple as possible by focusing on execution and using local partners. When looking at local partners, we have found it is dangerous to underestimate local knowledge and competition, so, when selecting local partners, we seek out those who know the lay of the land. It is also important to ensure that there are local interests vested in our success and sustainability. This has always been, and will remain part of our philosophy.

As we look forward, it is our intention to become an integral part of the economies in which we operate. We believe that we will achieve this by having a substantial physical presence in important markets and adopting a 'big picture' approach that includes entire value chains, filling in some of the gaps that currently exist, and seeking to manage as much of the value chain as possible to ensure end-to-end efficiency. There are three primary areas on which we focus. These are:

1. Transactions - the ability to buy and sell goods through traditional banking products and systems or other means.
2. Logistics and effective routes to market.
3. Infrastructure.

By becoming involved in these three essential operational areas, we can effectively embed ourselves in local economies. We remain committed to achieving success through long-term perseverance, something that is part of our DNA because of our focus on preserving and building a legacy.

Our biggest challenge in executing our strategy in Africa is undoubtedly going to be on getting the right people in the right places on the continent.

Education and skills development are clearly a major challenge for many African countries, and is something that must be rectified if we are to realise the continent's potential.

However, the issue goes beyond merely acknowledging that there is a shortage of talent, it is more about needing people with the right kind of attitudes and mind-set. We need young 'bulldogs' who are committed to creating successes. They must be adventurers focused on building careers, rather than people who want to sit in boardrooms concluding deals. Ultimately, our success will depend on the quality of people running our operations across the continent.

Rather than discussing and over-complicating Africa's story, we need to keep our actions as simple as possible. We know what has to be achieved-and take the shortest path possible to achieve these objectives.



Africa's long-awaited renaissance is now well underway

Arnold Ekpe

Arnold Ekpe is the former CEO of Ecobank. He serves on several boards, including the Nigerian Investment Sovereign Authority. He is also the Chair of Atlas Mara Co-Nvest, the Africa-focused financial services group founded in 2013 by former Barclays CEO, Bob Diamond, and leading African entrepreneur, Ashish Thakkar.

After decades of being considered a basket case, Africa is now experiencing a long-awaited renaissance. Despite continuing concerns about corruption and poor infrastructure and negative peripheral concerns such as a South Sudan and the Central Africa Republic, the central theme about Africa today is one of growth and opportunity.

The story of the resurgence in economic growth in Africa so far, has been driven by external factors. These include positive commodity prices, foreign investments as well as the positive impact of modern technology and communications and, lest we forget, on the domestic front, improved governance and economic management.

But, these positive developments mask the reality that growth in Africa looks particularly impressive only because the developed world has been mired in recession, whilst China and the Asian economies have witnessed a slow-down in their growth.

If Africa is to have a reasonable chance of catching up with the rest of the world, its growth rate should be in double digits. Going forward, therefore, the question should be; what must African countries and leaders do to ensure that the growth of African economies is not only sustained, but accelerates?

The argument can be made that for Africa to achieve sustained development there needs to be a change in mind-set.

In effect, in addition to external factors, Africa should begin to look to itself, its people and its resources to underpin its future growth. In short, Africa needs to take its destiny in its own hands by implementing actions that reinforce and sustain the current positive economic trajectory. This means a paradigm shift from externally driven growth, to an approach that balances external factors with positive domestic policies and actions.

As a first step, African countries need to cooperate to build larger and more attractive markets, as, today, Africa is probably the globe's most fragmented continent with too many small and landlocked countries- a factor that impacts on the viability of its markets.

Whilst the indices of doing business in Africa have improved, there is still a long way to go. Though bureaucracy and red tape have been significantly reduced in many markets, it remains particularly difficult to do business in the continent, when it is compared to other markets. Even though several African countries have moved faster than others in implementing a business friendly environment across the continent, the free movement of people, goods and services remain remains a long-term goal. For example, it is easier to travel in Africa with an EU passport than with an African passport.

ECOWAS has benefitted for more than 20 years through its regional agreements, which include a regionally recognised passport. The rest of the continent therefore has to ask itself why similar action cannot be taken to open other African markets so trading can be increased. Indeed, is it not possible for states to agree on the issuing of an AU passport, similar to an EU passport, so that the movement of Africans can be facilitated across the continent?

Unfortunately, many African countries unduly encourage a fragmented banking industry without understanding the true cost in terms of economic development.

The fact is that Africa needs to support the emergence of bigger and stronger banks to finance development. Small banks have neither the capacity nor capability to finance the major, or long-term projects required to transform countries and to promote sustained long-term development. Major economies and transforming economies tend to have, and encourage, the emergence of large domestic banks. In the United States, the biggest banks are American. In the United Kingdom, Germany, France and China, the same principle applies.

African countries can learn from these examples and take steps to promote the creation of bigger banks through consolidation and regulatory persuasion.

Alongside the banking industry, there is a need to mobilise the long-term savings necessary to finance the extended development projects such infrastructure. Again, Africa has a long way to go in developing the pension and insurance companies that comprise the long-term savings sector. With the exception of pension companies in South Africa and North Africa, African insurance and pension companies are puny and fragile.

Outside of a few countries such as South Africa, Kenya and Côte d'Ivoire, the agricultural sector, especially for local staples remains largely dominated by small-scale farmers and the supply chain is underdeveloped. African countries need to enact land laws that encourage large-scale commercial farming.

Compared to smallholders, large-scale commercial farming has the potential to make the required investments in agricultural inputs necessary to raise productivity in the agricultural sector. The potential for African agriculture to be transformed through the implementation of genetically modified crops also needs to be seriously explored.

Africa has made great strides in the technology and telecommunications space, especially in the field of mobile telecommunications networks, which now reach over 60% of Africa's population. But, more needs to be done to effectively leverage and improve technology inclusion by investing in broadband and mobile access and by reducing technology and telecommunications costs, which remain relatively high. If necessary, this must be achieved through regulation.

In the manufacturing space, much remains to be done. Due to decades of deindustrialisation, African manufacturing capacity remains extremely low. There is a need to consider a programme to champion African industry by investing in leading African countries with the potential to compete on a global scale. We have seen such companies emerge in sectors such as cement (Dangote) and telecommunication (MTN). With the right incentives, more African champions can be nurtured in other sectors. Asian and the Latin American countries provide tangible examples.

And last, but not least, there is an urgent need to address the infrastructure deficit particularly in the power and energy sectors so critical to economic development and growth. Institutions such as the ADB and the African Union have recognised the need for significant investment in infrastructure. They must now lead this effort, especially in cross-border infrastructure such as connecting regional power systems, railway networks, air and maritime transportation.

To ensure sustainable development, the objective for Africa going forward must be to build a bigger, more attractive and more integrated African market that is attractive not only to foreign investors, but equally so to local businessmen.

The regional economic blocs that are emerging are a positive trend towards regional integration and market enlargement but these remain "baby" steps. In contrast to the usual Africa-China summit or the Africa EU summit, perhaps it is time for an All-Africa summit, a real summit where the African public and private sectors can come together and agree concrete steps, leveraging on their domestic capabilities and resource, and much more importantly, act to implement the decisions in a timely manner.



“Building Trust from Scratch” requires dedicated communication

Haruki Hayashi

Haruki Hayashi is Regional CEO, Europe and Africa, for Mitsubishi Corporation, one of Japan’s largest diversified conglomerates, with over 200 offices and subsidiaries in approximately 90 countries worldwide, a network of over 600 group companies, and a multinational workforce of over 65,000 people.

Africa became a major part of my life when I was made board member and subsequently chairman of a resource company in South Africa. Engaging with a unique group of multi-national shareholders during those six years was a continuous and tough challenge, but I learnt so much- especially when it came to creating ‘trust’ in an African context.

In any environment, building trust is the critical start to any relationship, but it seemed to me that building sustainable trust between black South Africans and other international stakeholders was more difficult and took longer to achieve than usual.

Always respecting the local wisdom, I tried hard to engage with local stakeholders on a one-to-one basis, with a view to wherever possible sharing common views with them between board sessions. Though prior consultation was initially appreciated by individual members, their actual responses at the board meetings were often opposite to what was expected by me. Some members misinterpreted my actions as a “divide and rule” tactic, whilst others simply said what I was doing was not enough. The usual three-hour board meeting often transformed into eight-hour marathon debates, calculated to prevent some board members from walking out without a resolution being reached.

Some said my experience at the time in South Africa was unusual, but personally I concluded that it took four years of patience and demonstrating personal respect to my colleagues that eventually won their respect for me. Even now, 20 years after the end of apartheid and 60 years of independence for many other African states, it is still hard for people to trust each other. I understand that.

To be part of Africa’s growth process, and to become fully integrated within the business environment in the African continent, we need to make a concerted effort to understand what “diversity” means within the continent. We must then demonstrate due respect through proactive and long-term personal engagement. Only then, will we contribute to a sustainable and democratic environment based on mutual trust that will enable the continent to grow and mature and start paying off its much-needed ‘trust dividend’.

The most enduring and important image of Africa in my mind, is the picture of the smiling faces of schoolchildren seen through the windows of many school buses across the continent. For me, these children represent the future Africa; it is a future that fills me with energy and hope.

