

Harnessing Africa's Resources and Opportunities



...igniting potential

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Rich but Lacking in Wealth

**30% of WORLD'S
MINERAL RESERVES**

8% natural gas

12% oil reserves

Diamonds 88%, gold

42%, chrome 44%,

platinum 60%,

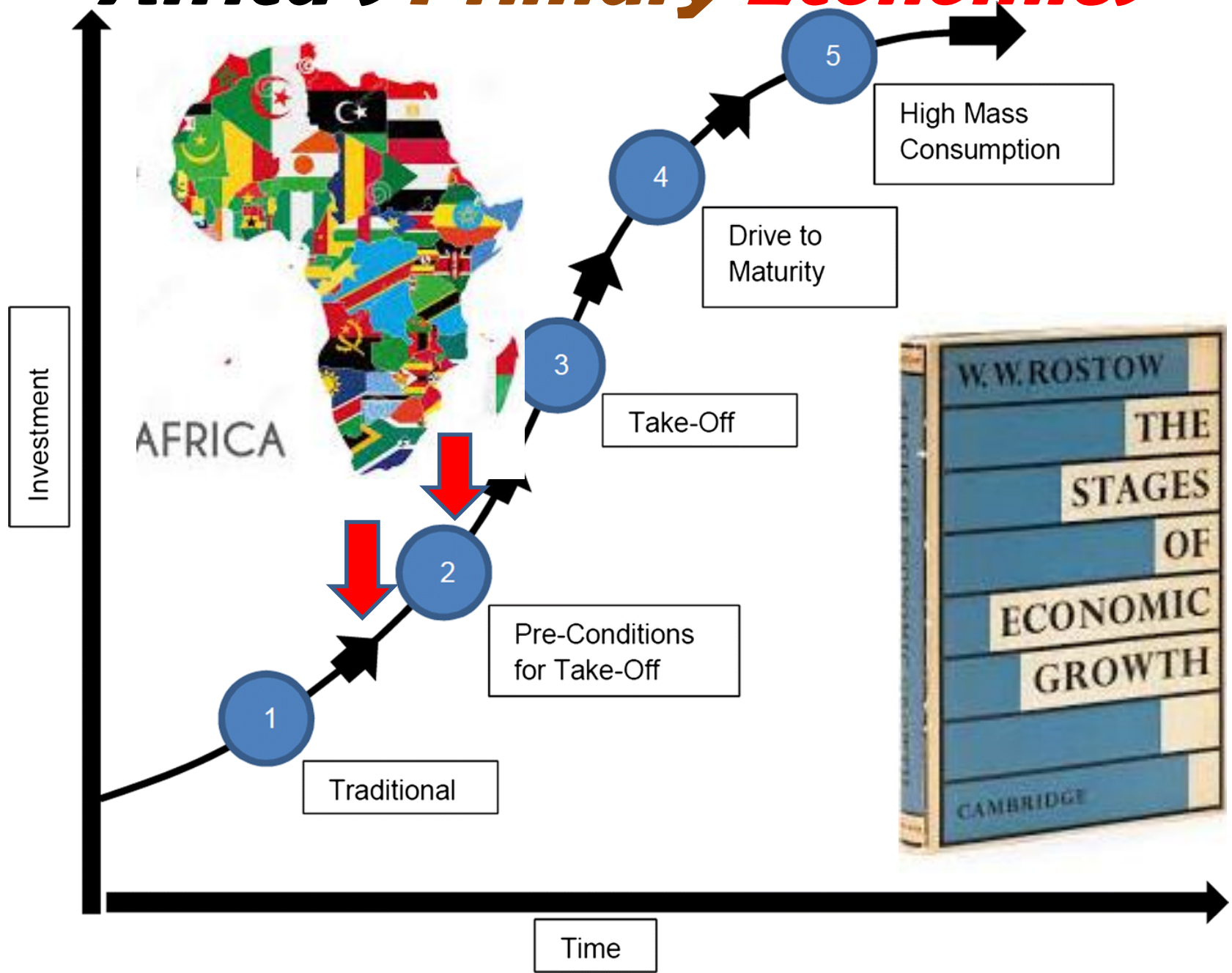
phosphate 66%,

cobalt 55%, bauxite

45%, cocoa beans 76%



Africa's *Primary Economies*



A Poor Continent (GDP per cap.)

