4 Africa: A Continent of Shortages

4.1 Introduction

Africa is one of the most endowed of the seven continents. The continent has 60% of the world's arable land and is enriched with a cornucopia of minerals, yet shortfalls in agricultural production has left several African countries needing to import food and vulnerable to food insecurity.

Africa is endowed with minerals including uranium, cobalt, bauxite, iron ore, coal, gold, diamond, oil and gas. These minerals form the raw materials needed by industries that produce consumer, commercial and industrial goods. Yet, little value addition is conducted on the continent and most African countries have to import goods manufactured from mineral extracted from their land.

Africa is a continent of shortages. Several countries are unable to produce their own food, manufactured goods and even provide services. There is shortage of agricultural produce, consumer goods, pharmaceutical and healthcare products, financial services, utilities and infrastructure on the continent.

Among the five inhabited continents of the world, the African continent lags behind on most of the metrics of development, wellbeing and self-sufficiency. Fighting to meet shortfalls in the basic needs of her people is the primary concern of governments around Africa.

The shortages extend to services. African governments are unable to provide qualitative healthcare and education to their citizens and fall well short in providing utilities and infrastructure also. Shortage of healthcare has led to several African countries being ranking low on Human Development Index.

There are huge shortfalls in provision of infrastructure for citizens of African countries. This gap can be put in sharp relief when a comparative analysis of metrics that track per capital consumption of services like power, roads, telephone, is made between African states and that of developing countries in other regions like South America, Middle East, South East Asia and even India. This has meant Africa is today the among the poorest continent.

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Africa's present reality is rooted in her history. A history of colonialism, apartheid, socialist experimentation, wars and civil strife, expropriation and nationalization of private assets, indigenization, corruption and ethic and tribal rivalries. A history of failed development strategies, misguided industrialization and unstable agricultural policies.

Africa's historical path has led her to a place where the most unequal country in world, is in Africa. The poorest countries in the world are in Africa. The countries with the lowest per capital consumption of meat, cereal, power, roads, rail, are all in Africa. And the least developed and most venerable countries of the world are in Africa.

Efforts to ameliorate shortages on the continent have not been helped by the continent's rapid population growth and explosive urbanization.

4.2 Understanding the Shortages in Africa

4.2.1 Agriculture and Food Shortage

Africa contains 60% of the world's uncultivated arable land and approximately 70% of the population is directly employed in the agricultural sector which accounts for approximately 30% of the region's GDP. Food and agricultural production in Africa has, however, grown below population growth and urbanization rates. Agricultural production is hampered by lack of infrastructure, unavailability of critical inputs like fertilizer and institutional constraints (Hilderink et al. 2012).

Africa's agricultural production has predominantly been in the hands of smallholder farmers who produce 80% of the food consumed on the continent. Added to that, high price of inputs (fertilizers and pesticides), absence of liquidity or credit facilities, little or no access to supplementary irrigation are constraints to farmer. These limitations result in a 50% gap between potential and actual crop yields for staples such as maize, cassava, sorghum, and rice in many countries (Rakotoarisoa et al. 2011).

Meanwhile, demographic and socio-economic changes in sub-Saharan Africa have led to a fourfold increase in food demand leading to shortfall is food production, food insecurity and hunger. In sub-Saharan Africa, the absolute number of hungry people over the last two decades increased by 70 million, from 169 million to 239 million, an increase of 41% (FAO 2015).

This fact is captured in the Global Hunger Index (GHI) which is tool that measures and tracks hunger globally, by region, and by country (GHI 2019). The ranking of several African countries on the index is generally poor and Central African Republic is classified as a country where hunger is extremely alarming. Zambia, Madagascar and Sierra Leone are categorized as countries where hunger is alarming. While 20 countries including Nigeria, Libya, Tanzania, Uganda and Kenya are categorized as countries where hunger is serious.

