



John Karani: MKISM, MCIPS
Chairman, Kenya Institute of Supplies
Management
Republic of Kenya

The African Prosperity Paradox and Sustainability Shift in Supply Chains in Post Pandemic Recovery





Discussion Points...



- ✓ Africa's Geo-Strategic Situation of Africa
- ✓ What Lens/Data & By Who?
- ✓ The Prosperity Paradox
- ✓ Africa: A Complex Reality
- ✓ Claude Ake: Politics & Development in Africa
- ✓ Africa's Demographic Dividend
- ✓ What Weight Is Africa Bearing?

- ✓ Africa in Crisis
- ✓ The Case of The DRC
- ✓ Politics/Resources & Conflict Directly Impact SCs
- ✓ Panoramic View of Africa's Geo-Strategic Situation
- ✓ What is being Written On and About Africa Now?
- ✓ Shift from Growth to Sustainability
- ✓ The Question of Sustainability Shift in SCs



Africa's Geo-Economic Situation



- Africa's economic growth continues to strengthen, reaching an estimated 3.5 percent in 2018, about the same as in 2017 and up 1.4 percentage points from the 2.1 percent in 2016. East Africa led with GDP growth estimated at 5.7 percent in 2018, followed by North Africa at 4.9 percent, West Africa at 3.3 percent, Central Africa at 2.2 percent, and Southern Africa at 1.2 percent.
- In the medium term, growth is projected to accelerate to 4 percent in 2019 and 4.1 percent in 2020. And though lower than China's and India's growth, Africa's is projected to be higher than that of other emerging and developing countries. But it is insufficient to make a dent in unemployment and poverty (AfDB – Africa Economic Outlook 2019; xiii)

Leadership in Africa has underestimated the continent's business capacity and revolution that would leapfrog strategic progress

India & China are major producers in the global economy...compare real GDP growth in Africa between 2010 & 2020

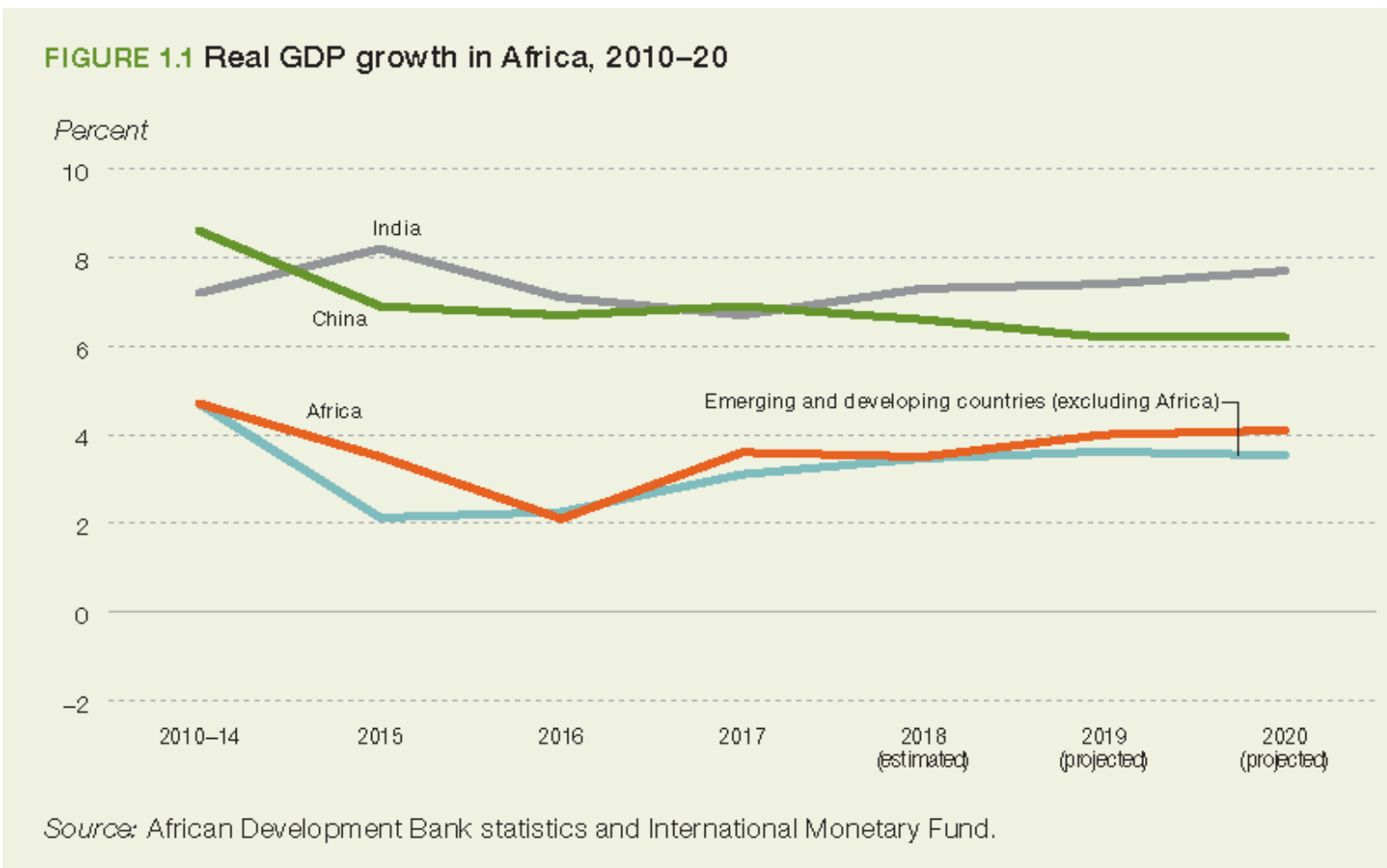


Image: African Development Bank African Economic Outlook 2019

The Prosperity Paradox

(Clayton M. Christensen, 2019: ix)

Slow political & economic progress of the continent chokes real per capita growth and capital formation necessary for transformation and quality of people's lives.

