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Africa's Economy: Trends, Challenges, Prospects and Potentials

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Abstract
Africa has been considered as one of the fastest growing economies in recent times. The specific objectives of the study were; To identify the leading economies in Africa and the dynamics of their economies that is boosting growth, to identify the challenges of Africa's development, and to identify prospects and opportunities in Africa. Nigeria, South Africa and Egypt were considered as the largest economies in Africa. The Service, Agriculture and Mining sectors supported the growth by these economies. Average unemployment rate in SSA from 1991-2014 was 8.4% whiles world rate was 6.1% and both unemployed female youth and adults were higher than their male counterparts. Some major challenges causing setbacks in economic developments were identified as Corruption, Poor Infrastructure, Political Instability, Capital flight and Tax evasion. Prospects were identified in energy, agriculture, and infrastructure sector which have enormous benefits to both investors and the people of Africa
Keywords: Africa, Growth, HDI, Natural Resources, GDP
JEL Code: N17, N47, N57, N77, O11, E24

1. Introduction

In recent times, Africa, the continent once branded as the ''*Dark Continent''* is now considered as the fastest growing continent in the world (Annual Development Effectiveness Review, 2013). In a world that has been severally hit by global crisis, Africa has remained resilient and has shown great promise of improvement. Though there are some challenges facing the continent, macroeconomic indications show that the African continent is full of opportunities.

The early 1960s was a fresh start for Africa as some of the countries gained political freedom from colonial rule. This saw the people of Africa take charge of their economy in order to provide good governance and manage resources efficiently for growth to take place. Since then, all nations in Africa have been pursuing economic growth with the aim of increasing the capacity of producing goods and services, which will have a positive impact on national income and improve the level of employment resulting in higher living standards. The average real growth rate in the world for the past 53 years (1962-2014) stood around 3.8 whiles Africa's real Gross Domestic Product (GDP) rate was recorded as 3.9 for the same year period (World Economics: Global Growth tracker, 2016).

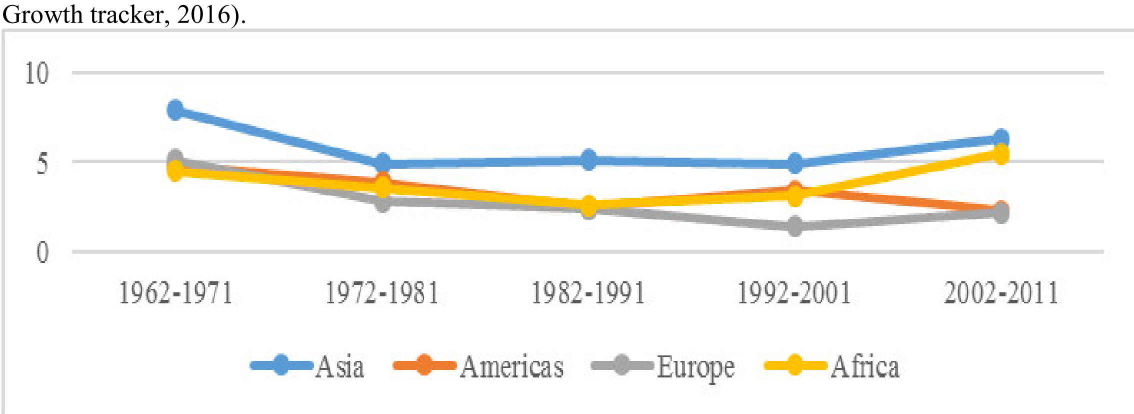


Figure 1: Real GDP Growth of Continents from 1962-2011
Source: World Economics: Global Growth tracker (2016)

Out of about 18 nations in West Africa, about 8 of them (Ghana, Nigeria, Togo, Benin, Cote D'Ivorie, Liberia, Sierra Leone and The Gambia) grew at a growth rate above 5% in 2013. With the exception of Uganda, all the other East African nations grew above 4.5% in 2013 with Tanzania's economy growing exceptionally with 7.2% (World Bank, 2015). The story of economic growth was a bit different in the Northern zone of Africa in 2013 as a result of the political instability that had arisen in most Arab nation. In Morocco was the only outlet of growth about 4.7%, the other countries in North Africa recorded growth of about 2-3% in 2013. South Africa, Africa's most industrialized country recorded an economic growth of about 2.21% whiles Botswana led the sub-region in terms of rate of growth with about 9.3% in 2013 (World Bank, 2015). This scenario perfectly fits what economists term convergence or ''catch-up''. This literally means that, poorer countries have a tendency of growing faster than richer countries (Barro and Sala-I-Martin, 1992). In 2012, most low-income countries had an output growth that was more than 4.5%. A study by the African Development Bank indicated that, 26 out of 54 countries in Africa have earned the middle -income status and there are projections of the World Bank that if current trends continue, most African nations will earn middle -income status by 2025 (Annual Development Effectiveness Review, 2013; Fengler and Devarajan, 2012).

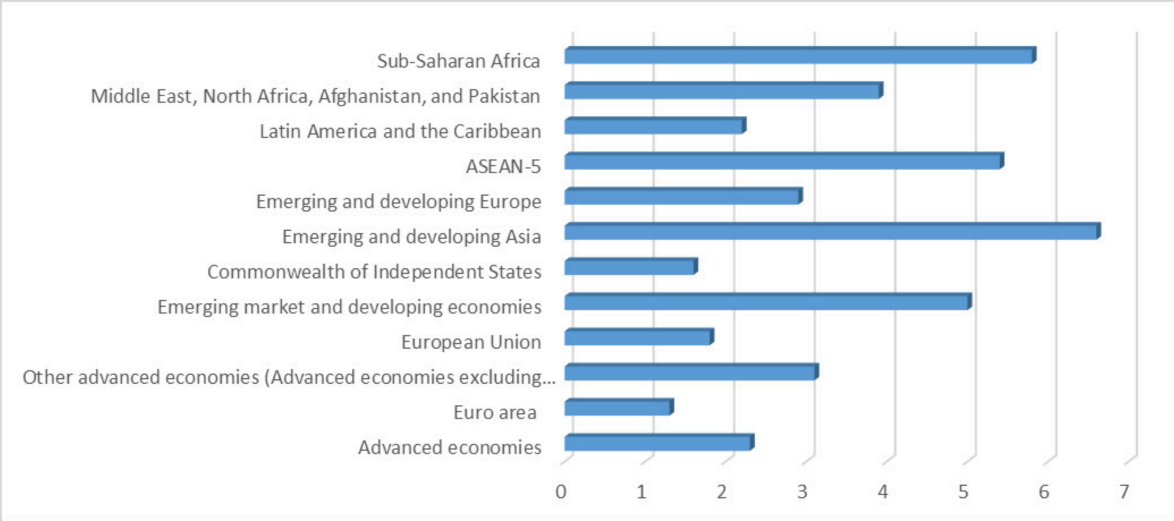


Figure 2: GDP Growth in 2014
Source: IMF Outlook

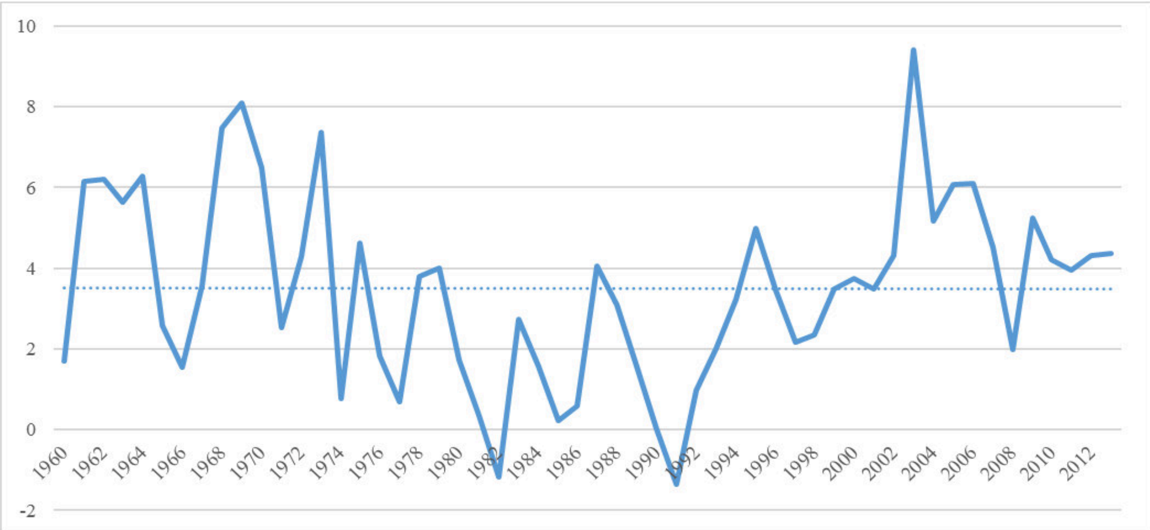


Figure 2: GDP Growth in 2014Figure 3: Growth Trend in Sub- Sahara Africa (SSA) from 1962-2014
Source: World Bank Development Indicators

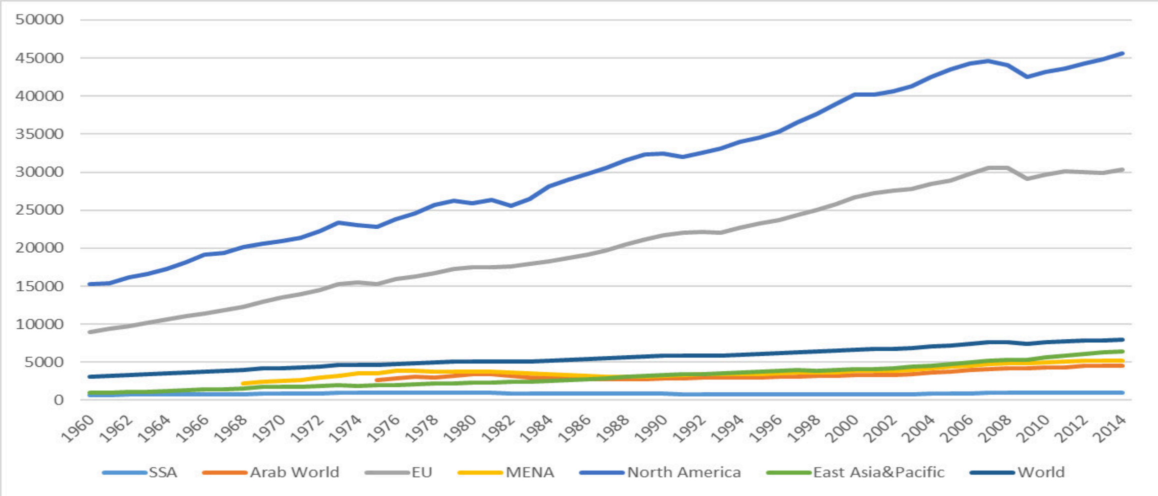


Figure 4: Global Trends Of Per Capita Income

Source: World Bank Development Indicators (GDP per Capita- Constant 2005 $USD)

The GDP per capita line graph (Figure 4) above tells the story of how SSA and other regions of the world have fared in terms of dividing output by the mid population over the years. Since 1960, SSA has been the least GDP per capita contributor. With a total population of about 228 million people in 1960, SSA's GDP per capita stood at $707.4 whiles the world average per capita income was about $3000 (a difference of roughly $2358). Though other continents like North America were outliers with per capita income starting from $15312 in 1960, it is important to note that SSA has been gradually rising in per capita income. Currently with a population of about 970 million, when SSA's income is shared amongst the populace, every African will averagely earn $1044 according to the World Bank Statistics (2014) which is still about 87% below the world average but a significant improvement since 1960. From 1960 to 2014, SSA has increased about 47.67% in terms of output per capita (World Bank, 2015)

Trade, Industry expansion, Agriculture, Natural resource and Human Capital have been the backbone of the enviable economic growth of Africa in recent years. Most countries are shifting from traditional methods of farming to industrialized agriculture. Also, trade liberalization in Africa and inter -trade with other continents of the world has also increased the capital stock of the continent. Africa can also boast of it being the richest continent in terms of natural resource abundance.

