

Promoting the Private Sector in Africa:
Developing an Islamic Finance Hub in
North Africa

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Abstract

Title: Promoting the Private Sector in Africa: Developing an Islamic Finance Hub in North Africa

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This study looks into how we can help businesses grow in Africa. It starts from the fact that setting up a place for Islamic finance in North Africa could be helpful. To see what makes some regions better at business than others, I compared different parts of Africa using metrics like social issues and money situations as clues. Then, we looked closely at North Africa to learn more about its own special factors affecting growth there.

Based on findings from this investigation into different regions' developmental needs, it is evident that tailored strategies are necessary to promote private sector expansion effectively. Nonetheless, fostering Islamic finance presents significant benefits for North African countries as its popularity continues to grow worldwide. This system offers an alternative approach based on ethical principles and risk-sharing instead of conventional financing methods.

A proposed strategy with regulatory frameworks supporting Shariah-compliant financial products and services will enhance transparency while also attracting investment opportunities within the region's borders. Moreover, human capital development should ensure that skilled individuals provide solid support required within Islam's financial landscape—marketing initiatives such as branding being essential components helping beget exposure through global investors targeting clients seeking viable prospects around the world.

Abstrato

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Keywords: Finanças Islâmicas, Setor Privado, Norte de África

Esta tese analisa como podemos ajudar as empresas privadas a crescerem na África. Criar um lugar para a área financeira islâmica no norte da África poderia ser útil. Para ver o que torna algumas regiões melhores em negócios do que outras, comparámos diferentes região da África usando parâmetros como questões socioeconómicas. Em seguida, examinamos de perto a região do Norte da África para aprender mais sobre seus próprios fatores especiais que afetam o crescimento lá.

Com base nas descobertas desta investigação das necessidades de desenvolvimento de diferentes regiões, torna-se evidente que estratégias personalizadas são necessárias para promover a expansão do setor privado de forma eficaz. Fomentar a indústria financeira islâmica apresenta benefícios significativos para os países do Norte de África à medida que sua popularidade continua a crescer em todo o mundo. Este sistema não só oferece uma abordagem alternativa baseada em princípios éticos, mas também a compartilha de risco em vez dos métodos convencionais de financiamento.

Uma estratégia proposta com moldes regulatórios que apoiam produtos e serviços financeiros compatíveis com Shariah melhorará a transparência e ao mesmo tempo servirá para atrair oportunidades de investimento dentro das fronteiras regionais.

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1. Introduction

Africa has a lot of potential to grow economically and develop. There are many natural resources, lots of young people, and business is getting more exciting. This means Africa could become very important for the world economy soon.

But there are still problems that make it hard for Africa to grow businesses and create jobs. One big problem is corruption - when people in power take money or favors from others who want something done. Corruption makes things unfair and stops honest businesses from doing well.

Other problems are bad systems (like not enough good roads), not enough financing (financing to start new projects), and poor infrastructure (things like electricity, water supply).

To help private businesses grow in Africa we need governments, investors, organizations all working together with policies that let them work properly without bribery or dishonesty making things more complicated. We can achieve this by investing in energy sources such as solar panels which will provide basic amenities at areas where they cannot be reached through normal means; better transportation system across African countries so goods can move easily; reliable telecommunication network which would serve as a steppingstone into modern era technologies.

The United Nations already knows how important it is to support private enterprise development throughout Africa, so agencies like UNDP & UNIDO have been created solely for this purpose thus providing funds needed by farmers/entrepreneurs/schools etc., who lack financial capacity necessary otherwise required in order to survive and expand their businesses thereby improving quality lifestyle within society inevitably leading towards sustainability.

This thesis talks about how businesses in Africa can grow and become better. We will look at different parts of the continent and try figure out the things that might help private sector growth there. In particular, we will also think about how to make it easier for people to start companies and be innovative, as well as ways to **get them financing when they need it**.

If we help private sectors grow in Africa, then everyone can benefit with more jobs and less poverty. But this won't happen unless we fix some problems that have been around a long-time stopping business from getting bigger or working better.

I hope some ideas here will add something useful towards helping African countries create stronger economies so that their future is brighter and sustainable too.

We researched Africa's different regions and found that North Africa could use Islamic finance to boost its economy. Our plan is to set up an Islamic finance hub where foreign investors can come and find the financial products, they need for different customer groups. We think this will make North Africa a top center for Islamic finance in the region, which will create more chances for business growth.

Promoting private sector growth in Africa needs everyone's help - from politicians to businesses and charities, even international partners. Also, our suggestions are not meant as rules or final decisions but rather as ways of sparking conversation about how best to promote business development in African communities. Making sure businesses grow in Africa is key if we want a thriving economy with lots of jobs while also helping people escape poverty.

If entrepreneurs get support while using eco-friendly tactics, innovation can lead us down new paths towards prosperity and sustainability across the continent.

2. Literature Review

Africa is a huge continent with more than 1.4 billion people living in it. It has 54 countries altogether, but even though there's lots of potential for progress and wealth, things are not as great as they could potentially be and issues like poverty, unequal treatment and joblessness still endure nowadays.

To make things better, one way would be to have businesses grow and create more jobs. The private sector means companies that can generate profit independently without the government overseeing them. Particularly in poorer nations, these organizations' taxes can make up most of the government income (more than 80%) (Avis, 2016). They also provide employment opportunities for almost anyone who wants to work (over 90%) (Department of Foreign Affairs and Trade, 2014). These positions include both formal jobs where you get paid by your boss or informal ones where you sell items or offer various services on your own terms.

2.1. Private Sector as a Driver of Economic Growth

Private businesses play a crucial role in the development of countries and improving their conditions. They offer more employment opportunities, which reduces poverty levels among people. In Africa, private enterprises are highly sought after to help improve financial stability and minimize challenges.

Experts have examined the state of the private sector in Africa and discovered that companies face major difficulties if local infrastructure like roads or electricity is inadequate (Amankwah-Amoah & Debrah, 2009). This can hinder product production as well as distribution processes. Therefore, it's essential to invest funds into resolving these issues so that private firms can run smoothly. Ultimately this will promote growth of businesses leading to creation more job opportunities available for individuals - securing an improved standard of living throughout Africa.

Getting access to finance is very important for making private businesses grow in Africa. Both banks and small loan companies are there to help businesses get the money they need to succeed, but the thing is that sometimes it's hard for smaller businesses to get loans because of where they are (Avis, 2016). As a consequence, we have to make new ways of getting financing that will be useful for all kinds of different businesses if we want them all to grow.

Another big problem is when people who run countries don't do a good job or take bribes. This makes things really tough on private business owners trying to succeed because some people

may not play fair with them (A Kolk, 2013). People may also start thinking badly about how trustworthy government institutions which are just leads back around again hurting private sector growth even more. To keep the economy growing strong and healthy in Africa this has got change so rules can be followed better and bad behavior stops being accepted through really great laws and regulations.

In Africa, private sector growth can be limited by weak institutional frameworks. This happens when corruption and ineffective legal systems make it hard for businesses to operate properly, causing uncertainty in the environment. In Nigeria specifically, this barrier is a big issue that needs attention. They noted that corruption and inadequate legal systems could deter investment and create an uneven playing field for businesses (Ofili, 2014).

Market fragmentation is another challenge facing the private sector in Africa. Many African countries have small, fragmented markets, which can make it difficult for businesses to achieve economies of scale and access larger markets. Market fragmentation was interpreted as a significant barrier to private sector growth in Africa. They noted that small markets and high transport costs could make it difficult for businesses to achieve economies of scale and compete effectively with larger firms (P Brenton, 2012).

By and large, promoting private sector growth in Africa requires addressing the significant barriers that impede its development. The businesses in Africa have some problems to deal with like infrastructure, finding financing, and how everything works. But if we can fix these things and make it easier for them, then they can help grow the economy of the area.

Even though there are difficulties, some private businesses in Africa have been successful. One instance is M-Pesa, a microfinance company from Kenya that has grown quickly in Senegal lately. They support small companies with financing and create job opportunities (Ka, 2018). Other examples of flourishing private sector projects in Africa include setting up industrial parks and developing agricultural value chains to boost the economy by creating employment (Shiferaw, 2017).

Additionally, the private sector can help accomplish sustainable development goals for Africa like gender equality or reducing carbon emissions. For example, giving women access to funding and training through these initiatives promotes gender parity while also decreasing poverty levels. Moreover, investing in renewable energy sources and promoting eco-friendly practices during production creates an impact towards minimizing carbon footprints (BZE Cedrick, 2017).

Private sector growth can help Africa's economy in many ways. By promoting innovation and variety, this development has the power to spark important changes that could transform the continent. According to a report from UNECA (UNECA, 2018), building a strong private sector is necessary for reducing overreliance on primary commodities which are common across Africa.

Without question, growing our private sectors will be crucial if we want job creation and economic growth throughout Africa. Of course, there are major challenges like poor infrastructure or limited access to capital; plus, corruption often hampers clean governance efforts too. But despite these issues already some successful businesses have emerged in various parts of the region and they're worth studying closely.

In fact, with sustainable development goals also becoming more urgent than ever before - it makes even more sense now for us all work together towards developing stronger local industries through investing heavily into their ongoing success.

2.2. Regional Differences in Private Sector Development

Private businesses play a significant role in Africa's economic growth and development. However, there are noticeable distinctions between regions on the continent concerning business performance. For instance, North Africa benefited from government support to advance economically resulting in a robust and diverse private sector. However, things like political instability and no changes being made have kept them from really competing internationally (Awdeh & Hamadi, 2018).

On the other hand, Sub-Saharan Africa hasn't had as much success with its private sector because they don't always have access to money or good infrastructure - especially out in rural areas. There have been some small victories though: microfinance programs can sometimes provide funding for little companies or individuals who want to start something new (Sacerdot, 2005).

More and more individuals in East Africa are recognizing the significance of businesses for boosting up their economy. Some nations there have developed policies to facilitate firms' starting-up process and success, such as constructing improved roads and workspaces. Still, there are issues like not having enough capital or good transportation (AfDB, Annual Report, 2019).

Over in Southern Africa though, things aren't so great for businesses because a lot of the countries mostly rely on farming or mining instead of doing different kinds of work too. But some areas have found success by investing more into renewable energy which has brought new jobs and big investments (AfDB, Annual Report, 2019).

Overall, it is clear that there are significant regional differences in private sector development across Africa. Policymakers must be sensitive to these differences and implement targeted policies and initiatives to address the specific challenges facing each region.

2.3. Successful Implementations of Private Sector Development in Africa

Africa has some challenges for the private sector, but there are also many examples of success in economic growth and job creation from developing this sector. These successful stories show what works well for promoting private sector growth in Africa. For instance, MicroCred Senegal is one such example of an African microfinance institution that has succeeded in providing microloans to small businesses and entrepreneurs since 2006. It has mainly focused on underserved rural markets in Senegal. The institution's loan portfolio exceeded \$55 million with more than 700 thousand borrowers by 2018 (Gine, Buri, Cull, Harten, & Heitmann, 2022). This achievement can be attributed to factors like personalized loan products as per customer needs; exceptional customer service; partnerships with local organizations and community businesses among others.

M-Pesa is an iconic example, being a Kenyan tech company that started in 2007. They offer mobile payment and capital transfer services to people and businesses living in rural or low-income areas of the country. M-Pesa has been really helpful for changing financial services around this region, and they have even expanded their reach into other countries in East Africa (Ka, 2018). Their success mainly comes from using mobile technology creatively, so they can provide important financial help to markets that often get overlooked.