50 Years since independence

Aidan Heavey

Aidan Heavey is CEO of UK-headquartered Tullow Oil. Tullow has been operating in Africa since 1986, and has established itself as Africa's leading independent oil company, with almost 60 licenses across 15 different countries on the continent.

It is 50 years since independence. The land is divided, cities regularly bombed, innocent people killed almost daily. Extortions, kidnappings and torture are rampant. Major infrastructure installations are being secured by the army against attack from militant groups; power cuts and industry unrest are everyday occurrences.

Economically the country is depressed through poor management by the government. Industrial relations disputes, high inflation and increased capital taxation are front page news; unemployment is firmly stuck at 18 per cent. The IMF is considering imposing strict economic sanctions. Many citizens are emigrating from what appears to be a failed state.

This is Ireland, 1972- 50 years after independence.

Right now, countries across Africa are approaching their own 50th anniversary of independence. Two of countries where Tullow is focused, Ghana and Kenya, celebrated their anniversaries in 2007 and 2013, respectively. There are many parallels which may be drawn between my home country, Ireland, in its 50th year of independence and these great nations - the importance of community, long-term plans, education and trade.

For Ireland, our journey since our 50th anniversary has been transformative. Ireland is now a country with a stable government and an open and flexible economy reliant on high value exports. In 2013 Forbes named Ireland as the best country in the world to do business in.

To get here has not been an easy ride, with many economic and social bumps along the way, including the recent banking crash and property bubble collapse which began in 2007. One of the key factors that supported us through this journey was the strength of our community - both within Ireland and within our diaspora.

Whilst Ghana and Kenya certainly have their challenges fifty years after independence; in many respects, they are in a much stronger position than Ireland was at the same point. Both Kenya and Ghana have democratically elected governments, potential mineral and hydrocarbon resources, and vibrant young populations full of promise.

Emigration numbers are nothing like those of Ireland and technology today allows for strong social interaction that keeps communities strong. This is combined with an emerging fast-

growing, educated middle class that is aware of the benefits of banking, and a pride in their country. Poverty rates have greatly reduced in both countries and the rate of decline is steeper than that experienced by Ireland. According to Feed the Future, 22.2% live in poverty in Ghana, where previously, the poverty line sat at 27% in 2006. In Kenya 46% of the population lives below the poverty line.¹

Despite "The Luck of the Irish," our success was not achieved by accident. Smart long-term strategic planning was key to many of our successes; one of the most significant and important being our accession to the EU, or the EEC as it was called back then. Ireland joined the EU on 1st January 1973 and on that date Ireland moved from a closed insular economy with overdependence on its old colonial neighbour as a market into a new era.

Prior to joining the EU, Ireland ran bloated bureaucracies, and most major industries were heavily regulated and dominated by state-owned monopolies (STAT). The EU opened Ireland for business whilst ensuring compliance and adherence to the rule of law and the development of a transparent and effective Government.

Where will countries such as Ghana and Kenya be in thirty years' time? Will they be able to emulate similar success and build stable and growing economies? Will they become the super economies of Africa? Playing a big part in the answer to that question are the long-term decisions that many African nations are now grappling with in regard to how minerals and hydrocarbon wealth is to be realised.

Like the Irish leaders of the 1970s, African leaders need to have a long-term plan. How do they see their countries when mineral and hydrocarbon revenues have been exhausted? How do they see these revenue being invested? What are the future engines of economic growth? 'What are the key capabilities required?' What will the legacy of this wealth be?

In Ireland, business friendly legislation and a focus on education drove productivity improvements and global competitiveness, while private sector capital poured in from abroad. Currently 1 033 overseas companies base their European operations in Ireland. Eight of the 10 leading global information, communication and technology firms have their headquarters in Ireland, while nine of the world's top ten pharmaceutical companies have their European bases in Ireland.



Tens of thousands of jobs were created and significant tax revenues generated. This enabled structural reforms to be driven across the country, reinvesting in our educational base. One key outcome has been the creation of a world-class education system. According to Thomson Reuters Essential Science Indicators, Ireland is ranked amongst the top 20 globally for our scientific research and number one globally for the adaptability of our workforce (IMD World Competitiveness Yearbook 2013).

Since the 1970s, the importance of education has grown. Africa faces an enormous challenge with suggestions of growth surge in the youth demographic. Rather than seeing this as a burden, if leveraged correctly, this may provide a powerful engine to drive African economies, especially considering that many other economies will be faced with ageing populations. Many domestic and international opportunities could be available to the African youth. However, if not provided with adequate education and employment opportunities, disenfranchised youth can quickly turn to civil unrest, extremism and violence. Currently, the population in the 15-24 age groups has an unemployment rate of 25.6 % in Ghana² and unemployment in Kenya stands at 40%, and 70% of those unemployed are between the ages of 15 and 35.³

Private sector capital will have to be attracted to the continent to support the creation of infrastructure to support trade and employment. To compete globally for the required capital, governance will have to be tightened. However, we can already see trade becoming easier through the construction of major road arterials such as the Trans-African Intercontinental Highway Network, rail networks, fibre optics and shipping ports. Productivity and international competitiveness is improving as electricity and telecom networks becoming more reliable. Electricity consumption in Ghana stands at 344 kWh per capita with a 73.16 per capita usage of telecommunications. In Kenya, 155 kWh per capita of electricity is consumed and 64.02 per capita of telecommunications usage.⁴

Enabling this development is the increasing flow of global capital that is now finding its way to the African continent through the opening up of foreign investment channels and growing confidence in the local banking sector. When combined with progress in education, this creates great potential for the future.

One lever that Ireland did not have, was access to the vast mineral and oil resources that are available to many African nations. If smart strategic decisions are made regarding how these resources are monetised, then economic growth can be accelerated. Norway is a prime model for the use and preservation of natural resources. The Norwegian oil policy, states that the oil belongs to the people of Norway and not the government or international companies. There is strict government legislation (local content) to ensure natural resources are not exploited.⁵

Across Africa, depending on the wealth of its citizens and the size of their middle class, nearly all economies would be considered frontier or emerging, with some being further along the development curve than others. The revenues from the

hydrocarbon and mineral resources will lay the platform for continued economic development and enable countries within Africa to reach the wealth and living standards of western developed economies and realise its economic potential.

I believe that accelerated economic growth and in-country wealth can be achieved if the value from the local content partnership model can be demonstrated to key decision makers. By implementing measures that provide opportunities for local expenditure and signing up to economic development targets in adjacent industries, spending on hydrocarbons will lead to a stronger domestic economy. This will result in a ripple effect. The middle class will rise, their voices will become louder and thus policies will become more aligned with societal views as their influence on local policies increases. As household wealth and business activity grows, tax revenues will rise, providing the financing needed to serve their constituencies.

At Tullow we think about these things. We view national and local content as core competencies. We take a sustainable, local content based approach to our projects in Africa. For us, it makes business sense but we also believe it is the right thing to do.

Strong cultural and religious ties between Ireland and the African continent reinforce the strong relationships that Tullow has built. We believe in Africa and we believe that many of its countries can find their own path to development and wealth creation. We also believe that for many countries across the African continent, Ireland's success can be a source of inspiration and hope. Not only can Ireland's success be emulated it can be surpassed.

Tullow's local content philosophy can help drive this, as our approach is based on making an impact in the countries we operate in. Focusing supplier development activity on industries with long-term continuous spend and highly transferable skills to ensure sustainable jobs are built for the long term.

As an optimist I look forward to the day when African countries match Western economies in terms of GDP per person, and like Ireland, continue to punch above their weight.

¹ http://www.unicef.org/kenya/overview_4616.html
(Kenya poverty stats)

² The africaneconomicoutlook.org
<http://www.africaneconomicoutlook.org/fileadmin/uploads/aeo/PDF/Ghana%20Full%20PDF%20Country%20Note.pdf>

³ <http://www.worldpolicy.org/blog/2013/10/15/reducing-youth-unemployment-kenya>

⁴ <http://data.worldbank.org/indicator/EG.USE.ELEC.KH.PC>
(Electricity Consumption)

<http://www.indexmundi.com/g/r.aspx?v=4010>
(Telecommunication Consumption)

⁵ Norwegian Ambassador Ms Hege Hertzberg at an oil and gas conference of 2014.

Leap Frog: Infrastructural Development on the Road to the Future

Jay Ireland

Jay Ireland is President and CEO of GE Africa. GE is one of the world's largest and most admired companies, and has had a presence on the African continent since 1898.

What will Africa's infrastructure look like in 2030?

In order to answer this question, I regard it as necessary to look back to 2000 to illustrate just how far the continent has already developed. At that time, there were few companies willing to take a risk on establishing operations in Africa.

However, GE, contrary to prevailing wisdom at the time, placed an early bet on the continent by making investments across crucial sectors. To date, we have expanded our African footprint from an original outpost in South Africa, to a network that extends across Nigeria, Ghana, Angola, Kenya, Ethiopia and Mozambique. GE's growth continues to accelerate with revenues now exceeding US \$2.5 billion, up from US \$1.7 million in 2012 and US \$1.6 million in 2011. We expect an even greater growth trajectory over the next few years.

I was appointed President and CEO for GE in Africa in 2011 and, being based in Nairobi, swiftly became used to Sub-Saharan Africa's 'new normal': tremendous growth across a wide range of sectors that was, and continues to, have a profound impact on societies, industries and overall quality of life. I believe that the continuation of this growth to 2030 and beyond, will depend on Africa's ability to invest in the development of infrastructure.