Unemployement in Africa since 1991 has always remained higher than the world average unemployent rate (World Bank Group, 2016). The average unemployment rate from 1991-2014 for SSA was 8.4 whiles the world unemployment average over the same period stood at 6.1. Aside Middle East and North Africa (MENA) that is an outlier in terms of unemployment among females, the average percentage difference among the unemployed female populace in SSA and that of the world is 32% which when brought down by good working policies for females and opportunities, will encourage output growth. In terms of unemployment ratio among gender, females are about 22% more unemployed than males in SSA based on the data from 1991-2014. The difference in the unemployed female youths ranging from 15 years to 24 years amongs SSA

and the world is about 7.4%. There is a percentage average difference of 14.8% between female youths in SSA and male youth in SSA from 1991-2014

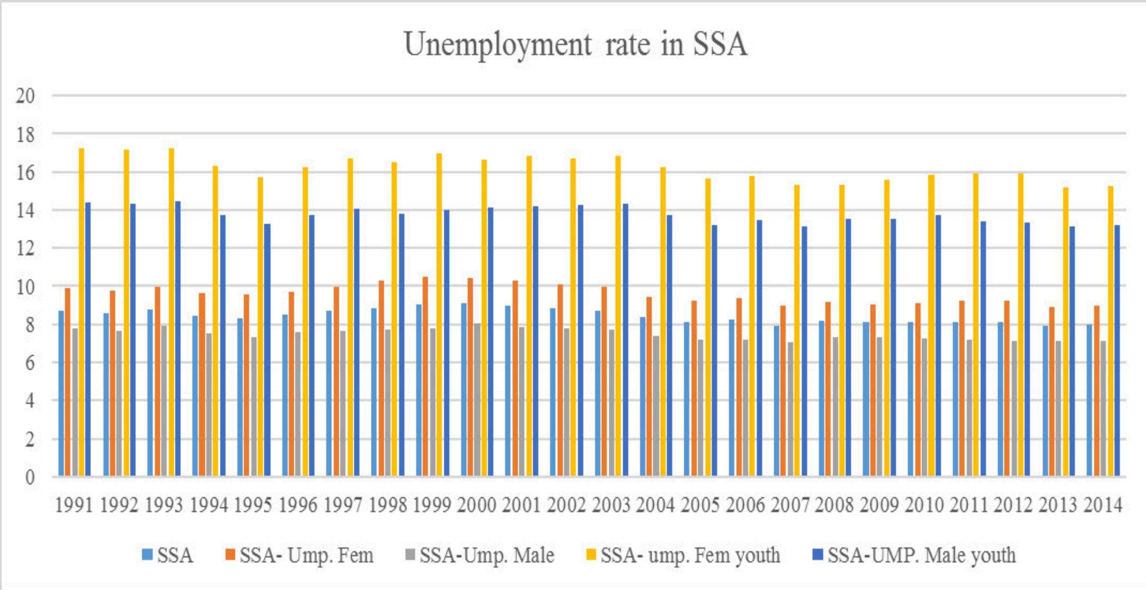


Figure 5: Unemployment rate in SSA
Source: World Bank Development Indicators

However, the radical growth of the economy has been spearheaded by some ''*Giant*'' economies of Africa through the increase of trade, telecommunication, banks, agriculture and production of goods and services.

Table 1: Largest Economies In Africa By GDP Estimations(millions)

	GDP (Nominal)					GDP (PPP)				
Country	2013	2014	change	Africa rank	World rank	2013	2014	change	Africa rank	Word rank
Nigeria	521.82	573.652	51.84	1	21	972.646	1049.091	76.445	1	21
South Africa	366.236	350.082	-16.154	2	33	683.962	704.514	20.552	3	29
Egypt	271.427	286.435	15.008	3	39	909.823	943.052	33.229	2	25
Algeria	208.764	214.08	5.316	4	48	522.314	551.809	29.495	4	33
Angola	124.169	128.564	4.395	5	61	166.105	175.641	9.536	6	64
Morocco	103836	109.201	5.365	6	62	241.677	252.366	10.689	5	56
Sudan	66.481	73.816	7.335	7	69	151.693	159.123	7.43	7	69
Kenya	55.241	60.77	5.529	8	74	123.965	132.406	8.441	9	72
Ehiopia	46.643	52.335	5.692	9	79	129.131	144.57	15.439	8	72
Tunisia	46.995	48.553	1.558	10	82	119.734	124.274	4.54	11	77

Source: IMF World Economic Outlook 2015

From now onwards, the paper refers to SSA as countries with the exclusion of the Northern Arab African countries and Africa as the encapsulation of all countries in the continent.

Research Questions

The study seeks to find solutions to the following research questions;

1. What are the economic sectors that are driving output growth in the leading economies in Africa?
2. What are some of the factors positively affecting economic growth in Africa?
3. What are the challenges causing setbacks in Africa's development?
4. What are the prospects and opportunities Africa holds?

Research Objectives

The main objective of this paper is to identify the trends of economic activities and growth after colonial rule in Africa.

The specific objectives are;

- To identify the leading economies in Africa and the dynamics of their economies that is boosting growth
- To identify the challenges of Africa's development
- To identify prospects and opportunities in Africa

The study is structured according to the following: Section 2 describes the three leading economies in Africa, Section 3 elaborates on the trends of factors of production, Section 4 expatiates on the challenges facing economic growth in Africa, Section 5 expatiates on the prospects and opportunities in Africa, and Section 6 elaborates on the summary, conclusion and policy recommendations.

2. Leading Economies in Africa

2.1 *Nigeria*

With about 87% of the population being under age 50, Nigeria is the most populated country in Africa. In 2014, Nigeria's population stood around 178 million (Annual Development Effectiveness Review, 2013). It is currently the largest continent in Africa with a GDP of $568.5 billion and a GDP per capita of about $2,970 in 2014 (Nigeria Economic Report, 2014). Annual GDP growth hovered around 6%, the non -oil sector of the economy continues to be its leading force. Services is the highest contributor of economic growth in the non-oil sector with a contribution of about 57% whiles sectors like the manufacturing and agriculture contributed 9% and 21% respectively (Barungi *et al.*, 2015). With recent unrest at the oil drilling centers and the decline in oil prices, the non-oil sector is projected to lead the medium and long term economic growth in Nigeria.

According to National Manpower Stock And Employment Generation Survey (2010), the agricultural sector employs about 30% of the working populace in Nigeria. Cassava, Yam, Maaize, Sorghum and Rice are some of the crops grown in the country. From the Food and Agriculture Organization (Statistics division), Africa produced about 54.7% of the average total cassava production from 2010 to 2014 (FAOSTAT, 2016). Nigeria leads cassava production in Africa by producing about 40 million tonnes of cassava out of the 141 million tonnes of cassava produced in Africa from 2010-2014. The country is also the second largest producer of Cashew nut from 2010-2014 with an average production of 878,000 tonnes in that period. Even though Africa produced an average of about 70 million tonnes of maize, which constitute 7.5% of the average total population of maize from 2010-2015, Nigeria produced about 8.8 million. The country also falls fourth place in the production of oil palm from 2010-2014 after Indonesia, Malaysia and Thailand. Though Nigeria has a huge meat production impact in Africa, its insignificant in comparison to other countries like Brazil, China, Germany and USA.

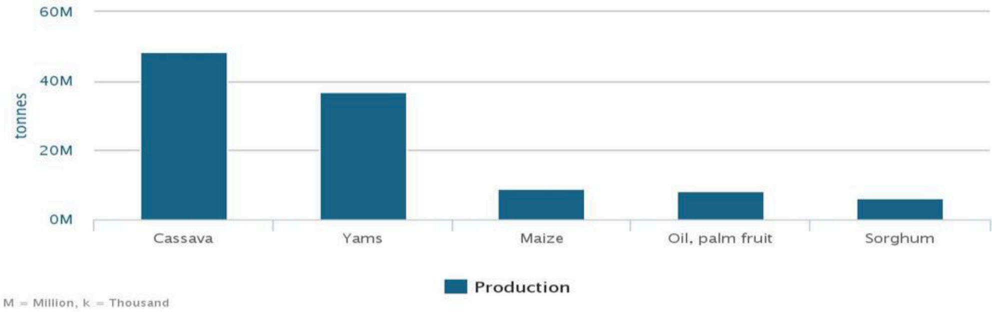


Figure 5: Highest Crop Produced From 2010-2014 In Nigeria
Source: FAO Statistics (2016)

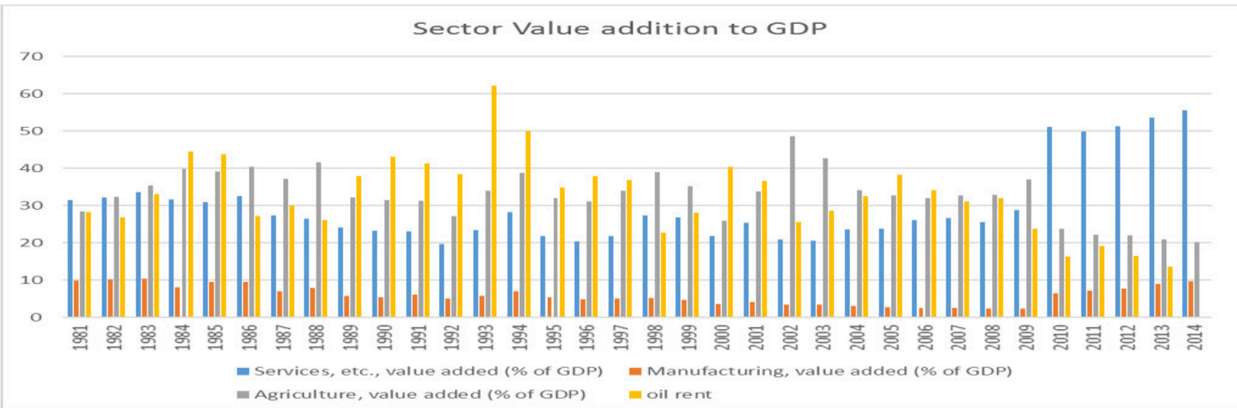


Figure 6: Share of Value Added to GDP In Nigeria
Source: Authors' computation from World Bank Development Indicators

Figure 6 above clearly indicates the trend in value added by agriculture to GDP from 1980-2014. Agriculture contributed about 28% of the value added to Nigeria's GDP in the early 1980s and kept rising to about 41% in the late 1980s. It started to decline steeply in the 90s as a result of the civil wars and rose to its highest peak of about 49% value added to GDP in 2002. Since 2010, the agriculture sector value addition has declined greatly as a result, in the fall of commodity prices. In 2014, the value added as a percentage of GDP stood at 20%, but there is hope for improvement as there is investment in machinery lately. The oil sector also contributed about 28% to GDP in the early 1980s and rose to its ultimate height of above 60% share to GDP in 1993. However, the story has changed in recent times with a drastic decline in world oil prices. For instance, in 2013, the oil sector contributed about 14% to Nigeria's GDP. Nigeria also prides its self with the recent boom in the service sector contributing well above 50% to GDP since 2010 after the reversing. Telecommunication, Commercial Banks and other service providers strongly characterized the present economy of Nigeria. This mixed nature of Nigeria's economy makes it robust and buoyant.