Airtel Money is a service that allows individuals to use their phones for various transactions such as sending money, settling bills, and purchasing airtime. This program is managed by Airtel Africa which belongs to Bharti Airtel – an Indian enterprise. The platform was initiated in 2010 and presently runs across several African nations including Kenya, Tanzania, Uganda, and Rwanda. The best thing about this service is how much it has helped African communities grow financially. Especially those who have low incomes or live far away from cities. The

World Bank found that sub-Saharan Africa processed over \$26 billion on mobile money transactions throughout 2018; with most of them coming from Kenya and Uganda (GSMA, 2019). Since launching around ten years ago more than fifteen million users are registered under Airtel Money alone (Airtel, 2020). Not only does this system help financial inclusion but also creates job opportunities within areas such as customer service sales marketing amongst others plus entrepreneurs can offer even more value-added services such as agents or merchants selling these various products (GSMA, 2019). Moreover, they contribute towards driving innovation within economies across the continent being able to cater for needs specifically tailored towards lower-income populations through developments like savings plans offered via mobile devices (GSMA, 2019). When we look at examples like these there's quite no doubt regarding potential when private sectors come together developing specific initiatives aimed at improving economies - especially through innovations driven by technology, creating new markets paving way for positive growth not just regionally but globally as well.

There are lots of businesses and organizations that have made private sector growth happen in Africa. Take the Dangote Group, a big company from Nigeria. They've done really well in different areas like cement, sugar, and oil (Muoh, Obasuyi, & Ikem). Their success comes down to investing for the long term, smart partnerships with other companies and groups - plus making sure they pay attention to local needs. These stories show what's possible when you work on growing business in Africa. But it also stresses how important it is to target your plans based on what each region needs specifically. There are things like getting infrastructure sorted out or having access to money which can be very different depending on where you are (Amankwah-Amoah & Debrah, 2009).

In Africa, there are some business success stories that can be used as an example to help other businesses grow. To make this happen, policymakers and organizations should put resources into initiatives that address the specific challenges of each region. For instance, the African Development Bank has a strategy called "High 5s" which focuses on energy, agriculture, and industrialization. This initiative helps boost private sector growth by providing infrastructure and resources (AfDB, 2016). On another note, the United Nations Development Programme's "African Facility for Inclusive Markets" offers financial support along with technical assistance to entrepreneurs in markets with fewer opportunities. To sum up, it is evident through these successful stories about how private sector development can create job opportunities while increasing economic prosperity across the continent. However, this comes only when tailored strategies aimed at tackling unique challenges are implemented, in conjunction with support

from international organizations, and donor countries. This will go a great way towards creating conducive environments where companies thrive bringing immense benefits to regions, they operate in. Africa definitely stands to benefit from all these efforts directed towards promoting inclusive market-based economies.

2.4. The role of the UN

The private sector is utterly crucial for Africa's development, and the good news are that United Nations has launched initiatives to promote entrepreneurship and create a supportive environment for businesses. One of these initiatives is the UNDP, which teams up with African governments and businesses to encourage sustainable economic growth while reducing poverty. The UNDP also operates programs that focus on supporting small-to-medium-sized enterprises (SMEs) in Africa such as AECF & SGP.

The key goal of this initiative by UNDP is to enable access to finance create an environment where businesses can thrive. As an example, through the AECF funding program, sustainable business models are supported across various sectors like energy or finance thereby promoting job creation and economic growth within those sectors. In addition, the Small Grants Programme supports organizations assisting startups located mainly in rural areas.

Another aim recognized by these programs include gender equality and female empowerment. Promoting women entrepreneurs was especially necessary since limited opportunities faced them due to cultural norms limiting their participation. The Women's Economic Empowerment provide training Mentoring whilst offering financing opportunities enabling women-led companies' success. AWEP focuses specifically on entrepreneurial skill-building among African women within every country providing extra support needed.

UNIDO provides technical assistance, training supporting innovative business models impactful mainly at agribusiness, renewable energy, and manufacturing agencies similar include ILO, youth employment program (YEP), with their main objectives being promotion of decent work and job creation focusing majorly on young people. YEP offers trainings about SME business management skills resulting in successful startup businesses through beneficial mentorship.

Numerous studies have looked into how effective UN initiatives are in promoting private sector growth throughout Africa. For instance, one study analyzed the AECF's impact on business development in East and West Africa (Wamicwe, Jr, Burra, Masika, & Alarcon, 2023). It discovered that small to medium-sized businesses' growth increased positively with AECF

support specifically within agriculture and energy sectors. Similarly, another research paper investigated the effect of UNIDO's technical assistance programs on African companies' competitiveness (UNIDO, 2018).

The findings indicated a positive outcome for these businesses when accessing new markets and creating job opportunities. Although promising results have come from promoting private sector development in Africa through UN initiatives; nonetheless there are challenges that require attention. One significant challenge is improving collaboration between African governments and various United Nations agencies. Scholars believe that this approach to promote private sector expansion across Africa is fragmented; numerous independent groups work towards similar goals unsystematically resulting in wasted resources (Coleman & Jones, 2004). To address this, there is a need for greater coordination and alignment of UN initiatives with national development strategies and priorities.

3. Policy Proposal

The North African region needs a plan to help businesses grow. This proposal aims to create a strategy that includes figuring out the goals, looking at what's happening now, seeing what opportunities and challenges there are, gathering information, putting the plan into action and evaluating how well it works.

The main objective of this proposal is to make an Islamic finance hub in North Africa. This will attract investment and lead to economic growth by making new jobs available.

To make sure this goal happens we need understand more about the strengths and weaknesses of the region as well as any potential threats or opportunities that may come up. Gathering data on things like rules or laws will also be important in order for us to put together a good framework for our plan.

After everything has been gathered together, we'll start making it happen. We'll keep track of how things are going so we can see if our objective is actually being met - promoting private sector development through creating an Islamic finance hub.

While this policy focuses mainly on North Africa specifically tailored towards Islam finances, these ideas could still benefit other parts of Africa too with some adjustments made based on their particular circumstances. Overall, This offers general guidance aimed at promoting sustainable economic growth across all regions in Africa- it's a good starting point for future strategies. The Policy Proposal can be resumed in the following structure:

| | |
|---|--|
| 1. Define the objective | Start by defining the objective of the consulting project for the African Continent. This could be anything from identifying potential investment opportunities to developing strategies for promoting private sector development. |
| 2. Conduct a situational analysis | Conduct a situational analysis of the economic, political and social factors impacting the private sector in each region. This analysis should emphasize the regional difference and its importance in order to take next measures. |
| 3. Identify opportunities and challenges | Based on the situational analysis, identify the key opportunities and challenges facing the private sector in each region. This should include a thorough analysis of the competitive landscape, market dynamics, regulatory environment, and other factors affecting private sector growth and development. |
| 4. Develop the strategy/ Information Gathering | Based on the opportunities and challenges identified, develop a strategy for promoting private sector growth and development in each region. This strategy should be tailored to the specific needs and context of each region and should include concrete recommendations for action. |
| 5. Implement the strategy | Once the strategy is developed, it is of utter importance to envision working with stakeholders in each region to implement the recommended actions. This could involve identifying potential investors, developing partnerships with local businesses, advocating for policy changes, and other actions necessary to promote private sector growth and development. |
| 6. Monitor and evaluate | Finally, monitor and evaluate the impact of the consulting project over time. This could involve tracking key performance indicators, conducting periodic assessments of progress, and adapting the strategy as necessary based on changing circumstances. |

3.1. Define the objective

The aim of this Policy Proposal is to boost the growth and development of private businesses in Africa. To make it happen, understanding the unique challenges that each region faces is crucial. This consulting project will analyze every African region carefully and focus on North Africa specifically by recognizing prospects and obstacles, coming up with a planned approach, and implementing recommended actions to enhance private sector growth.

By adopting a region-specific approach, this Proposal aims to provide practical advice that can be put into action for local stakeholders such as governments, investors, and business owners. Ultimately, the idea behind this thesis is promoting economic prosperity by generating job opportunities through creating recommendations suited for addressing significant challenges facing the continent.

With actionable suggestions for local stakeholders like government organizations or business owners alike backed-up with support from our end-to-end consultancy services over time would not only generate positive results but also contribute towards making tangible differences in the long run achieving sustainable progress all across Africa's market industry sectors.

3.2. Conduct a situational analysis:

3.2.1. Africa in 5 Regions

Africa is a big continent with many countries, but they're all unique. In this continent we can find some nations struggling to create successful businesses, which is important for enriching and supporting those in need. So, it shall be better to divide into five regions: North, East, Middle, West and South and each has its strengths and weaknesses when it comes to establishing successful enterprises.

Northern African countries like Egypt and Morocco already have established industries but might struggle with things like political instability or limited access to finance. In Eastern African countries such as Kenya or Tanzania there's been lots of recent economic growth opportunities due to young populations but limitations on infrastructure investment could be an obstacle.

Middle African nations face significant challenges including weak governance while having vast natural resources that may draw foreign investors seeking long-term investments. Western African states possess wealth from abundant natural resources, yet leadership issues still need addressing before sustainable development can occur.

Southern Africans stand out among other parts of the continent thanks partly to well-established industries built on top natural resource abundance however social inequality remains prevalent issue across most sectors

While each area faces specific issues, they must deal with regarding business development its essential policymakers treat these factors accordingly thus resulting in better support when implementing initiatives tailored specifically towards each region respective needs. By acknowledging the unique circumstances of each region when it comes to the promotion of private sector development, policymakers can create policies and initiatives that are better suited for their respective needs.

Understanding these regional differences in Africa is crucial for achieving both the UN's Sustainable Development Goals (SDGs) and Africa Union's Agenda 2063. Policymakers should use this thesis' descriptive analysis of each African region as a blueprint to inform effective policy-making decisions regarding private sector investment aimed at curbing poverty levels across all regions on this continent.

3.2.2. Scales

For African businesses to thrive, we must know what impacts them. There are five vital factors: economy, government performance, infrastructure (like roads and buildings), human skills and knowledge, access to loans. By rating each from 1-5 we can spot areas for improvement.

To see how well a country's economy is doing there are three key indicators: GDP (what they produce), economic growth rate (how fast the economy grows) and trade opportunities (who they're buying/selling with). Low ratings suggest weak economies with high poverty rates while higher ratings show positive outcomes.

Political instability affects business environments - violence or corruption may mean an unstable environment where rules of law could be lacking. Infrastructure like electricity accessibility or transportation networks matter in ease of conducting business; low scores imply inadequate systems compared to advanced ones at higher scores.

Human capital focuses on education levels, workforce skills as well as overall health outcomes such that lower scores convey inadequacies going towards progress while higher ones denote impressive advantages from having better facilities like good healthcare services improve this area greatly

Money is essential because it gives us financial aid options. Good credit means easier funding especially for partnerships, but bad credit score causes difficulties.

To gauge if an economy has potential growth opportunity and healthy status all together require considering five main factors. Assessing these factors can help us understand a country's financial state.

Using a scale to measure private sector development in Africa helps identify obstacles faced by the continent. Recognizing problems leads to working towards sustainable solutions for better economic growth and overall development.

