

African self-reliance in meeting Covid-19 challenges

The Covid-19 pandemic has revealed the extent of Africa's reliance on imports. As global supply chains and the flows of manufactured goods around the world have been disrupted by lockdown restrictions, African countries have faced the prospect of mass unemployment and curtailed economic growth in a way which more self-reliant developed countries have not, as noted by the African Union in its research paper titled *Impact of the Coronavirus on the African Economy*.



Source: pixabay.com

As leaders globally consider the trade-off of permitting sectors of their economies to operate while still minimising the risk of transmission of the virus, the imperative of long-term, sustainable economic development in Africa through coordinated initiatives has never been clearer.

Investment in industrialisation is a key lever to moving the economic growth needle over the long term, as demonstrated by the last few decades of economic growth trends globally.

Africa has an opportunity

Those countries that have industrialised and exported manufactured goods have become the most resilient and diversified economies. In the wake of global supply chain disruption, Africa faces a golden opportunity for governments to provide incentives for industrialisation and the development of local value chains. Industrialisation cannot happen in a vacuum: governments need to work hand in hand with development finance partners who can provide the funding that manufacturers and suppliers require to scale up production and manufacture appropriate goods to meet market demands.

Joel Jackson, CEO of Mobius Motors, based in Nairobi, Kenya, says during Covid-19-induced lockdown Mobius has continued to focus on testing and development of a new vehicle model which will be uniquely tailored to the African environment, but once restrictions are lifted and economic activity can resume in full, will scale up production and distribution of its vehicles to the wider African market.

“With a vehicle designed for African operating conditions and sold at an unparalleled price point, Mobius is driving down the cost of vehicle ownership; playing an important role in catalysing economic development in Africa, on two fronts. First, the pandemic and subsequent lockdown have shown how profoundly important mobility is to a fully functioning economy and healthcare system. Second, vulnerabilities of global supply chains to pandemics have highlighted the importance of localisation and self-reliance to build resilience in national and regional manufacturing ecosystems” he says.

Jackson says African economic recovery will require doubling down on industry potential and working with development funders who recognise the benefits of greater self-reliance in Africa’s future growth story.

Build resilience

“This kind of event fundamentally undermines global supply chains and import-dependent markets, making it even more crucial for African countries to build their long-term resilience through a stronger and more localised supplier landscape in the manufacturing sector. Governments need to expand incentives to companies and business models that have the potential for a disproportionate impact on job creation and upskilling.”

Mobius is currently in discussions with the Kenyan government about incentives for local industrialisation and skills development. “The more we invest in industrialisation, the more we enable a self-fuelling flywheel of economic growth and consumer market development,” Jackson says.

He cites a recent research paper by McKinsey, *Reopening and Reimagining Africa: How the Covid-19 crisis can catalyse change*, which states that Africa cannot rely on business as usual to come back from the brink. In recovering from the crisis, Africa has the potential to create a reshaped and more resilient manufacturing sector, “provided that governments and businesses tackle long-standing barriers to industrialisation and cooperate to seize new opportunities”.

“We estimate that, for every dollar of manufactured product, Africa imports approximately 40 cents in inputs from outside the continent—higher than most other regions in the world. Over five years, a serious push to reduce reliance on global supply chains could add an initial \$10-20 billion to the continent’s manufacturing output if 5 to 10 percent of imported intermediate goods can be produced within the region. In addition to supply-chain resilience, the shift could also benefit exporters in countries experiencing devaluation, if they could capture the upside of increased export attractiveness with less burden of more expensive imported inputs,” the report says.

No African car brand has been able to establish a presence in local markets at scale, and Jackson says a coordinated effort with governments and funders can overcome structural challenges to scale up local production and content. Mobius

was founded in 2011 and has focused on manufacturing a multi-use transport platform that can “plug in” a range of different modules to enable a myriad of transport applications – something imported vehicle models are unable to do in meeting African challenges.

“There is a clear and significant gap in the market: durable and affordable vehicles, offering the versatility consumers want. We have donated two of our first-generation Mobius II vehicles to the Kenyan government for the Covid-19 community relief effort, and the advantages of a locally tailored vehicle platform are demonstrable. The next step is to progressively scale our next-generation Mobius 2 vehicle across the continent and drive positive and sustainable socio-economic change,” Jackson says.

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