2.2 South Africa

With a population of about 54 million people, South Africa is the second largest economy in Africa and can boast of GDP of about $350 million, making it 33rd in the world (Gross Domestic Product, 2014). South Africa accounted for 12.8% of Africa's Gross Domestic Product (PPP) in 2014 and is currently considered as an upper-middle income country (World Economic Outlook, 2015). It is an economy strongly characterized by the Mining, Agricultural, Manufacturing, Tourism and the Service sectors. After attaining Independence in 1994, South Africa's economic growth has been undulating. Starting with a GDP growth rate of 3.2 % in 1994, it had its ups and downs and later increased to its all-time highest record of 5.5% in 2006. However, as a result of labor unrest coupled with world economic crises, South Africa recorded its lowest growth rate of -1.5% after independence in 2009. Though there was significant growth from 2010 to 2013, the growth of the economy has been at a slower pace with 2014 recording a growth rate of 1.5%. The declining growth rate is partly as a result of sector shrinkages in recent times, fall in commodity prices and major strikes in the manufacturing sector (SouthAfrica.info, 2016) .

Agriculture represents about 7% of formal employment in South Africa (South African Government, 2016). Crop production is a very strong hold of agriculture and over the period of 2010-2014, Mixed Grasses and Legumes have been the highest produced crops with about 18 million tonnes. Sugarcane, Maize, Forage and Silage, and Potatoes in the subsequent order have been the highest produced crops in tonnes. According to the Food and Agriculture Organization, South Africa is the 4th largest producer of Chicory root producing about 27,150 tonnes (FAOSTAT, 2016). For the last five years of 21st century, South Africa remained the largest producer of Grapefruits in Africa and the 5th producer in the world. From 2010-2014, South Africa produced an average of 347,226 tonnes. Milk that is skimmed from Cow top as the highest produced commodity in the animal sector of agriculture in South Africa (FAOSTAT, 2016) Value added to GDP by Agriculture has been shrinking since independence in 1994. For example, agriculture value addition to GDP in 1994 stood at about 4.6% and currently in 2014, the value has shrunk to about 2.48% (World Bank, 2015).

The Industrial sector, which is the second largest sector comprises of sub-industries like Mining, Manufacturing, Construction, Electricity, Water and Gas. South Africa is the largest producer of Platinum and Africa's largest producer of Gold (Mineral Commodies Summary, 2015). The Industry sector also partakes in automobile assembly, metalworking, textiles, etc. A current survey by the World Bank indicates that, South Africa is ranked 73rd in terms of ease of doing business and 4th in Sub-Sahara Africa (Doing Business, 2016). Industry value added to GDP has a larger share of value added to output as compared to the Agriculture value addition to GDP. In 1994, it stood at 35% value added to GDP and it has gradually been falling and in 2014, it was 29% value added to GDP (World Bank, 2015).

The Service sector has been a true success story to South Africa in terms of added value to GDP. The sector has been the driving force of the economy since the 90s. The service value added to GDP was 60.39% in 1994 and this has steadily risen to an ultimate height of 68% in 2014 (World Bank, 2015). The telecommunication sector, tourism and the banking industries has well positioned the Service sector as the highest contributor to GDP in South Africa. The JSE Securities Exchange is the largest stock market in Africa (JSE, 2013)

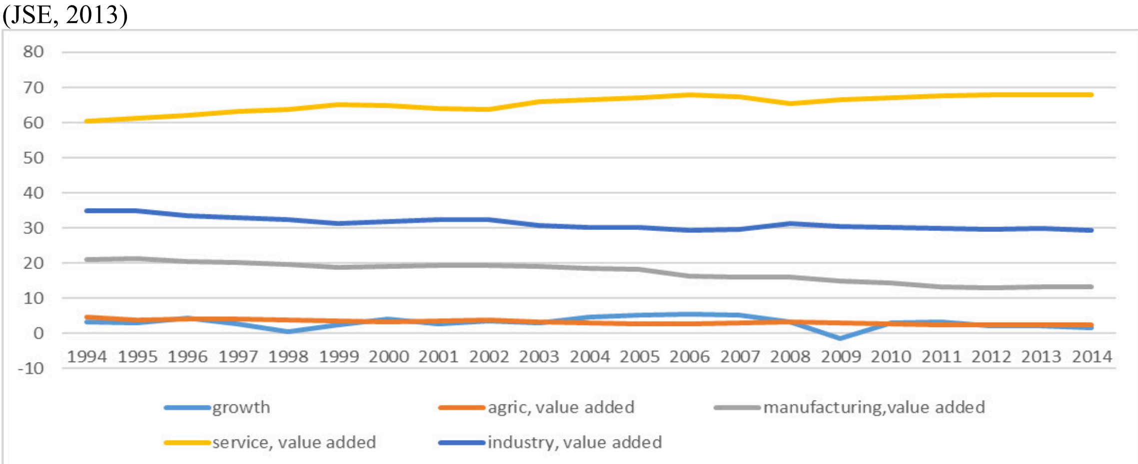


Figure 7: Sector Contribution to GDP in South Africa

Source: Author's computation from World Bank Development Indicators

1.3 Egypt

With a GDP of about $286.5 million, Egypt is the 3rd largest economy in Africa (Gross Domestic Product, 2014). It has a mixed economy with a population of about 89.5 million (World Bank, 2015). In 2014, the country's economy grew at a rate of 2.2% and World Bank projects it to grow at 3.8% in 2016 and 4.4% in 2017 respectively. The fertile areas around the Nile River makes Egypt's agricultural sector flourish with production of cotton, rice corn, beans, fruits and vegetables. Egypt also engages in livestock rearing like Cattle, Water Buffalo, Sheep and Goats (Central Intelligence Agency, 2016). The most produced crop commodities from 2010 to 2014 has been Forage and silage clover, Sugarcane, Tomatoes and wheat in their respective order (FAOSTAT, 2016). During the same year period, milk, skimmed from cow and cheese have been the most produced product from livestock.

The Industry Sector, which consist of textiles, clothing, chemicals, leather products and several others have been a strong contributor to the country's GDP. It has also performed well in comparison to Middle East and North African (MENA) countries (Hawash, 2007).

From the Sector graph below, the service sector has been the strongest wing in-terms of value added to GDP since 1974. Since 1993 to 2002, Service sector has contributed more than 50% in value addition to GDP (World Bank, 2015). Though there have been falls in the sector value addition as a result of the recent Arab unrest and political instability, it is important to note that, services provided in Egypt like Tourism, Trade, Banking, Shipping Services and Transport services have contributed immensely.

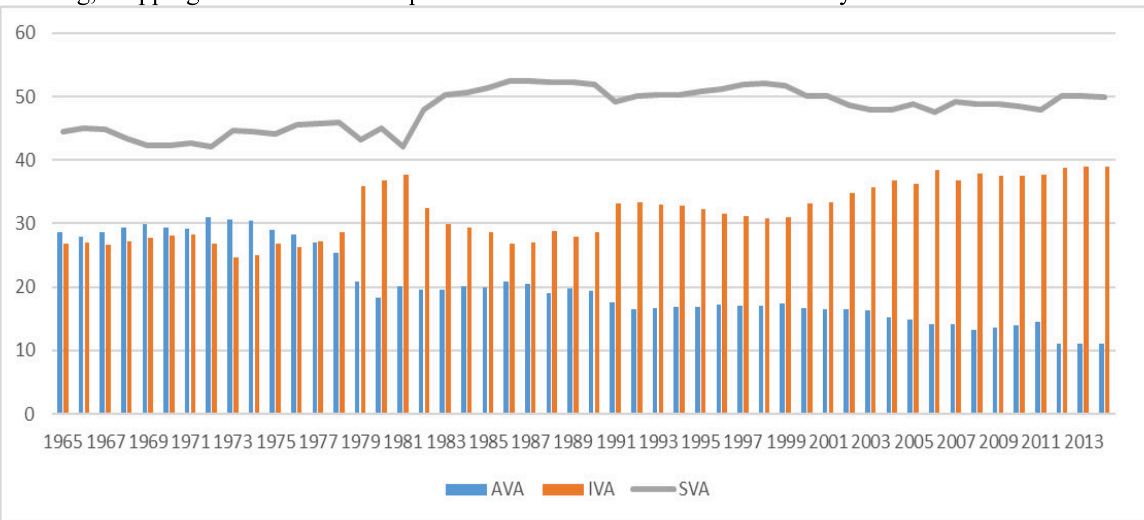


Figure 8: Sector Value Added to GDP in Egypt
Source: Author's computation from World Bank Development Indicators.
Note: AVA- Agricultural Sector Value Added,IVA- Industry Sector Value Added, and SVA- Service Sector Value Added.

3.Factors Positively Affecting Economic Growth in Africa

Capital Formation

As the global GDP growth continues to be dwindling after the global economic crises in 2008/2009, Africa's economic growth story has been stunning. For instance, in 2010, when the global growth rate was about 4.1%, Africa rate of economic growth stood at 5.2% (World Bank, 2015). Also, Capital formation has been on the rise since 2010. A recent research examining the relationship between capital formation and economic growth in Sub-Sahara Africa established that, there was a bi-directional causality (Uneze, 2013). This means that, increasing capital formation increases rate of economic growth in Sub-Sahara Africa and vice-versa. Gross Capital Formation, formally known as Gross Domestic Investments consist of outlays on additions to the fixed assets of the economy plus net changes in levels of inventory (World Bank, 2015). Fixed assets includes land improvements, plants, machinery, road construction, schools, hospitals, and both commercial and industrial building. The inventory stock also consists of stock of goods held by firms. As capital formation increases the capital per worker, capital intensity (ratio of capital to labour) increases. This consequently increases the labour productivity and ultimately affecting economic growth positively as output increases.

A critical look at the trends in capital formation and economic growth in SSA indicates that, the average percentage contribution of capital formation to GDP from 1970-1975 was 25% and its corresponding growth was 4.9%. However, from 1976-1980, capital formation share to GDP fell to 24.6% and the continent's average growth for that season also fell to 2.99%. A further decline in the average capital formation from 1985-1990 led to a slower growth of about 1%. The slow growth has been attributed to high population growth, poor export performance, war and ethnic conflicts, and low level of capital formation (Uneze, 2013). The speed of economic growth tripled from early years of the 90s (1990-1995) as capital formation share to GDP increased by 1%. With reduced number of conflicts and a strong service sector performance, average GDP growth increased to 5% with a 1% increase in capital formation contribution to GDP from 1995-2000. Though the continent felt the heat of the 2008/2009 global crisis which led to a continental growth rate of 1.9% in 2009, the dynamic nature of the economy led to a quick recovery and a 5.2% growth rate was recorded in 2010. Also, since 2007, capital formation share has been increasing above 20% and if this should continue, the continent is expected to get a growth rate of above 5% in 2016 (Barungi, Ogunleye, & Zamba, 2015).