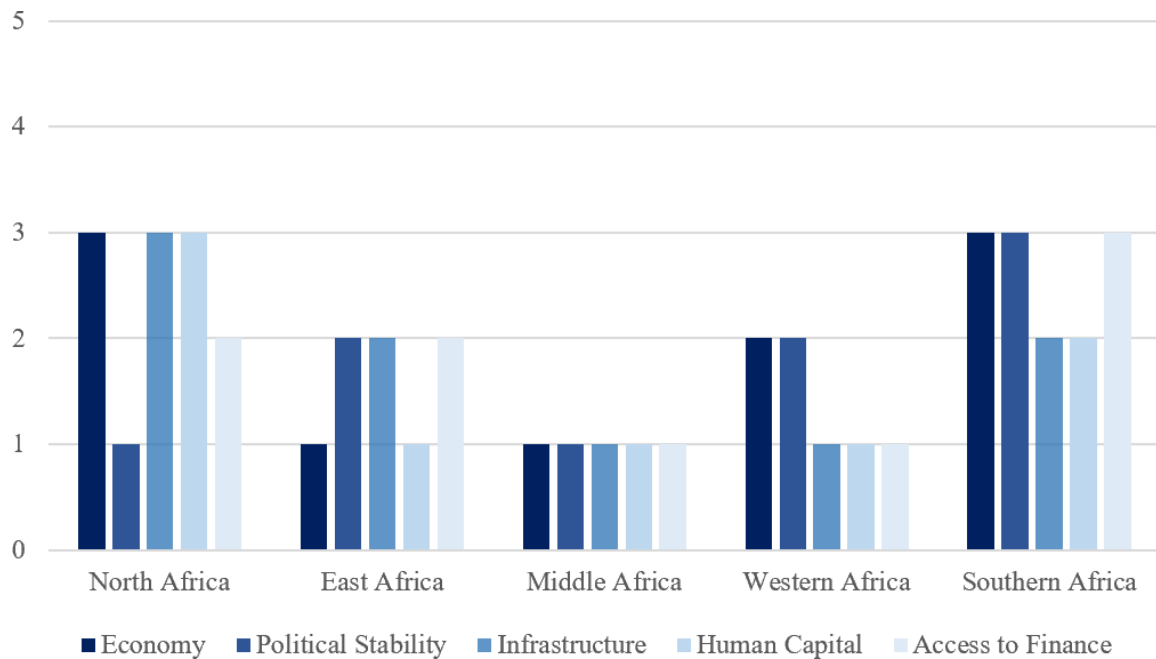
| Factor | Scale |
|--|--|
| <p>Economy: To assess the economy, various indicators such as per capita gross domestic product (GDP), rate of economic growth, and inflow of foreign direct investment (FDI) can be utilized. The level of measurement may be graded as follows:</p> | 1: An economy that exhibits a feeble performance marked by meager GDP per capita, negative economic growth rate, and inadequate FDI inflows. |
| | 2: Economy with a substandard performance that displays moderate to low GDP per capita, sluggish economic growth rate, and restricted FDI inflows. |
| | 3: An average performance that comprises of a moderate GDP per capita, economic growth rate, and FDI inflows. |
| | 4: Economy with a vigorous performance that demonstrates high GDP per capita, economic growth rate, and FDI inflows. |
| | 5: An economy with an exceptional performance that presents an exceedingly high GDP per capita, economic growth rate, and FDI inflows. |
| <p>Political stability: One way to quantify this aspect is by utilizing indicators such as political unrest, the endurance of governance, and adherence to legal regulations. A potential system of measurement could entail the following gradation:</p> | 1: Political atmosphere is highly unstable, featuring notable instances of political violence, frequent alterations in government, and inadequate adherence to legal principles. |
| | 2: The political situation exhibits some instability, with moderate occurrences of political violence, occasional transitions in government. |
| | 3: A political climate that is relatively stable, with low levels of political violence, rare government turnovers, and a robust adherence to legal principles. |

| | |
|---|--|
| | <p>4: Political environment is stable, marked by minimal political violence, infrequent shifts in government, and very strong adherence to legal principles.</p> |
| | <p>5: The political atmosphere is extremely stable, with no occurrences of political violence, and no changes in government.</p> |
| <p>Infrastructure: This factor could be measured using metrics such as electricity access, road quality, and internet penetration. The scale could be the following:</p> | <p>1: Dismal conditions, characterized by a lack of or unreliable access to electricity, substandard roads, and minimal internet connectivity.</p> |
| | <p>2: Infrastructure has insufficient conditions, featuring sporadic access to electricity, fair road quality, and low to moderate levels of internet usage.</p> |
| | <p>3: The infrastructure has acceptable conditions, comprising dependable access to electricity, good roads, and moderate to high levels of internet usage.</p> |
| | <p>4: Superior conditions, providing highly reliable access to electricity, excellent roads, and high to very high levels of internet connectivity.</p> |
| | <p>5: The infrastructure has exceptional conditions, offering flawless access to electricity, outstanding road quality, and extremely high levels of internet usage.</p> |
| <p>Human capital: Metrics like literacy rate, school enrollment, and healthcare accessibility can be used to gauge this</p> | <p>1: Extremely low levels of development, with very low literacy rate, poor school enrollment, and inadequate healthcare access.</p> |
| | <p>2: Human capital with insufficient development, featuring low to moderate literacy rate, low to</p> |

| | |
|--|--|
| particular factor. A possible scale for measurement is: | moderate school enrollment, and low to moderate healthcare access. |
| | 3: The Human capital has average development, including moderate literacy rate, school enrollment, and healthcare access. |
| | 4: Human capital with good development, exhibiting high literacy rate, school enrollment, and adequate healthcare access. |
| | 5: Exceptional development, showcasing perfect literacy rate, school enrollment, and healthcare access. |
| <p>Access to finance: One way to gauge this aspect is through metrics such as the quantity of bank branches, the degree of mobile money usage, and the accessibility of credit. The grading system might appear as follows:</p> | 1: Access to finance with extremely limited options, featuring very few bank branches, no mobile money penetration, and no credit availability. |
| | 2: The Accessing to finance with inadequate options, including low to moderate number of bank branches, low to moderate mobile money penetration, and low to moderate credit availability. |
| | 3: Moderate options, offering a reasonable number of bank branches, moderate mobile money penetration, and moderate credit availability. |
| | 4: Access to finance with good options, providing a high number of bank branches, high mobile money penetration, and good credit availability. |
| | 5: Excellent options, featuring a very high number of bank branches, very high mobile money penetration, and very good credit availability. |

3.2.3. African Regions by Factor's Scale

Figure 1: African Regions by Factor's Sca



Source: World Bank; Internal Data

This figure shows how different places in Africa are doing economically. The north and south parts seem to be doing better than the rest. They scored higher on measures like how much capital they have per person, economic growth rate, and foreign investment. These regions are at the top part of the graph. Next up is Western Africa - their scores aren't as high but still rather good. But when you look at eastern and central Africa it doesn't look so great. Their scores for all those economic indicators are way lower than the other regions - there's definitely a big difference between these regions' performances compared to others. On Political Stability, the 2020 Freedom in the World report (Repucci, 2020) reveals that Sub-Saharan Africa has contributed to the global decline in democratic governance and respect for human rights for the fourteenth year in a row. However, the results vary significantly across the continent, with South and Eastern Africa scoring relatively better and obtaining Free Status, while the other regions comprise mainly of countries with Part and Not Free Status. The countries in southern Africa are doing better than other places on the continent. This is shown by things like the Democracy Index and Corruption Perceptions Index. The Political Stability Index says that most of the stable countries come from southern, eastern, and western Africa. But there are more corrupt places in northern and central Africa. Regarding infrastructure, while the Logistics Performance Index provides some insight into logistics performance across Africa, it does not offer a clear picture of each region, as countries vary greatly in their scores. However, the

Quality of Roads Index provides a more accurate representation, with North Africa leading the way in infrastructure quality, followed by eastern and southern Africa. Western and middle Africa lag behind in this area. This conclusion is supported by both Afro barometer and the United Nations' SDGs report (Nkomo, 2021), as well as the Africa Infrastructure Development Index in 2021. The Human Development Index is an instrument that the United Nations use to analyze how countries are doing in three vital aspects: health, knowledge, and living standards. By utilizing this measure, we can strive towards achieving sustainable development goals and enhancing life for all. According to the latest rankings from 2023, North Africa is at the forefront of human development on the continent. Southern Africa comes next but there are still some parts of Africa that need to improve their standings. However, something surprising happens when we look at how many people are working - which is really important because it shows what part of the population is active in their economy. Even though North Africa was doing well with overall human development scores previously mentioned- they unexpectedly had less participation in their labor force than other regions within African countries. This could be attributed to the Islamic religion, which traditionally features low participation of female workers. Also, there's a huge youth unemployment rate in North Africa. However, a low labor workforce does not necessarily translate to a decline in human capital quality. Access to Finance: As per the World Bank's Ease of Doing Business Rank, Southern Africa is at the forefront, overshadowing Western and Central regions. This assertion is further supported by the data provided by the World Bank's Global Findex. The Global Findex Database is a reliable resource for understanding how adults worldwide utilize financial services, including borrowing, payments, and savings, and manage financial events such as significant expenses or loss of income.

3.2.4. North Africa

My goal is to explore ways of enhancing the private sector in Africa and suggest some policy propositions that may be beneficial. Given the enormity of this task, I need to concentrate in a specific area, bearing of course in mind that if successful here, it could have ramifications for other places as well. I picked North Africa for numerous reasons. For one thing, it lies between Europe, Sub-Saharan Africa and the Middle East providing immense prospects for commerce and investing activities. Moreover, there are plenty of possibilities for cultural exchanges and collaborations which effective policies could foster even more. However, like everywhere else in the world this area definitely isn't without its problems: there are barriers hindering development prospects despite considerable economic potential existing within North African communities. The great thing about concentrating our efforts specifically on North Africa

though is that we'll be able to tailor our approach so much better due by taking into consideration their specific challenges such as poverty or rural isolation instead of using sweeping generalizations across all countries. Lastly but no less importantly - North Africans have an incredible cultural heritage with ancient historical monuments, and ways-of-life worth preserving; establishing such incentives would not only boost tourism revenues but also encourage cultural exchange and understanding. All in all, focusing on North Africa is a smart move that can facilitate sustainable development and shared prosperity. By designing policies suited to the unique needs of this region while leveraging its strengths - like its strategic location, economic potential, development challenges and cultural heritage - we could positively impact many lives and contribute towards an even more prosperous interconnected Africa.

Economy: 3/5

Northern Africa has a reasonable economy with satisfactory GDP per capita, moderate economic growth rate, and moderate FDI inflows. Countries like Egypt, Algeria and Morocco have diversified economies in various industries such as tourism, agriculture, and energy.

Based on the World Bank data for 2022/23 Northern African countries had higher GDP (\$800 billion) than sub-Saharan African ones but lower compared to Europe or North America. The region still faces significant economic challenges since it lags behind other regions in terms of development relative to others. Moreover, unemployment is high particularly among young people standing at an alarming 27.4% according to the International Labor Organization (2020). This implies that there's underutilized labor hindering economic growth prospects; formalizing informal sector contributing up-to forty percent (40%) of some countries' GDP can provide employment opportunities yet limit government ability tax collection thus public expenditure affecting service delivery stifling development initiatives implemented. Also limited diversification represents another concern given heavy reliance on natural resources e.g., oil/gas exports accounting for around eighty-five percent (85%) of total exports making the area vulnerable towards commodity prices volatility limiting comprehensive sustainable alternatives into alternative sectors. Economic inequality remains a serious challenge within this region due concentrated wealth in few elite hands while high levels of poverty are rife.

