

Creating a new, inclusive wealth system based on Africa's continental context

 By [James Maposa](#)

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For some odd reason, I believe that we're chasing the wrong dreams. Our continent has a significant amount of untapped wealth which we continue to overlook and oversee because we're always chasing short-term gratification over a longer-term and more inclusive approach to creating wealth. Because let's face it, if we create products and services that are more inclusive; we're destined to create generational wealth - a gift that keeps on giving.



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In my opinion, Africa is about starting at the core. Wealth starts with the land. There's so much arable land to go around that our wealth systems should begin with investments that are centred around an agricultural boom.

We have one of the highest youthful and unemployed workforces and based on this should upskill them to be self-employed through working the earth to generate crops that will support our sustainable development goals. Once our food crisis is sorted out we have created a solid foundation for the further progression of our continent.

If there's an abundance of the harvested crop, we can turn to our livestock. Historically, livestock has always been a measure of wealth with ceremonies like the paying of lobola bearing testament to this notion. In addition to being a measure of wealth, their nutritional contribution should also not be ignored.

So, the land that can't be used for crop farming should be committed to livestock farming. Growing our herd will create further opportunity for our continent through the growth of sectors such as leather and tanning and glue manufacturing, to name a few. Through scaling, the growing herd could also contribute immensely to unskilled and semi-skilled labour employment all the way from livestock rearing to glue manufacturing.

Urbanisation demand

From agriculture, we can move into energy production. Because of the continent's rapid urbanisation demand for food and energy will continue to burgeon and a supply/demand gap will always continue unless it is addressed as a priority over the next few years. But it mustn't come from building bigger, grander, power stations that are run by monopolistic utilities who hold us at ransom from a pricing point. No.

The supply-demand gap should be addressed by Africa's own growing population. Sources reveal that setting up a household solar energy system has gone down by over 70% over the last 10 years making it more affordable to set up your own individual energy system. On-grid commissioned and planned utility-scale solar PV projects between 2014 and 2018 in Africa range from around \$1.2 to \$4.9/W (\$1,200 to 4,900/kW).

The cost range was between \$3.4 and \$6.9/W in 2012, declining to \$2.4 to \$5.5/W in 2013 and to \$2 to \$4.9/W in 2014. For 2015 to 2016, the cost reduced further to between \$1.3/W and \$4.1/W. This is a very positive signal, given the nascent market for solar PV in Africa and the challenging business environment for infrastructure projects in many African countries.

Sure, the battery technology that compliments the generation sector is a bit behind but through collaboration and further innovation they'll get it together soon enough. So, when that happens, we need to be prepared and set up a household [solar system](#) that adds to the national grid is a prudent step to take.

Navigating the agricultural boom

I return to my agricultural boom starting point. The African development bank maintains that agriculture offers countries on the continent the fastest way to move up the value chain, because 65% of the land is arable and about 60% of its people still live off the land. For both crop and livestock farming, there is a lot of waste generated from these activities. But there's no such thing as waste if we're looking to build inclusive wealth systems for the continent.

To reduce our utility-supplied energy costs, most citizens are starting to use gas as an energy source for cooking purposes. But we can take it a step further and convert all our waste – human and agricultural into gas which can also be used as an energy source.

Both rural and urban populations can contribute to this paradigm shift, the agricultural boom on the one hand and the larger urban population on the next. I am guessing if this initiative were to be rolled out this would reduce the land apportioned to dump sites and, in a way, contribute to a cleaner and more sustainable environment for our future generations.

So now that we've averted the food and energy crisis; we could perhaps move onto beneficiation. I'll be honest, at present mineral beneficiation has always been hard to roll out because correct me if I am wrong, a lot of what is beneficiated is not really consumed by us. As an example, if the continent had to start making catalytic converters using the platinum we produce, we'd have a limited customer base because a lot of the cars driven on this continent come from Asia with a converter having already being installed where the car was manufactured.

Diamond rings can also work as a second example. Not sure how many diamond rings were purchased locally over the last few years. So, when I speak of beneficiation, I mean for products that are consumed within the continent. So, for the short- and medium-term, I'd recommend beneficiating agricultural products because whatever it is converted to, it is bound to find a buyer within the continent. From food to clothing, there's a market for those products in Africa.

Foundational wealth systems

Beneficiating from an agricultural base will allow us to move into the services space with a solid foundation and wealth systems that are easy to understand and buy into. As an example, a large agricultural company that wants to list on the stock exchange; explaining its value proposition to stakeholders who include a sizeable number of small-scale farmers with a few pennies to spare.

Modernising and consolidating Africa's agricultural sector could lead to greater self-sufficiency and a reduced reliance on imports. In addition to increased automation, emphasis should be placed on shifting African agriculture towards a focus on data collection, so that farmers and markets can analyse it in order to better predict and manage changes in commodity prices, dramatic weather events, and financial market movements.

Certainly, easy for this audience to buy into investing as opposed to explaining investment into a Fintech company where benefits are understood but the mechanics of the value creation is articulated via a thesis. Such a services sector would, in my opinion, be able to [bolster continental bourses](#) looking to raise capital from within to fully exploit benefits from the continent.

I conclude with the challenge that extant wealth systems are outdated and exclusive. We need to first appreciate that we have a large population of low-income earners who are to a large extent unskilled labour. But this is not a problem but a blessing. We can match their skillset to resources they're able to exploit to generate wealth that pushes them to the next level.

Funding these initiatives and providing the support they require to be successful benefits the continent in the end because as they earn more, they'll want to spend more. Them spending more will result in further opportunity development such as the opportunities which we are currently exposed to now. These systems are a bit too exclusive for our continent's plus one billion population, who need to be included more and more on taking us to our continent's next and most prosperous levels.

ABOUT JAMES MAPOSA

Maposa is the founder and managing director of Birguid, a research and advisory company. Maposa has 15 years work experience, mostly spent in research and strategy consulting. Maposa is passionate about socio-economic development, business growth and continuity.
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