

# Business expansion in Africa: Avoid the 'Calabash Effect'

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30 Mar 2023

By 2050, the number of people living in African cities is expected to mushroom from our current 600 million to almost 1.2 billion, representing the most rapid rate of urbanisation in the world. It is only natural that, amidst the challenges that this presents, multi-national companies are viewing Africa as the next expansion playground as they come forth seeking to open new markets.



Image source: Aleksandra Alekseeva – [123RF.com](#)

I recently attended the AICPA and CIMA international public and management accountants conference in South Africa as a panellist. The theme of this year's event was looking at the implications of environmental, social, and governance (ESG) processes on business and finance with a focus on Africa. Of course, robust discussion ensued, bringing global best practices to the fore.

## The Calabash Effect

Reflecting back on the conference reminded me of a popular African utensil called the calabash. For those not familiar with the item, "calabash" is the term used for artefacts made from the hard shell of a fruit in the gourd family "Lagenaria siceraria". These are traditionally used for serving or storing water or food, as an inkpot, cosmetic container, by market traders as money boxes, amongst many other functions.

Growing up in an African rural context in Zimbabwe, calabashes were commonplace. While these rudimentary vessels have become somewhat iconic, there is perhaps something we can learn from their ingenious form. Their non-transparent nature makes it impossible to ascertain their contents from afar. You can only see what's inside by being really close, holding it, lifting it up and sometimes only by peeking inside.

This is in stark contrast to a glass cup where it is easy to see the quantity of the contents from afar or whether you have the proverbial 'half full or half empty'. With a calabash however, these dynamics are much more difficult to apply due to its characteristics. It is with this lens that one needs to view business and ESG on the African continent.

This perspective of looking more closely, studying more deeply, incorporating touch and feel is required is what I now call 'The African Calabash Effect'. It can help guide us on how we view the adoption of ESG strategy on the continent tremendously. Africa is a complex environment through its geography, demographics, cultures, social structures and other facets, requiring one to be 'up-close' when looking at ESG.



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## Environment

In regard to 'environment,' the continent has large tracts of arable land and 85% of the population relies on the natural resources; however the same population is the most affected by climate shocks in the world. According to 'State of Climate in 2021', in just 2020 and 2021, 131 extreme-weather, climate change-related disasters were recorded on the continent.

Therefore, when ESG policy drives agendas like decarbonisation, this is a double-edged sword because in one case it instills a hope of a better future for the African populace, but at the same time, the economic consequences can also be dire. A recent World Bank Report cited countries like Nigeria, Congo, Uganda, and Ethiopia whose CO2 emissions are increasing due to their consumption of fossil fuels, face an astounding challenge to deviate from this as doing so almost equates to negative socio-economic impact.

## Social

With 23 of the 28 world's poorest countries being in Africa, according to the Institute for Security Studies (ISS), means grappling with poverty is sadly expected to be ongoing. However, it is also expected that by 2030, 42% of the world's youth will be based in Africa which, if they are adequately skilled, will make a positive impact to the global talent market ie. digital and innovation.

South Africa a leader in ESG thinking because of the King Codes. However, the country is still burdened, even today, from incidents such as the 2012 Lonmin mining tragedy (known locally as the Marikana massacre) in which 34 miners died at the hands of the police during a wage protest that went horribly wrong. Yet another example of the challenges of implementing ESG strategy in Africa.



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## Governance

The geopolitics of Africa significantly impacts the role of ESG when it comes to governance. With a continent of 54 countries that are a blend of diverse culture coupled by colonial history that broadly categorises them into Anglophone, Francophone, and Lusophone countries, achieving governance coherence was always going to be a tall order.

To add to this, Palgrave Studies in African Leadership wisely recommends:

*“ The uniqueness of the development challenges facing the African region implies that, for sustainability-related investments to have the intended impacts, it is imperative for stakeholders to take a step beyond checking the boxes for the regular ESG variables and focus on addressing the complex mix of context-specific factors that inhibit the sustainable development of Africa. ”*

## ESG must be driven by Africans

Bloomberg estimates ESG assets will hit \$50tn globally by 2025. ‘The Africa Calabash Effect’ allows one to rethink how to convert this bleak picture into an opportunity for unprecedented ESG investment.

To move forward with true insight and dexterity, ESG must be driven by Africans, underpinned by African values. This does not in any way imply that we do away with global best-practice. If anything, we still need to reference that, as ignoring them will be to our own detriment. However, Africa requires a unique lens, one based on deep engagement, carefully considered inclusive approaches, and empathy to local nuances.

## ABOUT THE AUTHOR

Rutendo Hwindingwi (PhD) is a seasoned executive and advisor to multinationals and governments, having previously worked for a number of multinational organisations operating in Africa. His latest book "Rumble in the Jungle Reloaded" provides organisations with useful tools on how to successfully navigate the African business landscape.

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