In most countries, per capita income values were higher in the 1960s compared to 2015 yet Africa has been developing for the last 5 decades.

	Country	1960s	2015	% change
1	Burundi	\$470	\$315	-33%
2	Central African Republic	\$677	\$339	-50%
3	Malawi	\$412	\$353	-14%
4	Gambia	\$773	\$384	-50%
5	Madagascar	\$1,108	\$393	-65%
6	Niger	\$1,196	\$403	-66%
7	Liberia	\$1,447	\$469	-68%
8	Democratic Republic of Congo	\$1,742	\$478	-73%
9	Togo	\$783	\$578	-26%
10	Afghanistan	\$698	\$615	-12%
11	Uganda	\$686	\$625	-9%
12	Sierra Leone	\$1,128	\$675	-40%
13	Benin	\$802	\$709	-12%
14	Senegal	\$2,003	\$935	-53%
15	Zimbabwe	\$2,207	\$1,037	-53%
16	Ivory Coast	\$1,545	\$1,319	-15%
17	Ghana	\$1,632	\$1,401	-14%
18	Zambia	\$2,252	\$1,576	-30%
19	Venezuela	\$8,507	\$4,263	-50%
20	Kuwait	\$34,087	\$29,983	-12%

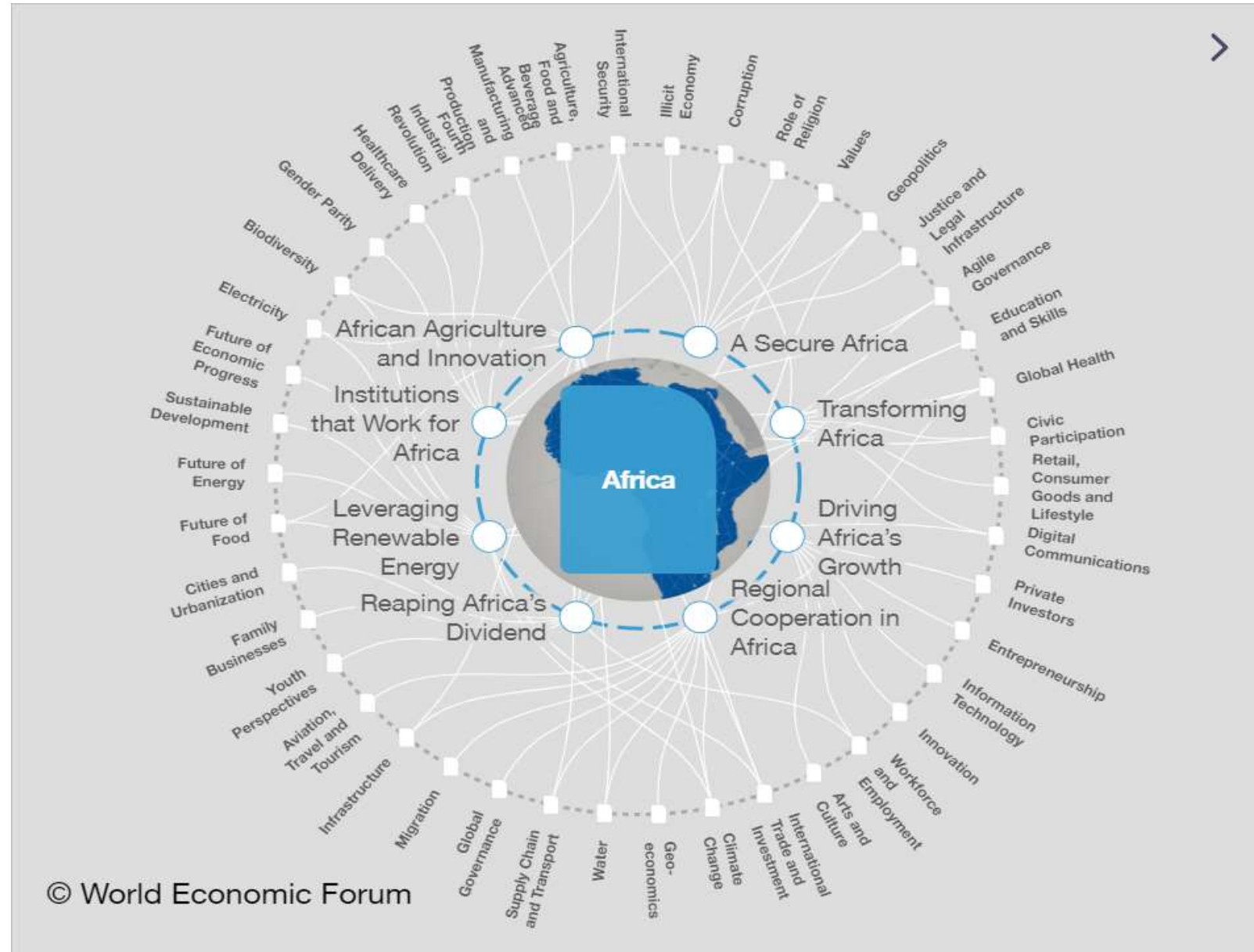
Figure 1: Per capita income from 1960–1969 was averaged to get a 1960s per capita income value. Values were adjusted for inflation.