Increasingly, shortfalls in Africa's domestic food production has to be met by imports (Rakotoarisoa et al. 2011). Africa is now a net importer of agricultural products in the last three decades. In 1980, Africa had an almost balanced agricultural trade when both agricultural exports and imports were at about USD14 billion, but by 2007 its agricultural imports exceeded agricultural exports by about USD22 billion.

Meanwhile, consumer behavior on the continent has changed and some food produce with little history of production on the continent have become staple due to imports. Rice has become essential food for a significant population on the continent and efforts have intensified in trying to produce it on the continent.

As Africa's population continues to grow it is projected that in 2050, the sub-Saharan Africa population double to 1.7 billion people compared to 814 million in 2010 (UN 2011). There would be a more than fourfold increase in total food demand by 2050 compared to 2000, which is a much stronger increase than in other regions in the world. Thus, making the need for improvements in agricultural production an imperative.

Increasing urban population growth has several important implications for Africa's agriculture and agri-food systems. First, whereas there were three African farmers for every urban dweller in 1990, in 2020 one full-time African farmer will be expected to feed two urban dwellers. Urban-based demand for food is rising exponentially, putting major pressure on African food systems to invest massively in supply chains (Richards et al. 2016). Income growth in Africa's cities is also influencing dietary patterns and expanding the demand for food processing and value addition in agri-food systems (Tschirley 2015). The region is also becoming more dependent on global markets for the major cereals, oilseeds, and animal products, resulting in a situation in which most foods in African cities are priced at import parity (Jayne and Ameyaw 2016).

4.2.2 Shortage in Manufactured Goods

Despite the endowment in mineral and agricultural resources, there is little value-added manufacturing done on the continent. Africa has to import most of her needs including consumer, commercial and industrial goods. Currently, Sub-Saharan Africa has the lowest manufacturing output per capita of any inhabited region on the planet. Most African economies, in contrast to the Asian Newly Industrialized Countries, have so far failed to supplement agricultural and extractive output by raising average productivity through the creation of a substantial number of jobs in higher value-added manufacturing industries (Austin et al. 2016).

Africa's manufacturing and industrialization challenge has been engendered by its history, politics and policy (Austin 2010). The region accounted for over 3% of global manufacturing output in the 1970s but by 2015, Africa commanded a meagre 1.5% share of the world's total manufacturing output, according to the United Nations Industrial Development Organization, UNIDO. That compares with a 21.7% share for the Asia Pacific region, 17.2% for East Asia and North America's 22.4% share (UNIDO 2013).

This has led to shortages in all categories of manufactured products including consumer goods, petroleum products, construction and building material, paper and pulp, pharmaceutical and healthcare products, machinery and automobiles (Dinh et al. 2012).

A bold attempt was made to industrialize Africa through an industrialization program that was the cornerstone of an import substation policy. Import substitution was adopted by almost all of Africa's 54 countries immediately after attaining independence between 1960s and 1980s, but that attempt was generally a failure that left governments with a large inefficient public funded state owed enterprise, debts and balance of payment challenges (Mendes et al. 2014).

Africa's dependency on imports for manufactured goods is a strain on the finances of several economically fragile countries and the prospects for increased value-added manufacturing is bleak as lack of infrastructure, poor business climate and lack of skilled manpower and technical knowhow continue to constrain manufacturing.

Despite these challenges though, private sector investments in manufacturing has increased and manufacturing has been growing steadily in its contribution to GDP in several African countries. On the average manufacturing now contributes 15% to the GDP of African countries (Balchin et al. 2016).