In summary, while Northern Africa has a moderate economy with diversified industries like tourism, agriculture, and energy; it still faces significant challenges such as high unemployment rates among young people, heavy informal sector presence affecting government tax collection

ability limiting public service delivery hindering sustainable development initiatives implementation prospects. Furthermore, concentration wealth in few elite hands amidst widespread poverty implies low inclusivity associated with unequal distribution of gains from economic prosperity achievement. Limited diversification that mainly relies on natural resources such as oil and gas exports, leaves the region vulnerable to fluctuations in commodity prices which is not ideal for sustainable development initiatives. Economic inequality remains one of the most significant challenges in Northern Africa, making inclusive economic growth a priority for government policies to benefit everyone equally. Overall, Northern Africa has potential for growth and development. However, it needs to overcome the significant challenges of unemployment, informal sector presence hindering government tax collection limitation on public services delivery. Furthermore, limited diversification reliant upon natural resources increases vulnerability towards commodity price fluctuations limiting opportunities for sustainable economic growth initiatives implementation. It's essential that governments prioritize inclusive economic policies aimed at reducing inequality as one key challenge impeding progress in the region. Only by creating an enabling environment where everyone can access equal income-generating activities benefits will ensure sustained prosperity throughout all socio-economic strata boosting employment thus poverty reduction affecting many more lives positively

Political stability: 1/5

Northern Africa experiences significant political instability, with high levels of violence, frequent government changes and mediocre rule of law. The Arab Spring protests in 2011 brought about regime changes resulting in continuing disputes causing regional instability that impacts citizens' ability to participate fully in decision-making processes. Freedom House's Freedom in the World report (2021) noted several Northern African countries rated "not free" limiting political civil liberties such as expression association assembly hampering public accountability while affecting governance performance quality undermining trust between governments their constituents. Furthermore, low scores on voice accountability of control of corruption by World Bank's Governance Indicators suggests weak institutions vulnerable towards malfeasance forms increasing likelihoods for politically induced instabilities. Ongoing conflicts including Libya/Syria demonstrate pronounced violent threats contributing to displacement populations breakdowns-in-governance spiking fear among people leading toward further social-economic-political deterioration. Additionally, a majority population grappling with poverty unemployment inequalities undercutting economic growth potential reducing prospects for inclusive progress especially absent effective policy initiatives aimed at

alleviating these issues significantly evident through UNDP's Human Development Report where many countries have lower developmental indices indicating fewer resources available compared global averages. Internal tensions can also contribute towards disunity Northern Africa e.g., long-standing Morocco-Algeria over Western Sahara dispute or Egypt-Sudan regarding Nile water utilization which leads regionally instigated disruptions capable stalling shared-development economy cooperation-promotion thus creating additional barriers impeding socio-economic development across North African Countries.

Infrastructure: 3/5

Northern Africa has decent infrastructure with electricity, maintained roads and Internet access for many. The World Bank and African Development Bank estimate that Northern Africans fall far behind ideal infrastructure-wise by \$130 billion per year investment needed. While cities have highways and airports connecting them together, leaving urban centers can quickly become problematic again. Although the area is rich in oil reserves leading to pipelines being built along with refineries too much reliance on one resource can cause problems if something goes wrong. On a brighter note, cell phone use increases day-by-day as does broadband internet service availability but not everyone has equal access yet- especially outside of more developed urban centers. The development progress made so far shows gaps remain mostly concerning sanitation accessibility logistics (high speed coverage expansion) plus financial barriers for all involved parties including businesses making further investments crucial.

Human capital: 3/5

The people in Northern Africa have a decent level of knowledge, with average rates of literacy and school attendance. They also have access to moderate healthcare services. Compared to other African regions, Northern Africa has higher educational standards and better healthcare but there are differences within the region itself. Although progress has been made in providing education and health care facilities for everyone, challenges still exist when it comes to quality and accessibility - especially for women and refugees who face marginalization. Even though primary education is improving steadily; secondary education remains low with only 68% enrollment rate as compared to the world's ratio which stands at 85%. Girls frequently suffer from lower access than boys do. Despite having a relatively skilled workforce that possesses high literacy ratios along with many universities graduates present; some sectors struggle due to lack of technical proficiency or 'soft skills'. Sectors such as science, technology, engineering and math (STEM) remain particularly affected by this problem. Northern Africa's wellness sector has improved remarkably over recent years although there are still significant issues that

need addressing on top of non-communicable diseases like diabetes and heart problems affecting productivity mostly amongst workers. Some rural areas often experience difficulties accessing proper clinical aid so attention should be given towards such regions. Improving human capital is critical for development purposes within Northern Africa according to the United Nations Development Programme's Arab Human Development Report 2021. The region faces considerable obstacles in areas such as gender equality and youth empowerment, requiring significant investments to improve education and healthcare services throughout Northern Africa. In summary, education and healthcare services in Northern Africa are at moderate levels with differences within the region. Girls have less access to education than boys do, while technical proficiency remains a significant challenge for certain sectors of the workforce. Healthcare availability is fluctuating across different areas; non-communicable diseases affecting productivity alongside rural regions having difficulty accessing proper clinical aid. Investment is required to improve human capital's developmental standards throughout Northern Africa due to facing considerable obstacles such as gender equality and youth empowerment shortcomings that need addressing critically through better educational opportunities and health infrastructure advancements alike.

Access to finance: 2/5

Access to finance in Northern Africa is not optimal, with a fair number of bank branches and moderate mobile money penetration. Credit availability is also average; however, there are still many unbanked individuals in the region. Financial inclusion remains low at about 36% for adults and small businesses have limited access to credit, which hinders economic growth. The banking sector is relatively underdeveloped, especially further from urban areas where financial institutions are scarce. High-interest rates coupled with fees make it challenging for people and businesses to acquire loans or investment capital because of currency depreciation compounded by high inflation rates locally. Legal and regulatory frameworks that govern Northern African countries' financial services remain wanting as enforcement can be lax leading to frauds such as corruption taking advantage of this loophole thereby eroding investors' confidence who become reluctant to do business within the region. Despite increasing popularity elsewhere on the continent digital financial services adoption has been slow due mainly to inadequate digital infrastructure supported by minimal literacy levels around such systems hence restricting their use amongst those who need them most effectively cutting off cost-saving efficiencies they offer resulting in an overall limited positive impact. In summary, Northern Africa has moderate access to finance, but financial inclusion is still low. Small businesses face challenges accessing credit due to a lack of well-developed financial institutions and high interest rates. Legal and

regulatory frameworks need strengthening as weak enforcement leads to fraud and corruption that undermines investor's confidence in the region. Furthermore, digital financial services adoption remains slow due mainly to poor infrastructure coupled with low levels of literacy around such systems hence limiting their use amongst those who would benefit most from them thereby negatively impacting economic growth within the region overall.

3.3. Identify opportunities and challenges:

3.3.1. Opportunities:

Northern Africa is a land that offers many paths for private sector growth and development. Its location in between Europe, Africa, and the Middle East provides an opportunity for trade across borders. This can lead to increased revenue sources and more customers for businesses. The region's transportation networks are also advantageous as they make logistics easy. Moreover, Northern Africa has a large young population which is growing rapidly with one of the highest rates globally. This presents numerous prospects for private firms as there is an increasing middle class with disposable income available to be spent on products or services offered by these enterprises. Furthermore, Northern Africa boasts rich natural resources such as oil gas minerals essential elements needed in various industries like fertilizer production electronics industry among others giving room for investment opportunities by the private sector firms willing to bet on this precious resource-rich spot. Islamic finance history in Northern African countries presents itself well-suited to develop into hubs facilitating investments through leveraging Islamic Finance expertise making it attractive especially those venturing into financial services seeking expansion opportunities besides its unique youthful tech-savvy audience base presenting opportunities around digital innovation. The education system in Northern Africa needs improvement focused beyond academic knowledge towards skills necessary work ethics hence corporation from business entities may provide training programs solutions aiming at addressing the skills gap and promoting innovation.

Overall, Northern Africa is a land of promise for private sector growth and development. Although there are challenges that need to be addressed such as the regulatory environment, access to finance, infrastructure deficiencies or political instability; leveraging on these opportunities can open doors into new markets facilitated by favorable logistics networks with a large growing consumer base supported by natural resources complemented by local expertise in Islamic Finance while investing towards education helping achieve human capital development needed for even more innovations and entrepreneurship-driven organic economic expansion. Private firms must explore this potential fully so together we can contribute positively towards rebuilding the continent's economies post-pandemic era.

3.3.2. Risks:

The private sector in Northern Africa is facing major challenges that need unique and creative solutions. The government should make regulations easier to understand for the private firms who struggle with them. Private sectors can provide feedback, which improves transparency and predictability of business transactions. Another challenge is accessing finance, especially for small businesses; governments can explore microfinance options or crowdfunding schemes to help these businesses get credit at low-interest rates. Foreign investment would also be useful if encouraged by creating an environment conducive to it. Infrastructure development needs prioritization since rural areas lack adequate transport networks, ports, airports as well as internet services access: this will require public-private partnerships expertise leverage

from private investors' skills base. Political instability caused by poverty and social exclusion must be addressed through democratic governance promotion while addressing root causes like investing in education programs for economic growth promotion. Skills gap due to a less developed educational system makes it difficult for the workforce equipped with necessary skills demand making training through collaboration between educational institutions and government departments crucial towards skill acquisition among workers. Corruption menace impacting negatively on profits discourages foreign investments into Northern Africa; there's a solution requiring implementing anti-corruption measures such as disclosure requirements protecting whistleblowers and reforming procurement procedures within organizations-ethical business practices adoption empowering accountability culture creation against corruption cases occurrence prevalence decreasing probability. The private sector in Northern Africa faces many challenges that need innovative and collaborative solutions from both governments and businesses. By working together, these sectors can overcome obstacles such as complex regulations by simplifying them while providing transparent business environments. Accessing finance is another obstacle to small enterprises, which requires exploring avenues like crowdfunding or microfinance. Governments should promote foreign investments by creating a favorable environment for investors while prioritizing infrastructure development in rural areas where it's deficient. Addressing political instability through progressive governance will improve economic growth promoting social welfare programs investment against poverty and inequality-educational systems revamp promotion essential skills acquisition combatting employment skill gaps experienced among workers. Corruption needs an ethical approach towards anti-corruption initiatives implementation within organizations fostering accountability culture integrity-promotion reducing corruption-related profits' negative impact on companies discouraging foreign direct investment into this region. In conclusion, collaboration between public-private partnerships plays a crucial role in boosting private sector growth contributing to environmental protection sustainability and better standard improving people's living standards increasing productivity giving Northern Africa potential realization opportunities with unique good strategies investments overcoming current challenge realities of today.

3.4. Proposed Strategy: Islamic Finance Hub

3.4.1. Islamic Finance in North Africa

Over the last few years, there has been an interest rising in the utilization of Islamic finance to enhance private sector growth in numerous nations, such as North Africa ones. It is based on the principles of Shariah law, which prohibits charging or paying interest and promotes risk-sharing and ethical investment.

Several studies have explored the impact of Islamic finance on private sector development in North Africa, with mixed results. Islamic finance was proven to have a positive impact on private sector development, particularly in the areas of SME financing and job creation (Leon & Weill, 2018). However, this result is just present in countries where the financial sector was still relatively low. They realized that Islamic finance institutions provided financing mechanisms which were necessary to some SMEs, which are often underserved by traditional banks. However, other concerns were raised concerning risks such as those associated with Islamic finance, particularly in the areas of governance and risk management. On the other hand, some research found that weak governance and inadequate risk management frameworks could pose significant risks to Islamic finance institutions in the Gulf Cooperation Council (GCC) countries (Goaied & Sassi, 2010). The perils might spread out to other places, such as North Africa, where the idea of Islamic finance is catching on. On the whole, Islamic finance could facilitate the growth of private enterprise in North Africa. However, it is vital to deal with the hazards that come with it by putting into practice efficient protocols for governance and risk management. Additionally, further studies are required to gain a thorough comprehension of how Islamic finance affects the progress of private enterprise in the region.

Also, the implementation and development of Islamic Finance in these countries is a complex and rigorous process which depends upon a variety of factors. Even though the presence of Islamic Finance in North African Countries like Morocco is relatively strong, there are still solid barriers that prevent its improvement such as regulatory and legal issues (Aziza, Echchabia, Ayedh, Azouzi, & Musse, 2015).

Given that Northern Africa scored 2/5 in access to finance, the region could focus on developing an Islamic finance hub that attracts investors from around the world. This can involve creating a favorable regulatory environment, developing Islamic financial products, and building partnerships with Islamic financial institutions in other regions.