Comparing the gross capital formation per GDP of Africa to that of the world, Sub- Sahara Africa's capital formation to GDP was 4.8% lower to the rest of the world in 1970-1979. However, there was a 37.85% further gap in Sub-Sahara gross Capital formation in relation to the world's gross capital formation to GDP in the next two decades (1980-1999). As Africa's economy continue to grow at a rate above 4% since 2010, the gap between the SSA Gross capital formation to GDP and World's Gross capital formation to GDP had declined to about 3.9% from 2010-2015 (World Bank, 2015).

The income remained after gross final consumption is normally called gross savings. The money saved by an economy can either be kept with the public or invested into the economy as capital formation. The average gross domestic savings from 1981-2014 for SSA was 18.5% and its greater than the average gross capital formation which also stood at 17.9%. From 1995-1996, average savings and capital were roughly equivalent. The ratio of savings and investment a good indication of the health of an economy.

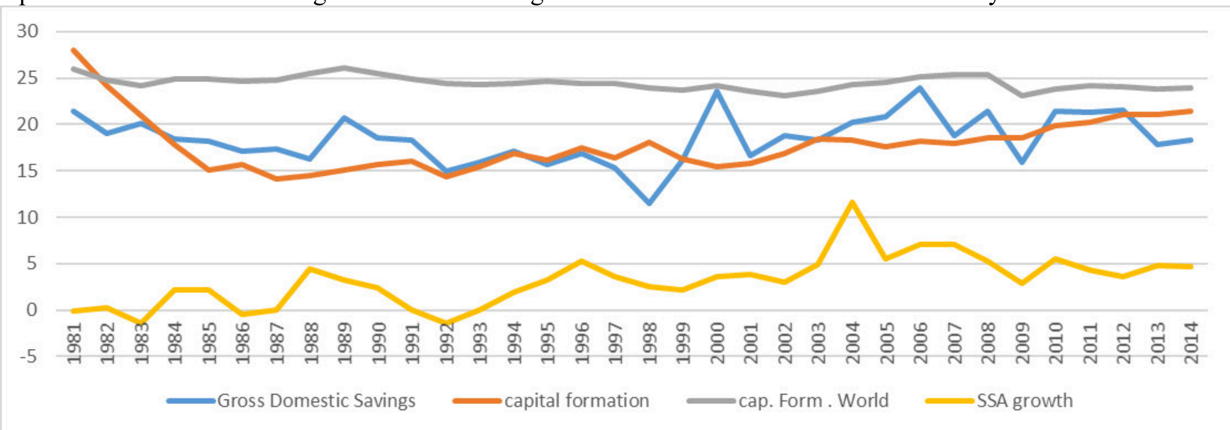


Figure 9: Trend of GDP Growth, Gross Domestic Savings, Capital Formation in SSA, and World Capital Formation from 1981-2014
Source: World Development Indicators 2015

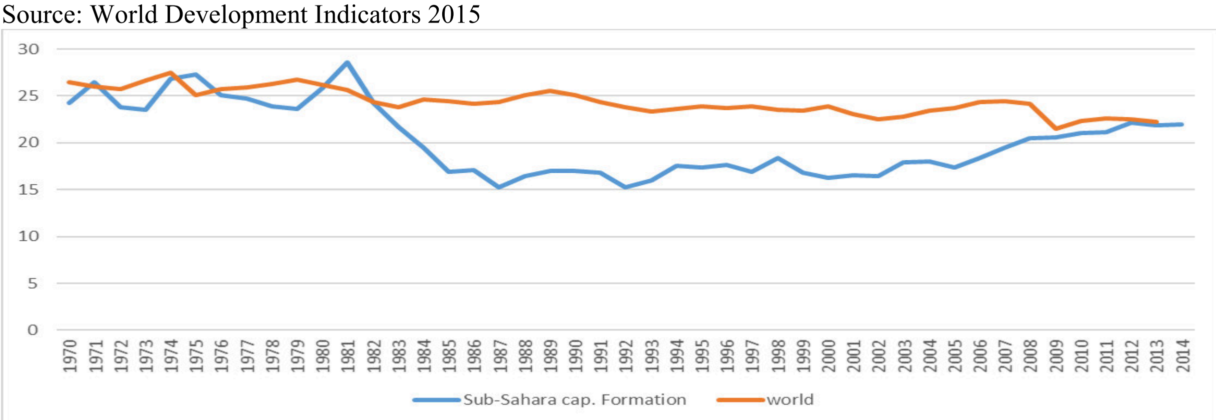


Figure 10: A Historical Trend of Capital Formation Between SSA and the World
Source: World Development Indicators 2015

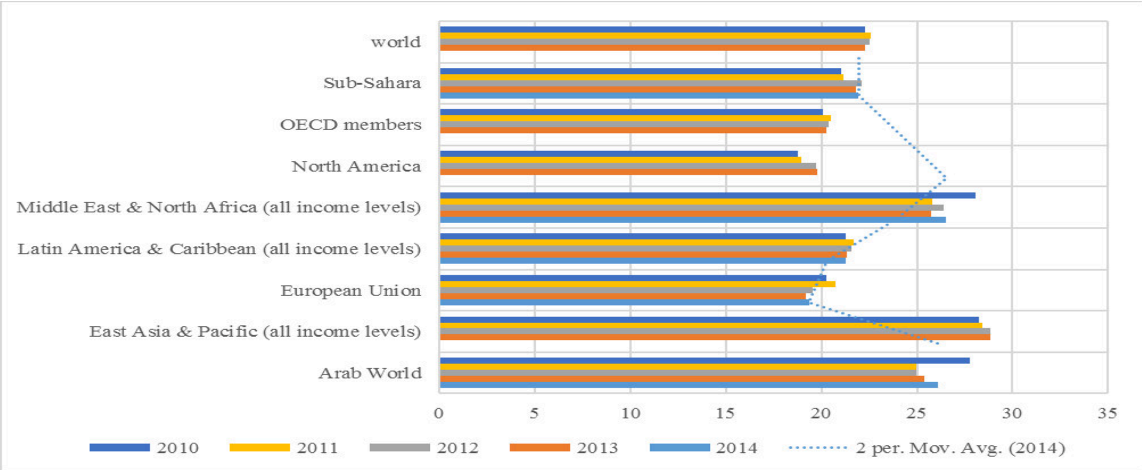


Figure 11**: World Chart of Capital Formation: 2010-2014**
Source: World Bank Development Indicators

Human Capital
Human development has been viewed by some economists as a way of expanding people's choices in which helps them to live longer, healthier and fuller lives (Boozer *et al.*, 2003). Others also view it as that which tends to improve the quality and productivity of labour (Daisi, 2011). Several studies have supported the argument that human development indeed enhances econmic growth (Eigbiremolen and Uchechi , 2014; Boozer *et al.*, 2003; Daisi, 2011; NATIONAL HUMAN DEVELOPMENT REPORT , 1996). Though Human Capital is of great importance, there is no exact measure of it and researchers hence use several proxies like education enrolment, expenditure on education, and the Human Development Index(HDI). The Latter was developed based on Barro and Lee (2013) and has been adopted by the United Nations Development programme as the closest proxy to human capital. It consists of life expectancy at birth, knowledge (mean years of schooling and expected years of schooling) and a decent standard of living measured by Gross National Income Per capital.

According to the HDI ranking for 2013, the top ten countries with a very high Human development are from Europe, Australia, North America and Asia. It is therefore not suprising that these countries also are the wealthiest economies in the world.

Table 2: Human Development Index Performance for 2013

Continent	Number of Countries	Ranking Position
Europe	5	Norway (1st) Switzerland(3rd) Netherlands(4th) Germany(6th) Denmark(10th)
North America	2	USA(5th) Canada(8th)
Asia	1	Singapore(9th)
Africa	-	
Australia/ Oceania	2	Australia(2nd) New Zealand(7th)
Antartica	-	

Source: United Nations Development Programme

Out of the 49 countries in the group of Very High Human development, Europeans formed the majority with about 65.3%. The continent of Asia also had a representation of about 22.4% whiles Latin America had 6.1%. As Africa recorded no representation in this group, North America and Australia recorded 4% and 2% respectively. The value of the HDI for very high human development group falls within 0.808 to 0.944 in 2013. The average life expectancy at birth for these group of countries is 79.4 years and the average of the mean schooling years is 15.9 years.

Libya and other North African countries like Algeria and Tunisia had HDIs higher than 0.7. Seychelles and Mauritius also are part of this group with HDI 0.75 and 0.77 respectively. With an average life expectancy of 74.1 years, expected years of knowledge acquisition to be 13.7 years, the people from nations in this group are able to work and produce more goods and services with an average GNI per capita of $14,432. Libya, a country with a population of 6 million and life expectancy at birth of 72 years had a 104% GDP annual growth rate in 2012 and a corresponding HDI of 0.789. However, with the increase in political instability, killings of citizens as a result of the war, close down of many shops, factories, and schools, there was a negative growth rate of 13.5 in the economy and a corresponding decline of HDI (0.784) in 2013. As Seychelles also increased in HDI from 0.755 in 2012 to 0.756 in 2013, annual GDP growth also increased from 6.% At 2012 to 6.62% in 2013.

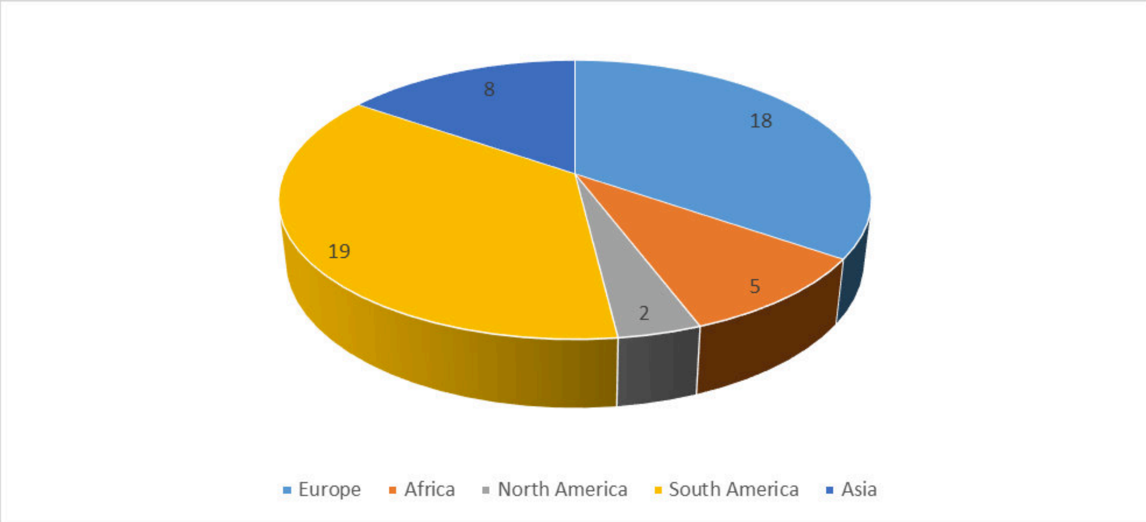


Figure 12: Number of African Countries with High HDI
Source: United Nations Development Programme

Eleven African nations (Ghana, Botswana, Egypt, Gabon, South Africa, Cape Verde, Namibia, Morocco, Congo, Zambia and Equatorial Guinea) out of the 41 nations belong to the group of medium HDI forming about 26.8%. The remaining African countries fall in the group of low HDI and therefore, if Africa wants to increase production and services, the living standards, access to education and easy access to capital must be made a policy priority for most African states so that as Africa improves on its HDI, the output will also increase.