At present, infrastructure deficits remain a constraint across much of Africa. This is characterised by unreliable power supplies, difficulty in moving goods from one market to another and a lack of essential healthcare provision amongst other factors. But, at GE, we know that by engaging with governments and private-sector partners, we can support the development of infrastructure projects in a manner that is ultimately an opportunity rather than a risk to our business.

Take power as an important example of the transformative impact of infrastructure development.

As the power sector of an economy increases, GDP follows suit. By 2030, I predict that, across Africa, we will see new models within the power industry with more countries, such as Nigeria and Kenya, pursuing privatisation. With GDP growth in sub-Saharan Africa at an average of 6%, we need to see 12% growth within power

sectors each year in order to meet demand and improve access to electricity. I believe that, by 2030, we will see people buying and paying for power on demand. Having stable electricity is the key to manufacturing growth. Therefore, over the next decade, we should see the results of our push to develop the power sector as a way of driving growth in different economies throughout the continent.

By 2030 we should see intra-continental trade dramatically increase above the current rate of 11% - a continuation of a trend that is already underway. There will be a stronger aviation industry, less expensive travel within the continent, a growing tourism industry and better logistics, while ports along the continent's coastline will have expanded. The lack of transportation integration across the continent will have been solved through collaborative and creative approaches to financing projects, and a concerted effort to streamline regulations and legislation.

Africa's healthcare sector should also look very different by 2030. In terms of technologies and access, we could start to see a greater level of public awareness and self-diagnosis, while mobile technologies will continue to have an impact on improving inclusion within the health sector.

In fact, fifteen years from now the health industry could be largely digital. Africa will have higher vaccination rates, better equipped facilities and more highly trained healthcare professionals. By 2030, new Millennium Development Goals will probably have been introduced but, at GE, our commitment to improving child mortality and maternal health will remain and, we hope, will have played a part in improving the health of mothers and children throughout the continent.

There are a number of key drivers of change which will ensure that, in fifteen years, countries will continue to have stable GDP growth.

Many African countries will need to change from net exporters of raw materials to exporters of finished products and services. This will ensure that, in 2030, countries will continue to have stable GDP growth. Evidence of this change is emerging as infrastructure development grows to support manufacturing industries and encourage better conditions for doing business.



The private and public sectors should work together to make sure that each occupies the right space, that each supports and funds the right projects, and that the delineations between the two are maintained and transparent. While it is feasible for the private sector to obtain financing to support projects such as power generation, governments also have a responsibility to participate, especially in difficult tasks, such as the development and construction of transmission lines. Governments need to know where to invest directly, and where to let the private sector thrive.

Empowerment of the entrepreneurial class is another crucial catalyst for growth. Over the past five years, we have seen the impact of entrepreneurship in addressing infrastructural deficiencies. Innovations that are being developed by Africans across the continent are designed to suit the African context.

The Off-Grid Energy Innovation Challenge run by GE across the continent in partnership with USADF and USAID, is designed to lend scale to such innovations. In Africa, we live in a culture of mobile technology that simply does not exist to the same extent in developed countries - a kind of 'leap frog' innovation.

Over the coming decades, GE will continue expanding into new markets on the continent as opportunities arise. We will grow our business within those countries in partnership with host communities through our broader impact on local supply chains, employment and manufacturing. In the next fifteen years, countries working to provide a good environment for investment, based on good governance and rule of law, will see considerable progress. We should see even more progress in countries within sub-Saharan Africa successfully practicing democracy with stable governments that are committed to sustainable economic growth.

Sixty per cent of Africa's population is under the age of 35. We need to ensure that there will be jobs that meet their level of education and skill set for this young and growing population over the coming decades. We can achieve this, to a certain extent, by expanding our notion of work. In my experiences across the continent, I have emphasised that strict ideas of employment and work do not always apply in Africa.

For example, I was recently in Tanzania for one of our corporate citizenship initiatives, where I saw communities living, feeding and taking care of themselves through a small farm. We need to honour and support that kind of work. We should not assume that those in rural areas are unemployed and living in poverty when, in fact, more rural ways of living actually promote sustainability and economic growth across a broader base than that achieved through pure industrial growth.

Thinking back 15 years ago to the year 2000, it would have been foolish to think that it would soon be possible to use a cell phone to check your cholesterol level, or to buy life insurance. But, these are the innovations that continue to make Africa, and the rest of the world, different. There is very good reason to set high expectations for where Africa will be in 2030, as we already know that dramatic and rapid progress is possible.

At GE, we will continue to invest in the continent's infrastructure so that, fifteen years from now, growth is holistic, leading Africa to flourish through an entrepreneurial spirit that can transform the continent from within.

Bringing Broadband to Billions: Spurring economic and social progress by increasing access to affordable Internet

Sonia Jorge

Sonia Jorge is the Executive Director of the Alliance for Affordable Internet Access, a global coalition of private, public and social sector organizations working together to make broadband affordable for all.

Today, Internet access is taken for granted in many countries. Over 80% of citizens in the developed world use the Web to improve their daily lives – accessing news and health information, using government services, and connecting with global markets. However, more than 60 % of the world's population remain excluded from accessing the life-changing possibilities of the Web. Africans comprise less than 10 % of the total online population, and just 19 % of the continent's people are online (ITU, 2014).

What accounts for this sharp difference in the rates of connectivity? How could enhanced access change the face of Africa in 2030? And what do we need to do to make this a reality?

Recent advances mean that the real barrier facing Africans and African businesses who want to be online is not technological. Rather, it is the price of a reliable broadband connection capable of unlocking the true benefits of the Web.

The cost of broadband in the developed world is one to two % of monthly per capita income. However, an entry-level fixed broadband connection costs the average African approximately 60 % of their monthly income (ITU, 2014). Mobile broadband bundles are somewhat cheaper, but still unaffordable to the average citizen – 500MB of pre-paid mobile data costs approximately 39 % of monthly income across the continent.

Meanwhile, income inequality - including a significant gender gap in incomes - skews the real picture. The Alliance for Affordable Internet's 2013 Affordability Report mapped the effect of high-broadband prices on those living in poverty, demonstrating that for hundreds of millions across the continent, affordable access remains a very long way off indeed.

Cost of Broadband for Populations Living in Poverty in Selected African Countries

Country	Affordability Index Rank	Total pop. living on less than \$2 per day	Fixed broadband as % of income at \$2 per day	Mobile broadband as % of income at \$2 per day
Egypt	26	11,872,084	12.5	13.8
Malawi	45	11,185,438	78.9	21.0
Mali	42	11,028,750	82.0	16.4
Morocco	7	4,350,871	20.0	81.0
Nigeria	19	124,159,302	63.9	21.3
Rwanda	38	7,998,564	177.2	13.6
Senegal	24	6,336,307	62.5	52.1
South Africa	12	15,302,343	46.1	35.9
Tanzania	22	36,086,614	31.3	8.4
Tunisia	28	430,540	11.5	5.9
Uganda	21	19,642,048	23.0	16.2
Zambia	25	10,444,784	134.9	35.4

Source: A4AI Affordability Report, 2013



It's not all bad news, though. Internet penetration in Africa has experienced a dramatic increase over the past five years, doubling from just 10% in 2010 to nearly 20% in 2014 (ITU, 2014). Mobile broadband is experiencing annual growth at an estimated 26 % in less developed countries (ITU, 2014). Yet despite this progress, penetration rates lag far behind the rest of the world, and it is no surprise that between 50 and 70% of Africans cite high costs as the primary reason they are not online (ITU, 2013).

The economic benefits of broadband are wide-ranging, impacting economies from the local community level up to the global level. According to a 2010 World Bank study, a 10 % increase in broadband penetration can accelerate economic growth in low- and middle-income countries by up to 1.38 %age points (World Bank, 2010). The GDP of sub-Saharan Africa is currently estimated at US \$1.592 trillion (World Bank, 2013), so even relatively modest increases in penetration rates will yield billions in economic benefits.

These benefits will accrue in diverse ways – from new online businesses being created to more efficient supply chains. In South Africa alone, wireless broadband and related industries are estimated to generate US \$7.2 billion and create a further 28 000 jobs by 2015 (Broadband Commission, 2013).

Perhaps of even greater interest to many are the impacts that increased connectivity will deliver in areas such as health, governance, and society, dramatically changing the day-to-day lives of Africans for the better.

It is estimated that e-health services, including remote diagnosis, advice, treatment and health education – all underpinned by affordable broadband access – could address 80 % of the health issues of patients in poorly staffed rural clinics in Africa (McKinsey, 2013), and save over 1 000 000 lives in sub-Saharan Africa over the next five years (GSMA/PwC, 2013). Such services are already being used to fill critical health care gaps, particularly in rural, conflict-affected, and poverty-stricken areas where medical centres may be understaffed or medical personnel entirely absent.

Web-driven distance education programs also offer medical and health training programmes, helping to expand the pool of trained medical personnel and enhance the quality of services they are able to provide.

A recent report took a closer look at the impact technology could have on governance and the delivery of public services, and estimated that more effective delivery of Africa's public services could achieve technology-related productivity gains of US \$10-25

billion annually, by 2025. This would be achieved through measures including the digitisation of public records management and the use of enterprise resource planning. The end-to-end digitisation of revenue collection, including taxes and fines, would also strengthen the ability of African governments to effectively collect revenue (McKinsey, 2013).