4.2.3 Shortage of Utilities

Africa's infrastructure has been lagging behind others in developing world. Approximately 60% of the continent's population lacks access to modern infrastructure. Only 38% of the continent's population has access to electricity and there is less than 10% internet penetration rate. In addition, 75% of Africa's road network is unpaved and poor port facilities add 30–40% to intra African trading costs and FDI (World Bank 2011). Sub-Saharan Africa ranks at the bottom of all developing regions in virtually all dimensions of infrastructure performance. The region, which houses almost one-seventh of the world's population, has a score of 2.91 in the infrastructure category of the World Economic Forum's (WEF's) Global Competitiveness Report. This score clearly states that there is a severe infrastructure bottleneck to be addressed (UN 2015).

Africa's infrastructure stock is low, particularly in power. Electricity, which is a major outlay for manufacturers, is estimated by the African Development Bank to cost three times more in Africa than it does in other developing markets. More than 640 million Africans have no access to energy, giving an electricity access rate for African countries at just over 40%—the world's lowest. Per capita consumption of energy in Sub-Saharan Africa (excluding South Africa) is 180 kWh, against 13,000 kWh per capita in the United States and 6500 kWh in Europe.

Africa's infrastructure services cost more than almost any place in the world. African rural population pay around 60 to 80 times per unit more for her energy than urban population in the developed world. Freight costs in Africa per ton are USD0.05 to USD0.13 compared to USD0.01 to USD0.04 per ton in developed countries, making African markets less competitive on the international level. The entire continent has just 64 ports serving a population of close to 1bn. Trade logistics performance is poor across the continent. The situation worsens for the 16 African Landlocked Developed Countries where trading costs are 50 times higher than in African coastal countries (Logistics Performance Index 2014).

Transportation volumes on the continent will increase by up to 6–8 times and even higher for landlocked countries. Port throughput is projected to rise from 265 million tons in 2009 to 2 billion tons in 2040.

Capital investment in Africa has remained around 20% of GDP for the past 40 years. In contrast, East Asian countries such as China, Japan, and the Republic of Korea stepped up infrastructure investment during periods of rapid urbanization. In China, capital investment (including infrastructure, housing, and office buildings) increased from 35% of GDP in 1980 to 48% in 2011, accompanying a rapid increase in urban population from 18% in 1978 to 52% in 2012 (Sy and Gutman 2015).

An adequate supply of infrastructure services has long been viewed as a key ingredient for economic development. Over the past quarter century, academic research has devoted considerable effort to theoretical and empirical analysis of the contribution of infrastructure development to growth and productivity. More recently, increasing attention has also been paid to the impact of infrastructure on poverty and inequality. An emerging consensus is that, under the right conditions, infrastructure development can play a major role in promoting growth and equity—and, through both channels, help reduce poverty (Calderon et al. 2018a, 2018b).

The cost of these infrastructural deficit on the performance of businesses cannot be overemphasized. Productivity of African businesses lag behind those of other developing country peers, especially those in manufacturing as companies have provide their own power, water, security and sometimes build roads. Analyzing data from the World Bank's Enterprise Surveys, Ramachandran, Gelb, and Shah, argue that lack of infrastructure is one of the most serious constraints to the growth of Africa's private sector. In particular, the lack of a reliable supply of electricity significantly affects the productivity of businesses, especially those that cannot afford generators (Ramachandran et al. 2009).

Yet, infrastructure deficit has been undermining all the efforts towards achieving sustainable development and structural transformation in Africa, particularly in view of a rapidly growing population. Africa requires adequate infrastructure to power economic activity, fuel industrialization, connect producers to markets, enhance intra-African trade and foster regional integration. A comprehensive analysis by the World Bank (2011) established the target of $93 billion per year to meet the infrastructure needs of sub-Saharan Africa while the AfDB estimates that Africa has an estimated infrastructure gap up to $107.5 billion a year (AfDB 2018).

4.3 How Did Africa Become a Place of Shortages?

The path of Africa's economic development has been shaped by its history, political and socioeconomic growth. The role played by each of these factors has led Africa to a place of immense shortages of goods and services. The colonial governments stifled private enterprise, post-independence leaders were engaged in experimentation with ideologies and policies that ultimately failed, while the population growth and rapid urbanization continues to put a strain on social services.