Source: IMF World Economic Outlook Database



Africa: A Complex Reality

- ✓ The diversity of the Continent
- ✓ The African reality is fascinating and complex yet AfCFTA primer within the AU's Agenda 2063
- ✓ Focus areas of Africa Agenda 2063 and the Inner Core of the Transformation & Progress of the Region

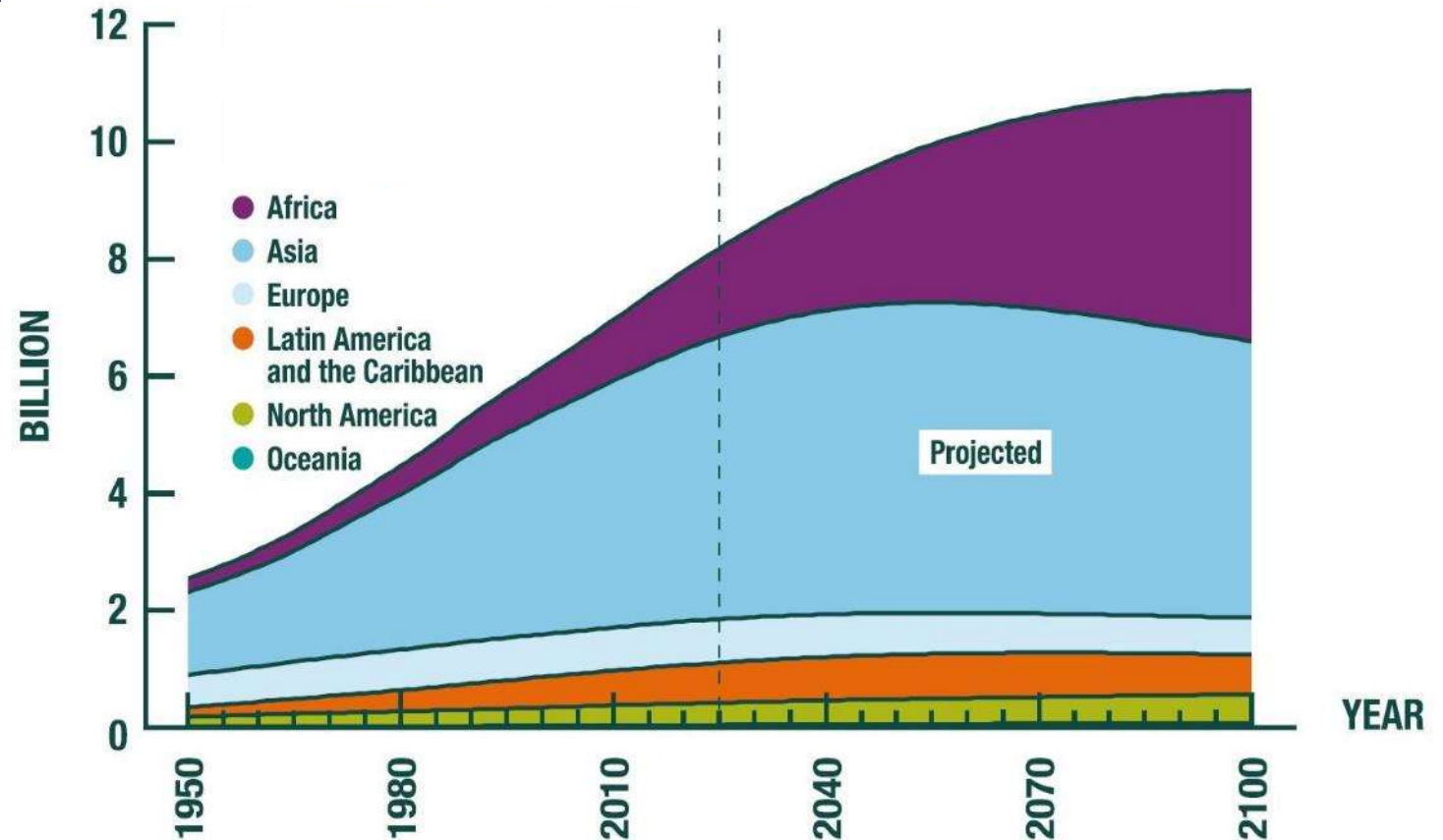




Africa's Demographic Dividend



- Sub-Saharan Africa comprises **14%** of the world's current total population and represents **13%** of the world's economy
- Population in SSA is projected to rise from ~ **1.1 billion** in 2019 to **3.8 billion** in 2100.
- **Green jobs & Skills for Work** is a priority, especially for the youth (future decision-makers)



Source: UN Population Division (2019a)



What Weight Is Africa Bearing.../1?



- What is the **WEIGHT**?
- Patterns of Supply & Consumption on the Continent?
- ❖ Population & Geography
- ❖ State of Human Wellbeing (UNDP's Annual HDI)
 - Political freedoms - underlie investment climate, security & business environment, etc....
 - Economic facilities that make life livable
 - Social opportunities for human progress
 - Transparency guarantees that enhance accountability
 - Protective security is useful for doing business (Sen 1999:38)





What Weight Is Africa Bearing.../2?