In addition, the Open Government Partnership and Open Contracting initiatives, amongst others, have highlighted that if the data collected under these initiatives was made available online in "open data" formats, it would enhance transparency and encourage reuse and investigation by civil society and social enterprises. We would see democracy enhanced and new businesses being built on top of government data sets.

Agriculture

In a 2010 report, the African Development Bank Group highlighted the importance of the agricultural sector to the continent. Agriculture, the report's authors noted, supports the livelihoods "of 80 % of the African population, provides employment for about 60 % of the economically active population, and for about 70 % of the poorest people on the continent." The report also asserted that "when agriculture stimulates growth in Africa, the growth is twice as effective in reducing poverty as growth based in other sectors."

Perhaps counterintuitively for a "low-tech" sector, the Internet has already had a significant impact on agriculture throughout Africa, with online and mobile apps dramatically enhancing productivity. One example is iCow, a Kenyan SMS and Web app, which helps dairy farmers collect data about their animals, and then sends personalised recommendations and reminders about milking schedules, vaccinations and more.

Farmers who have used iCow for seven months have seen increased milk production of between 2-3 litres per animal per day, translating into significantly increased income. Another trailblazing organisation is mShamba, which delivers market price information to farmers and provides a trading platform, allowing farmers to get the best prices for their goods, and eliminating misinformation and price gouging by middlemen and traders.

If we can make affordable access a reality, by 2030 we'll see a proliferation of apps and Web-based tools, which, like iCow and mShamba, will help farmers to increase productivity and ensure they are receiving the best prices for their goods.

As highlighted earlier, the real barrier to getting online in Africa today is cost. Technical solutions to deliver affordable Internet access are well advanced, but all too often obsolete or ill-conceived policies and regulations are restricting their deployment and keeping prices artificially high.

Concrete examples of progressive policy reforms might include:

- ▶ Clear mandates for Universal Service Funds to deploy resources on effective public-private partnerships aimed at connecting those in hard-to-reach areas.
- ▶ When Pakistan pursued such a strategy, it created 500,000 new broadband subscribers in more than 300 previously underserved towns and cities, created 300 Community Broadband Centres, and connected 1 100 high schools, colleges and libraries (A4AI Affordability Report, 2013).
- ▶ Encouraging or mandating open access and shared infrastructure models, to allow for the efficient, effective and transparent development of a shared backbone infrastructure.
- ▶ For example, Nigeria, Africa's most populous country, is one of many developing countries pursuing a policy of open access and infrastructure sharing. The Federal Government of Nigeria hopes to change cost structures in order to increase the impact of infrastructure investments, and drive innovation in business models that will increase access and demand for broadband (A4AI Nigeria Case Study, 2014).
- ▶ A clear focus on driving demand for Internet access, as well as enhancing supply.
- ▶ Malaysia's 2010 National Broadband Initiative stimulated broadband demand by increasing awareness of broadband benefits, improving available e-governance and other services online, and enhancing broadband affordability by subsidising device costs. Today, as a result of the initiative, over 3.7 million Malaysians subscribe to mobile broadband and more than 63 % of households have an Internet connection (A4AI Affordability Report, 2013).
- ▶ The reduction/elimination of luxury and multiple taxation on ICT providers and the telecom goods and services required for Internet access.
- ▶ When Colombia reduced taxes on PCs, Internet penetration increased 466 % between 2005 and 2008, versus 161 % across the Latin America region (IDC Colombia, 2009).

If African leaders – from the public, private and not-for-profit sectors – want to unlock the benefits that affordable Internet can provide by 2030, they must urgently come together to create a fertile and stable policy and regulatory environment. A climate that combines certainty and innovation will allow for investment to be made in confidence, encourage effective public-private partnerships, and deliver open, competitive, and innovative broadband markets that drive down prices and offer real choice to consumers.

The author is the executive director of the Alliance for Affordable Internet. This coalition of more than 60 organisations from the public, private and not-for-profit sectors is working to see the cost of Internet access fall to less than 5 % of monthly average income - a UN Broadband Commission Target. The Alliance undertakes independent research and works directly with country governments to deliver policy and regulatory reform. More: www.a4ai.org.

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Africa in 2030 – Prospects for a Continent in Transition

Dr. Donald Kaberuka

Donald Kaberuka is President of the African Development Bank, the leading regional development finance institution. The Bank promotes economic and social progress in Africa through loans, equity investments and technical assistance.

The year 2030 will mark roughly seventy years since most of Africa's countries first achieved independence in the early 1960s, events followed shortly thereafter by the establishment of the Organization of African Unit. The dawn of independence created a deep sense of optimism and self-worth for much of the continent, with hopes that self-rule would deliver development and national prosperity for previously disenfranchised citizens, and promote nation building, and ownership of the process.

These dreams were accompanied by a broader pan-Africanist project to liberate the rest of Africa, notably Southern Africa, even if that would cost countries dearly in terms of their own national development.

For several decades after the heady independence decade of the 1960s, and well into the 1990s, few post-independence dreams were realised. In the late 1960s, but especially in the 1970s and 1980s, countries went into deep recession. Political governance structures also deteriorated markedly, with coup d'états becoming a common means of changing governments.

Poverty, which many countries had vowed to eradicate, became a principal challenge, and the provision of services in education and health fell behind many other developing regions of the world. In fact, as Asian and Latin American economies became important global growth poles, Africa was seen by many experts as being "irretrievable." The pervasive structural adjustment programmes that countries embarked on en-masse during this period worked for some. But, for the majority, the decline continued.

However, the late 1990s and early 2000s saw countries making a steady and unprecedented growth turnaround. Among the factors aiding the change were the rapidly changing global economy, notably the rise of China, and to some extent India and Brazil. The single most important factor was, of course, the onset of the natural resource boom in Africa, which had a positive impact on domestic investment and growth. But, the impacts of previous structural adjustment programmes were also important. They were painstakingly implemented during the 1980s and 1990s, opened up economies to foreign investment, and were beginning to bear fruit.

Since 2000, on average, African countries have posted growth rates above 5% - a rate double that of the rate recorded during the 1990s. Estimates of the Bank's Research Department show that this growth acceleration, whilst still predominantly driven by the commodity boom, has been broad-based and better managed than in previous decades, thanks to the pursuit of relatively sound macroeconomic and microeconomic policies.

There is already tangible evidence of Africa's changing prospects, not only in its expanding middle class and quicker pace of urbanisation, but also links to global value chains, not the least of these being through financial intermediation. Technological innovation and the demographic transition, including the transformative impact of mobile phone telecommunications are also notable. For example, Kenya's mobile phone payment platform, M-Pesa, now processes more transactions on a daily basis than Western Union does globally in a year. M-Pesa today, is a major technological innovation which has been copied widely across the world.

Although many African countries are better off today than twenty years ago, the rapid improvement has been achieved at the cost of increasing socio-economic inequalities. These inequalities include an escalating rural/urban divide, and burgeoning slums and poverty in the cities. Unlike East Asia and Latin America, areas with comparable resources to Africa, many African countries have performed well below their potential in reducing poverty. While a number of structural impediments, including policy and physical barriers to trade can be mentioned, the fact is that Africa, today, trades less with its neighbours even when it comes to trading in agricultural products, than with the rest of the world. Policy has been the main culprit. This has led to borders remaining physically and institutionally opaque, suffocating intra-regional trade, which stands at only 12% of Africa's total trade. Inconsistent immigration procedures further hamper the movement of skills and talent.

Four interrelated factors could make all the difference in Africa's future prospects.

The first relates to the use of Africa's natural resource rents. It has been argued that Africa should use its resource rents to build infrastructure that not only improves service provision, but also makes it easier to transact business and boost overall investment, especially in rural areas. It is recognised that Africa will not be able to reach the next level of economic transformation without first addressing its serious infrastructure situation.

Inadequate power and energy supplies, poor road and railway networks, congested and poorly maintained port facilities and inadequate planning capacities at the government level are blocking private investment. This raises the cost of doing business and undermines the capacity required for employment creation. Urban congestion is today more the rule than the exception in African cities. Little thinking has gone into planning Africa's cities of the future and how they should operate.

Secondly, the continent should take advantage of its demographic dividend to leapfrog development. It is well-known that Africa will have the youngest population in the world for many years to come. However, to extract the most from this dividend, Africa will need to raise the skills and technical abilities of its young people. Again, the natural resource boom could be used to fund the technology and innovations required. Youth employment will become a key necessity for preserving growth and social harmony, and will require increased governmental attention.

Thus while there is little doubt that Africa is rising, the question that should be asked as we look ahead is: 'Whose Africa is rising?' We will need to ponder how best to bring development benefits to all. For Africa to have a prosperous middleclass by 2030- an aspiration shared by the majority of African countries that have a 'vision' for the future, many more people will need to be economically uplifted so that they can avoid the looming specter of abject poverty. They must also be able to enjoy the benefits of a more hopeful and rising Africa.

Thirdly, reforms need to continue in a host of areas to enhance efficiency and capacity to deliver. It can be argued that complacency is a threat to Africa's economic improvement. The relaxation of the fiscal stance may have been necessary during the difficult times of the financial crisis, but vigilance against escalating fiscal deficits and rising debts will be required during this present phase of consolidation and development.