4.3.1 History

Africa is a continent shaped by her history. The continent has 54 sovereign states, and almost all of them, save for Ethiopia, were colonized by one European country or the other. The predominant political overlords being the French, the British and the Portuguese and the Spaniards.

The colonial history of Africa was defined by the competing interest of European powers. This competition led to the 1885 Berlin Conference held among the principle powers of Europe which led to the partition of the continent. The first business at hand after partition was the actual occupation of the territories ceded to each country. The British, French, Belgians and Germans sent out diplomats and expeditionary forces to win over the various indigenous peoples in their territories though peaceful treatise or war (German Historical Institute in London, Stig Forster, Wolfgang 1989).

Africa's time under colonial domination was, however, kickstarted by private Charter companies whose primary motive was trade. These companies, including the Royal Niger Company, the British East African Company and the British South African Company, dominated economic activity on the continent for several decade, importing goods manufactured from the metropole to the dominions and exporting raw agricultural produce and minerals to the metropole.

Colonies formed protected enclaves from which to these companies traded in agricultural products and minerals for the benefit of the governments, companies and people from the metropole. Agricultural production was also focused on cash crops like cocoa, ground nuts, cotton, maize, while the main minerals exploited and from the continent include gold, diamond, oil and tin, zinc and petroleum products.

Companies like United African Trading Company, CFAO, SCOA, John Holt, Unilever and Nestle, were predominantly trading in commodities and raw material. There was little incentive for these firms to process these primary raw materials in the African countries and local business were discouraged from engaging in local manufacture through laws.

The value of Africa to the colonialist was heighted during the World Wars when African colonies became a source of valuable manpower for the allies fighting against Germany. Africans were conscripted from the colonies to the armies of France, and England. But crucially, it was the role played by valuable minerals like oil obtained from fields in North Africa and uranium, mined from today's Congo

Democratic Republic that proved decisive in ending the second world war. The first Atomic Bomb made with Uranium from Belgian Congo, was detonated over Hiroshima and forced the surrender of Japan.

Shortages engendered by rationing during and after both world wars forced local colonial administrators to relent in their policy of discouraging local manufacture in their dominions. Thus, it was in the interwar years that a crop of entrepreneurs, including European settlers, other minorities, and indigenous business people started to engaged in the manufacture of goods in Africa. The Korean War, between 1950 and 1953, generated a severe shortage of most raw materials, resulting in higher prices for primary goods, which in turn increased the income of the colonies and their foreign exchange available for imports. However, at the same time, the war created a shortage of consumer goods in the capitalist centers, including England, thus making it impossible to supply the colonies with these goods (Austin 2010).

It is precisely these metropolises' inability to provide the colonies with consumer goods that made the metropolitan governments decide to encourage production in order to substitute imports in all African regions; therefore, near the fifties, foreign businesses began to invest in other colonies, especially in Kenya, Tanzania, Nigeria, the Ivory Coast, Ghana, and Senegal, among others—in addition to Zimbabwe which already received large foreign investments (Mendes et al. 2014). As colonies increased their agitation for independence, MNCs started to increase their investments in manufacturing on the continent.

However, in 1960 there were only three countries in which manufacturing accounted for more than 10% of recorded or officially-estimated GDP, namely, South Africa (20%), Zimbabwe (16%) and the Congo DR (14%). Next, on 9.5% was Kenya tied with Senegal. In West Africa even these low 1960 levels of manufacturing represented a very late surge, propelled by post-war developmentalism and decolonization, which led European firms to establish local factories to protect their existing markets (Kilby 1975). Most countries had less than 5% contribution to GDP from manufacturing.

Nevertheless, value added processing of food and beverage and manufacturing of essential goods like pharmaceuticals, building materials, textiles and apparels, and household items like soup, detergent and pomade in Africa was started by some multinationals and African based entrepreneurs in the periods following the first and second world wars.