Several Challenges Remain and Are Holding the progress

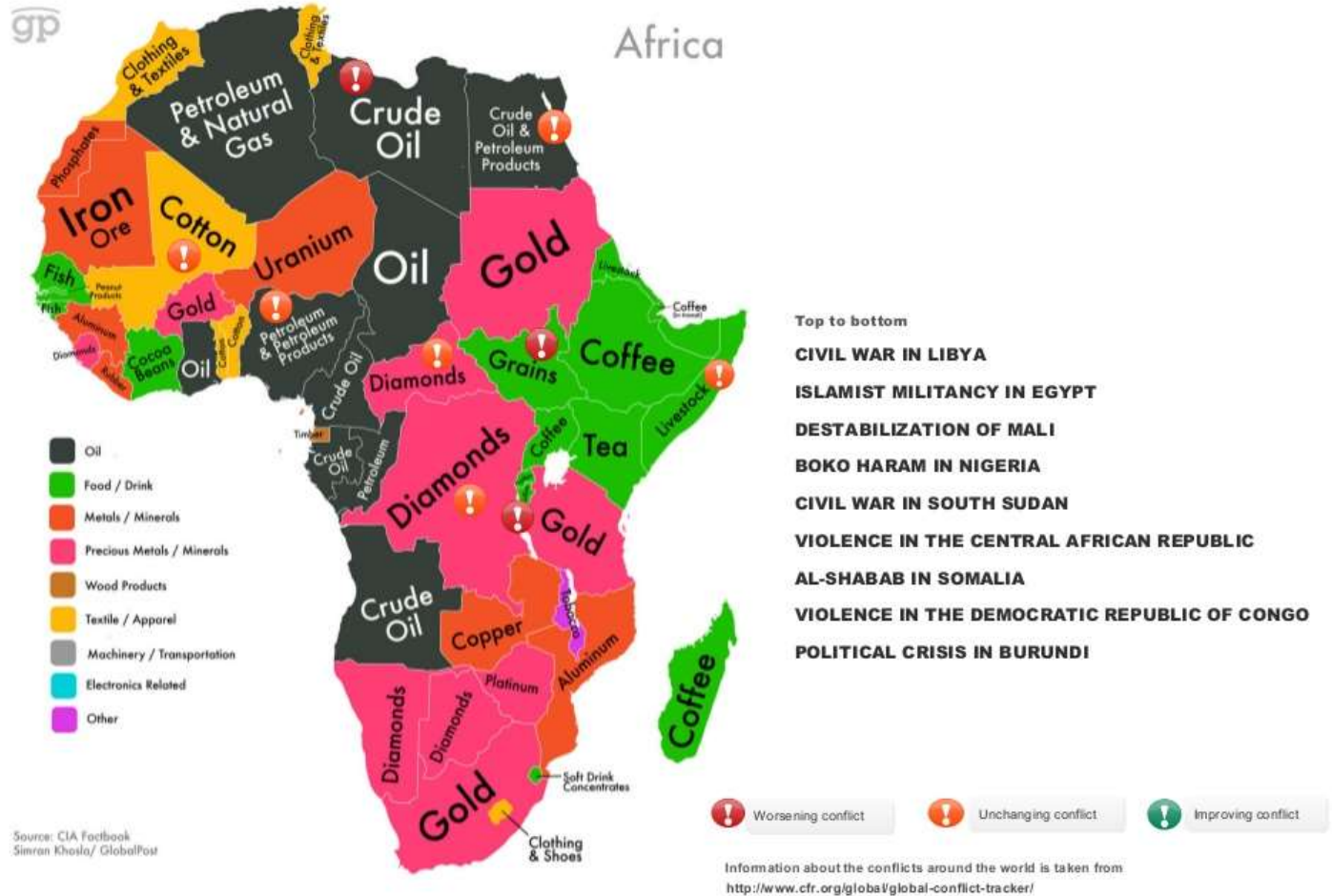
- Public debt levels and debt risks are rising, which might jeopardize debt sustainability in some countries;
- The availability of good jobs has not kept pace with the number of entrants into the labor force.
- *Africa imports over \$25 billion of food annually*
- Fragility is costing the subcontinent a half of a percentage point of growth per year;
- Gender gaps persist and are keeping the continent from reaching its full growth and innovation potential, and 416 million Africans still live in extreme poverty (WB, 2019)

What Weight Is Africa Bearing.../3

