

The African middle class is shaking up market dynamics but has not closed the debate on growth patterns

Context: Emergence of an African middle-class

- The emergence of middle-classes: **a new driver of economic growth in Africa**
- Results from a growing demographic dividend, population densification and the urbanization process



Represents **business opportunities for African entrepreneurs** in various industries (local food production, education, health services, construction, modern mass retail, financial services, information technology, etc.)



Drives an **increasing movement of international investment flows** toward the consumer sectors of the African economy

The demographic explosion should not mask the other aspects of African growth

1 Keep in mind the risks linked to the macroeconomic instability in Africa

- An instability illustrated by the recent Ghanaian crisis and the financial collapse of the oil-producing countries and here to stay [▶ See lesson 1](#)
- Some countries are struggling to enter their demographic transition

2 There is a less discussed feature of African growth: the increasing attempts by African investors and entrepreneurs to upgrade channel exports

- Affect first and foremost agribusiness production (coffee, cocoa, fruits and vegetables)

3 There is also an ever-increasing dynamism due to the relocation of Chinese factories

- A long-term phenomenon, explained both by the burgeoning working force in Africa and the structural changes occurring in the Chinese economy
- Especially in East Africa, but also in other countries that have developed dynamic Asian-style manufacturing export sectors, such as Mauritius and Madagascar

Key Learnings

- ▶ The demographic explosion that the continent is currently experiencing generates both countless market opportunities and a productive workforce which is repositioning Africa in international trade.
- ▶ If investing in this demographic trend will surely be beneficial in the long run, Africa's macroeconomic volatility requires general precaution, common sense and avoidance of any excess optimism.
- ▶ The growing investment opportunities in manufacturing and agribusiness sectors, offered by the world market and domestic public policies should also be considered

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