Factories and plants were established all across Africa by these entrepreneurs. Foreign capital was directed at industries that produced nondurable consumer goods, and industries that produced goods which could not be imported, such as the construction material industry and that of some mineral processing.

However, the imported technology was suitable only for large-scale production, that is, it was technology developed for mass consumption. The African markets at the time was small, due mainly to low income of the local population thus, there was not enough consumers for manufactured goods, thus making production at high levels unprofitable (Mendes et al. 2014).

Multinationals tried to export manufactured goods in the region, but lack of a transportation infrastructure connecting the countries that shared a border, and poor port conditions were obstacles to exports within regions. The multinationals noticed these difficulties and chose to concentrate on the exploration of valuable minerals and petroleum (UNECA 1971).

But despite the effort of these private investors, there was always a huge shortfall in the availability of goods in the face of rapid urbanization and population growth. By the time of independence, Africa's lack of productive capacity was the motive that led newly elected officials to adopt import substitution policies as an attempt to industrialize Africa.

4.3.2 Politics and Policies

Following independence, the leadership of most African states made a choice between the two geopolitical ideologies of the 1960s. The choice was between capitalism and socialism and several leaders chose socialism as the ideology underpinning their economic development. These leaders were seduced by egalitarian ideas and the prospects of social transformation that socialism and communism promised (Paulson and Gavin 1999).

African leaders like Kenneth Kaunda of Zambia, Julius Nyerere of Tanzania, Kwame Nkrumah of Ghana, Patrice Lumumba of Congo started to push their countries away from influence of their capitalist colonial overlords toward the socialist policies practiced by countries like the Soviet Union and China (Akyeampong 2018).

A significant move within this ideological framework was that several states changed their economic structure to be state led and instituted import substitution policies to stimulate industrial production domestically.

In general, from the second half of the 1960s on, governments assumed total control of the economic development, and introduced several policies to facilitate industrialization through import substitution. The aim of the import substitution policy was to stimulate local industrial capacity and protect budding local industries through trade barriers including tariffs and import quota as well as price control and prohibition of imports of goods similar to those produced domestically (Austin 2010).

Additionally, government embarked on the establishment of large state-owned industries that were supported through policies to be monopolies producing goods for the domestic market (Nellis 2005). Governments also established institutions and parastatals to oversee the import substitution process. The purposes of these institutions were to stimulate foreign businesses to retain their profits in the country by reinvesting productively in the manufacturing sector, otherwise they would be controlled by the Government; to nationalize banks and insurance companies dominated by foreign capital; to gather and allocate domestic savings; and to manage official foreign aid and the projects funded within the scope of the aid.

Nationalization and indigenization laws: Governments also went further to expropriated the assets of some multinational corporations and nationalize some private companies, when the state was dissatisfied with the foreign businesses that sent their profits to their countries of origin instead of reinvesting them productively, and the small number of jobs created by those businesses.

Most of the nationalized firms were foreign owned but in some countries like Egypt and Guinea, all forms of private investments were nationalized. Governments also instituted indigenization laws that limited foreign ownership and management of businesses (Bucheli and Decker 2012).

Coups and Wars, and political upheavals: Another damper on investment in Africa was the political situation that prevailed on the continent in the first two decades following independence. Dissatisfaction with the political class led to the overthrow of several democratically elected governments Africa by military governments. By 1980, 42 of the 54 countries in Africa had a military government or had experienced a coup. Additionally, some countries were plunged into political crisis and civil wars by fighting between rival ethnic and political groups.

The ideological directions political leaders chose to follow after independence had their supporters and opponents, and by 1980 a number of African countries had experience military coups or wars. Of Africa's 42 independent states 30 had experienced coups (McGowan 2003).