Fourthly, Africa must accelerate its plans for economic integration. The process up to now has been too slow, and the costs, in terms of lost trade opportunities and missed markets, have been high. Africa's hopes of prosperity will not be realised without countries joining together to forge economic integration.

The subject is a key pillar of the Bank's work. The trans-boundary infrastructure and regional networks, which the Bank has been financing in the past decades, are important for unlocking Africa's potential and raising its competitive edge against other regions of the world. The Bank has estimated that, owing to poor regional infrastructure, transport in Africa's coastal countries costs up to 40% more than in comparable countries elsewhere in the world. The transport cost difference for landlocked countries is close to 100%. These costs could easily wipe out any other trade or strategic advantages that Africa could have.

Ultimately, Africa's success will depend on how well it leverages its comparative advantages and harnesses the key drivers of growth. Raising the level of human development, particularly in science and technology, will be a 'game changer'. The expansion of Africa's middle class, one-third of the continent's total population is bound to spur developments in a range of areas, some of which are already evident and include growth of the private sector and the knowledge economy. The ICT revolution, embraced by Africa's youthful population, has spurred innovative approaches to information, micro-finance and the mobilisation of rural producers via the mobile telephone networks. It is expected that this will continue propel future growth.

Africa's socio-economic transformation will require enormous human and financial resources. Overseas development assistance has been a key input in Africa's development, but the goal must now shift towards home-grown solutions and financing.

It is not realistic to expect Africa to be a master of its own future, when the bulk of its major initiatives still depend on donor financing. Innovative means of mobilising resources could include tapping into African pension funds, African sovereign wealth funds, and attracting the savings of the African diaspora. During the past year, the Bank has devised a new financing vehicle 'Africa50', dedicated to financing 'game changing' infrastructure projects based on the effective leveraging of public-private partnerships. The fund is in the process of creating an Africa-wide robust pipeline of projects to finance.

Ultimately, I am optimistic about Africa's future. Policy making has improved markedly during the last 20 years, most of the continent is at peace, and today's leaders are conscious of the need for fiscal prudence, sound macro management and the inclusion of the poor in the development process.

All of us realise, however, that this is just the beginning. A key challenge will continue to be effective policy implementation, especially with respect to issues of poverty reduction and socio-economic inclusion. Even the best of policies will amount to nothing if not subjected to the test of rigorous implementation.



Seeing the future through the eyes of young Africans

Gerald Mahinda

Gerald Mahinda is Managing Director, Sub-Saharan Africa for Kellogg's, the leading global cereals and snacks company.

It is interesting to reflect on the progress that has been made in Africa over the past 15 years. Where we are today is very different to where we were 15 years ago - at that time, most people would have thought it impossible for Africa to get to where it is today.

Having traversed the continent working for multinationals over this period, I have had a front row seat to some of the very real change that has occurred. Ten years ago, when I was living in Lagos, not many people believed that the transition to democracy in Nigeria was real, let alone sustainable. Retail options were limited. There was only one supermarket where all the expats shopped; driving around Lagos, it was rare to see a new car. This has all changed. After four elections, there is real confidence in the sustainability of the democratic system and the retail sector has been transformed with the presence of Shoprite, Spar, Game and Valuemart. There are new cars in abundance.

Similarly, Luanda is virtually unrecognisable from even a few years ago. When considering Angola, people often lack the perspective that it is little over 10 years since the decades-long civil war drew to an end. The redevelopment that has happened since then is incredible. Luanda is reminiscent of Dubai about 20 years ago and the city even sports a new, world-class waterfront development.

Having said all that, as I continue to travel across the continent, what does strike me is that younger people do not seem as impressed as my generation with the progress that Africa has made, but rather wonder why the continent is not further ahead than it is.

Clearly, they view Africa from a different perspective than my generation. The perspective of my generation remains tainted by Africa's history. Hence there is a sense of wonderment at the progress that has been made; 15 years ago this would have seemed impossible to most Africans. At the same time though, because of our history, there does remain a sense of caution, perhaps even doubt.

In contrast to my generation, the younger generation of Africans are more optimistic and ambitious and they do not suffer from the same self-imposed mental limitations. They talk about 'leapfrogging' the rest of the world rather than simply 'catching up'. For us to conceptualise what is possible over the next 15 years, we therefore need to try and see the future through the eyes of a younger generation that are a lot more visionary than ours.

I am not sure exactly what the future of Africa is going to look like, but I do believe that the younger generation will drive fundamental changes. Looking through their eyes, the past 15 years have been transitional and the next 15 years will be transformational. They are going to create a different set of demands, opportunities and enablers. The 'old politics' of Africa will simply not work for them.

The new generation will demand governance and accountability and see new systems being used to create a different kind of civil society and a different form of government. In the same way that mobile telephony is transforming communications, transactional relationships, and even social and political dynamics, new technologies are going to force a 'recalibration' of commerce and politics in Africa.

In the context of my working life in Africa - 20 odd years with multinationals AIG, Standard Chartered, and now Kellogg's - I am more convinced than ever that the single biggest constraint to the growth of multinationals like these in Africa is perspective.

Like my generation of Africans, the general perspective is grounded in the history. We need to radically shift this by imagining what could be possible in 15 years' time, rather than being continually weighted down by where we were 15-20 years ago.

Although it is difficult to visualise this future, I do know that our only constraint - as Africans and as leaders - is a going to be lack of imagination and willingness to think differently.

Africa is crucial for future growth

Ross McLean

Ross McLean is President, Sub Saharan Africa for US headquartered Dow, one of the world's leading chemicals companies, and ranked among the Fortune 50.

With prolonged slow or stagnant growth hitting many industrialized economies, the remarkable story of Africa's growth has brought increased global attention towards the continent as both a market and a destination for trade and investment. While to some this revelation has come out of the blue, Dow has operated in Africa for over 50 years and believes that this recognition of Africa's promise is a direct result of demographic and political trends that have been building over time, despite challenges, and look set to continue into the foreseeable future. Dow sees Africa as crucial to our company's future growth and business success, both by 2030 and beyond, and we are proud that our solutions have been part of this growth across industries, whether it be in agriculture, infrastructure, energy, or manufacturing. We see the gains of recent years as only the beginning of Africa reaching its economic potential. Amidst the very real excitement, many challenges remain, and we must all work together to ensure that such growth and success will be both sustainable and translate to the communities who have not yet enjoyed the benefits of development.

In addition to GDP growth projections that place 7 out of the world's 10 fastest growing economies between 2011-15 on the continent, according to presentations during the African Development Bank's recent annual meetings in Kigali, Foreign Direct Investment will reach US\$80 billion this year. This is up from US\$56 in 2013 and US\$50 in 2012, with services and a growing manufacturing sector account for US\$67 billion of this year's total. Although they only account for around 3.5 percent of the world's total, exports from Africa grew faster than anywhere else in the world. Certainly, soaring global demand for Africa's rich natural resources is often cited as a primary element in Africa's growth story, but we feel this is only part of the picture -- broad trends of increasing political stability and improved governance across are making significant

contributions to economic growth and we believe this will continue. While we cannot ignore the very real and significant challenges to stability and security that will remain across this vast and diverse continent for the foreseeable future, the overall trend lines remain positive and point towards sustained growth and increased prosperity and transformation in 2030.

Stability and Improved Governance Boost Investment, Growth

While troubles in South Sudan, Central African Republic and Nigeria, for example, continue to garner headlines, there are far different stories unfolding, and have been over time, throughout Africa. Ghana, for example, has continued to shine as a beacon of political stability in West Africa over the past 10 years while recent peaceful political transitions in Kenya, South Africa and elsewhere set the tone for the continent's political evolution. Supported by improvements in economic policy, enhanced political stability is creating a more favorable climate for foreign direct investment and accelerating economic growth. Strides are also being made in the battle against corruption. It is quite remarkable, in fact, how certain countries have used global rankings, such as the World Bank Doing Business Report as both a spur to, and a gauge of, their efforts to improve their investment climate. Global firms are taking notice, but perhaps as important is an increasing confidence among local entrepreneurs in the opportunity to work within the system to build strong, indigenous firms prepared to enter the global supply chain.

Another driver of sustained economic growth and prosperity in Africa is the continent's immense human potential and capabilities. As noted above, all across the continent you see many young professionals embracing the challenge of starting a business and



using their entrepreneurial skills and increasing access to help develop their economies. The speed with which Africans have embraced new technologies, as seen in Kenya's fabled development of mobile technology platforms and mobile money transfers, is opening up new horizons for Africa's young entrepreneurs. Augmenting this, more and more of Africa's diaspora are returning home, something that many believed was unlikely over a decade ago. Ghana in particular has done incredibly well in enticing members of the diaspora to come back home and invest and/or expand their business. However, there are still challenges to overcome if Africa is to accelerate and sustain its remarkable achievements in recent years. Focused, coordinated approaches will be needed to keep this amazing story on track.

Overcoming Challenges, Expanding Growth

Building diverse, balanced economies is essential for sustaining growth on the continent, and African nations can and should invest in the manufacturing sector. Research has shown how manufacturing can facilitate economic growth, create high-value jobs, and provide for sustainable development in emerging markets. Manufacturing improves on competitiveness, and with an effective and comprehensive industrial policy, it can make an economy more vibrant, attractive and sustainable in the long run. Manufacturing can help raise investment levels, facilitate linkages across the continent, upgrade technological capacity and provide a gateway to international markets. We believe that governments, particularly those developing hydrocarbon resources, can facilitate this process and provide a unique opportunity to spur manufacturing and therefore sustainable growth and development. While oil and gas

exports can bring immense revenues, upstream production employs relatively few people, whereas the multiplier effect of downstream industry offers many benefits to African societies facing young, growing populations.