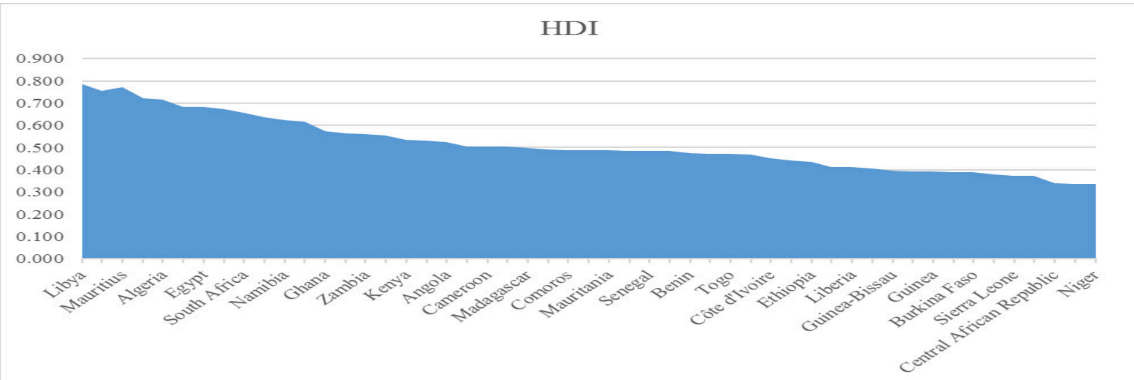


Figure 13: HDI Performance for Africa in 2013

Natural Resources

Africa is blessed with an abundance of natural resources. Africa's natural resources has been one of the backbones of the continent's economy. In 2012, about 77% of Africa's total export was accounted for by natural resources and 42% of government revenues (African Natural Resources Center (ANRC), 2016). The continent is blessed with the longest river in the world called River Nile. The second largest and the world's deepest river called River Congo is also found in Africa. There are about 63 international basins in Africa and these take about 64% of the continent's land area. (Africa's Natural Resource Centre (ANRC) Strategy (2015-2020); Revised Edition, 2015). ANRC also reports that the continent has the second largest tropical forest and about $ 24 billion was the total value added by the fisheries and aquaculture sector in 2014.

Non- renewable natural resources also contribute massively to Africa's GDP. It is estimated that Africa as a continent hold about 30% of all global mining reserves. The percentage share of Africa's oil reserves is about 9.5% with Sub- Sahara Africa contributing about 4.9% (Katsouris, 2011). Also in gas reserves, Africa holds about 8% of the world's share. The African Development Bank has estimated that the continent will benefit about $30 billion per annum in government revenue from extracting resources (Africa's Natural Resource Centre (ANRC) Strategy (2015-2020); Revised Edition, 2015). Minerals like Gold, Manganese, Copper, Platinum, Diamonds, Bauxite and Uranium are all found in Africa and African countries serves as the leading producer in most of these precious minerals.

Table 3: Africa's Bauxite Production

Country	2005	2010	2011	2014^e	2016^e	2018^e
Ghana	727	600	1500	1500	1500	1500
Guinea	14600	15300	15300	17000	31100	39000
Mozambique	10	11	10	11	11	11
Sierra Leone	-	1090	1457	1500	7500	11500
Tanzania	2	130	130	130	130	130
Total	15300	17100	17300	20100	40200	51800

Source: United States Geological Survey 2011 (Bauxite)
Note: Values are in thousand metric tons
e- Projected estimates.

Table 4: Africa's Aluminium Production

Country	2005	2010	2011	2014^e	2016^e	2018^e
Cameroon	87	60	69	70	70	70
Egypt	244	539	540	500	500	500
Ghana	-	-	35	200	200	200
Kenya	2	6	6	6	6	6
Mozambique	555	557	562	560	560	560
Nigeria	-	21	18	30	96	96
South Africa	846	807	809	810	810	810
Total	1700	2000	2000	2200	2200	2200

Source: United States Geological Survey 2011 (Aluminium)
Note: Values are in thousand metric tons
e- Projected estimates.

Table 5: Africa's Copper mine Production

Country	2005	2010	2011	2014^e	2016^e	2018^e
Congo (Kinshasa)	97	430	540	850	980	1000
Botswana	31	21	22	40	48	58
Eritrea	-	-	-	81	33	17
Mauritania	-	37	40	40	40	40
Morocco	4	14	13	14	14	14
Namibia	10	-	4	7	11	11
South Africa	89	103	97	96	83	93
Tanzania	4	5	5	6	7	7
Zambia	447	686	668	900	1000	1600
Zimbabwe	3	5	6	6	6	6
Total	690	1300	1400	2000	2200	2800

Source: United States Geological Survey 2011 (Copper)
Note: Values are in thousand metric tons
e- Projected estimates.

Table 6: Africa's Refined Copper Production

Country	2005	2010	2011	2014^e	2016^e	2018^e
Congo (Kinshasa)	-	265	366	670	790	870
Egypt	3	3	3	4	4	4
South Africa	99	81	86	79	68	77
Zambia	399	530	516	600	600	600
Zimbabwe	7	5	4	5	5	5
Total	510	880	980	1400	1500	1600

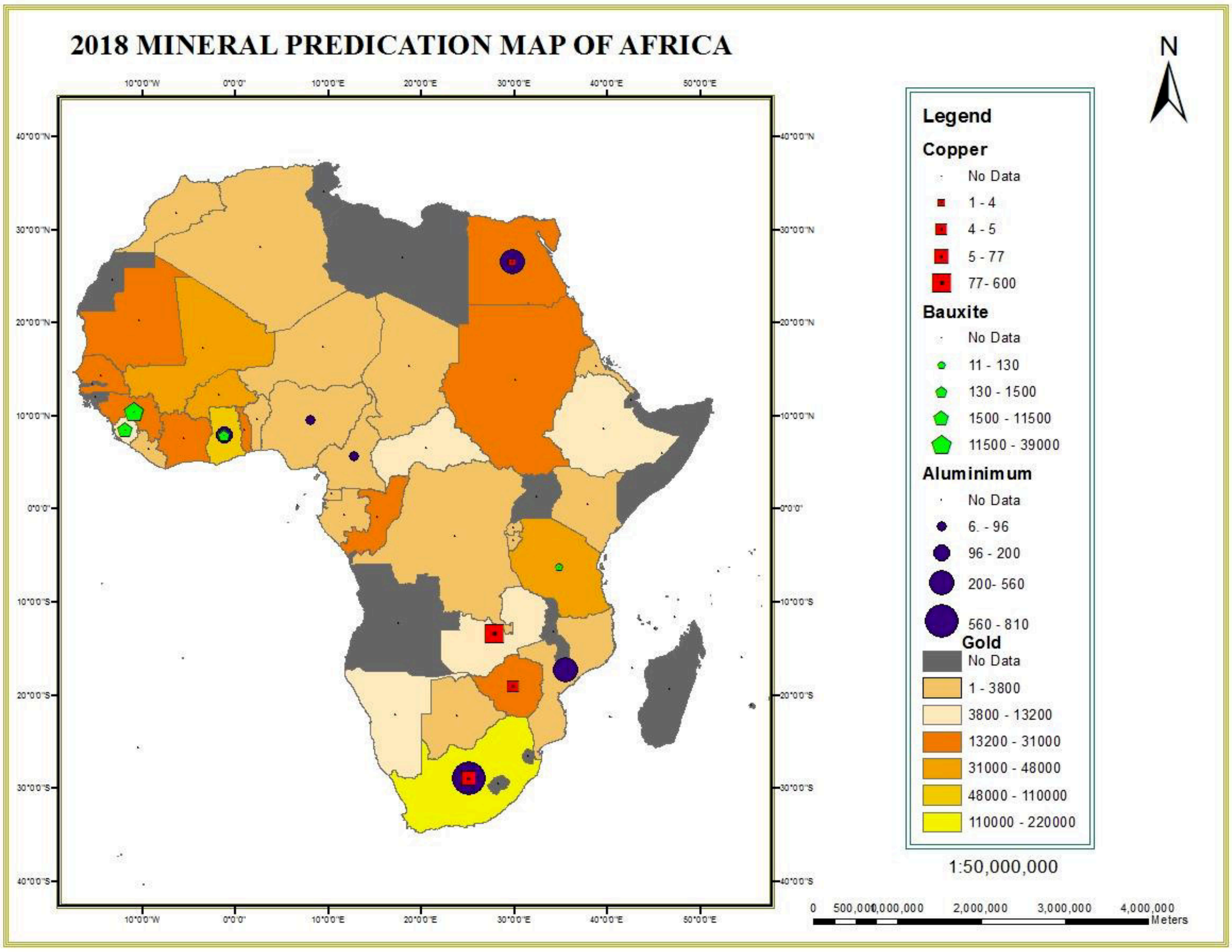
e- projected estimates. Values are in thousand metric tons
Source: United States Geological Survey 2011 (Refined Copper Production

Table 7: Africa: Historic and Project Goldmine Production (2005-2018)

Country	2005	2010	2011	2014[e]	2016[e]	2018[e]
Algeria	-	723	340	500	500	500
Benin[2]	-	20	20	20	20	20
Botswana	4	1800	1800	1800	1800	1800
Burkina Faso[3]	625	22939	31774	40000	41000	43500
Burundi	-	750	750	750	750	750
Cameroon[2]	1000	1800	1600	1800	1800	1800
CAF[4]	15	60	53	4000	6400	6400
Chad	150	100	100	50	50	50
Congo (Brazzaville)	120	150	150	200	200	200
Congo (Kinshasa)	7200	3500	3500	23500	27500	28000
Cote D'Ivoire[3]	1335	5310	9871	14800	18000	20000
Egypt	-	9847	7000	8000	15500	15000
Equatorial Guinea	200	200	200	150	150	150
Eritrea	25	21	11800	2100	4400	3800
Ethiopia	4376	5936	10700	10900	13100	13200
Gabon[2]	300	300	-	1200	1200	1200
Ghana[3]	66852	76332	82993	100000	110000	110000
Guinea	25097	15217	15695	16100	18600	19000
Kenya	616	2035	2100	2100	2100	2100
Liberia[2]	27	666	469	2000	3700	3700
Madagascar	10	70	-	-	-	-
Mali[3]	44230	36360	35728	49200	49000	45000
Mauritania	-	8305	8172	10500	31000	31000
Morocco	1786	650	520	600	600	600
Mozambique	63	106	111	111	111	111
Namibia	2703	2683	2053	2700	5800	5800
Niger	4962	1929	1879	2000	2000	2000
Nigeria	30	100	100	600	600	600
Rwanda	10	3	3	5	5	5
Senegal	600	4381	4089	11800	19800	20000
Sierra Leone[4]	53	270	164	200	5800	5800
South Africa	294671	188702	180184	196000	215000	220000
Sudan	3625	26317	23739	28000	27000	26000
Tanzania	47270	39448	44000	39000	44000	48000
Togo	6179	10452	16469	16500	23000	23000
Uganda	46	-	-	-	-	-
Zambia	440	3400	3500	3500	4000	5000
Zimbabwe	14024	9100	12824	20000	20000	20000
Total	528644	479982	514450	610686	714486	724086

Source: United States Geological Survey, 2011
Values are in kilograms
[1]Estimated data and total are rounded to no more than 3 significant digits
[2]From artisanal mining
[3]Excludes production from artisanal mining
[4] From artisanal mining for the years 2000, 2005 and 2010 only

Figure 14: 2018 Mineral Production Predictions In Africa



Source: Authors' theme design based on the US Geological Survey (2011)

4.Challenges Facing Africa's Economy

4.1 Corruption

'' Without doubt, corruption has permeated the African society and anyone who can say that corruption in Africa has not become alarming is either a fool, a crook or else does not live in this continent''..This is how an illustrious son of Africa, Achebe (1988) puts it. Corruption has been noted to be worse than prostitution because it endangers the morals of the entire society (Campos and Bhargava, 2007).