Who is benefiting from Africa's growth and wealth?



1. Somali Civil War (3 lost decades)
2. Sierra Leone Conflict (2 lost decades)
3. Congo Conflict (5 lost decades)
4. Rwanda (Rising from the ASHES)
5. Burundi Civil War (3 lost decades)
6. Nigerian Civil War (Sleeping GIANT)
7. Ethiopia - Eritrea civil war? (Identity) & On-going crisis in from 2020 in the Tigray Region



Who is benefiting from Africa's problems?

Africa in Crisis: As it was then, is Now, But Must Not Continue....

1985

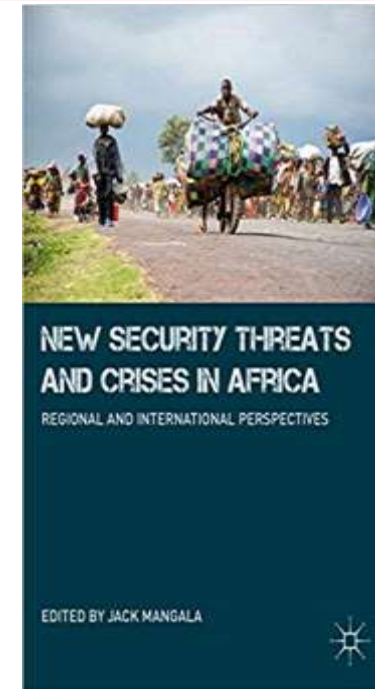
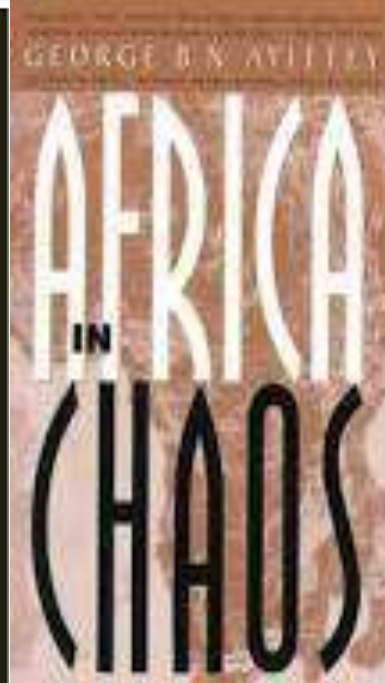
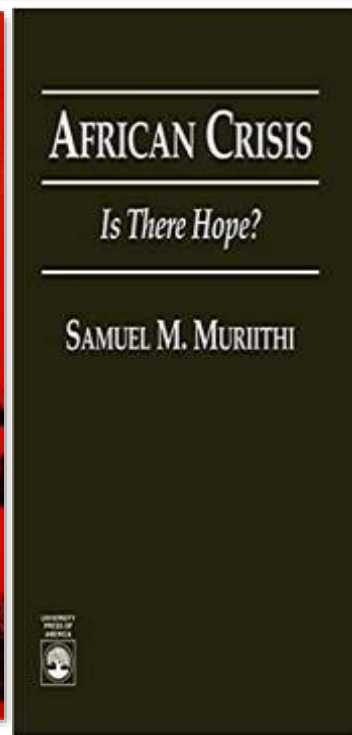
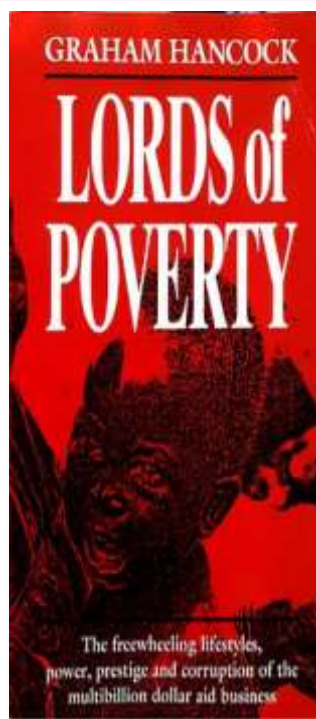
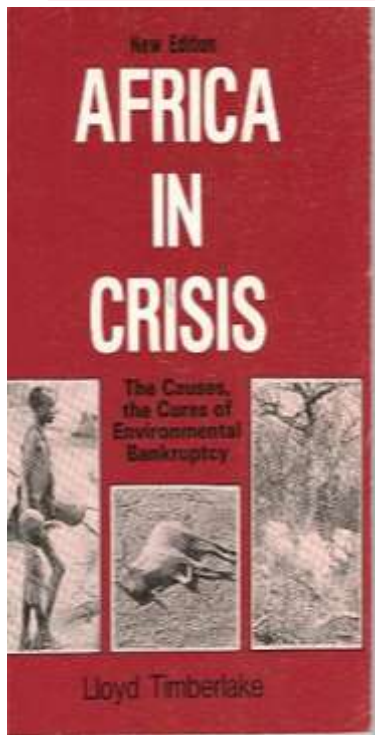
1989

