

6 trends driving Africa's growth in 2024

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According to the World Bank, growth in Africa – encompassing both North and Sub-Saharan Africa (SSA) - is projected to increase in 2024, with [North Africa expected to see a 3.5% rise and SSA 3.8%](#) rise, despite the ripple effects of several world events which have impacted trade. As global manufacturers diversify their production locations and geographical footprints, there is a growing interest in expanding into Africa.



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Significant investments are already being made in infrastructure. For instance, major projects are underway to build electricity supply infrastructure in Senegal and others related to energy production in Ethiopia. This trend offers African countries a significant opportunity to achieve substantial economic progress and strategically position the continent as the preferred hub for global supply chains.

Here are six trends and priorities expected to drive growth across Africa and solidify its status as an attractive centre for global logistics and supply chain operations.

Trend 1 – The rise of renewable energy

In many African countries, there is a significant emphasis on renewables, specifically solar and wind energy, leading to considerable investments in energy infrastructure. Growing demand for affordable energy and the anticipation of leveraging Africa's young population to reshore production from Asia to Africa to serve markets in the US and the Americas are the primary drivers of this trend.

The strategic development of energy supply chains in Africa accelerates climate action and positions the continent as a critical holder of metals essential for the global energy transition. So, there will be a lot of infrastructure investment taking place in the energy sectors. However, the road to renewable energy requires a massive transformation of the global energy system, with far-reaching implications for the energy sector. Supply chains and logistics also have a vital role to play.

Yet, despite a notable increase in renewable energy investments in Africa, [averaging 96% annually since 2000, the continent currently attracts only 2% of global investment](#). This inconsistency indicates a critical need for increased attention.

Trend 2 - Investment in mobility

Africa's adaptable workforce and expanding middle-class drive mobility demand, resulting in a growth spurt for the automotive industry across the continent. Countries like Kenya, South Africa, Ghana, Nigeria, Algeria, and many others have started building new factories and assembly plants to meet this growing demand. Although countries like South Africa, Morocco, Algeria, and Egypt are at the forefront of automobile manufacturing, most African nations ([approximately 84%](#)) are raw and semi-raw materials providers.

To profit from the expanding automobile demand, Africa must enhance collaboration between African countries and the private sector to encourage parts production and develop education that aligns with industry advancements like electric vehicles.

Trend 3 – Growth in the life sciences and healthcare (LSH) industry

Following the Covid-19 pandemic, African governments are increasingly focused on improving healthcare. Rwanda's recent inauguration of Africa's first mRNA vaccine manufacturing facility addresses Africa's heavy reliance on imports. Currently, [99% of Africa's vaccines and 95% of its medicines](#) are imported. Hence, establishing such manufacturing facilities boosts local production and job creation, and reduces import dependency while strengthening Africa's healthcare capabilities.

Chinese medicine manufacturers are also expanding their production into African countries, like Kenya, to service the African continent and the global market. These movements are part of a larger trend of developing local capacities for healthcare and will reduce dependency on international travel for medical services. At DHL, for example, we are positioning ourselves to support this trend through logistics solutions to enable the distribution of medical supplies in Africa and potentially contribute to this sector's expansion.

Trend 4 – Restoring gas resources to Africa

European countries are diversifying their gas resources by restoring gas supplies from Russia to various African countries. A notable project is the construction of a 5,600km hydrogen pipeline from Nigeria, connecting 11 other West African countries and establishing access to European countries, particularly Germany.

This shift in gas supply will create a parallel supply route to the US and contribute to more competitive and affordable energy in Europe. This will create opportunities for the African continent to have more production platforms, with the

logistics sector playing a crucial role in facilitating outbound solutions for this emerging trend.

Trend 5 – Working with local partners to support instead of taking away

Growing geopolitical events such as the war in Ukraine are steering attention towards emerging markets. Major European and Asian players are shifting their production platforms to the Middle East and Africa (MEA), aiming to sell MEA-made products in the US market and gain market access.

However, to benefit from this trend, African governments should emulate Kenya and Rwanda in positioning their countries as investment destinations for energy. Africa must also utilise its growing young population to enhance its manufacturing capabilities, making it an attractive destination for large-scale manufacturing.

This trend has been seen in countries such as India and Bangladesh, and it is possible to replicate this success in Africa. The African Continental Free Trade Area (AfCFTA) is the ideal vehicle to achieve this by enhancing trading efficiency within the continent.

Trend 6 – Technology and change management

Many African countries still rely on outdated manual archiving systems, which can be time-consuming. Harnessing technologies such as blockchain and generative AI can help automate mundane tasks, allowing individuals to focus on more critical business matters.

In addition, digital solutions improve visibility, responsiveness, and compliance with regulations in the supply chain and dematerialise custom processes. The overreliance on manual archiving systems affects custom processes, resulting in delayed truck clearance across several African borders due to slow customs procedures. Embracing technologies like blockchain can accelerate customs processes, enabling Africa to establish more efficient logistics systems.

We've already seen a few African countries latch onto this trend. For instance, Ghana and Senegal have introduced dematerialisation technology in logistics to eliminate physical handling. However, inefficiencies arise from the lack of tech-savvy personnel and outdated practices. In Saudi Arabia, when they rejuvenated the teams from older to younger talents, the customs clearance went from 16 to 2 days, and this needs to happen in African countries

Africa's time is now

Considering these changes, African governments, businesses, and entrepreneurs must collaborate and establish beneficial regulations, promote education, and enhance infrastructure. By working together, Africa can play a vital role in the evolving global supply chain. This collaborative effort holds the potential for sustained economic growth and success in the long run.

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