Congo D.R. was plunged into crisis when Patrice Lumumba adopted socialist doctrine and tried to move the country closer to the Soviet Union and China. He was eventually captured and handed over to rebel troupes who murdered him. Congo was ruled for several years by Mobuto Siseseko a military dictator. That military coup led to an insurgency that still plagues the mineral rich country to this day. Angola was in conflict for over 20 years after attaining independence just as Mozambique also had conflict due to ideological direction taken by its nationalist leaders including Samara Machel. Only a few African countries including Kenya and Botswana avoided either military coups, civil war or political conflict.

A couple of years after attaining independence as Africa's youngest state, South Sudan was plunged into conflict. Even in Francophone West and Central Africa, which tended to have more stability due to a military alliance between Francophone African governments and France there was political conflict in cote d'ivoire following disputed elections in 2010.

Nigeria went through a three-year civil war between 1967 and 1970 as well as 20-year period of military rule. The country has been at the grip of an insurgency by the Boko Haram group since 2009. Egypt fought two wars with Israel between 1967 and 1973, and also went through a long period of military rule before experiencing further political upheaval during the Arab spring. The Arab Spring protests also affected Tunisia and engendered the conflict that ravaged Libya as well as upsetting the polity in Algeria. In the horn of Africa, Ethiopia was involved in a two-decade long war for independence with Eritrea. Somalia became a failed state after the fall of the government of Sadr Barre and was embroiled in conflict for over 20 years.

Zimbabwe, once the base of a vast manufacturing industry and the food basket of Africa was plunged into conflict for several decades due to the land reforms and other policies initiated by Robert Mugabe.

The consequence of these policy actions by government and sustained period of political upheavals over the course of two decades was that the role of the private sector in the economy of most African states shrunk. Multinationals retreated from Africa and those that stayed back refrained from investing in production. In sectors like financial services, MNCs sold off their equity and left when they lost full management control off their firms (Jones 2006).

Another consequence of governments quest for industrialization through import substitution as the neglect of the agricultural sector. Once the mainstay of several economies and the main source of foreign exchange, agricultural output suffered as governments invested in the importation of machinery and intermediate inputs for vast SOEs that were part of the IS aspiration.

For countries like Nigeria, this meant feeding a growing population was done by food importation and at times when commodities prices collapsed, paying for food imports became untannable and simply impossible. As a result essential commodities like flour, sugar, salt and vegetable oil became scares to the point where there was rationing and governments were forced to start issuing licenses to private businesses to import these products with their own funds.

4.3.3 Population Growth

There have been vast changes in the socio-economic make up of Africa in the past few decades since independence. With one of the highest fertility rates in the world, the African continent has experience rapid population growth, urbanization and improvements in the wellbeing and income of the populace. These rapid changes in demographics have created added pressure on demand for food, housing, clothing and healthcare. And even as the compound growth in food production and growth in manufacturing as kept pace with population growth, constraints in the continent due to poor business climate have meant shortages persist for basic items.

The population of sub-Sahara Africa is estimated to have doubled to about 200 million between 1900 and 1960 and has further grown from 200 million to 856 million people from 1950 to 2010. That's about 11 million people a year for the past 60 years or approximately 670 million people in 60 years. Africa accounted for only 9% of the world's population in 1950, but by the end of this century about 40% of all humans (and nearly half of all children) will be African, heralding one of the fastest and most radical demographic changes in history.

A sustained decline in mortality due to improved medical care and sanitation has contributed to increased population growth. Deaths, especially those of children, are increasingly being reduced. Infant mortality rates have declined from 183/1000 children born in 1950–55 to 69/1000 children born in 2010–2015. As a result, life expectancy has increased from 36 years in 1950–55 to 56 years at present (Canning et al. 2015).

Africa has the highest fertility and natural rates of increase in population in the world. The world has 21 countries that are "high fertility," meaning than the average woman has five or more children over her lifetime. Of those, 19 are in Africa (and the other two are in Asia). Data from censuses and surveys suggest levels of total fertility mostly between six and seven children per woman.

