Branding Africa and debunking the myths about its potential

Cape Town, 10 May 2013 (ECA) - Africa cannot continue to be marketed as a country, when it is a continent of 54 countries, which, by 2040 will have the largest workforce in the world. The statement was made by the Economic Commission for Africa's Executive Secretary, Mr. Carlos Lopes at the World Economic Forum on Africa this week during a session aptly titled:*Myth Busting; investing in Africa*.

Mr. Lopes underscored that by 2040, Africa will be more urbanized, connected and educated. "It will be a very different picture from what is now," he said.

Discussions underscored that perceptions on risks and uncertainties with respect to investing in Africa have been made to look like reality. "While some issues may be real, there are many advancements that bust perceptions of corruption, lack of growth and lack of capacity, among others.

The session underscored that Africa has a growing middle class. With increased incomes, the emerging picture shows a continent where two-thirds of its growth comes from consumption; as a result, Lagos has a much bigger purchasing power than Mumbai.

"Africa has twice as much per capita than India, more cell phones than India, less poor people than India, and we can go on and on! The mega trends are in favor of Africa," stressed Lopes

But for the Continent to reap the demographic dividends, it must address the question of infrastructure, which is necessary for industrialization and for bringing the Continent's rural areas to the global market. In this regard, a significant amount of money is needed to realize the Programme for Infrastructure Development in Africa (PIDA) and since markets do not invest in these kinds of projects, the session underscored the need for alternative sources of funding.

"The good news is that money exists in Africa - but a shift in mindset is needed to tap into the half a trillion dollars sitting in African Central Banks as reserves," stressed the panelists. PIDA projects, participants noted, could be broken into 'short-range projects', all aimed at a long-term goal.

The session also addressed the perception that Africa is lacking in skilled personnel and underscored that Africa has been on the cutting edge of innovations. However, branding and marketing of these innovations fails beyond the borders.

“Many African economies are run by informal sector, where banks do not come to the party and so the entrepreneurs in these informal sectors do not grow,” said a participant, stressing that the myth that must be busted is that these informal entrepreneurs cannot grow into big business with appropriate financing. The session acknowledged, however, that the lack of depth in the capital markets is real and it limits the possibilities for innovations to grow.

On the question of “corrupt African leaders”, the session acknowledged that the weakness lies in the capacity to investigate and get convictions, as well as lack of consistency and leadership.

Participants highlighted that the lack of a strategic vision makes corruption lead the narrative and countries like Malaysia, Indonesia are able to project their narratives on their strategic visions and less on corruption.

The need for consistency in regulatory frameworks and policy was stressed, “as it reduces the meddling of government in areas where the private sector is meant to play.”

In addition, it was felt that consistency across administrations is also important to ensure that investors play fairly. “Investors do not always like regulations,” said a participant, highlighting that the commodity boom super cycle led to an increase in profits by mining companies “by at least 200 per cent, yet tax revenues in the affected countries increasing by only 30 per cent.”

Further, the perception that ‘54 countries constitute one country where there are no positive stories to be told’ could be attributed to failure by the media and the lack of attention to marketing by African governments.

A key issue that emerged is the persistence of information gaps, created by lack of country assessments. In addition, participants wondered whether those doing business in Africa might be contributing to the myths. Doing so, they said, creates entry barriers for potential competitors, and keeps resident players laughing all the way to the bank with premium returns.

“It is important to be here in Africa to understand the context; one has to understand where to invest and why one is investing,” stressed an investor.

Issued by:
ECA External Communications and Media Relations Section
PO Box 3001
Addis Ababa
Ethiopia
Tel: +251 11 551 5826

E-mail: ecainfo@uneca.org [1]

www.uneca.org [2]

Source URL: http://www.uneca.org/media-centre/stories/branding-africa-and-debunking-myths-about-its-potential

Links:

[1] http://www.uneca.org/contact/ecainfo/uneca/org

[2] http://www.uneca.org