1996

1998

2010

2020



**Renewed Hope:
New Deal
For
Nature and
People**



Democratic Republic of the Congo

Unity. Work. Progress

82 Million population

11 Provinces

Capital : Kinshasa

Currency : Franc (CDF)

Languages : French, Lingala, Kongo

AFRICA





Unique Case of The DRC - Tip of the Iceberg



Explaining away a \$24 000 000 000 000 economy

Why Isn't The Congo as Rich as Saudi Arabia or the USA?

1. Quality of Human Capital
2. Quality of Institutions
3. Public Choice Problems
4. Massive Tax Evasion
5. Geography & National Peace
6. Language & Culture
7. What is important to us here?
8. Industrialization
9. Energy & Health Security

DRC One of the richest & poorest countries in the world

The DRC possesses **\$24 trillion of mineral ores**

The sought-after material that makes everyday items like

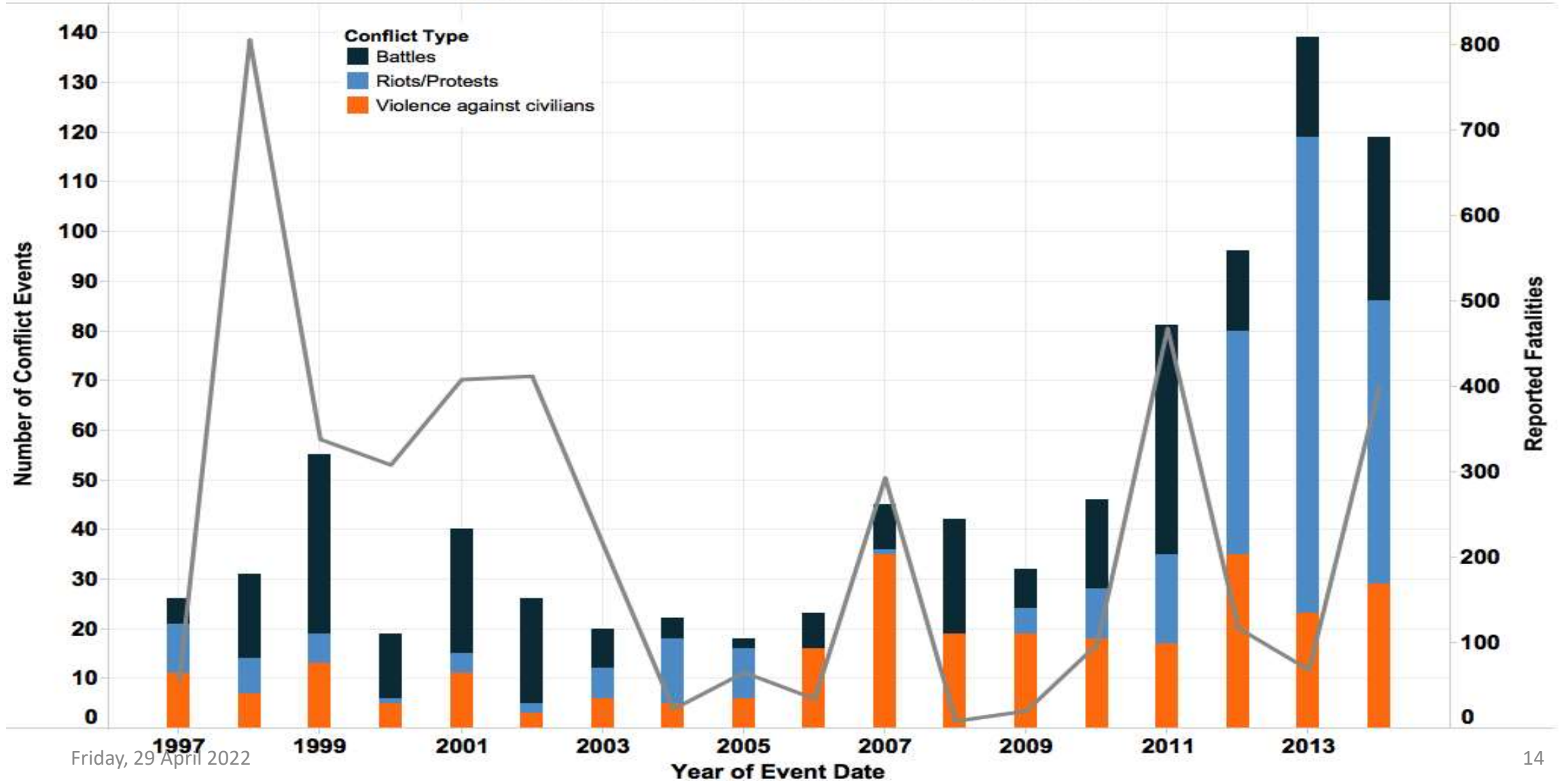
- LAPTOPS
- PHONES
- WIRELESS

But the average income of a DRC worker is only **\$400/year** due to conflict & insecurity

The infographic features a dark background with a subtle pattern of mineral symbols. It includes icons for a laptop, a smartphone, and a lightbulb, connected by lines to the text. A small icon of a person with a suitcase is also present.