Infrastructural deficits, such as inefficient ports or limited electricity supply, however, will negatively impact the progress of the sector through increased costs, decreased productivity, and impeded trade. Cities in West Africa are projected to grow by up to 58 million people this decade. Lagos, for example, has embarked on an unprecedented construction spree to cope with the expected population growth, but questions remain if it or sister cities elsewhere on the continent will be able to keep pace. Coordinated regional approaches to dealing with the impediments to growth within the manufacturing sector could perhaps form part of the solution. In the ECOWAS region, for example, using the blueprint of the West African Common Industrial Policy and implementing its recommendations could help boost integrated efforts toward effective industrial strategies. In East Africa, Tanzania and Rwanda have boasted significant and impressive GDP growth rates of around 7 percent or more (in 2012), but the industrial economy played a minimal role in that growth; though Rwanda's GDP growth rate in 2012 neared 8 percent, only 1.4 percent of that can be attributed to the industrial sector. Continued efforts to facilitate cross-border trade within regional blocs will help address this deficit and allow African countries to take better advantage of programs such as the U.S.' African Growth and Opportunity Act (AGOA) as a means to boost exports and trade. It is also no mistake that African governments understand that increased economic regional integration will be one of the key drivers of positive transformation over the next few years.

Africa in 2015 and beyond could be peaceful, prosperity-achieved by 'mature' investment.

Rob Otty

Rob Otty is the Managing Director of the South African practice of Norton, Rose Fulbright, a global legal firm with more than 3,800 lawyers based in over 50 cities around the world.

Although Africa continues to experience the rapid evolution it has seen over the last few decades, the scramble by investors for the continent that was a characteristic of the 1990s through the millennium and into the 2000s has evolved into a more mature investment approach.

The level of investment may not have slowed, but the sense of almost panicked rush has been replaced by an acceptance that the opportunities the continent offers are not going anywhere.

Investors now understand that Africa is a 'long-term play' rather than one that requires urgent and, unfortunately, occasionally irrational exploitation. That investors have become wiser is not surprising, since the continent today is not what it was 15 or even 20 years ago. Whilst possibly a generalisation, the inexorable improvement in governance and government policy, reduced levels of crime and corruption and the burgeoning middle class, combined with an ease of access to markets, have all played roles in separating myth from reality, allowing investors to treat African markets much as they would any other.

As was to be expected, the unfolding Africa story is one that has been watched closely by Afro-optimists and Afro-pessimists alike.

Human nature being what it is, many predicted that the early boom of 2010-2020 would be short-lived. Pointing to examples of the so-called failed Africa state, pessimists were quick to paint Africa as violent, corrupt and made up of "banana republics". These gloomy predictions were not entirely devoid of merit. Parts of the continent continue to be challenged by dictatorship, corruption and violence. Civil war, terrorism and ethnic violence still remain far too prevalent as we approach the mid-point of the 21st century.

Of course, these are not challenges unique to Africa. Therein lies the problem. The pessimist prism continues to see Africa as a single entity. "Africa" is a term that continues to be applied to African states indistinguishably and each is damned by the challenges of the others.

The reality is, of course, very different. Fortunately government, corporate and private investors alike have recognised that Africa is not a country. It is a continent - a continent that is home to 55 countries all of which have their own challenges, develop at their own speed and, importantly, have their own successes. These

successes have, over the last 10-15 years become increasingly apparent.

Africa, the continent that was, for so long, the unknown entity, the epitome to some of Conrad's "Heart of Darkness" is delivering on its promise and taking its place in the sun.

In the last decade African countries have seen an infrastructural revolution. Driven by the need to access and transport resources, many countries have seen the proliferation of railway lines, roads and airports. Ports continue to be upgraded and constructed on both the east and west coasts and oil and gas pipelines stretch across borders, cutting from the coast deep into the interior.

Trade corridors in the east and west complement those in the south. Cross-border regional commercial activity has picked up as a result - made easier by common regional customs duties, visa requirements and a general ease of movement of both people and goods. Whilst the 'African Free Trade Zone', first mooted in 2008, has never made it past the "talk-shop" stage, members of the various regional trade blocs like the East African Community (EAC), Southern African Development Community (SADC) and Economic Community of West Africa States (ECOWAS) have demonstrated a commitment to developing their regions to mutual benefit.

Driving cooperation at regional level was the stark realisation in the latter part of the initial boom period that each country member was simply not able to develop sufficiently quickly enough on its own. Each needed the combined strength of the others to meet the huge infrastructure deficits, the massive power shortage and the growing consumer base that was developing economies that needed and wanted to expand beyond their traditional borders.

The expansion of African corporates across the continent and globally is one of the success stories analysts have written much about. It began with South African companies first expanding into traditional western markets. Whilst a handful had investments in parts of Africa for generations, it was only in 2010 that the real drive by SA corporates into other African countries started, a trend that has not slowed down to date. Few are the medium to large South African corporates that do not have investments in neighbouring territories or further afield. This is a trend that is not limited to South Africa.



In the period 2015-2025, intra-African investment (excluding SA) grew by almost 30% year-on-year. Of this, the largest portion of growth came, perhaps not unsurprisingly, out of Kenya and Nigeria. Following their regional counterparts will be Ugandan, Ethiopian, Ghanaian and Cote d' Ivorian corporates.

Cross-African holdings in the telecoms, power, agri-business, retail, mining and transport sectors-to name a few- demonstrate just how effectively African investors have increased their footprints across the continent. African appetite for expansion does not stop on the continent. Just as South African corporates extended their reach into the global markets, so too have corporates from various African countries, continuing a trend that started in the mid-2000s and continues to gather momentum.

Joint listings on local and international exchanges like London, Sydney, New York and Toronto is no longer something limited only to the major SA corporates like SAB, Old Mutual and the like.

Investment into the continent from other parts of the world has continued to grow year-on-year as investors become more comfortable with what were, 10-20 years ago, "difficult" markets. Improved regulation, satisfactory security, for both people and investment assets, sophisticated professional advisors and investor-friendly legislation in some, but not all, countries all continue to play a role in encouraging foreign investors to take the proverbial plunge.

Of course, a healthy return on investment has not done any harm either. The establishment of effective centres for dispute resolution in Kenya and South Africa-together with the signing of enforcement treaties by many countries- has provided investors with some reassurance that, should the worst case scenario occur, their rights may be enforced without the need to incur significant cost litigating in London or the US. Talks are currently underway to establish a similar centre in Ghana.

Unlocking the potential of the continent was, for many years, hindered by a dire shortage of power.

Infrastructure to access resources is one thing; growing economies without the electricity to do so, is something different. In the initial boom period, investment focus was very much resource driven.

Whilst resources continue to be an important continental "play", the current investment market is far wider and thus more sustainable. Some analysts attribute this more sustainable model to the improved power supply to parts of the continent that we have been put in place over the last five to ten years.

Arguably one of the most important developments in the past two decades, was the completion of the Democratic Republic of the Congo's 'Inga 111' hydropower project in 2028. The projected completion of the 'Grand Inga projec't in 2040 will benefit not only the continent, but parts of Europe as well.

On the east coast, Ethiopia has realised some of its potential as a power exporter, exporting electricity to Kenya and Sudan. The ongoing dispute between Ethiopia and Egypt over historic water rights continues to put the brakes on the full regional potential of the various Ethiopian hydropower opportunities.

So, is the future for Africa all roses and sunshine?

Whilst the problems alluded to earlier persist, some countries will continue to create a sense of confusion and uncertainty. Africa's hard won successes can be easily overturned if these problems were to gather momentum, or should governments revert to the policy uncertainty that prevailed in many countries between 2010-2020.

One must hope the regional blocs, so successful over the past decade, will continue to strengthen, that neighbours will support each other in policy and in action, and that the drive for improvement and development will continue.

Many Africa countries are now rightly seen to be global players - or at least emerging global players in some cases. The challenge is to maintain the momentum and stick to the basics, no matter how hard that may sometimes appear to be. Those of us who live and work on the continent believe this is a challenge worth accepting and a challenge that will be met. It has been met in the past, and the successes speak for themselves

Africa is closer than we think...

William Pollen

William Pollen is Program Director of Invest in Africa, a partnership working together to address the cross-sector challenges of doing business in Africa.

That coffee you had this morning, did you happen to notice where the beans were from?

Italy, Brazil or perhaps Indonesia, but what about Uganda or Cote d'Ivoire?

The shirt on your back and that new Benetton jumper you like wearing so much, where was the cotton they're made from picked; China, India, America or possibly Zambia?

And those fine leather shoes you wear to important meetings, have you ever noticed that on the sole there's a tiny inscription that reads 'made in Ethiopia'?

But what's more impressive is that you didn't use any cash or a card to pay for any of them. No. Instead you used your mobile phone with its new Kenyan powered technology.

Africa and the resources it has to offer are closer than we think.