The plan is to establish a core for finance based on the Islamic faith in the region of North Africa. The primary step would be to pick out one country or maybe a collective of nations in the vicinity to create this nucleus. The objective is to generate a thriving hub for fiscal undertakings that conform to the precepts of the Shariah. Investors from across the planet that are enthusiastic about morally sound and socially accountable investments would gravitate around such location. The hub would offer a medley of financial amenities that would serve enterprises of every magnitude. SMEs, in particular, would profit from the creative financing methods employed by Islamic finance organizations. This would promote economic advancement in the area, engendering opportunities for work and supporting the development of enterprises that are crucial to the prosperity of the region. The Islamic finance nucleus would also advance financial inclusion, ensuring that monetary services are accessible to all, regardless of their social or financial status - a vital principle of Islamic finance that is imperative in many parts of the world. It would provide a range of services including Islamic banking, takaful (Islamic insurance), sukuk (Islamic bonds), and Islamic investment funds. The center would also generate employment and advance financial expansion by fostering small and mid-sized companies (SMEs). These financial institutions known as Islamic finance, supply unique financial approaches that cater to the demands of SMEs. Furthermore, this center would intensify connections between North Africa and other territories, particularly the Gulf Cooperation Council (GCC) countries, which are currently at the forefront of Islamic finance. Just picture an energetic, lively center of financial dealings in North Africa, promoting economic advancement, financial integration, and interregional teamwork. That's what an Islamic finance hub in North Africa could be, and it's a vision that is well worth pursuing.

Based on the opportunities and challenges identified, a strategy for developing an Islamic finance hub in North Africa should include the following:

3.4.2. Identify the most promising markets for Islamic finance in North Africa

The North of Africa comprises a number of countries, namely Morocco, Algeria, Tunisia, Libya, and Egypt. Pinpointing the top-notch prospects for Islamic finance in this region necessitates thoughtful contemplation of various aspects.

Population size is a significant factor, as larger populations have more potential for Islamic financial products and services. Therefore, determining each country's overall population and the percentage of Muslims in the population is crucial, given that Islamic finance is more appealing to Muslim consumers. Another important consideration is the age distribution of the population, where younger populations tend to have a higher demand for financial services,

including Islamic finance, as they build their wealth and save for future expenses. Moreover, population growth rates and urbanization trends provide insights into the market's potential growth. Countries with fast-growing populations or high urbanization rates are likely to have more significant demand for financial products and services, including Islamic finance.

Based on Muslim population data, median age, and population growth, Egypt, Algeria, and Morocco are the top countries to spearhead the strategy. Despite Egypt's 43% urbanization rate, which diminishes its potential market size, its vast, youthful, and quickly expanding populace indicates a potentially large and burgeoning market for Islamic finance. Once the Islamic finance hub is firmly established in the larger countries, penetrating the smaller countries' markets such as Tunisia and Libya, will be relatively easy due to their high urbanization rates. Libya, with the second-highest urbanization rate among African countries, is especially suitable for this purpose.

Table 1: North Africa Demographics

| Country | Total Population, millions | Muslim Population (%) | Muslim Population, millions | Median Age | Population Growth | Urbanization Rate (%) |
|---------|----------------------------|-----------------------|-----------------------------|------------|-------------------|-----------------------|
| Egypt | 104.7 | 92.4 | 96.7 | 24.1 | 1.7 | 42.9 |
| Algeria | 45.1 | 99.0 | 44.6 | 28.9 | 1.7 | 74.3 |
| Morocco | 36.7 | 99.0 | 36.3 | 29.1 | 1.1 | 64.1 |
| Tunisia | 12.1 | 99.8 | 12.1 | 32.7 | 0.8 | 69.9 |
| Libya | 6.8 | 97.0 | 6.6 | 28.8 | 1.2 | 81.0 |

Source: Statista, World Bank, Worldometers

Regarding **income levels**, the people and businesses with more dough tend to attain more complex financial goods and services, like the ones that Islamic finance offers. The need for Islamic finance can be influenced by a variety of factors in a given nation, such as GDP per person, the Gini coefficient, the portion of people living in poverty, and the rate of financial inclusion. Countries with higher GDP per person tend to have a larger pool of possible customers for financial products, including Islamic finance ones. Countries with wider income gaps may have more of a yen for financial products that grant fairer access to financial resources, which Islamic finance values highly. Places with high rates of poverty may also require financial products and services that cater to their specific needs, like microfinance and other sorts of inclusive finance, which Islamic finance aims to deliver. Lastly, countries with low rates of financial inclusion may have a greater hankering for other financial products, such as those that Islamic finance offers since this form of finance is dead set on boosting financial inclusion and providing financial services to those who are left out or ignored by traditional financial institutions.

Table 2: North Africa Income Levels

| Country | GDP per Capita, thousands | Gini Index | Poverty Line (%) | Access to Banking (%)* |
|----------------|---------------------------|------------|------------------|------------------------|
| Egypt | 3,698.8 | 31.5 | 32.5 | 27.4 |
| Algeria | 3,690.6 | 27.6 | 5.5 | 44.1 |
| Morocco | 3,795.4 | 39.5 | 4.8 | 44.4 |
| Tunisia | 3,807.1 | 32.8 | 15.2 | 36.9 |
| Libya | 6,357.2 | - | - | 65.7 |

Source: Statista, World Bank

* Account ownership at a financial institution or with a mobile-money-service provider (% of population ages 15+).

Based on table 2, the average person which stands out the most is the Libyan due to the fact its GDP per Capita is almost the double compared with the North African average. Moreover, one can also see the superior access to finance that Libya demonstrates relatively to its peers. However, this might be a synonym of a relatively well-established financial system which decreases the penetration rate of a revolutionary and new Islamic Finance Hub. Also based on this income-related information Egypt seems to be the most potential country due to its extremely poor access to banking (27.4%), which is way below the average, and the amount of people that live below poverty line (32.5%). Also, an academic study taken by S&P Global Market Intelligence in 2018 found that only 14% of Egyptians borrow from financial institutions. 55% choose to borrow from family or friends and 24% use credit and repay in installments. This only shows an extreme mistrust and unattainability of financial institutions. To conclude, Egypt would have a massive potential for a successful penetration of the Islamic Hub since it is a country with lots to improve regarding inequality and poverty. Two areas in which such Hub is settled on to help and mitigate.

Concerning now the existing financial infrastructure, the accessibility of customary banking and financial amenities in a nation can sway the desire for other financial options, like Islamic finance. The existence and robustness of customary banking and financial organizations in a nation can wield influence on the triumph of Islamic finance. Nations with a fortified banking domain could exhibit more resilience towards assimilating novel financial products and services, comprising those tendered by Islamic finance. Conversely, countries with an underdeveloped banking domain or an elevated level of skepticism towards standard banking could display a more accommodating attitude towards Islamic finance.

Table 3: North Africa Financial Infrastructure

| Country | N of Banks | Commercial bank branches (per 100,000 adults) | Bank non-performing loans to total loans (%) | Bank ROE (%) |
|---------|------------|---|--|--------------|
| Egypt | 40 | 6.8 | 4.9 | 30.9 |
| Algeria | 29 | 5.3 | 12.3 | 17.8 |
| Morocco | 24 | 22.1 | 6.8 | 9.5 |
| Tunisia | 23 | 22.3 | 13.9 | 13.9 |
| Libya | - | 11.4 | - | - |

Source: Statista, World Bank

Table 4: Top 15 North African Banks

| Regional ranking | Africa ranking | Country | Bank | Capital (\$m) | Assets (\$m) | Profit (\$m) |
|------------------|----------------|---------|---|---------------|--------------|--------------|
| 1 | 2 | Egypt | National Bank of Egypt | 7276 | 167407 | 957 |
| 2 | 3 | Egypt | Banque Misr | 7235 | 118316 | 1487 |
| 3 | 5 | Morocco | Attijariwafa Bank | 5913 | 64522 | 666 |
| 4 | 8 | Morocco | Banque Centrale Populaire | 4959 | 50315 | 295 |
| 5 | 9 | Egypt | Commercial International Bank (CIB) | 3566 | 31713 | 844 |
| 6 | 10 | Morocco | Bank of Africa - BMCE Group | 3313 | 38750 | 320 |
| 7 | 11 | Algeria | Banque Exterieur d'Algerie | 3188 | 23875 | 519 |
| 8 | 12 | Algeria | Banque Nationale d'Algerie | 3144 | 26036 | 174 |
| 9 | 15 | Egypt | QNB Al Ahli | 2466 | 22887 | 485 |
| 10 | 19 | Egypt | Arab African International Bank | 1955 | 14267 | 80 |
| 11 | 20 | Algeria | Credit Populaire d'Algerie | 1913 | 20351 | 156 |
| 12 | 25 | Morocco | Societe Generale Marocaine de Banques | 1365 | 11998 | 90 |
| 13 | 29 | Algeria | Banque de l'Agriculture et du Developpement Rural | 1086 | 12451 | 38 |
| 14 | 31 | Morocco | Credit Agricole du Maroc | 934 | 13927 | 23 |
| 15 | 33 | Egypt | Banque du Caire | 923 | 13143 | 203 |
| 16 | 34 | Egypt | Faisal Islamic Bank of Egypt | 914 | 8337 | 171 |
| 17 | 35 | Morocco | Banque Marocaine pour le Commerce et l'Industrie (BMCI) | 767 | 7315 | 18 |
| 18 | 38 | Tunisia | Banque Internationale Arabe de Tunisie | 768 | 6881 | 104 |
| 19 | 41 | Egypt | HSBC Bank Egypt | 724 | 7403 | 229 |
| 20 | 43 | Egypt | Bank of Alexandria | 698 | 7313 | 175 |

Source: Statista, World Bank

North Africa has a relatively developed banking industry and hosts some of the largest financial markets on the African continent. In 2021, the 10 largest banks in Africa by assets were concentrated in South Africa, Egypt, and Morocco. The National Bank of Egypt and Morocco's Attijariwafa Bank were the leading institutions in North Africa, with total assets of around 125 billion and 64 billion U.S. dollars, respectively. Having the strongest banking industry in the region, Egypt also recorded the highest bank return on assets (ROA) in North Africa in 2020, while Tunisian and Libyan banks registered the lowest returns.

3.4.3. Regulatory environment for Islamic finance

The way a nation manages its financial system can have a profound impact on the success of Islamic finance. To flourish, the regulatory structure must be clear and supportive, offering stability and assurance for both businesses and investors. Conversely, countries with confusing or limiting regulations can pose significant entry barriers and hinder growth in the industry.

While having a Muslim population is essential, it alone cannot guarantee success, as seen in North African economies, where Islamic finance remains a relatively minor contributor due to the unfavorable regulatory conditions in the region (S&P, 2021). To identify the best location for an Islamic Finance Hub, we must assess the regulatory frameworks in each country.

For instance, **Algeria** introduced Islamic finance in 2010 and has since been building its regulatory structure. The Central Bank of Algeria issued a circular in 2011, setting rules and guidelines for Islamic financial institutions, including a Shariah supervisory board to ensure compliance. However, challenges still exist, such as restrictions on sukuk use and the lack of a dedicated supervisory board for Shariah compliance.

On the other hand, **Egypt** has a well-established Islamic finance industry with a regulatory framework in place since 2003. The Egyptian Financial Supervisory Authority oversees both Islamic and conventional finance and has established a Shariah supervisory board to ensure compliance. Egypt has also played an active role in developing international standards for Islamic finance, issuing several sukuk.

Libya has a small and underdeveloped Islamic finance industry, but the government intends to establish a new regulatory body. Meanwhile, **Morocco** has made significant progress in developing its Islamic finance industry, with a regulatory framework in place since 2017, including a dedicated law for Islamic finance, regulations and guidelines from the Moroccan Capital Market Authority, and a Shariah supervisory board to ensure compliance. Although the industry in Morocco still faces challenges, such as a lack of awareness and understanding, the government has taken steps to encourage its growth, such as introducing tax incentives for Islamic finance transactions and issuing sukuk.