According to World Bank, corruption has become the greatest obstacle to economic and social development (Overview of Anti-Corruption, 2011). Though corruption is a global issue, it is highly visible in Africa. Just last year (2015), it was estimated that 75 million people paid bribe that year (People and Corruption: Africa Survey, 2015) . With most of the African governments failing to fight corruption, 58% of African claimed there is little being done to stop it. According to the research by Transparency International, 4 out of 5 South Africans believe corruption has been on the rise recently and this clearly shows the level of trust citizens have in their government. The report further stated that, out of 28 Sub- Sahara African countries which were considered for the study, the Police and the Judicial system are the most corrupt. These public institutions are responsible for the protection and enforcement of the rule of law. The Private sector was also perceived to be strongly corrupt in the region. In Africa, 1 out of every 5 African is affected by bribery and this further increases the poverty gap since the poor masses are mostly affected. Basic amenities like provision of water, fertilizer supply, electricity, Justice, police protection by governments have been tarnished with corruption in the region. 22% of the people in Sub-Saharan Africa had to engage in corrupt activities before the above listed basic amenities,which they have paid taxes for, were provided to them by government. Some of Africa's economic giants like South Africa and Nigeria, and fast growing nations like Ghana had the highest number of citizens claiming corruption has increased by 83%, 76% and 75% respectively.

The logical question now is, what is corruption and how has it affected affected Africa's economy? Corruption can be considered to have social, economic, legal and political effects on communities. Generally and for the purposes of narrowing on the broad topic of corruption, it can be defined as the use of public office for private gains (Bardhan, 1997). Corruption includes bribery, embezzlement and nepotism or state capture (CleanGovBiz, 2014). Africa annually loses 40% of Africa's annual GDP to corruption (Lumumba, 2010). This figure is by far greater than the 2.7 % of Foreign Direct Investment (FDI) contribution in 2014 and 3% contribution of Official Development Assistance (ODA) to Gross National Income in 2013.

In the nutshell, corruption undermines democracy and the rule of law, lead to human rights violations, distorts markets and serves as a breeding ground for terrorism. This in the long run reduces the quality of life in the society (United Nation Convention Against Corruption, 2004)

4.1.1 *Impact of Corruption*

Lack of Quality Services

As individuals pay taxes to enjoy basic social amenities like electricity, water, Justice, roads and schools, they are denied quality service as a result of the corrupt system. People pay bribes in order to get the quality care they have all been taxed. Sick people pay bribes to see the doctor. In some situations, they even pay bribes to get a bed in a government hospital. The Police take bribes and then allow drivers without licenses, vehicles that are not road worthy to go without being stopped and arrested. This in-effect has increased the number of accidents killing other road users and pedestrians and the destruction of properties running into millions of dollars. The few good educational institutions are always reserved for the rich and not for hard working students. In most universities in Africa, slots are taken from the hard working students and given to the student whose father paid bribes (Sharma, 2013).

In Liberia, CNN reports that 7 out of 10 people alluded to the fact that they had to pay bribes to get good health care and education (Veselinovic, 2016).

Improper Justice

The democracy of a country is strong when the Executive, Parliamentary and the Judiciary arms of government are independent and void of corruption. According to the 2015 report on corruption by Transparency International, the Judicial Service departments in Sub-Sahara Africa is the second most corrupt public institution. Law offenders have been left off the hook as a result of corrupt Judges and corrupt Policemen.

In August 2015, an investigative journalist (Anas Aremeyaw Anas) exposed how corrupt the Ghanaian Judicial System was with video evidence showing Judges demanding bribes and sex to influence judgement. One Hundred and eighty officials from the judicial service were indicted in this corruption scandal. Twenty Judges from the Magistrate and lower courts have been sacked as a result and 12 High Court judges have been suspended and are being investigated. In the just ended 2012 Presidential elections in Ghana, the Supreme Court decided the winner in the election after the main opposition party suspected foul play from the Electoral Commission. Therefore, if the judicial system is this corrupt, people will no longer have faith in the rule of law and this may lead to chaos and war.

4.1.2 *Possible ways of combating corruption*

The study attempts to suggest possible ways of fighting corruption in the context of Africa.

- Move from manual to electronic office operations

Most of the office related jobs are done and recorded manually and this gives corrupt people the power to manipulate figures. A typical example is the electronic procurements that can be used by governments to reduce collusion among bidders and corruption. Corruption is mitigated by drastically reducing the degree to which government officials withhold information from non-favourable bidders (Pande and Olken, 2016). E-governance helps citizens to communicate with public official and avail public services through online or other information technologies. This reduces corrupt employee's discretionary powers when using the traditional paper system (Baniamin, 2015)

- Political Will to Fight Corruption

African leaders across the continent should champion corruption eradication by having the political will to fight corruption. The agreement reached by African Heads of States to fight corruption must be strictly adhered to and they are as follows;

1. Strengthening national control measures to ensure that foreign companies operating in member countries respect the national legislation in force.
2. Establish, maintain and strengthen independent national anticorruption authorities or agencies.
3. Adopt legislative and other measures to create, maintain and strengthen internal accounting, auditing and follow-up systems, in particular, in the public income, custom and tax receipts, expenditures and procedures for hiring, procurement and management of public goods and services.
4. Adopt legislative and other measures to protect informants and witnesses in corruption and related offenses, including protection of their identities.
5. Adopt measures that ensure citizens report instances of corruption without fear of consequence reprisals.
6. Adopt national legislative measures in order to punish those who make false and malicious reports against innocent persons in corruption and related offenses.
7. Adopt and strengthen mechanisms for promoting the education on of populations to respect the public

good and the public interest, and awareness in the fight against corruption and related offenses, including school educational programs and sensitization of the media, and the promotion of an enabling environment for the respect of ethics (African Union Convention On Prevententing and Combacting Corruption, 2004; Olaniyan, 2004)

- Educating citizens of their legal rights will also empower them and prevent officials from taking advantage of them.

Also asset declaration by politicians and top businessmen before assuming office is also another way of reducing corruption since they will also account for any asset gained while in and out of office. This has served as an effective tool to prevent corruption in Eastern Europe and Central Asia (OECD, 2011). An effective income and asset declaration regime can increase public accountability and transparency, reduce corruption and abuse of power. Also, it can strongly increase public trust in institutions and government legitimacy. Studies have shown that, areas with strong adhesiveness to asset declaration laws by public officials have a low corruption rate (Chêne, 2008). As at 2006, 28 African nations require assets and income declaration disclosure by public officials. Twenty-three (23) countries out of these 28 countries require that public officials to declare their assets to an anti-corruption agency or other government institution like the Auditor- General's Office. The remaining five countries (Cape Verde, Central African Republic, Sao Tome and Principle, and South Africa) request publication of asset declared to the public (Chêne, 2008). There are, however challenges faced by this practice like who should declare what, and to whom this declaration should be done. The filing frequency has also become a challenge to this policy implementation. For example, the Cameroon law requires all public officials to declare assets, but this has poorly been executed over the years as a result of lack of capacity and political will (Chêne, 2008). It also lacks some practicality flaws since the government does not have the capacity to subject all public official to asset declaration. Such measures should target some level of senior officials for efficiency. Kenya, Tanzania, Uganda and Nigeria require state or public officials to declare the assets of their wives and children to prevent corrupt officials from transferring stolen monies to their family members (Chêne, 2008). In Ghana, Article 286 (1) of the 1992 Constitution and Public Office Holders (Declaration of Assets and Disqualification) Act, 1998 (Act 550) enshrine the President, Vice President, the Speaker and Deputy Speakers of Parliament, and all Ministers to declare their assets to the Auditor- General but not public disclosure (Bokpe, 2016). Though this measure exists, it has served as a ''white elephant'' with no government having the political will to enforce to the policy. This study suggests that, just as it is compulsory for every senior state official to be sworn into office before commencement of work, asset and income declaration policy must be a requisite before a state official assumes or leaves office.

4.2 Infrastructure

After the struggle for independence, many African countries inherited some infrastructure from the colonial rulers which sustained the economies during 1960s until the oil shock of the 1970s (Estache, 2006). As population growth and urbanization increased along the years, the industrial and household demand for infrastructure also increased in the continent. This has led to large infrastructure deficit to the continent. It has been estimated that the sum of investment and maintenance expenditure needs to be around 9% of GDP from 2005-2015 (Estache, 2006). World Bank estimates indicate that Sub-Sahara Africa (SSA) required over $90 billion annually to maintain and improve on the infrastructure (Spanning Africa's Infrastructure Gap; How Development Capitalis transforming Africa's Project Build-Out, 2015). The road access rate in Africa is 34% as compared to 50% in other parts of the developing world. Also, the cost of transport in this continent is 100% higher than in other parts of the world. Whiles other continents have about 70% to 90% access to electricity, only 30% of African population have access to electricity and even with this, there is a continuous erratic power supply (Spanning Africa's Infrastructure Gap; How Development Capitalis transforming Africa's Project Build-Out, 2015). Forty-eight (48) Sub-Sahara African countries with a population of 800 million generate the same amount of power as Spain with a population of 45 million. With the issues of road infrastructure, only one-third of Africans living in rural areas are within two kilometres of all-seasoned roads as compared to two-thirds of the population in other developing regions. (Banks, 2013). Though the continent is engulfed with lots of water bodies, only 5% of agriculture use irrigation (PIDA, 2012). Mauritius is one of Africa's most developed infrastructure and SSA would increase GDP per capita by 2.2% if the continent were to catch up with Mauritius (Fact Sheet: Infrastructure in Sub-Saharan Africa, 2013). The World Bank asserts that, for most countries in Africa where infrastructure is a major challenge to doing business, productivity of firms is depressed by about 40%. It is exciting to note that in the area of Information Communication Technology (ICT), Africa is catching up with the world. In 1999, only 5% of the populace had access to the internet, but by 2006, it had increased to 57% with over 100 million subscribers (Fact Sheet: Infrastructure in Sub-Saharan Africa, 2013).