The sub-Saharan Africa population is projected to more than double from 856 million people in 2010 to 1.7 billion by 2050, increasing its share of the global population from 12% to 18% (UN 2011). Around 40% of the global total population growth between 2010 and 2050 will take place in sub-Saharan Africa. The most populous country is Nigeria, which housed 18.5% of the sub-Saharan population of 2010 and is expected to increase up to 27% by 2050.

4.3.4 Rapid Urbanization in Africa

Urban growth has been substantially faster in today's developing world. In Europe, urbanization accelerated with the advent of the Industrial Revolution, rising from 15% in 1800 to 40% in 1910. Both Africa and Asia reached the same rate in half the time, moving from 15% in 1950 to 40% in 2010. African has experienced rapid urbanization in the years following independence. Its rate of urbanization soared from 15% in 1960 to 40% in 2010, and is projected to reach 60% in 2050.

African urbanization has happened quickly, but with little change in the economic structure of most of its countries. The greater opportunities cities offered in the urban areas in terms of employment, education, health and other facilities tend to attract the youth to the urban areas. Even now, the region is urbanizing at twice the global rate.

During the colonial era, migration from rural to urban centers was suppressed by law, in some countries to ensure the security and safety of the white population in the cities. After independence, migration from rural to urban areas was seen to offer the hope for employment and a better life (Nsiah-Gyabaah 2003).

The foundation of rapid urbanization was laid by post-colonial development policies with their focus on industrialization in a few urban centers. The post-colonial development policies resulted in high concentration of population, industries supporting infrastructure and services in a few, key urban settlements whose pride of place was founded on their historic position as colonial out-posts.

Urban population growth has been fueled by this massive rural-urban migration from remote towns and villages to large cities and urban centers, in the belief that urban centers provide better job opportunities, social services and wages. In many African countries, urbanization has resulted in rapid population growth and concentration of people and industries in few urban areas such as Accra (Ghana), Lagos (Nigeria), Monrovia (Liberia), Abidjan (Cote d'Ivoire) etc.

According to the UN Population Division, there are now 53 urban agglomerations in Africa with a population of more than one million. Of these agglomerations, seven house more than five million people. These agglomerations, in order of population size, are Cairo, Lagos, Kinshasa, Johannesburg, Luanda, Khartoum, and Dar es Salaam. Interestingly, as of 2015, Africa has two so-called mega-cities, with population of more than ten million. Cairo is also the ninth largest agglomeration in the world.

Unfortunately, rapid urbanization in Africa has increased the demand for food, goods and services. A large population live in poverty and have in the process created urban slums.

UN projections indicate that the urban population will increase to 914 million by 2025 or four times the 1990 levels (UN 2011). In absolute numbers, this is more than a tripling, from 321 million in 2010 to 1052 million people by 2050, implying that most of the future population growth (700 from the 900 million) will occur in urban areas.

4.4 Conclusion

Africa is a continent of shortages of goods and services. Shortfalls in agricultural production has led to food insecurity and importation of food. Shortages of manufactured goods and the limited capacity for value-added manufacturing is particularly telling on a continent endowed with mineral resources. Additionally, shortage of utilities and infrastructure is stifling business and economic growth.

Shortages in Africa has roots in the history, politics and socio-economic development of the continent. Colonial policies limited the growth of indigenous private enterprise while the political class veered towards ideological socialism and state led centralized economic planning in the years following independence.

The institution of import substitution policies and the establishment of state-owned enterprises raised manufacturing output for a while but the unforeseen burden on the balance of payment capability of most Africa's states led to the failure of that policy.

Rapid population growth and urbanization also meant that demand for goods and services in Africa grew faster than the ability to produce and make them available in African markets. And as Africa's population and urbanization rate is projected to increase, governments and policy makers will continue to find ways out of Africa's chronic challenge of shortages.

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