

## **African Nations Offer Huge Growth Opportunities to Companies**

*By Joe Kaeser, President and CEO of Siemens AG*

**Many African economies offer huge growth opportunities for local companies and global players alike. Tapping this potential and promoting growth and prosperity on the African continent requires new, strong partnerships across borders. Europe can play a crucial role in this. However, that requires new ways of thinking, new ways of politics and strong, trustful collaboration with African societies. It requires African solutions that create value in Africa for Africa.**

According to an African proverb, “in the moment of crisis, the wise build bridges and the foolish build dams.” There is no denying that we live in times of uncertainty and growing insecurity, in times that are increasingly shaped by nationalism and exclusion, by narrow interests and populism. These are also particularly critical times for Africa's development.

Nevertheless, Africa is a continent on the rise. African nations offer huge growth opportunities for local companies and global players alike. Even countries that are not rich in natural resources have a big chance to drive solid future growth by forging local partnerships in infrastructure investment, using digital technologies, and – above all – ensuring sustainable skills development.

Building – in a symbolic sense – strong, sustainable bridges between Europe and Africa can make a major contribution toward meeting this goal. Yet, Europeans too often ignore that this is the time to go for Africa, that this is the time to build new and stronger partnerships. But fulfilling this partnership role requires a new way of thinking, new policies and strong collaboration with African societies.

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Africa needs solutions that create value in Africa for Africa. For example, the continent has voracious demand for electrification and infrastructure. The urban population, for instance, is growing faster in Africa than it is elsewhere. As late as 1990, only 28 percent of the population of sub-Saharan Africa was living in urban areas. By 2018, however, this figure had already climbed to 40 percent – and forecasts anticipate that more than one out of every two people will be a city dweller by 2050. In other words: 30 years from now, more than 1.2 billion people in sub-Saharan Africa will be living in cities. The infrastructure in place today was not designed to support so many people. Ultimately, the task here will be to drive urban development in a way that is intelligent and sustainable – and make electricity and infrastructures affordable. The journey to this destination will frequently involve co-development between the private and public sectors.

There are very good reasons to make business in Africa. This continent is home to some of the world's most dynamic markets. And Africa's workforce is young. Half of the people living on the continent are under the age of 25. According to projections, Africa will be home to one in five of the planet's young people by 2040, and the size of its labor force will exceed 1.1 billion by then. With a workforce of this magnitude, Africa has the potential to become one of the key players within the geo-economic order – provided that Africans can acquire the skills needed to actively shape this change.

In Africa, beyond the investments we make in our own employees, we closely collaborate with schools and universities across the length and breadth of the continent. We will continue our commitment to Africa, ensuring that students are able to train on the most advanced Siemens technology available, such as industrial software.

Only recently, we announced various hand-overs of Siemens technology related to industrial automation. Such grants are providing 13 engineering faculties at universities and schools in countries including Nigeria, Ivory Coast, Ghana, Senegal, Tanzania, Kenya and South Africa with integrated engineering capabilities. Making this

cooperation possible is part of our commitment to contributing toward sustainable skills development throughout the continent.

Unlike some others, we share our knowledge and expertise, and we train and educate young people. In other words: We invest for the long term and believe that playing an active role in skills development could enable locally engineered solutions to catalyze the industrialization of many African economies and trigger growth on an unprecedented scale. In West Africa, for instance, we must help develop and enhance young people's technical and entrepreneurial skills to prepare them to hold their own in tomorrow's digital, knowledge-based global economy.

Another key challenge for West Africa is climate change. Its impact is likely to be more severe in Africa, where regional weather patterns could be affected by global climate change. Phenomena like heat waves, draughts and floodings may cause substantial harm to African societies. Nevertheless, the fight against climate change could open up new opportunities for West African countries while improving their access to electricity.

With courage, clear decisions, strong partners and appropriate investments, these nations could become forerunners of a more sustainable economy, for example by deploying state-of-the-art environmental technologies in addition to highly efficient gas turbines. These efforts could help ensure a sustainable and reliable energy supply while improving the energy mix in many West African countries. Here, too, the countries of this region can count on Siemens as a trusted partner.

There's a lot we can do to secure our common future. In 2017, our technologies enabled customers worldwide to reduce their carbon-dioxide emissions by 570 million metric tons. That's more than twice the total carbon-dioxide emissions of West Africa. As a leader in climate protection, we use these technologies ourselves. Siemens was the first major industrial company to commit to being carbon neutral by 2030. And we are well on our way toward reaching this ambitious goal.

Yet, reducing emissions is not the only motivation for us to ensure a sustainable energy supply for West Africa. Powering the countries of this region is imperative for us, because energy provides a basis for the region's economic growth. Prosperity always begins with energy. This resource is then followed by infrastructure in areas such as mobility and urban development. The third element is industrialization, and the fourth is services. However, all four of these elements are interrelated. They each represent one component of a successful, prosperous society.

An outstanding example of the growing economic and social impact of the fourth element – the service sector – is the Siemens Service Center in Port Harcourt, Nigeria. The center is a high-tech facility that not only helps meet customer needs in the region and beyond, but also provides high-skilled employment opportunities for the Nigerian population. It provides field services to customers in Nigeria, other parts of Africa and the rest of the world. Only recently, the center received an order from one of the top five International Oil Companies, which is being supported with advanced digitalization solutions such as remote diagnostic services.

After all, one key trend that applies to Germany and Europe is prevalent in West Africa as well: Digitalization is transforming *every* industry and *every* society.

This transformation will no doubt bring about further challenges for all African countries: According to the McKinsey Global Institute report "Harnessing automation for a future that works", 46 percent of all work activities in Nigeria might be susceptible to automation – as is the case with 51 percent in Ghana, 52 percent in Senegal, 44 percent in Ivory Coast. The experts estimate the automation potential for Kenya at 52 percent, and for South Africa at 41 percent.

On the other hand, these changes also create, especially in Africa, the opportunity to embrace new and exponential technologies combined with human talent to accelerate industrialization and drive economic growth.

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In other words, electrification, automation and digitalization open up enormous potential for technological and societal progress in Africa. Siemens is the world's most advanced digital industrial company and helps customers all over the world make use of digitalization's potential – whether in energy, manufacturing, mobility, infrastructure, or healthcare.

From my point of view, every business has the responsibility to serve society – not just in the short term, but in a lasting way, for the benefit of future generations. We call this approach “Business to Society.” Of course, pursuing this objective in Africa requires a unique understanding of the challenges being faced across the continent and in each nation. At Siemens, we have this understanding. We aspire to “build bridges” instead of dams – and serve society throughout Africa.