The question now is, how do low infrastructure developments serve as a challenge to the economy? It is estimated that, for every one dollar spent on public infrastructure development, GDP of an economy rises between $0.05 and $0.25 (Strategic Infrastructure: Steps to Prioritize and Deliver Infrastructure Effectively and

Efficiently, 2012). Recently improved infrastructure is said to have been responsible for more than half of Africa's economic growth performance lately. (Foster and Briceño-Garmendia, 2010). Closing the infrastructure deficit is very essential in propelling Africa's economic growth. An improved infrastructure will increase intra regional and international trade. Also the cost of doing business will reduce attracting Foreign Direct Investments (FDI) inflows and enhancing the continent's global competitiveness which will cause the continent's economy to grow (PIDA, 2012).

4.3 Capital Flight, Tax Evasion and Tax Avoidance

All economies run their developmental projects through financing. One of the major constraints on Africa's economic growth is a shortage or scarcity of financing (Fjeldstad and Heggstad, 2014).

African Development Bank and Global Financial Integrity (2013) analysis of illicit flow and problems of net resource transfer has made Africa a net creditor to the world. The continent has suffered from capital flight for over 3 decades and has heightened during the periods of accelerated growth in Africa recently (Boyce and Ndikumana, 2012).

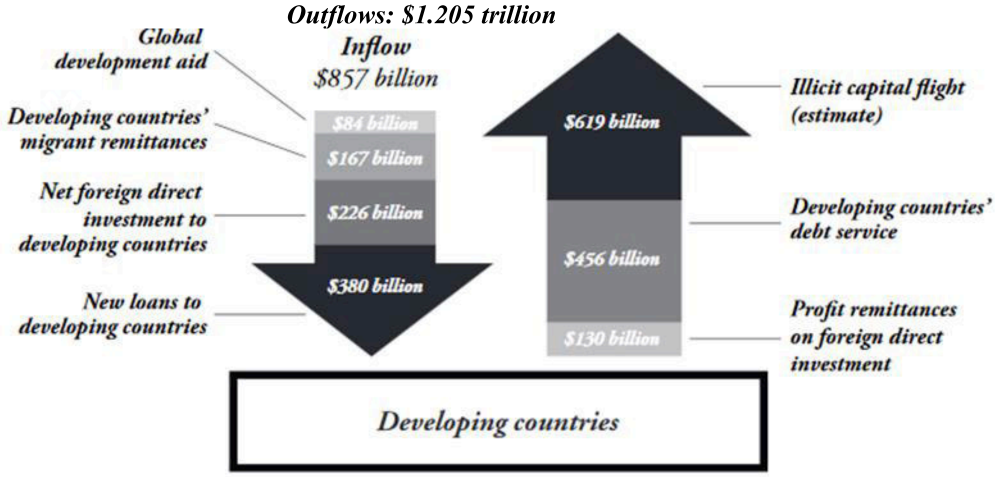
Capital Flight can be explained as the transfer of assets abroad in order to reduce the loss of principal, loss of returns, or loss of control over financial wealth due to government sanctioned activities. Government sanctioned activities like wealth confiscation, increase in taxes on wealth or imposition of regulations that limit the privileges of wealth holders sometimes causes fear to business owners thereby resulting in capital flight (Epstein, 2005).

Tax evasion may be explained as the commission or omission of an act knowingly with a strong intention to deceive so that the reported is less than the tax payable under the law. (Somorin, 2010). Tax avoidance, though similar to tax evasions takes advantage on the legal loopholes in the system to pay less tax.

Recent reports jointly written by the AfDB, OECD and UNDP indicate that from 2003 to 2012, Africa has been losing an annual average of $60.3 billion and this form about 4% of Africa's annual GDP. This figure clearly outweighs the Foreign Direct Investments (FDI) inflows and Official Development Assistance (ODA) for that same year period which was $43.8 billion and $42.1 billion respectively. Since 1980s, Africa has always been a net provider of resources to the world with net resource transfer estimates ranging from $597 billion to $1.4 trillion, but the continent has always suffered from lack of funds to finance developmental projects. Boyce and Ndikumana (2012) indicated from their finding that, 33 SSA countries which where understudied lost about $814 billion from 1970-2010 and oil rich countries accounted for 72% of the capital flight in the region ($ 591 billion). Making a simple assumption that the monies lost from capital flight was used to buy US Treasury rate of moderate interest, the continent could have earned $1.6 trillion in 2010. Therefore, this clearly tells a story that, if Africans have the collective will to fight capital flight and repatriate stolen monies, we (Africa) will have more than enough to finance its developmental projects.

38% of the illicit transfers come from West Africa whiles about 10% originate from both Central and Eastern Africa. Closely following West Africa in illicit transfer is North Africa, which contributes about 28% to that illegal practice (Anderson, 2015). Most of the capital flight activities that occur on the shores of Africa are mostly mispricing. This constitutes 60% of capital flights in Africa (Fröberg and Attiya, 2011). Mispricing or transfer pricing can simply be explained in three stages: First, A multinational company sets up its subsidiary in a developing country. This subsidiary company sells its produce at an artificially low price to another subsidiary company in a tax haven country to avoid paying huge taxes to the developing nations. The next step is that, the ''tax haven subsidiary'' sells its produce at an artificially high price and makes huge profits paying little or no tax on it. This little process has sunk Africa deeper than even corruption. Fröberg and Attiya (2011) research indicates that, for every one dollar ($1) that goes to developing world in aid, ten dollars ($10) return to the developed countries through the illicit transfer means. During 2000-2008, Africa was the region with the highest growth of illicit transfer with a growth of about 21.9% (Kar and Curcio, 2011). A typical example of such illicit transfer was what recently happened in the Democratic Republic of Congo. This very rich natural resource nation sold its state mines to an anonymous ''shell'' companies in the British Virgin Islands for an exceptionally low price. It was later sold on at market prices to major listed companies (Mosselmans, 2014). A diagram below shows how monies have flowed in and out of developing countries from 2002-2006

Figure 15: A Diagram of cash flow in developing countries from 2002 to 2006



Source: Fröberg and Attiya (2011) and the figures are based on data from the OECD, World Bank and Eurodad

4.3.1 How does Capital Flight hurt Africa's Economy And Why It Should Be Fought.

Capital flight drastically reduces tax collection and negates the effect of investment on every economy. It also disrupts healthy competition and the benefits of trade is heavily undermined and drains the continent's currency reserves. With our taxes been drained away illegally, Africa will always need to depend on aid and loans to support developmental projects. These generate a need to fight this menace. When capital flight is fought, it will raise enough revenue for African governments to finance developmental projects. Fight the menace of capital flight means, Africa can reduce the incentive to hide profits outside the country of origin thereby increasing jobs and domestic investment. Fighting Capital flight will make African governments more accountable to their tax payers and less accountable to their foreign donors. It also reduces the income inequality gap between the rich and the poor in the long run (Fröberg & Attiya, 2011).

4.3.2 Measures to fight Capital Flight and Tax Evasion

- The International financial reporting standards can be upgraded to make reporting of profits and taxes paid by multinational companies in every subsidiary they operate. Also, there should be a global tax information system where there can be multilateral exchange of information between tax authorities.
- Individual African governments should develop stronger tax laws to reduce tax avoidance. Also, regular capacity building for tax official to equip them and improve the awareness of tax evasion.
- If the Western countries and developed nations want to help Africa, then it is certainly not through Foreign Aid and ODAs but can help African governments to build strong tax systems and also prosecute multinational companies who transfer funds to their countries illegally. These ''stolen monies'' should be repatriated back to its rightful owners by the assistance of developed nations.

4.4 Political Instability, Civil Wars and Terrorism

Political unrest, civil wars, territorial wars among countries, and terrorism have led mother Africa to lag behind in development for the past five decades of colonial liberation (Ibrahim & Cheri, 2013; Ayittey, 1999). The continent has been strongly characterized by wars, destruction, famine, refugees, starvation, instability and chaos. From the north to south, east to west, the continent has had its fair share of unrests including series of civil wars like Sudan (1990-1995), Chad (1965-1985), Liberia (1980-2003), Nigeria (1967-1970), Somalia (1993-1999), Sierra Leone (1991-2001), Angola (1986,1999), Rwanda (1994) and Zaire (1996), (Aremu , 2010). Also Aremu's (2010), research indicate that there have been territorial misunderstandings amongst countries like ;

- Nigeria- Cameroon dispute over the Bakassi Peninsula since 1970s
- Algeria-Morocco over the Atlas Mountains in 1963
- Eritrea- Ethiopia misunderstandings from 1962-1979
- Somalia- Ethiopia dispute from 1962 to 1978
- Chad- Libya from 1980-1982
- Kenya – Somalia border war of 1963-1967
- Tanzania- Uganda crises of 1978-1979.

Recently, the Arab spring also affected the Northern part of Africa with most of the economies still struggling to stand on their feet. Mohammed Bouazizi, a young vendor sets himself ablaze to register his displeasure and frustrations against the Tunisian Government. His death, was the birth of Arab unrest from Tunisia to Asia (Mulderig, 2013). Morocco (2011-2012), Egypt (2011) and Algeria (2010-2012) are a continuous series of protests that occurred as a result of poor living conditions, high unemployment rate and corruption during that era (Botelho, 2015).

One may ask; what are the causes of these political unrests that have drawn back Africa's economic progress? Though conflicts have emerged in different regions of the continent, there are certain common causes that runs through. The study on Conflicts in Africa'' by Aremu (2010) identified the creation of arbitrary borders by colonial powers, inept leadership, poverty and corruption as some of the drivers of political unrests. War and political unrest costed an economy in both the immediate term and the long term with devastating effects sometimes reaching the future generations.

4.4.1 Immediate Cost of Political Unrest, Civil wars and Terrorism.

The most observable features during and after a civil unrest is the destruction of lives, properties and the loss of income. With most of the African populace living in the rural regions, agriculture remains the leading sector that employs people and provides food and income for the continent (Bates, 2008). In an event of war, people do not get the peace of mind to farm and are forced to relocate to safer areas. This reduces the economy's output and destruction of capital. Collier*, et al*., (2003) study revealed that, in the war zones of Mozambique, the agricultural sector lost about 40% of immobile capital like buildings and 80% of mobile capital like cattle and tractors. A similar Ugandan study revealed that, in regions of active fighting, two-thirds of the households did not only lose family members and livestock but practically lost all their possessions (Collier, et al., 2003). Also wars and unrest increase the cost of doing business and also increases the prices of goods and services. A study by De Waal Alex (1991) clearly supports this assertion by explaining the war between the Mengistu regime and the Tigray People's Liberation Front (TPLF) in Ethiopia. He concluded that the price of grain per quintal in Meqele (war zone) was about three times the price in the Shire during the period of 1982.

4.4.2 Long term Cost of Political Unrest, Civil wars and Terrorism.

The lagged effect of civil wars includes the destruction of infrastructure, deepening poverty and hunger, and low agricultural output to feed the citizens. Aside a sharp decline in capital formation, FDI also falls considerably. Children will not be able to have proper education and citizens will be denied basic necessities like proper health care. Also, saving will drop since people will prefer to hold cash and transact business than to keep it in the bank. Inflation will also rise and will further weaken the pillars of the economy. Military spending per GDP will rise to the detriment of better education, water availability and good health care (Collier, et al., 2003). Bates (2008) also noted in his study of 27 Africa Countries in the AERC Growth project that, insecure governments are more likely to incur debts.