Politics/Resources & Conflict Directly Impact SCs

Figure 1: Resource-Related Conflict in Africa, 1997-2014





Panoramic View of Africa's Geo-Strategic Situation



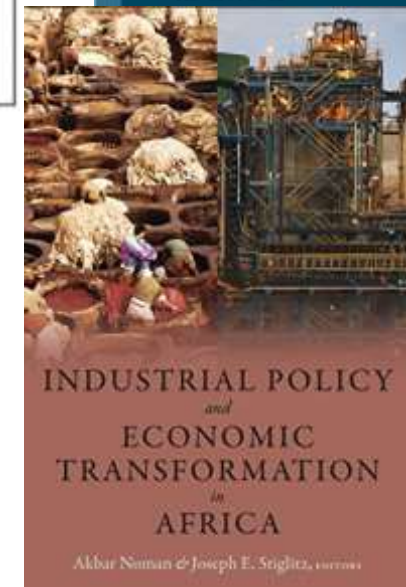
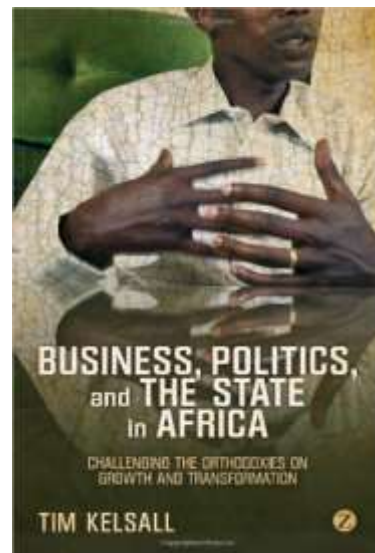
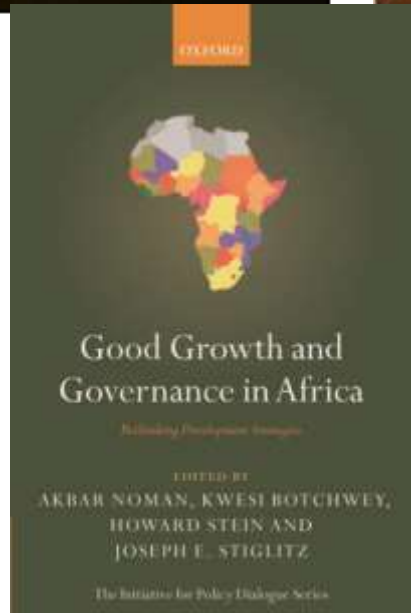
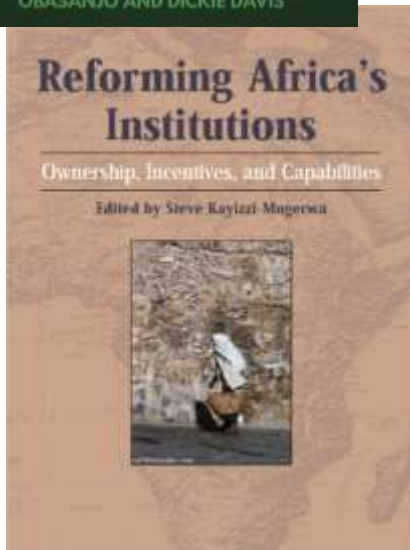
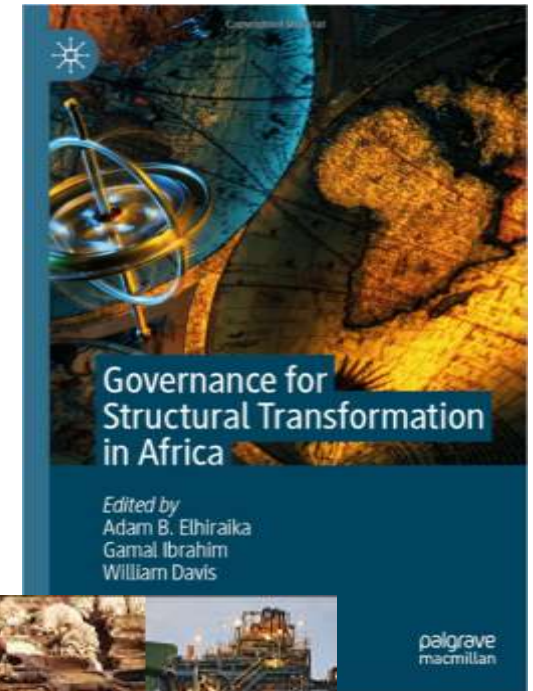
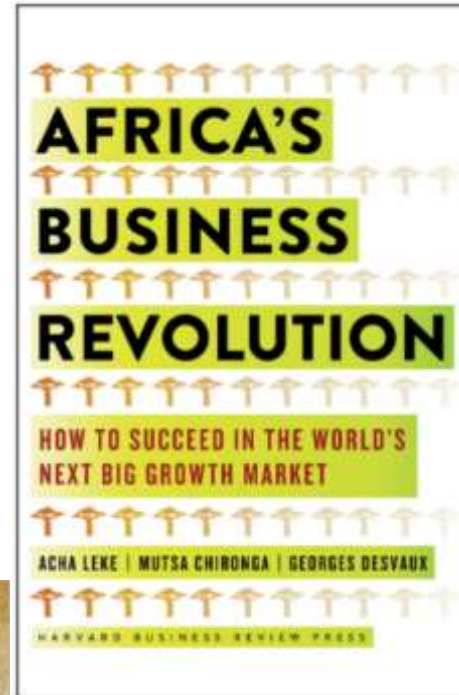
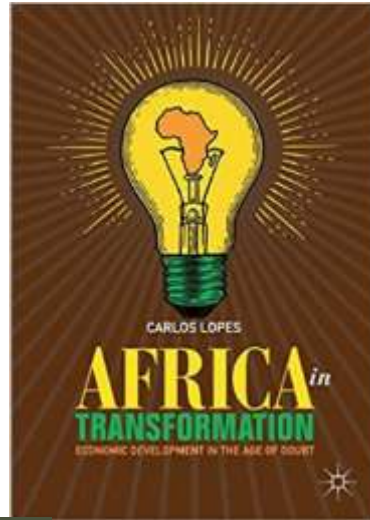
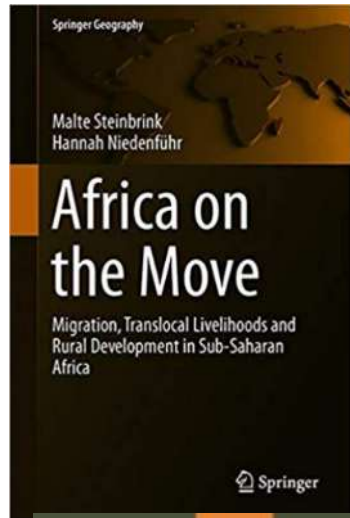
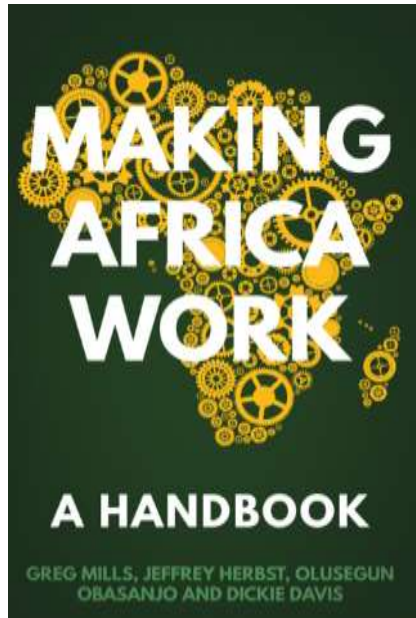
Political Priorities – Choices