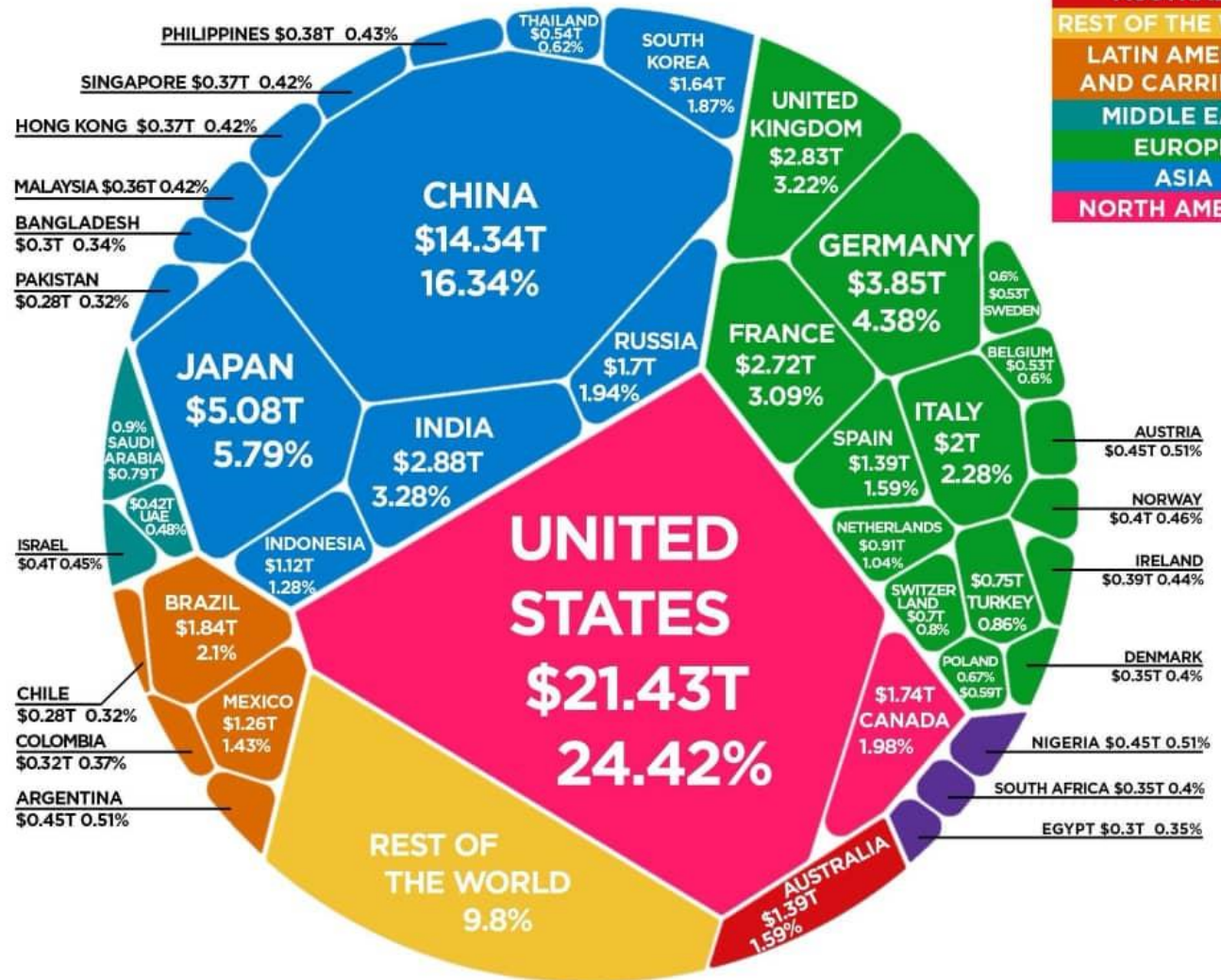
- **IMF: Uganda 24th poorest country, \$915**
- **Burundi poorest (\$264); South Sudan second poorest (\$303); DR Congo (5th, \$457); Sudan (17th, \$735); Rwanda (21st, \$823); Zimbabwe (25th, \$922)**
- **Nearly all 25 poorest are in Africa, except Haiti, Tajikistan, Yemen, and Afghanistan**
- **Economies rich in natural capital but failing to convert to productive capital responsible for poverty, debt, under-industrialization, unemployment**

The World Economy

Gross Domestic Product (GDP) by Country 2019

World's Region

AFRICA
AUSTRALIA
REST OF THE WORLD
LATIN AMERICA AND CARRIBEAN
MIDDLE EAST
EUROPE
ASIA
NORTH AMERICA



Article & Sources:

<https://howmuch.net/articles/the-world-economy-2019>

<https://databank.worldbank.org>

howmuch.net

**A Poor
Continent
(1.2% of
global GDP:
size of
economy)**

**Nigeria -
\$0.45 T
(0.51%)**

**South Africa
- \$0.35 T
(0.4%)**

**Egypt - \$0.3
T (0.35%)**

Poor Continent

- **All 25 poorest countries, except Zimbabwe and Tajikistan, are considered Least Developed Countries (LDCs) by the UN**
- **LDCs categorized based on per capita income, human assets (such as education level, health), and economic vulnerability**
- **More than 75% of population in LDCs live below the poverty line**
- **Africa is rich in resources, poor in income and material well-being – natural capital needs to convert to productive capital**

Why the Disconnect?