Tunisia also has an underdeveloped Islamic finance industry with a limited regulatory framework, but the government has expressed interest in developing the sector and passed a law in 2017 permitting the issuance of sukuk.

After analyzing the regulatory environments in these countries, Morocco appears to have the most supportive regulatory environment for an Islamic finance hub, with a well-established regulatory framework, tax incentives, and a Shariah supervisory board to ensure compliance. However, Egypt also has a well-established industry and regulatory framework, making it a feasible option for an Islamic finance hub.

3.4.4. Evaluate Technological infrastructure

The level of technological infrastructure in a country can impact the potential for Islamic finance to reach and serve customers. Countries with strong and developed technological infrastructure may be better equipped to support digital financial services and other forms of innovation in the financial sector, which can be attractive to customers of Islamic finance.

Algeria is not quite up to snuff when it comes to its technological infrastructure, as per the Global Competitiveness Report 2021. They come in at a low 128 out of 144 countries for technological readiness. This means that they have some catching up to do in terms of adopting and utilizing technology to increase their competitiveness. Despite significant investments in their telecommunications and IT sectors, technology use is still relatively low overall. As per the International Telecommunication Union, a meagre 16% of Algerian individuals got access to the web in the year 2020. Adding to that, internet connection in Algeria seems to be patchy, particularly in far-flung regions where finding dependable broadband is akin to finding a needle in a haystack.

In contrast, **Egypt** has made remarkable strides in advancing its technical infrastructure, with a particular emphasis on telecommunications and cyber connectivity. According to the 2021 Global Competitiveness Report, Egypt has soared in its technology readiness rating, jumping to 77th place from its previous spot at 92 in 2020. The nation boasts a flourishing network of tech startups that are experiencing steady growth, backed by various incubators and accelerators that fuel innovative thinking. Moreover, the government is lending support to the push for digital progress through its "Digital Egypt" project, which seeks to create a more technologically driven and connected community. As of 2020, the International Telecommunication Union's study revealed that Egypt's online penetration rate reached 48%.

Libya, unfortunately, has had its technological infrastructure decimated by years of conflict and political instability. They hold the lowest rank in the region for technological readiness, coming in at a measly 142nd according to the Global Competitiveness Report 2021. They face significant challenges in terms of connectivity and access to technology, with many regions lacking dependable internet access. The conflict has also caused issues with investment in the telecommunications and IT sectors.

Morocco has been striving hard to boost its tech skills, especially in telecom and IT. As per the most recent Global Competitiveness Report, Morocco has made significant strides in tech readiness, ascending from the 98th to the 81st spot. Big names such as Maroc Telecom and

Inwi are leading the pack in the country's telecom sector, which has been infused with considerable investment. The administration is making concrete moves to boost novelty and hi-tech metamorphosis, as evidenced by the inauguration of the Digital Advancement Organization (ADD) with the intent of invigorating the digital economy of the nation. Lately, Morocco has witnessed a substantial surge in the number of technical initiations, with a marked attention on financial technology and online trading. In addition, there have been simultaneous progresses in the expansion of intelligent urban communities and the utilization of sustainable energy to energize the digital framework of the country.

And finally, the country of **Tunisia** is known for its advanced tech infrastructure, particularly in the fields of telecommunications and IT. They've been making strides in technological readiness, moving up from 92nd to 79th place in the Global Competitiveness Report 2021. Tunisie Telecom and Ooredoo are just a couple of the major companies working in the Tunisian market. The government is also taking steps to promote innovation and digital transformation with plans like Smart Tunisia 2020, aimed at developing the country's digital economy. Tunisia boasts a thriving startup community with successful companies such as InstaDeep and Expensya. The country has also made moves towards building smart cities and investing in renewable energy to power their digital infrastructure. Out of the surrounding regions, Morocco, Egypt, and Tunisia stand out as strong candidates for implementing an Islamic finance hub due to their well-developed tech sectors and growing startup ecosystems. They're also promoting innovation and digital transformation, which can appeal to Islamic finance customers. In contrast, Algeria, and Libya face limitations in terms of technological readiness, connectivity, and access to technology, which could hinder their potential for Islamic finance.

3.4.5. Conclusion

The concept of Islamic finance is gaining traction as a substitute for conventional financial systems. The region of North Africa, which boasts deep Islamic traditions, is positioned to establish itself as a center for this form of finance. This, in turn, can bring about an array of advantages to businesses such as hassle-free capital accessibility and swift economic progress. Nevertheless, the choice of the perfect location for this hub necessitates careful consideration of multiple aspects including population demographics, income thresholds, financial and regulatory frameworks, and technological development.

The area's demographics are one of the critical factors in determining the location of an Islamic finance hub. Since Islamic finance is based on Shariah principles, it's crucial to have a substantial Muslim population in the region.

Nations such as Morocco and Egypt, boasting a significant population of followers of the Islamic faith, appear to be an apt choice for establishing the hub. Moreover, the economic standing of these countries must be robust enough to maintain and support the products and services offered by Islamic finance. As a result, countries like those mentioned before, which have seen a surge in their middle-class populace, present promising prospects for the Islamic finance industry.

The success of an Islamic finance hub also depends on the presence of a well-established financial infrastructure. A robust banking sector, capital markets, and insurance industry are necessary for providing Islamic finance products and services. Countries that have a developed financial system can offer the necessary infrastructure for Islamic finance.

Having a sophisticated technological infrastructure is also vital for the success of an Islamic finance hub. It's necessary to have modern technological tools for designing and delivering Islamic finance products and services.

Establishing an Islamic finance hub in North Africa can significantly benefit the private sector by providing access to new funding sources and fostering economic growth. Careful consideration of crucial factors such as demographics, income levels, financial infrastructure, regulatory environment, and technological infrastructure can lead to a successful Islamic finance hub in North Africa. This could position the region as a significant player in the global Islamic finance industry.

3.5. Implement the strategy:

With the wheels now in motion to establish an Islamic finance center in North Africa, the next step is to join forces with key players to make it happen. This involves collaborating with regulators and the government to create a regulatory framework that accommodates Islamic finance principles and adheres to international standards. Building strong relationships with financial institutions and other regional stakeholders is also key to generating Shariah-compliant financial products and services. Moreover, sharing information and working with Islamic finance institutions in other regions can help attract foreign investment to the North African market. To ensure the success of the Islamic finance hub, a targeted marketing and branding approach will be required to attract potential investors and clients from around the world. Above all, monitoring progress and making necessary adjustments will be vital in securing the hub's long-term prosperity. By working closely with stakeholders and implementing the recommended strategies, North Africa can establish a prominent position in the global Islamic finance industry and unlock significant economic benefits for the region.

3.5.1. Create a favorable regulatory environment for Islamic finance

To establish a conducive regulatory milieu for Islamic finance, it is imperative to liaise with policymakers and regulators to enlighten them on the potential benefits of Islamic finance and the need for a supportive legal and regulatory framework. This can be accomplished by cultivating a rapport with key decision-makers, disseminating knowledge on regulatory frameworks utilized in other countries, and advocating for the adoption of best practices. To illustrate, the Islamic Development Bank (IDB) has inked a Technical Assistance and Cooperation Agreement (TACA) with various North African countries to extend support in advancing their Islamic finance industry. Furthermore, formulating and implementing Shariah standards can facilitate transparency, uniformity, and reliability in the Islamic finance industry. Global organizations such as the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the Islamic Financial Services Board (IFSB) devise these standards, which can be adopted or tailored by national regulators. Augmenting the capabilities and proficiency of regulators, financial institutions, and other stakeholders can fuel the development of Sharia-compliant financial products and services. This could entail devising training and education programs, instituting certification schemes, and advancing knowledge-sharing and collaboration among diverse stakeholders. Furthermore, creating a level playing field for Islamic finance can engender competition and ingenuity in the sector by guaranteeing that

Islamic financial institutions are held to the same regulatory requirements as conventional financial institutions and have access to the same gamut of financial services. Such an approach can cultivate a just and competitive ambience, which is indispensable for the growth of the Islamic finance industry. To instill public confidence and demand for Shariah-compliant financial products and services, promoting awareness and education about Islamic finance is paramount. This encompasses launching awareness campaigns, providing education and training programs, and collaborating with Islamic scholars and leaders to trumpet the advantages of Islamic finance. To exemplify, the Central Bank of Tunisia has launched an initiative to foster financial literacy, which encompasses information on Islamic finance. By implementing these measures, a propitious regulatory environment for Islamic finance can be established, which can galvanize the growth of the industry in North Africa.

3.5.2. Pipeline of Islamic financial products and services

To create a range of Islamic financial products and services that meet customer needs, it's essential to conduct thorough market research, analyze demographic data, monitor trends and competition, and engage in surveys and focus groups. One recent trend in Morocco is a growing demand for housing finance products that comply with Shariah law. This lets us know the importance of developing financial products that meet the unique needs of this market. To achieve this, collaboration between financial institutions and fintech companies can be key. By working together, they can expand the range of Sharia-compliant financial products and services available to consumers. This could involve partnering with conventional financial institutions to develop Islamic subsidiaries or working with fintech to design digital financial products. Raising awareness about Islamic finance can also contribute to increased demand and trust in these products and services. Educational campaigns, training programs, and engagement with Islamic scholars and leaders can all help to raise awareness and knowledge. To maintain transparency and credibility in the Islamic finance industry, it's essential to adhere to Shariah standards. Organizations like AAOIFI and IFSB have developed guidelines and standards to ensure that financial products and services meet these requirements. Algeria's Central Bank has already integrated Shariah standards into its guidelines for developing Islamic finance offerings. By implementing these measures, a diverse range of Shariah-compliant financial products and services can be developed to meet the needs of different customer segments, build trust, and drive growth in the North African Islamic finance industry.

3.5.3. Marketing and branding strategy to promote North Africa's Islamic finance hub

To establish a thriving Islamic finance hub in North Africa, it is crucial to take deliberate and strategic steps to create a strong brand identity and target the right investors and clients. This means conducting thorough market research to identify the most promising markets and staying ahead of the competition by analyzing trends in the global Islamic finance industry.

A powerful brand identity can differentiate the Islamic finance hub in North Africa from other financial centers by showcasing its unique strengths and values. One effective approach is to tell compelling stories and establish a robust online and social media presence. Drawing inspiration from Dubai's success in becoming a leading Islamic finance hub, North Africa can highlight its modern infrastructure, business-friendly environment, and adherence to Islamic principles to attract investors and clients.

Targeted marketing campaigns and partnerships with key stakeholders are also essential in reaching potential investors and clients who are most likely to be interested in Islamic finance. By participating in industry events and conferences and collaborating with international financial institutions and universities, North Africa can increase its visibility and credibility in the global market. Malaysia's success in becoming a leading Islamic finance hub in Asia through targeted marketing campaigns provides a valuable example of how effective marketing can promote Shariah-compliant financial products and services to a wider audience.

Developing a network of Islamic finance practitioners and scholars, along with providing thought leadership and expertise, can further establish the Islamic finance hub as a center of excellence and innovation in the industry. This can be achieved through conducting research, creating training and certification programs, and hosting industry events and conferences. By emulating London's success in becoming a hub for Islamic finance in Europe through industry associations such as the Islamic Finance Council, North Africa can position itself as a valuable contributor to the global Islamic finance industry.

3.6. Monitor and evaluate:

To ensure long-term success, it is crucial to continuously monitor and evaluate the implementation of North Africa's Islamic Finance Center. This can be achieved by tracking strategic goals through Key Performance Indicators such as: newly launched products/services, foreign investment attracted, and size of managed savings.

Additionally, conducting regular reviews to assess strategy effectiveness and identify areas for improvement is necessary. These evaluations may include surveys with key stakeholders or industry leaders' interviews paired with financial data analysis.