My 'vision' for Africa in 2030 is that the continent can move from a net importer, to a net exporter, so that we live in a world where Africa's goods and services are no longer just occasionally part of our lives but are around every corner, on every high street, so that you couldn't imagine life without them.

To achieve this the private and public sectors must work together to turn Africa's much touted potential to be a global manufacturing power house, the world's bread basket and a provider of high quality services and ITC, into reality by 2030.

Local content for global growth

Visions and potential is one thing, what matters more is the ability to deliver on them.

In this regard, I firmly believe that the issues we currently frame in language of 'Local Content' are critical to achieving this vision. Progress on local content holds the key to ensuring African companies consistently deliver to international standards, enabling them to compete on a level playing field, and then in time going onto become global exporters in their own right, just as today, China is in manufacturing, Turkey is in clothing and India is in ITC services.

No matter how you define local content, a commitment from larger international and domestic companies to build on the capacity and capabilities of local people and businesses is fundamental to Africa progressing from a net importer to a net exporter. However the private sector cannot do this alone. Governments must be the driving force by creating a transparent framework, in consultation with the private sector, which creates accountability and a level playing field for all.

Without this legitimate framework even the best intended local content legislation is open to abuse and will be misinterpreted by investors as an additional cost of doing business. Instead, it should be seen as a huge opportunity to localise your entire business model, better understand local cultures, practices and consumers, whilst also reducing your operating costs and political risk.



There has been some progress in recent years as African governments have opened up to FDI and investors have started to overcome the traditional misconceptions and prejudices that until recently kept Africa 'off limits'. Even Africa's commodities, for so long the bedrock of the continent's trade relations with the rest of the world, no longer have to take a round the world trip, with all the value addition taking place offshore, before returning to its source at an inflated price. Witness the return of De Beers operations from London to Gaborone, Botswana and the numerous large-scale refineries planned in Tanzania, Mozambique, Uganda and Nigeria to name but a few.

But, how do we ensure this progress continues and takes place across all sectors of the economy, not just in commodities, so that Africa's growth will be home-grown by 2030?

Here too, local content regulations and practices have a huge role to play.

Lessons can be learned by looking at successes elsewhere. When Norway first discovered oil in the 1960's it had no previous knowledge or expertise in oil and gas, at the time the local economy was built largely on income from shipping and fishing. So, the government made education the pillar of their efforts by taking the time to build long-term capabilities and knowledge of the oil industry 'in-country'. Training programmes were established in production and transporting techniques and the sudden need for engineers was met through five-year training programmes. African countries such as Ghana, which first discovered significant oil fields in 2007, may not yet have the infrastructure in place, but can learn from Norway's long-term mindset and commitment to education.

Local content successes are not just limited to developed economies. After the 2008 global financial crisis, Brazil faced many of the same challenges that are now being faced by African countries today. These include a trade deficit, limited industrial and technological competitiveness, high interest rates and an over-dependence on commodity exports.

However, Brazil's domestic aviation industry has benefited from policies that manage levels of foreign ownership, not investment, and an 'open skies' relationship with key markets. Similarly, India's 'Vision 2020' policy aims to give the people greater access to education, healthcare and finance by focusing on infrastructure development in ITC architecture.

Progress is already being made in Africa, countries like Kenya and Botswana whose 'Vision 2030' and 'Vision 2016' policies set out clear objectives and a blue-print for how these objectives will be achieved, with local content at their heart.

However, more needs to be done by both sides.

From governments there needs to be a more genuine consultation with the private sector, with feedback reflected in final legislation. Expectations need to be better communicated and managed, especially with the media, to prevent the perception that 'life changing' growth will occur overnight and benefit every citizen equally. In turn, this will reduce the huge short-term pressures this mindset creates, helping give governments the time needed to successfully implement local content policies.

From the private sector we need to see greater efforts to understand the genuine intent behind most local content legislation. With greater understanding comes a recognition that the requirements set out in legislation are frequently an ultimate longer-term objective- not a dictate and so should not be seen as an additional cost of doing business. A more collaborative approach in working with governments on local content policy offers the private sector unique opportunities to shape the very legislation they operate within, and improve both sides' understanding of each others' businesses.

This more collaborative style to local content not only makes good business sense, it will also create the quality domestic companies that foreign investors are in such need of as local partners and suppliers. In time these domestic success stories will go on to compete on a global scale, delivering African products and services to your high street and your doorstep every day.

Africa 2030 - Realising the possibilities offered by the last frontier

Johan van Zyl

Johan van Zyl is the Group CEO of Sanlam, a South African headquartered financial services group, with growing interests across emerging markets in the rest of Africa and in Southeast Asia, as well as in Europe, the US and Australia.

Africa's time has come! In a period where major companies and brands from the developed world are looking for 'the holy grail' of growth, Africa is considered to be the last frontier. With a total population of over one billion people and with over half the population currently being under the age of twenty, the continent is set to have the world's largest workforce within the next two decades

Africa's rise is real. The economies of several African countries have amongst the highest growth rates in the world. This has been achieved off the back of significant economic, social and political reforms and democratisation as well as growth in trade and investment, all factors that have contributed to substantial improvements in the quality of life. Importantly, this growth has not been limited solely to natural resources, but can be attributed also to sectors such as agriculture, manufacturing, construction and services, all of which are making substantial contributions to raising standards in the continent.

A key driver for sustained growth will be foreign direct investment (FDI) occurring within the improved business environment. This investment, from beyond the African continent and also between countries within the continent, will not only be the major source of capital, but will drive job creation, skills development and technology transfer leading to the modernisation of Africa's economies.

The very real technology 'leap-frogging' taking place on the back of accelerating urbanisation and growing retail opportunities, particularly in the communications and financial arenas, will give necessary impetus to the economic transformation across the continent

While there is a perception gap which constitutes a barrier to some new investors, many others are already successfully doing business in Africa. First-mover advantages are evident in many sectors.

In addition, successful companies in the retail and services spaces have some common characteristics and strategies. These resonate well with Sanlam's own experience for successfully entering Africa:

- ▶ First, and probably most importantly, successful companies recognise that Africa is not a single country, but constitute over 50 very distinct markets, each with its own characteristics and requirements for success. Africa is diverse, requiring different strategies; what works for one country may not work for another.



- ▶ Partnerships are key to building strong relations with prospective clients, business partners, government, communities and other stakeholders. Sanlam's experience is that things work best if we play a technical partner and supporting role, with a local partner focusing on managing relationships and distribution. Entrusting local boards and management to run operations, within a strong governance framework, is critical to our success.
- ▶ Passionate people are vital resources. Sanlam relies heavily on local talent, supported by a small number of expatriates and a larger number of commuting specialists, to provide support. Investment in training and development of local staff, and alignment on softer issues, like company culture and personal values, are important.
- ▶ Success requires careful planning over the longer-term. Patience is a virtue, with successful investments often requiring a longer time-frame to materialise, and yield positive results. Persistence and flexibility in implementation of these plans are often the difference between success and failure.
- ▶ Finally, one has to have a positive and 'can-do' attitude. In Africa, returns are often high, but they do not come without substantial risks, which need to be diligently managed. There will invariably be setbacks. At Sanlam, we have adopted a portfolio approach to managing these setbacks - thus assuming a "glass half-full" perspective. The ability to manage setbacks, together with good management information systems, is necessary in obtaining sustained support for African ventures at non-executive and executive management levels.

While doing business in Africa is not easy and requires special effort, the rewards are more than adequate to compensate for these efforts and other risks. Africa's time has certainly come.

It's a sunny day in Accra, Africa's newest regional business hub in 2030

Jean-Louis Warnholz

Jean-Louis Warnholz Founding Principal and Managing Director', Blacklvy LLC, an investment company that builds and grows enterprises in logistics, real estate and consumer goods and services in Sub-Saharan Africa (with a particular focus on Ghana, Kenya and Tanzania).

It's a sunny afternoon in August 2030 as our plane approaches Accra International Airport. The dry season has lived up to expectations this year and the resorts that dot Ghana's lush Atlantic beaches are booked to capacity. It has been a restful flight from New York. The increasing competition on the busy JFK to Accra route has markedly increased the comfort of flying. Gone are the tired and overcrowded planes. As I step into Accra's light-filled arrival hall and glance at the frequent connections to Nairobi, Dar es Salaam, Lagos, Abidjan, Dakar, Addis and Maputo it strikes me just how far this country and this continent has come in the fifteen years since our company opened our first Africa office in Ghana.

Ghana's economy has tripled in size. Deep, structural shifts transformed the country from an exporter of mostly raw commodities into an industrial hub that last year registered more patents than the United Kingdom and moved to 10th place in Bloomberg's ranking of the most innovative economies. Ghana has upgraded its power, road, rail, port and airport infrastructure throughout and is in good shape for hosting the FIFA World Cup in 2034, jointly with neighbouring Nigeria.

Looking back, two major developments played out in Ghana and underline the positive economic trends we witnessed across West, East and Southern Africa.

The first was the concerted effort by the Economic Community of West African States (ECOWAS), the East African Community (EAC) and the Southern African Development Community (SADC) to lead the way in further integrating their markets. Other regional blocs soon followed. The free movement of people and goods presented a sea change for local companies. It opened opportunities for expansion across borders that previously were constrained by the regulatory and physical challenges of trading regionally in Africa.