- **Africa primary producer – minerals, farm produce, forest, hydrocarbons (oil & gas)**
- **In world trade, Africa exports commodities (**natural capital**) of low value; others make them **productive capital** (high value)**

A blessing and a curse

Biggest five exports for each country, by sector

1985

Country	Commodities	Lightly processed	Low tech	Medium tech	High tech
Singapore		■			■
Taiwan			■		■
South Korea			■	■	■
Ghana	■	■	■		
Kenya	■	■	■		
Mozambique	■	■			
Nigeria	■				

2008

Country	Commodities	Lightly processed	Low tech	Medium tech	High tech
Singapore					■
Taiwan					■
South Korea				■	■
Ghana	■	■	■		
Kenya	■	■			
Mozambique	■	■	■		
Nigeria	■		■	■	

Why the Disconnect?



- **COFFEE: \$102.15 billion** global industry 2019
- **Coffee Beans (production, 2019):** 1. **Brazil** (44 million bags) 2. **Vietnam** (22m) 3. **Colombia** (13.5m) 4. **Indonesia** (11m) 5. **Ethiopia** (6.4m) 6. **Honduras** (5.8m) 7. **India** (5.8m) 8. **Uganda** (4.8m) 9. **Mexico** (3.9m) 10. **Guatemala** (3.4m) 14. **Ivory Coast** (1.8m) 16. **Kenya** 18. **Tanzania** 21. **Cameroon**



Why the Disconnect?

- **Processed Coffee**
Exporters: 1. Brazil
(\$4.5b)
2. Switzerland
(\$2.5b) → Jobs,
Taxes, Rails
- *(Like Singapore oil refining)*
- **Ethiopia (\$796m),**
Uganda (\$436m)

The Disconnect: Cobalt & Lithium

- **Electric car batteries** use cobalt; largest comes from **portable consumer electronics industry**



Top cobalt producers

- **DR Congo, 60%**
- **Russia, 5%**
- **Australia, 4%**
- **Philippines, 3%**

The Disconnect: Cobalt & Lithium

Lithium Biggest Producers

- 1. Australia**
- 2. Chile**
- 3. China**
- 4. Argentina**
- 5. Zimbabwe**



Rechargeable batteries for **mobile phones**, **laptops**, **digital cameras**. Forms alloys with aluminum or magnesium, used for armor plating and in aircraft, bicycles, and trains.

Natural to Productive Capital

Conversion natural capital to productive capital:

- **Establishment of industrial base**
- **Manufacturing – mass employer; wages six times agriculture's in Africa**
- **Economic growth spreads around a country's population through employment income**
- **Tax base enlarged and broadened**
- **Infrastructure dev't; urbanization**
- **Export-oriented manufacturing improves trade terms, *balancing exports with imports***

Strategic Opportunities

- Minerals and hydrocarbons are **finite**
(Nigeria's tin reserves nearly exhausted)
- Ring fence strategic resources, e.g. Uganda cobalt as Electric Vehicle revolution beckons
- Kiira EV, hybrid (lithium batteries + petrol)



Kenya's New Natural Capital

- 2009 – **Titanium**
'metal of the future'
in Coast and Eastern
regions (\$64 billion).
Stronger, lighter than
steel
- **Copper** & **lithium**
will become **the**
new oil



Off to the Sea: Oil and Gas Pipelines in Africa



Petro- Chemical Industry

- **Ethylene, propylene, butadiene and benzene are raw materials of petrochemical industry, which turns them into products used in 92 % of all manufactured goods**

Strategic Solutions: Stewardship

- **Export revenues critical for domestic economies**
- **Allocate export quotas; legislate setting aside of strategic reserves for future strategic deployment**
- **China biggest producer of rare earths like neodymium and praseodymium, used in clean energy applications, high-tech industries and electric vehicles and hybrid cars**

Rare earths production (2020)

- **China: 140,000 metric tonnes (MT)**
- **United States: 38,000 MT**
- **Myanmar/Burma: 30,000 MT**
- **Australia: 17,000 MT**
- **Madagascar: 8,000 MT**

Strategic Solutions: Stewardship

- In 2017, China **world's largest importer** by volume, and net importer of rare earths 
- *(Like largest dairy farmer being biggest milk buyer because famine is coming)*
- **Tantalum** (Rwanda, DR Congo, Mozambique); **Niobium** (Kenya, Tanzania, Nigeria); **Titanium** (Kenya, Tanzania, Mozambique, S. Africa, S. Leone)
- What God has entrusted to us is what He wants to use to prosper us
- Don't behave like **Esau**, who mislaid his inheritance and generations of his descendants have suffered consequences

Africa's Three Opportunities

- The new **automotive revolution** that electric vehicle is begetting
- The old **petrochemicals industry** for which a hydrocarbon-rich Africa has been only a primary producer
- China's industrial upgrade leaving **primary manufacturing** to newly industrializing countries.