4.4.3 Possible Solution To Ending Civil Unrest and Tribal Wars

The study strongly agrees with Ayittey (1999) who asserts that the solutions to Africa's conflict crises can be found in Africa itself. The indigenous system where a Chief and his noble elders sit on issues and pass judgements in their communities is one of the best ways to avoid tribal wars. Though, we are in an era of modernization, people still have lots of respects for their Clan Chiefs. Petty quarrels that arise in communities and tribes can be curtailed by the indigenous ruling systems before they get out of hands. Of course, these traditional rulers must also obey and rule according to the constitution of the country which is supreme. However, some traditional leaders seeking more power have indulged themselves into national politics, making followers on the other end of the political divide loose respect in their rulings. A typical example of a good traditional mediation system is how Mozambique settled 500,000 property claims with only verbal agreement by village chiefs (Ayittey, 1999).

Commitment and sincere leadership are a sure way to prevent and avoid any unrest that may arise. Breaking this down from the family unit, Parents are responsible to be law abiding and good examples for their children to emulate. The elders in the community must be morally upright and mentor the younger generations. Chiefs and Kings must rule with utmost fairness and eschew partiality. Government officials must be sincere with public funds so they can be trustworthy. True commitment and sincere leaderships ensure equitable distribution of resources, promotion of rule of law and protection of fundamental human rights (Aremu , 2010).

Poverty is always at the center of most political crises African are facing (Aremu , 2010). Another possible solution to these crises lie heavily in the hands of the various African governments. Providing access to quality education, gainfully employing the youth and providing adequate remuneration for workers reflect the true state of the nation is a sure way of combating poverty by empowering the citizenry (Aremu , 2010).

5.Prospects and Opportunities in Africa

5.1 The Extraction Sector

Though the mining industry is faced with high volatility of commodity prices and rising exploration cost, Africa has bright prospects in this sector. Beneath the soils and water bodies in Africa lies more than sixty (60) metals that are needed for industrialization and urbanization (Mining Industry Prospects in Africa, 2012). The US Geological Survery places Africa as the largest or second largest reserve worldwide for Bauxite (main source of aluminium), Cobalt (for making alloys and batteries), Gold, Diamonds, manganese (anticorrosive element in steel), phosphate rock (used in fertilizers), platinum group metals, soda ash (used in making glass), vermiculite (a component in fireproof materials) and zirconium (used in heat resistant ceramic materials) (Mining in Africa Towards 2020, 2012). The KPMG report on Africa continue to emphasize that, out of the 54 African nations, 46 of them have minerals of commercial importance (Mining in Africa Towards 2020, 2012). Most of these minerals found are used in the automobile and real estate industries which have been expanding over the years as a result of global demand in infrastructure and modernization. However, Africa currently provides 8% of the global mineral production as a result of obstacles being faced in the mining sector (Mining Industry Prospects in Africa, 2012). Another reason that makes Africans optimistic about the future in the mining sector is the evidence that, demand of mineral commodities is in the early stages of a super cycle. The International Study Group Report in 2011 explains the early stages of super cycle is a rise in demand for mineral commodities as a result of urbanization and industrialization of major economies like China, India and Brazil (Minerals and Africa's Development, 2011). The continent can benefit from the long-term tax regimes.

As Investors all over the world are searching for brighter opportunities, Africa, with its vast mineral potentials offers an attractive environment for mining investments. The continent will be able to fully benefit from the sector if it starts to refine some of the minerals since almost all the minerals are exported in their raw form. Therefore, investors determined to make good returns can venture into mineral refining in Africa and have a good rapport with various governments since most of the nations are politically stable and investor friendly.

5.2 Prospects in the Energy Sector

Electricity is a necessity to power every economy's growth and development. As indicated earlier in the study, only 30% of the African populace have access to electricity. Unfortunately, those who have access to electricity also faces frequent power cuts and load sheddings. Most rural communities do not have access to electricity and these rural folks also provide a large portion of agricultural produce. Agricultural and Industrial productions can be made more efficient when there's electricity. Individual households also need electricity to cook, study and do certain basic economic activities like selling frozen fish. The Internation Renewable Energy Agency reports that the average per capita electricity consumption in Sub- Sahara Africa, excluding South Africa is 153 kWh/year and nearly 600 million people in Africa lack electricity (IRENA, 2012). The report further stipulates that, 250GW will be needed to meet the growing demand by 2030.

Investors can take opportunity to partner with governments to provide the additional supply of energy. The continent is already endowed with both renewable and non renewable energy sources like abundance of sunshine, large water bodies, strong tidal waves, oil and uranium deposits to provide energy.

5.3 Prospects in Agriculture

Growing of crops and rearing of farm animals have continued to remain and will always remain the lifelong support of human existence. The fertile lands of Africa and the large water bodies like Lake Victoria, River Nile, River Congo and Lake Volta provide rural and urban folks with abundant fish, and crops that have served as a source of livelihood for most peasant farmers. For example, in western Kenya, 60% of households depend on fish as a source of income or food and Lake Victoria provides over 90% of fish supplies in Kenya. The seas that borders the continent have also provided us with fish supplies and have served as a means of transport for exportation. Some crops like Cassava, plantain, Banana, Rice, Beans, Mango, Coconut, Cinnamon, Cowpeas and many fruits and vegetables can easily be cultivated on the tropical soils of Africa. Fruits like Apples, Strawberries, and other temperate regions related fruits can also be found in the Southern parts of Africa. The Agricultural sector continues to be the largest employer of the continent's working populace. The AfDB reports indicate that in recent times, Africa has experienced increased large scale foreign investments in agriculture (A Global Rush for Africa's Land; Risks and Opportunities, 2012). Over the period of 30years, Africa's agricultural production has increased by 160% and the continent still struggles with undernourishment. With about 60% of the world's uncultivated arable land in Africa, there is still a strong potential for Africa to move from being a net importer of food to a net exporter in the world (Plaizier, 2016). The UNICEF Generation2030 Africa report indicates that by 2050, Africa's population will reach about 2.4 billion and will be over 4 billion at the end of the century and all these mouth must be fed (UNICEF, 2014)

The potentials and opportunities these challenges present are, with a vast land of uncultivated fertile land, large scale agricultural investors can take advantage. Also, with the large and rivers flowing from the north to the south, irrigation farming can easily be tapped into. Also, there can be public-private partnership between investors who are interested in Dam projects for huge returns. The large percentage of the youth in Africa's population dynamics also offers a source of cheap labor to investors as compared to other continents. Livestock cultivation is also a possible area for investments since we are surrounded by unpolluted water bodies with lots of fish in them.

5.4 Prospects and Opportunities in Infrastructure

Africa's poor infrastructure paves way for huge investment opportunities which unlock the untapped potentials in the continent. As discussed earlier in the challenges of economic growth in Africa, proper road network is a major issue. A study report done in 2010 indicates that 25% of SSA road are paved. This practically means that 3.6km of road per 1000 persons in the region as compared to the world average of 7km per 1000persons (AfDB, Infrastructure Deficit And Opportunities in Africa, 2010). Due to the difficulty of most SSA governments in raising adequate funds to close this gap, public-private initiatives have started springing up as an alternative means to fill the gap of financing.

Investors can take advantage of the huge benefits from road toll tax as a result of partnering with governments. These Public-Private partnership investments in road construction have increased greatly from $1.4 billion (1990-1999) to $21 billion (2000-2005) in Africa. A recent huge road investment example is the Lekki- Epe toll road in Lagos that cost $ 385 million (AfDB, Infrastructure Deficit And Opportunities in Africa, 2010). Other huge investment opportunities are the $11.5 billion Maghreb Highway which is expected to be completed in 2018. Therefore, investments can cash in on these road financing gaps and will at the same time be promoting mobility and intra-trade, and reduce transport cost among African countries.

The Rail sector is also an opened door for investment opportunities in Africa. This according to research is the least developed transport sector in Africa (AfDB, Infrastructure Deficit And Opportunities in Africa, 2010). Most of the railways in the continent were developed by the colonial rulers for transporting raw commodities from the rural to the urban areas and have not undergone renovation. A 2010 report by the AfDB on railways indicates that, in 2007 Africa had 69000 km of railway line and only 55000 were operational. Most of the developed railway line is in the Southern and Northern parts of Africa (AfDB, Infrastructure Deficit And Opportunities in Africa, 2010). However, there have been new railway investments like the Addis Ababa Light Rail in Ethiopia in 2015.

Africa, mainly exports primary commodities that can be moved efficiently and at a low cost by railway transport. Also, because of the huge traffic congestion in the major cities of Africa, a public –private partnership in this sector is very lucrative. Also, such investments come along with associated activities like locomotive buildings, logistics and communications.

6. Summary, Conclusions and Policy Recommendations

Africa is currently the fastest growing continent in the world. The economic growth and development story started after colonial rule, and for most countries it was in the 1960s. From a growth rate of 1.69 in 1961, SSA has undergone undulating trends in growth and is currently 4.34 in 2014. The GDP per capita income over the period of 54 years (1960-2014) have increased about 47.67%. Agriculture in the past was considered to be the front runner spearheading economic growth in Africa. However, though the sector is still the largest employer, other sectors like Service sector and the Mining/ Oil sector are noted to be pushing the growth of Africa. The leading economies that are reshaping the economy of Africa are Nigeria, South Africa and Egypt with increased growth performance in the service sector, industry and the agricultural sectors. Capital formation trends, human capital and natural resources were identified in this study to have a strong influence in output generated by the continent. The Africa continent still faces some challenges like corruption, political instability, poor infrastructure, and capital flight, which have been a major contributor of setbacks in its economic growth since independence. With all its challenges, Africa still exhibits some prospects and potentials in various sectors like agriculture, power and infrastructure which have a potential of generating millions of dollars to both private and public investors. These prospects when harnessed will greatly increase output and improve the living standards of the African people.

The paper starts with an in-depth introduction and background of Africa's economic growth since independence. It also outlines the research objectives and research questions sought to be answered by the end of the study. Section 2 clearly talks about the economies in Africa that are spearheading the economic growth the continent is realizing recently. Section 3 expatiates on the economic variables of growth and its trend along the years. Whiles section 4 talks about the challenges facing economic growth in Africa, section 5 outdoors the unseen potentials Africa has to offer the world. Section 6 summarizes the whole study and concludes with policy recommendations suggestions.

6.1 Policy Recommendation

After considering Africa growth concepts, challenges and prospects, the study makes the following policy recommendations to governments and various stakeholders:

I. Due to the bi-directional causality between growth and capital formation which was a finding by Uneze (2013) and the identical trending between the two variables, policies must be directed at improving and increasing capital formation so as to increase growth of output. Some targeted policies like
   - Reducing state budget deficits
   - Reinstituting the investment tax credit

- Lowering the Capital gains tax rate
- Replacing capital income taxation by consumption taxation

II. Policies should be targeted at reducing poverty and attaining the Sustainable Development Goals adopted by UN member countries in 2015. Poverty reduction policies like;

- Rural job creation for income empowerment through agriculture and education
- Improvement of rural infrastructure like rural electrification and road network.

III. Policies to transform our raw natural mineral commodities exportation to refined goods exportation will bring more income to governments.

IV. Policies that will minimize paper or manual governance system to electronic governance will reduce the rate of corruption and increase transparency in governance.

V. Policies that will encourage public-private partnership must always be supported so as to fill the gap in infrastructure financing in Africa.

VI. Strengthen various national tax policies and supervision of multinational company activities to reduce capital flights and tax evasions.

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