As the Islamic finance industry evolves over time, adjustments should also be made periodically to keep up with competitors while attracting both customers and investors. Changes in strategy may be required due to shifts in the global economy, changing customer demands or advances in technology.

Sharing the results and lessons learned from monitoring and evaluating an Islamic financial hub can help build stakeholder trust and demonstrate the value of the initiative. Reports, papers, and case studies can be used to share insights into the performance of the Islamic Finance Center as well as best practices and lessons learned. This can help attract more investment and customers to the region and promote the Islamic financial sector more broadly.

Overall, monitoring and evaluating the Islamic financial center over time will ensure its competitiveness, efficiency, and alignment with the strategy's objectives. By regularly evaluating its impact, making necessary adjustments, and sharing learnings and insights, the North Africa Islamic Finance Center can achieve long-term success and contribute to the development of the Islamic finance industry around the world.

4. Thesis' Conclusion

To summarize, fostering private sector growth and development in Africa is a vital component in driving economic advancement, generating employment opportunities, and addressing the various challenges that confront the continent.

The proposed policy focuses on North Africa, recognizing the region's economic potential, developmental hurdles, and cultural significance. The strategy proposes exploiting North Africa's strategic location to stimulate cross-border cooperation and integration, prioritizing the marginalized and underserved communities, and exploring the potential of Islamic finance to catalyze private sector development.

However, the policy recommends addressing the risks associated with Islamic finance through robust governance and risk management frameworks. Establishing an Islamic finance hub in North Africa presents an enormous opportunity to promote economic development, financial inclusion, and inter-regional collaboration. To ensure success, a comprehensive approach is necessary, including creating an enabling regulatory environment, developing Shariah-compliant financial products and services, marketing and branding the hub effectively, and continuously monitoring and evaluating the initiative's outcomes. Strong partnerships with financial institutions, government bodies, and other stakeholders are also essential to the hub's success.

By putting these strategies into action, North Africa can dominate the global Islamic finance market, bringing the area significant economic benefits while also promoting the sector's global expansion. In addition to attracting foreign investment, the establishment of the Islamic finance hub in North Africa will strengthen the region's position as a significant economic force on the African continent.

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Appendix

Eastern Africa

Economy: 1/5

Eastern Africa has a struggling economy with weak GDP per capita, slow economic growth rate and low FDI inflows. Countries like Burundi, Ethiopia and Somalia have limited diversification in their economies which heavily rely on agriculture and trading activities. Despite the gradual increase of regional trade integration through agreements such as the East African Community (EAC) protocol offering some opportunities for cross-border movement & trade facilitation barriers remain high that limits countries' potential to exploit market potentials significantly due mostly protectionist sentiments from member states e.g., Tanzania-Kenya recent spat over Covid-19 testing requirements causing Lorry queues at border posts triggering economic losses due missed deadlines among other negative effects. Most Eastern African nations struggle with poverty affecting about forty percent (40%) of people living under two dollars (\$2) daily resulting severe inequality within these countries particularly regarding socio-economic strata hence posing further challenges reducing overall productivity growth rates since respective governments bear burden alongside restricted domestic consumption capacity. The World Bank data shows that most Eastern African countries had relatively lower GDP compared to Northern Africans still higher than sub-Saharan ones; however significant developmental disparities persist across different regions requiring addressed effectively soonest possible. In summary, although there are some pockets of progress made around the region towards increased cross-border trading facilitated by EAC protocols reaching full development hasn't been achieved yet because more work needs doing concerning lowering protections thinking beyond national interests boosting markets participation & competition coupled with heightened productive capacities capable meeting demand pressures limiting inequalities stemming from restrictive policies targeting exports negatively.

Political stability: 2/5

Eastern Africa experiences significant political instability manifested through civil conflicts violence insurgencies or frequent government changes creating an unfavorable environment hindering sustainable development initiatives implementation prospects adversely impacting citizens involved considerable displacements internally leading livelihood disruptions along natural resources extraction corridor hotspots exacerbating further inter-communal disputes.

Additionally, widespread corruption remains one major challenge impeding governance quality rendering most countries near the bottom end of Transparency International's Corruption Perception Index thus reducing public accountability levels exacerbating already fraught stability outlook. This situation is worsened by ineffective regulatory frameworks accompanied by limited checks and balances on executive power, which enhances opportunism among political elites at the same time hampering democracy hence not improving good governance standards increasing citizens trust in government - a vital element for development. In summary, Eastern Africa has significant challenges related to political instability including frequent civil conflicts violence insurgencies alongside heightened corruption that adversely affects sustainable development initiatives implementation prospects having negative impacts upon citizens' livelihoods along natural resources extraction corridor hotspots as well further inter-communal disputes making regulation framework effectiveness & increased transparency essential elements achieving stable democratic processes.

Infrastructure: 2/5

Eastern Africa faces significant infrastructure gaps across different sectors with electricity connectivity lagging behind other regions due to limited capacity compared global averages (less than ten percent) yet important aspect propagating economic growth given it helps boost productive capacities aiding service delivery essentials such as education health care sector via proper electrification networks either grid-connected or off-grid solutions are necessary; getting reliable energy sources can also play into industrial diversifications possibilities catalyzing innovation providing job opportunities harnessing more social-economic benefits overall. Road & railway transport systems remain inadequate leading towards high logistics costs coupled with border crossing bottlenecks hindering regional trade activities lowering cross-border-business efficiency between nations limiting intra-regional trading potentials negatively impacting GDP. Trade corridors development remains critical considering East African Community protocols promoting free movement goods/people/capital but practical implementations sluggish thereby ensuring smoothness and cost-effective transport both within respective countries while reducing transit times associated expenses should be prioritized. Digitalization progress isn't satisfactory too despite rapid advances seen elsewhere globally still, access internet services remain low meaning reaching full potential digital innovations transformative effects fully realized surface have been sporadic so far because some areas haven't got them functional enough- requiring targeted investments by governments around Eastern Africa to create such conducive environments that foster digital transformation.

Overall, infrastructure in Eastern Africa remains inadequate contributing significant setbacks limiting growth prospects GDP rates, trade integration and connectivity with the rest of the world. Electricity connectivity is low, road and railway transport systems are inadequate leading to high logistics costs coupled with border crossing bottlenecks. Trade corridors development needs urgent attention given EAC protocols promoting free movement goods/people/capital yet practical implementations sluggish; this limits intra-regional trading potentials negatively impacting GDP. In addition, digitalization progress isn't satisfactory either due to limited access internet services in certain areas highlighting significant gaps remaining for effective harnessing digital innovations transformative effects significantly.

Human capital: 1/5

Eastern Africa has a struggling human capital situation characterized by education challenges and limited healthcare service accessibility alongside poor infrastructure conditions having negative impacts on socio-economic advancements within respective countries reducing their productivity capacities. Currently girls' enrolment rates remain lower than boys' do at various educational levels shown through United Nations Millennium Development Goals (MDG) reports even though strides made lately- these differences shouldn't be ignored since gender equality improves economic growth prospects increasing overall wellness standards social outcomes. Barriers stand out regarding accessing quality health care services for most people living especially impoverished backgrounds who suffer from frequent malnutrition situations caused sometimes by lack clean sanitation facilities health insurance availability remains low hence exposing citizens financially whilst limiting recovery chances affecting national prosperity positively towards sustainable development aspirations. Still concerning technical proficiency or 'soft skills' workforce sectors in science technology engineering inclusion etc., as shortages persist throughout Eastern Africa rendering some industries vulnerable towards malfunctions hinders competitiveness while depleting investments resources required boosting economic activities across different regions altogether. In summary, the region struggles with human capital issues such as challenges facing education particularly affecting girls enrollment rates despite some recent improvements also limitations surrounding adequate healthcare delivery & infrastructural shortcomings slowing down regional Socio-Economic advancement requiring prompt interventions aimed improving penetration efficiency standards ensuring higher participation east African Countries Economies actively contribute maximum welfare benefits society wide besides affording everyone equal opportunities realize full potential equitable environment.

Access to finance: 2/5

Eastern Africa has limited access to financial services with few bank branches and low mobile money penetration levels. Credit availability remains a significant challenge, especially for small businesses that lack collateral making it difficult for them to secure loans from banks or other lenders hence hindering their growth prospects significantly. Financial inclusion rates remain quite low throughout the region around thirty percent showing more work needs doing towards this end encouraging increased savings mobilization aiding poverty reduction alongside consumer protection policies implemented aimed limiting interest rate exploitative practices hinder effective development initiatives implementation reducing economic inequality concerns as such. Eastern African governments need improving legal regulatory frameworks governing financial transactions ensuring transparency accountability hence restore public confidence while allowing healthy competition among service providers benefitting consumers ultimately. In conclusion, Eastern Africa has limited access to finance due high lending requirements resulting in declining credit availability; however little digital payments adoption coupled with scarce banking branches underdeveloped regulatory framework particularly associated corruption hurting investor's trust in addition financially excluding pockets society should be rectified through coordinated efforts targeted investments telecommunications infrastructure expansion amid robust combat against corruption-oriented practices negatively affecting business dignity across different societies throughout the region.

Western Africa

Economy: 2/5

Western Africa has a struggling economy with a low GDP per capita, slow economic growth rate, and minimal FDI inflows. The region relies heavily on agriculture for income generation with limited diversification into other potential sectors such as manufacturing or technology. Despite the abundant natural resources (e.g., oil & gas) in some countries like Nigeria, its benefits have not trickled down to most citizens who continue living below the poverty line according to United Nations Development Programme's Human Development Report rankings which places many West African countries among lowest worldwide indices e.g., Niger ranked last out of 189 countries surveyed globally impacting regional progress adversely mainly due lack investment infrastructure amidst limiting macroeconomic conditions discouraging investors from allocating their capital within this zone hence stalling socio-economic

development initiatives undertaken by governments. While some cities experience high rates of employment & entrepreneurship opportunities mostly powered through informal economies that are sustainable yet hamper formalization decreasing government revenue streams contributing towards poor public service delivery standards impeding human wellbeing generally compromising overall prosperity. In summary Western Africa's economy is weak and struggling with significant challenges such as high levels of poverty unemployment alongside little industrial diversification hindering prospects for sustained inclusive economic growth over extended durations while informed efforts aimed at boosting investment in critical infrastructures promoting job creation social stability political trust remain lower than needed.

Political stability: 2/5

West Africa experiences considerable political instability attributed to frequent violent conflicts resulting in refugee displacement breakdowns-in-governance distrust amongst citizenry thereby undermining pro-development policies adopted occasioning investor apathy besides increasing likelihoods malfeasance forms affecting integration promotion cooperation across various entities within this geographic location Political accountability is lacking since few leaders make decisions transparently while civil liberties i.e. expression assembly association remain curtailed stifling participative democracy outcomes leading way democratic backslides. Numerous military coups characterized much of West African governance settings evidenced by several unstable regimes having come into power through coups within the past decades. Additionally, some regional issues like Boko Haram insurgency posing a significant security threat undermining stability affecting neighboring states contributing to refugee displacement spiking xenophobia towards migrants e.g., Burkina Faso facing an influx of Ivorian refugees from next door Ivory Coast which in turn increases national insecurity levels threatening socio-economic development gains made over extended durations. In summary West Africa experiences political instability and conflicts that undermine social cohesion hampering economic growth besides limiting integration cooperation between different regions characterized by lack transparency accountability occasioning democratic backslides indicative of low trust profiles among citizenry.

Infrastructure: 1/5

West Africa has inadequate infrastructure with poor road conditions limited electricity access intermittent internet connectivity alongside scarce water supply systems impacting productivity transportation costs thereby hindering sustainable developmental initiatives implemented.

