

## **Africans Investing in Africa: Understanding Business and Trade, Sector by Sector**

**By Terence McNamee, Mark Pearson & Wiebe Boer**

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It is not foreign investment or importation of knowledge and capacity from the outside what Africa needs, but to unleash its own potential. As Paul Collier mentions in the introduction of *Africans Investing in Africa*, “although for Africa, the past decade has been economically benign, attention in the international business media has been narrowly focused” (p. 1). International investors have largely concentrated on the natural resources sector, but Africa has a lot more to offer. Africa’s economies have huge potential for growth diffused across many sectors.

*Africans Investing in Africa* is the result of a project conceived in 2011 by the Johannesburg-based Brenthurst Foundation and the Lagos-based Tony Elumelu Foundation. The book has sixteen different contributors hailing from respected universities and research institutions in Africa, Europe and North America; all of them with deep knowledge of the issues under consideration as well as a thorough mastery and experience in African affairs.

Part one narrates how long-distance trade has always been a tradition in Africa, especially represented by the Wangara trading network. It also analyses the evolution of trade through the colonial period. According to Terence McNamee, one of the book’s authors, at the book launch at the University of Pretoria’s Gordon Institute of Business Science (GIBS), transnational trade is in Africa’s DNA, it is not something foreign to Africa. This part of the book also studies governance as a pre-condition for investment. Especially enlightening, the analysis of this topic goes through some of the most pressing issues encouraging or discouraging investment as well as contributing to the ease of doing business in

Africa. Regional economic communities and transport infrastructure are other issues under consideration here, as well as the growth of continental African brands and the interest in limiting or allowing the free labour movement in Southern Africa.

Part two submerges into the financial and banking sectors, defining how they operate as promoters of growth under factors of limited infrastructure, inadequate skill, political instability and increasing competition within the industry. This part also studies the retailing and communications sectors, through an analysis of the most prominent actors in these industries and the challenges they encounter such as low levels of intra-African trade, weak infrastructure and tariff barriers.

As for part three, it studies the sector of natural resources, with a special focus on fossil fuels and especially in East Africa. Finally, it jumps to the tertiary sector, studying tourism and its implications, dedicating also one chapter to private security.

In general, the book is a detailed exploration of the depth and breadth of intra-African trade and investment by showing how, where and why Africans invest across Africa. It identifies the economic, political and social experiences that hinder or stimulate investment; and to highlight examples of pan-African investors. Besides, the book undertakes a case-study based research into why African-owned and African-based companies are still struggling to succeed across multiple geographies on the continent, despite Africa’s impressive economic growth rates and overall improvements in macro-economic management.

Even though most African economies represent cases of economic success over the last decade, Africa still lags behind on many of the global surveys relating to business competitiveness and ease of doing business among many other indications as the book shows through various comparative analyses. *Africans investing in Africa* also identifies continuing barriers to progress and the means by which Africans themselves can overcome those barriers. This would be a key issue in the future, together with the underlying message of Collier's words mentioning that "much of Africa's growth will come from harnessing the opportunities for investment and productivity across the economy" (p. 1).

But Africans do not just hold the key to the future of Africa. They are indeed the new engine of Africa's economic growth, but also –or because of it– they are the only ones capable of changing the most prominent lock to unleash the full potential of Africa: politics. That is for me the most revealing conclusion of the book. A point that is also made in the introduction by Paul Collier: African businesses have the capacity to change African politics. Once this relationship is established, everything seems to go back to politics which, in the case of Africa, have been historically more about patronage than performance. Moreover, *Africans Investing in Africa* shows the crucial role African businesses and enterprises will play in the policy-making process in Africa; something that will certainly define the future of the continent.

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