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Africans need to build the continent together

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A new generation of African entrepreneurs and businesses is emerging, write Tony Elumelu and Jonathan Oppenheimer

A NEW generation of African entrepreneurs and businesses is emerging. They are challenging traditional incumbents and introducing new business models and strategies that are driving domestic and cross-border growth within Africa.

Kenya's information and communication technology companies are investing in Rwanda and are now looking to enter Nigeria, while the Nigerian-founded United Bank for Africa is rapidly expanding into other African countries.

In 2009, South Africa invested \$1.6bn in other African countries. South Africa's MTN now operates in 21 countries across Africa, and Glo, a Nigerian mobile operator, is operating in Benin, Ghana and Côte d'Ivoire.

Africa's statistics speak of tremendous potential: the continent is the size of China, Mexico, Europe, India, the US and Japan combined. The population will soon surpass China's, with a middle class as big as India's. Africa has enjoyed more than a decade of sustained gross domestic product growth. But, there is frustration that Africans are not reaping the rewards of global investor confidence as much as they should. The mass export of commodities to the East and the West does not facilitate the "trickle-down" effect of wealth.

Home-grown investments, focused on value-adding industries, are a major key to changing this dynamic. Africans still seem to choose overseas products and investments. They prefer to export outside Africa rather than trade, manufacture and add value within. Many African countries trade raw materials as they do not have the capability to refine or process, so they end up importing the finished products.

We need to identify what is preventing Africa from being home to value-adding and value-creating businesses.

To better understand the profound changes under way in Africa's business environment and how governments and entrepreneurs can open the way for more trade and investment by Africans in Africa, the Lagos-based Tony Elumelu Foundation and the Johannesburg-based Brenthurst Foundation are commissioning a series of case studies across key sectors. They will highlight how intra-African commerce could propel the continent to greater economic prosperity.

Africa requires an environment that facilitates investment and greater market integration. The current weaknesses — corruption, high start-up costs, excessive administration, poor infrastructure and so on — are well known. But the study will also shed light on the lesser-examined legal, social and cultural differences that restrict cross-border investments.

There needs to be integrated regional production chains where Africa's raw materials are processed into finished goods that are traded locally and regionally. Regional trading blocs, including the Tripartite Free Trade Area, should thus thrive, paving the way for a continental free trade area that would produce and trade high-value-added goods internally. A generational dream.

Greater market integration in Africa will lead to a reduction in the cost of doing business and alleviate some of the problems associated with securing work permits and labour mobility.

Over the long term, Africa's competitiveness will hinge to a great degree on how well we educate our young people. Traditionally, the most talented Africans have sought educational advancement and careers overseas, but a combination of transformational educational technology, growing opportunities at home and the poor global economic climate could see this brain drain becoming a brain gain. Recruiting and retaining talent are critical. Policy that enables skilled Africans to work across our borders more easily will help achieve this goal.

Africa's ability to engage in intra-African business will be one of the key determinants of its future social and

economic development.

Never have circumstances been more propitious for African business. A rise in disposable incomes, high rates of urbanisation and a fast-growing working-age population speak of an emerging class of purchasers of consumer goods, financial services and infrastructure and a potential source of manpower for industrialisation and agricultural development.

Africans must explore ways to move beyond regional differences and competition to build Africa together from within, so that Africans become the primary beneficiaries of the continent's growth

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