Some cities have airports and highways but require substantial investment for maintenance & improvement even as rural areas suffer significantly more accessibility shortages logistics-wise requiring further investments aimed at upgrading technological infrastructures promoting business competitiveness generating higher incomes boosting overall prosperity; Investments are required outside urban centers to create job opportunities enabling broader-based economic growth trends rather than concentrated mainly near central hubs ignoring most people's needs within this vast geographical location.

Human capital: 1/5

The people in West Africa possess average levels of knowledge literacy attendance implying progress has been achieved concerning education health-care services available compared other African regions despite challenges faced daily girl-child discrimination remains rife poverty rates high gender equality fundamental rights still lagging behind expectations amongst many countries lacking adequate policies safeguard against these problems adequately. In contrast, while there is a median level of tertiary enrolment ratio evident across many nations improved primary educational quality continues closing disparities although not yet sufficiently provided professional skills training necessary driving forward economies transforming them into innovative settings where societies become globally competitive innovating meeting contemporary demands resonant to citizens' aspirations alike. West Africans face several critical health crises such as Ebola COVID-19 pandemics hence vulnerable groups need attention especially since providing adequate care crucial containing outbreaks ensuring minimal economic fallouts considering low social protection safety net coverage; most citizens lack healthcare insurance packages hence reliant mostly upon public institutions exacerbating access challenges. In summary, West Africa has made progress in providing education and healthcare services to its citizens, but there are still significant challenges such as girl-child discrimination, poverty rates, and gender inequality. Tertiary enrollment ratios are median with technical training required for sectors needing advanced skills while health crises remain critical concerns requiring improved coverage by public institutions sustained financing.

Access to finance: 1/5

Access to finance in West Africa is limited with minimal banking infrastructure present outside urban centers; digital financial services penetration low hence reducing the ability of many people & businesses accessing affordable credit facilities limiting their activities' potential growth even though informal economies exist primarily contributing towards livelihoods

support within communities lacking appropriate policies safeguarding against exploitation or unfair labor practices perpetuated upon vulnerable groups e.g. women borrowed funds that incur high-interest obligations overextended durations undermining socio-economic development prospects significantly stifling economic productivity particularly affecting Small Medium Enterprises (SME's) which play substantial roles generating employment through entrepreneurial ventures. Investments must create enabling environments promoting greater access particularly incentivizing private sector involvement supporting microfinance initiatives including those directed towards encouraging SME's participation strengthening regulatory oversight intensified alongside capacity building efforts among financial service providers should take place aimed at fostering network expansion attracting wider customer bases extending outreach targeting unbanked youth women migrants otherwise unable get formal assistance cutting off avenues equal income generation opportunities capable alleviating some systemic issues experienced daily by populations throughout this region. In summary Access-to-finance levels throughout West African countries remains limited due inadequate policies-focused interventions stalling inclusion processes seeking improve accessibility promote sustainable economic transformation activating developmental trends accelerated overall prosperity levels boosting human welfare expected these actions require coordinated responses from stakeholders across various entities responsible governing regional affairs buoyed sustained investments ameliorative infrastructural projects inclusive frameworks conducive entrepreneurship bolstering social safety nets thereby lifting up less privileged members societies alike beyond status quo ante.

Central Africa

Economy: 1/5

Central Africa has a struggling economy with low GDP per capita, slow economic growth rate and limited FDI inflows. Most of the countries in the region rely heavily on natural resources such as oil, gas and minerals but suffer due to frequent commodity price fluctuations that severely affect their economies leading towards unstable budget planning resulting from inadequate diversification measures from resource dependency inhibiting progress. The World Bank data shows how underdeveloped many Central African states are compared globally, which poses significant challenges to sustainable development prospects within this geography. These problematic factors combined with political instability e.g., ongoing violent conflicts or coups d'état impede investor confidence therefore limiting further capital injections needed for

comprehensive socio-economic improvement. Furthermore, high levels of poverty especially among rural populations decreases consumption demand thus slowing down private sector-led growth; unemployment rates remain persistently high thereby worsening already existing inequalities throughout society. Limited financial inclusion alongside weak governance institutions hampers business operations reducing opportunities investment outlook in these nations creating additional obstacles requiring urgent attention if long-term plans aimed at improving overall developmental indices required.

Political stability: 1/5

Central Africa is known for its political instability caused by armed civil wars since independence periods disrupting any agreements signed hampering trust making it tricky implementing meaningful reforms promoting inclusive participation processes compromising livelihoods & welfare status locals face daily. Governments often lack accountability mechanisms exacerbating fraud while weakening public service delivery capacity leading toward growing dissatisfaction amongst population groups involved. The Freedom House annual report (2021) categorizes many central African countries as "not free," indicating limitations on civil liberties like freedom of expression assembly association deterring citizen engagement actively participating elected democratic decision-making initiatives undertaken. Furthermore, UNOCHA reports indicate upwards nine million individuals affected across CAR Chad Cameroon Congo DRC needing humanitarian aid support illustrating increasing concern related state fragility affecting lives people negatively.

Infrastructure: 1/5

Central Africa has poor infrastructure despite being rich in natural resources such as minerals and forestry. Road networks remain inadequate limiting accessibility to remote areas, while unreliable power supply predates regional instability due to intergovernmental tensions affecting electricity imports/export which leads towards possible blackouts regularly; connectivity is low & expensive hence hindering opportunities digitalization - preventing business diversification prospects particularly for rural populations who may not have access broadband signals reliable allowing them partake economically within the global markets of today. Poor infrastructural capabilities limit cross-border trade further reducing potential growth pathways impeding development initiatives aimed at achieving inclusive economic paradigms needed to overcome poverty unemployment challenges throughout Central Africa

region making progress slow non-sustainable advancing agenda overall most times requiring new ways thinking innovatively tackling issues involved.

Human capital: 1/5

Central African countries face significant human capital limitations including insufficient education, healthcare levels coupled with high maternal mortality rates e.g., Chad's Human Development Index (HDI) stands below average as compared globally reflecting limited resource availability plus educational attainment ratios amongst population groups lagging behind world averages by more than ten percent (10%). Healthcare services frequently suffer from underfunding leading toward inadequate facilities personnel hampering delivery quality care addressing health-related concerns thereby increasing vulnerability communicable diseases outbreaks among these communities. Additionally, accessing proper schooling can be an issue especially in rural regions where lack financially viable transportation alternatives pose additional obstacles towards enrolling students into schools resulting many remaining uneducated illiterates creating huge developmental capacities gaps affecting long term outcomes. Skilled labor force shortages exist mainly due brain drain syndrome whereby those educated leave seeking greener pastures abroad adding extra enforcement burden governments local organizations already struggling cope demands society presents implementing comprehensive sustainable policies improving living standards everyone concerned.

Access to finance: 1 /5

Access to finance remains a critical challenge facing Central African countries. Financial inclusion is very low across the region, with limited access to financial services hampering economic growth opportunities. Most of the population (80%) lack bank accounts pushing them towards informal credit markets borrowing at steep rates and limiting the availability of capital for small businesses which negatively impacts development trajectory. Lack of regulatory frameworks, weak governance institutions as well as enforcement mechanisms further limit investor confidence in financial services markets leading to limited access to credit and investments creating a cycle where few succeed while many remain trapped cyclic poverty. Consequently, foreign investors are cautious about investing within Central Africa due perceived instability risks incurred when dealing with regulated banking sectors thereby making it hard acquiring comprehensive long-term plans needed sustainable developmental outcomes.

In summary, Central Africa has significant economic challenges such as heavy resource dependency & frequent commodity price fluctuations coupled with political instability

undermining investor confidence requiring innovative solutions aiming at stimulating real inclusive growth opportunities beyond traditional resources-based means required tackling socio-economic problems at hand. Poor infrastructure hinders cross-border trade linkages impeding potential progress towards more prosperous futures widespread throughout this region alongside inadequate Human Capital Development levels illustrated through much lower HDI ranking falling below world averages reveals how urgent addressing these issues critical providing equal educational healthcare opportunities everyone is essential part creating realistic possibilities achieving sustained improvements in living standards across all social strata. Ultimately increased financial inclusion coupled better regulatory structures strengthening governance institution building remains crucial unlocking investment potential present uplifting millions+ out cyclical-poor impoverishment cycles they currently experience today.

Southern Africa

Economy: 3/5

The economy in Southern Africa is fair and some of its countries like South Africa and Botswana are more advanced than others. What's more to be told, the income per person in the area is not as high as North America or Europe but still higher compared to other African regions below Sahara. Different industries such as mining, farming, tourism and manufacturing contribute to the diversified economy of Southern Africa. However, the COVID-19 pandemic had a significant impact on the region's economic growth due to disruptions in global supply chains and reduced demand for commodities leading to job losses affecting many individuals negatively particularly informal workers who lack social protection measures therefore increasing poverty rates exacerbating inequality levels further evident through UNDP's Human Development Report which highlights that most southern African states have significantly poorer human development indicators when compared globally revealing limited resources availability contributing towards developmental outcomes disparities existing within region alongside high-income inequalities between rich & poor experienced locally.

Political stability: 3/5

Southern Africa experiences political instability issues characterized by democratic setbacks amid recurrent electoral malpractices; regional tensions e.g., Mozambique-Zimbabwe land disputes plus insurgencies such as Boko Haram insurgency destabilizing local communities disrupting socio-economic activities hampering progress across affected regions simultaneously spilling over into neighboring areas creating wider problems throughout SADC

(Southern African Development Community) region. Freedom House (2021) classified several southern African nations "partly free," implying limitations regarding freedom of expression association assembly essential practices for public accountability purposes underpinning governance quality building trust between governments citizens alike entities while violating human rights also widespread occurrence putting vulnerable groups at risk often women children youth minorities etc. included therein impeding inclusive policy making processes stunting overall sustainable-development goals attainment prospects.

Infrastructure: 2/5

Overall infrastructure varies widely among Southern Africans' urban versus rural settings though noteworthy improvements have been made recently aided partly by Chinese investment reportedly worth billions of dollars improving roads connectivity access energy broadband illiteracy divide alleviation according to sources such as World Bank & African Development Bank. In some cases, lack of proper maintenance coupled with natural calamities impairs infrastructure services delivery leading service gaps affecting citizens negatively thereby hindering economic growth within the region overall. Access to water supply remains a challenge faced by many rural areas' inhabitants in southern Africa countries despite progress being made towards improving access though still more work is needed.

Human capital: 2/5

Southern Africans have mixed levels concerning education and health care facility accessibility; however, issues persist regarding quality inclusiveness, particularly for marginalized groups needing special attention. For instance, South-Africa has better-developed educational facilities compared to other Southern African states although significant challenges remain regarding literacy rates teacher training disease outbreaks (e.g., HIV/AIDS) reducing productivity amongst affected workforce demographics compromising development prospects further worsened mostly by inadequate healthcare availability impacting well-being. Likewise, gender equality shortfalls contribute towards constraining human capital necessary sustainable socio-economic progress limiting people's potentials achievement whilst exacerbating inequalities that undermine inclusive development initiatives implementation capacity.

Access to finance: 3/5

Southern Africa's financial sector is relatively developed than in other regions on the continent offering adequate banking coverage reasonably satisfactory mobile money penetration plus

moderate credit availability making it easier for small businesses and individuals applying for loans or investment structures aimed at spurring growth potentiality thus increasing employment opportunities therein aiding poverty reduction efforts yet large sections of populations are excluded from accessing these due impediments like collateral equity ratios etc. meaning support needs expanding into those who need assistance most e.g. informal workers lacking social protection measures locally prevalent throughout Southern African Countries putting them economically vulnerable hence perpetuating inequality-income disparities adversely hampering developmental outcomes also undermining broad-based gains attainment across all population strata characterized among the poorest supporting emerging trends adverse effects arising along income distribution networks if left unaddressed which could threaten stability in respective economies concerned if ignored.