- Restless youthful population
- Look East Policy – China/Russia
- Regional integration/Nation Building
- Continental development & unity
- Economic growth = Infrastructure Led Growth # Development for Ordinary Citizens
- Essential Political SALES JOB

Economic Policy Implications

- Production capacity for taking care of immediate pressing needs
 - Economic distance/Inequality
 - Unemployment/Jobs/Recovery
 - Wealth Creation & Wellbeing
- Development financing & debt problems
- Value addition, capacity & capabilities
- Supply chains & regional connectivity

What is being Written On & About Africa Now?



Connecting the dots...

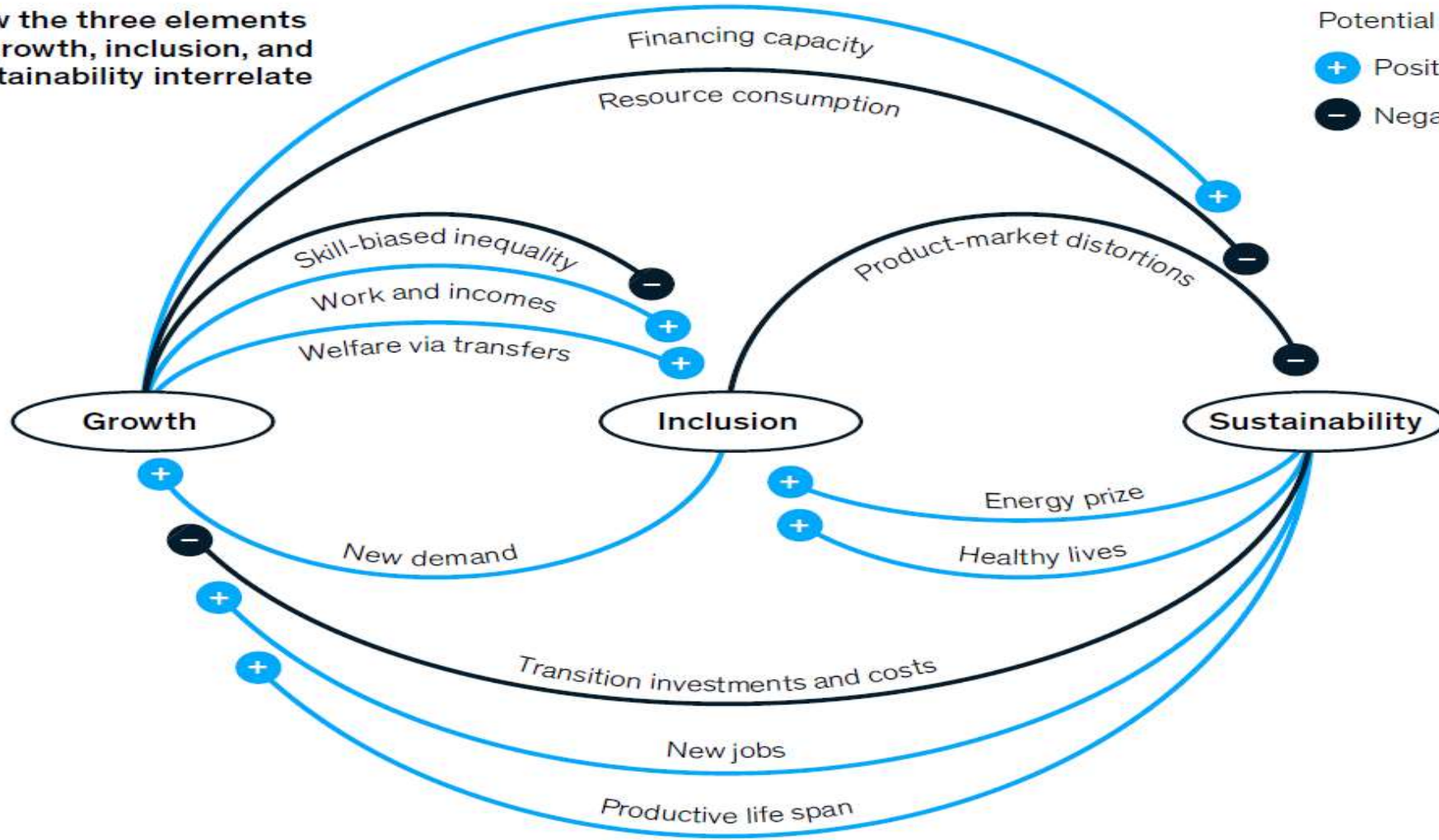
Shift from Growth to Sustainability

How the three elements of growth, inclusion, and sustainability interrelate

Potential effect

+ Positive

- Negative





Concluding Thoughts...



Shift from Growth to Sustainability...

Sustainable and inclusive growth can be a dynamic, self-reinforcing combination, but achieving that will require addressing counteracting forces

The necessary shift from basic ideas of Growth to Inclusivity to Sustainability & Environmental Stewardship to Interlace Closely

Growth

Without growth, how will we achieve prosperity and well-being, or pay for the transitions needed to make the economy more sustainable and inclusive?

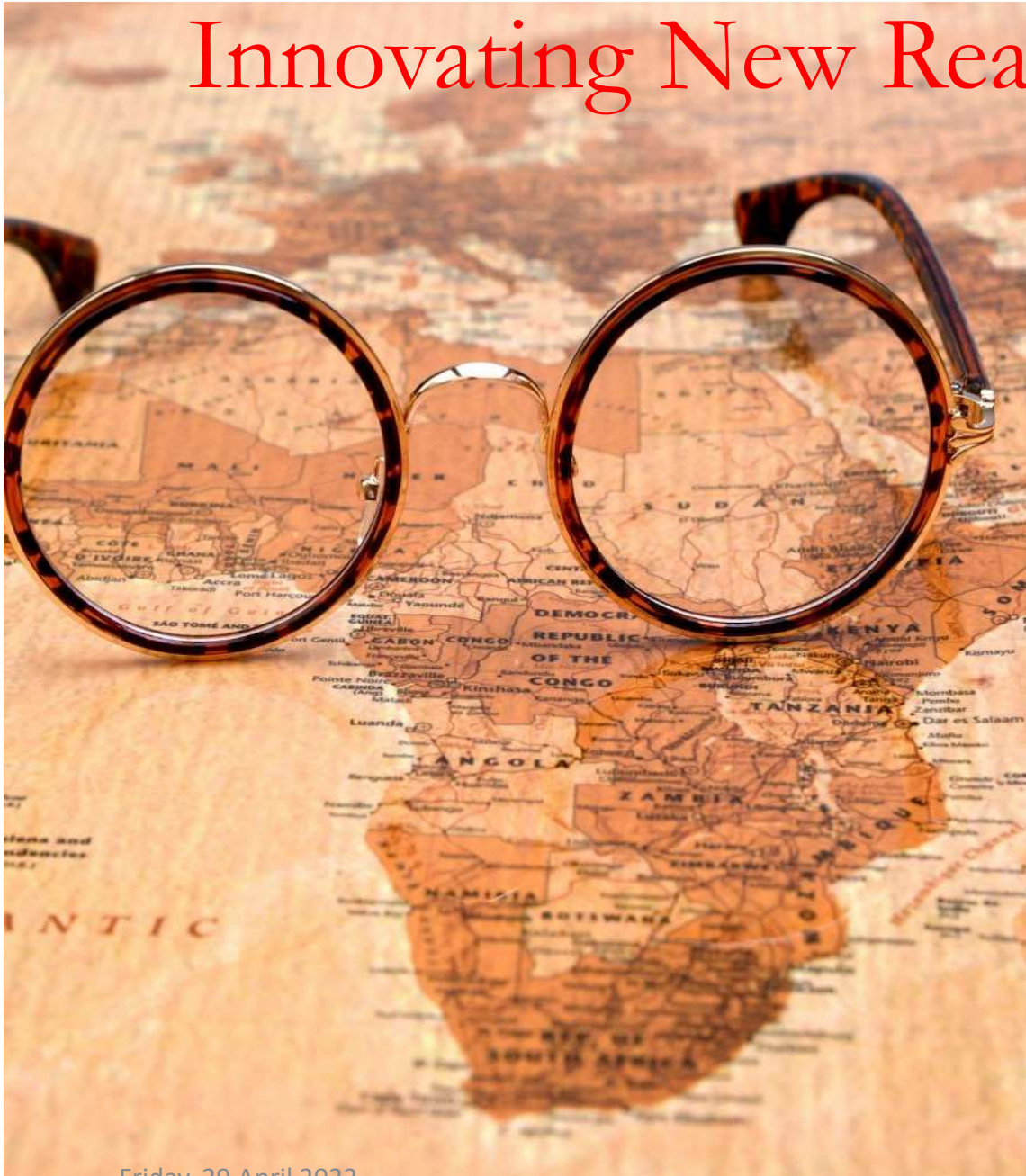
Inclusion

Without inclusion—an opportunity for productive work and life satisfaction for all citizens—how will we ensure the demand that propels growth?

Sustainability

Without sustainability, how can we have a long-term tenable view on growth for our generation and the next?

Innovating New Realities – Delicate Balance



Friday, 29 April 2022