Today, the US \$1.5 trillion ECOWAS, the US \$1 trillion SADC and the US \$350 billion EAC market hold more bargaining power in international trade negotiations and have secured attractive trade preferences with South America and Asia, complementing the beneficial access their goods have historically enjoyed to Europe and the United States.

The opening up of these regions also triggered a wave of industrialisation. Previously, multinational companies previously purchased mainly raw minerals and agricultural commodities from Africa. These were then re-imported by the African countries after value was added in Asia and Europe.

These three African regional blocs with their vast underserved consumer markets and abundant natural resources are now positioned to capture a much larger share of the value chain and demand better terms from prospective investors. Companies, producing goods ranging from pharmaceuticals to advanced electronics, responded to this opportunity by opening large production facilities, often bringing their key suppliers with them or investing in existing local supply chains.

With cheap gas-fired power, a competitive labour force, abundant raw materials nearby and the world's fastest growing consumer markets on their doorstep, corporations were able to integrate and finetune their manufacturing and distribution processes, delivering sustained productivity gains.

A byproduct of this wave of industrialization was the rise to prominence of several African corporations. Entrepreneurs in Ghana, Nigeria, Tanzania and Kenya were used to operating in disruptive, every-changing environments where succeeding required resourcefulness and adaptability to overcome the daily challenges of doing business.

With investment dollars and modern productive infrastructure now making everyday tasks easier, these entrepreneurs were able to focus their diverse talent pools and creative energies into competing with the most dynamic companies in Asia, Europe and the United States. This created hotbeds of innovation and R&D that today pioneer solutions for consumers far beyond Africa's shores.

Getting there, however, was not a straight path. It took time for foreign investors and corporate executives to overcome their deeply-rooted scepticism against doing business in sub-Saharan Africa, that had been derived from decades of media coverage of the continent's woes and conflicts. That meant economies like Ghana and Tanzania had to outperform emerging markets elsewhere to attract business and investment.



Homegrown challenges also created threats to prosperity. In Ghana, the first oil finds back in 2007 saw a boom followed by an economic crisis as the resulting resource wealth did little to boost the country's business environment and industrial sectors. It took this crisis for the country to take decisive steps to enable greater value addition at home and pave the way for manufactured and refined exports to emerge as the dominant source of foreign exchange.

Walking around Takoradi today, a city in Western Ghana where much of the mineral wealth and industrial base is concentrated, it is hard to imagine that only two decades ago this was a small town isolated from global markets. I am attending the annual Global Summit on 3D Printing. Ghana has been one of the first markets to fully embrace this disruptive technology, passing laws and regulations that supported and incentivized R&D and helped establish a strong base of suppliers for 3D printers and components. The city has the vibe of the early days of Silicon Valley with entrepreneurs challenging the limits of technology and inventing next year's 'must-have' gadgets.

I take the train from the conference to the Takoradi airport to catch my flight to Dar es Salaam. This five-hour flight used to take a whole day, with requisite stops in Accra and Nairobi or Dubai. Rising purchasing power and the greater market integration across Africa have made these pan-African flights profitable and several airlines now compete on the same routes. This has revolutionised connectivity and brought the continent together, much like the fierce competition between Ryanair, EasyJet and Air Berlin did for Europe.

I fly into Dar es Salaam, Tanzania's largest city at night. It's a clear sky offering unobstructed views of the skyscrapers that dominate the city's coastline. In a relatively short time, Dar es Salaam has emerged as a major global industrial and trade hub. The city is a gateway to the thriving East African region and benefited disproportionately from the wave of market integration and industrialisation.

Tanzania succeeded in converting promising economic fundamentals, including stable governance, untapped agricultural and mineral resources, rich tourism assets, a young and growing demographic, an aspiring middle class and some of the world's biggest gas finds, into some of the highest sustained economic growth rates yet recorded.

Tanzania adopted best practices of managing and investing their gas revenues early on and built heavy industry on the back of cheap and abundant natural gas. The launch of LNG plants during the past decade created foreign exchange inflows that Tanzania employed to overhaul its infrastructure, rezone and modernise its urban centres and upgrade utilities and municipal service delivery. Industry has moved to the fringes of the city, making way for residential apartments and high-rises that house the financial, trading and services sector. Nowhere is this more evident than in Kigamboni, the new city built across the bay from Dar es Salaam's government centre. Kigamboni today resembles the wealth, aspirations and dynamism that put global cities like Singapore, Kuala Lumpur and Sao Paulo at the heart of international commerce.

Africa's ascent over the past two decades has added consistently to global growth and prosperity at a time when other regions were markedly slowing down. Africa's diverse and rich nations injected ingenuity and vitality to global markets, creating prosperity at home and abroad.

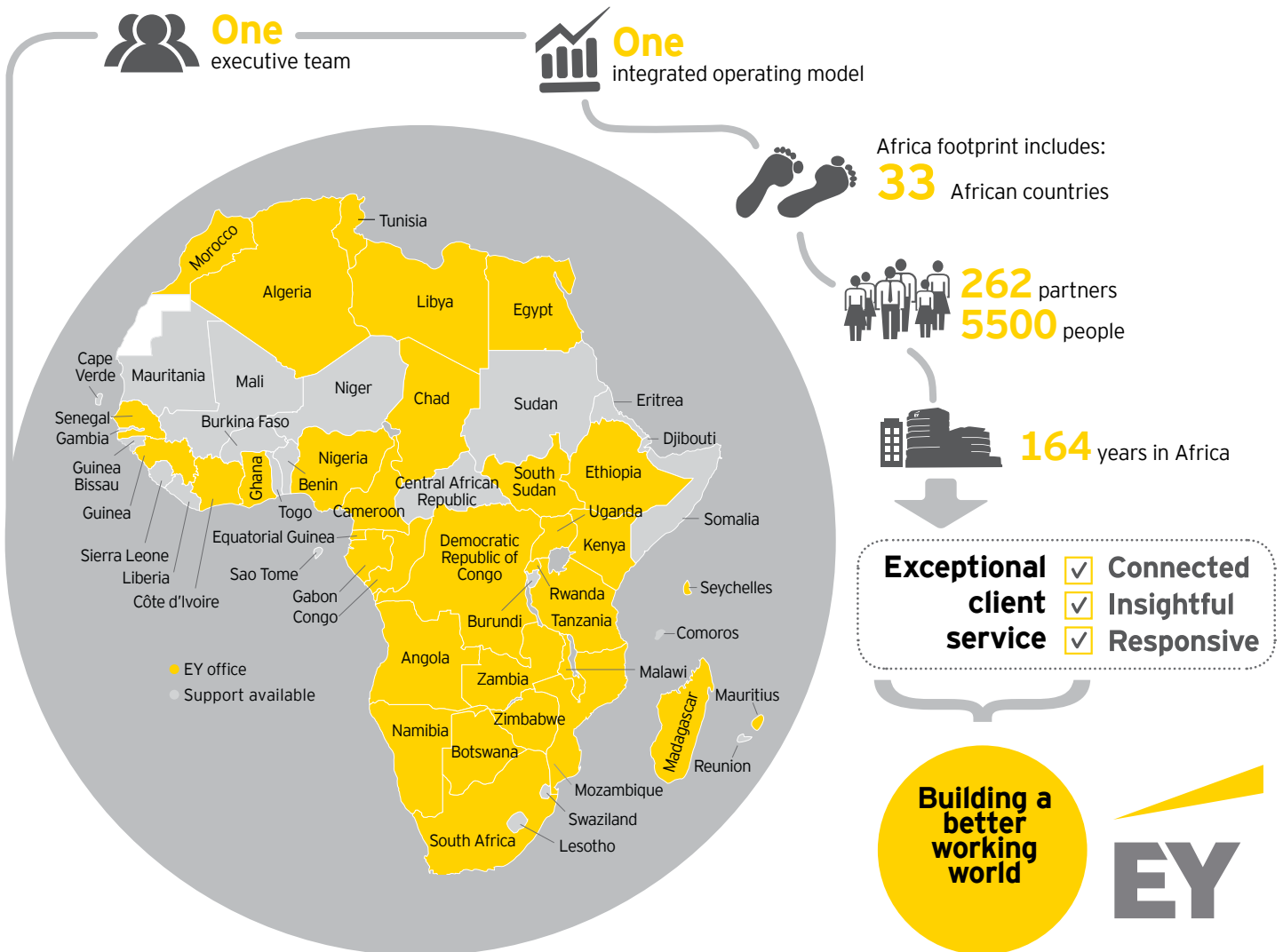
As I drive to our office in Dar es Salaam in the morning, past architecture that blends Tanzania's indigenous, Arab and Indian cultural influences, it underscores that the global economy can ill afford to miss out on the human and productive potential of a vast region.

EY in Africa

EY is a global professional services organization, with 190,000 people in over 140 countries around the world. EY currently has physical operations in 33 African countries, including 28 in SSA. The organization has been operating in South Africa for 164 years and in other countries such as Nigeria, Kenya and Angola for more than 50 years.

EY has had a presence in many African countries for decades. However, like all the large professional services organizations, the model was traditionally one of loose affiliation under a global brand. This often meant a situation in which individual country (and even city) practices ran independently, were often disconnected and

had different capability and service-quality levels. EY is the first of the large global organizations to definitively break with this model. Five years ago, it embarked on a structured process of integrating all of its Sub-Saharan Africa practices into a single operating model.





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Africa 2030. My point of view.

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