Creating Wealth through Fashionomics

Diversifying African economies and furthering regional integration are essential parts of the African Development Bank’s (AfDB) ambition. The textile and clothing sector is a case point: it is labour-intensive and offers employment opportunities, particularly for youth and women. It provides an opportunity to generate more skilled and unskilled jobs and offers tremendous scope for African countries to participate in regional and global integration.

The fashion industry globally is expected to double in the next 10 years, generating up to US$ 5 trillion annually. The combined apparel and footwear market in sub-Saharan Africa is estimated to be worth US$ 31 billion, according to data from Euromonitor International. This presents a vast opportunity for Africa at various levels of the value chain, from design to production to marketing.

Fashionomics Africa: Moving the continent up the textile and clothing value chain

Fashionomics Africa aims to support the growth of the African textile and fashion sectors through a focus on building the capacities of micro, small and medium-sized enterprises (MSMEs) in the textile and clothing sector, especially for women and youth. This year, it will be presented at the 2017 annual general meetings in India through the Creating Wealth through Fashionomics event to discuss ways to strengthen Africa’s textile and fashion industry value chains. With Fashionomics Africa, the AfDB assumes leadership in promoting investments in the textile and fashion sector, increasing access to finance for entrepreneurs and incubating and accelerating start-ups. How will this be done?

Attracting foreign direct investments (FDIs) through institutional reforms and building productive capacities in local firms is a first step as it would stimulate local entrepreneurship and facilitate skills building.

Improving physical and bureaucratic infrastructure at national and regional levels is a next crucial step for Africa to reach and maintain competitiveness. Challenges ranging from weak supply chains, energy shortages and high energy costs to high transport, logistics and custom facilities costs, a lack of international partners and substandard infrastructure need to be addressed promptly to support Africa’s ambitions to industrialise.

Promoting regional integration through the right policies aimed at supporting private-sector development at national and regional levels is an essential third step, which would help reduce lead times and costs.

Promoting the use of information and communications technologies (ICTs) as drivers of development is a necessary fourth step.

Investing in Madagascar

The Bank has invested US$10 million to support the textile industry through the Investing Promotion Support Project (PAPI). The project includes a US$ 2 million Textile Sector Promotion Support Fund (FAPST), which will provide technical assistance and support to 50 MSMEs (40% led by women) by 2018, helping them to build organisational capacity and improve basic processes and technologies.

In Kenya, 80% of land is suitable for cotton cultivation, yet most of the textiles currently used in Africa are imported.

In March 2015, the Bank approved an additional US$ 45 million for the Investing in the Creative Industries for Export Promotion (ICIEP) project, which aims to boost the industry and the overall economy, moving Africa up the textile value chain.

Africa should be exporting finished textile products, such as clothes, suits, dresses, shirts; not cotton lint.”

Dr. Akinwumi Adesina.
President, African Development Bank
The textile and clothing sector and the Bank’s High-Five agenda

**Power Africa**: Agribusiness (e.g. cotton) and textile facilities can be powered by renewable energy.

**Feed Africa**: Sustainable farming practices, such as organic farming, cover a broad farm base that particularly favours women farmers, who are typically marginalised, helping them better feed their families and communities.

**Industrialise Africa**: The textile and fashion industry allows for the transformation of raw materials instead of just exporting them.

**Integrate Africa**: The textile and fashion industry needs reliable, high-quality supply chains to grow into viable economic sectors.

**Improve the quality of life for African people**: Building the industry requires investments in people’s skills and qualifications.

Over the next 10 years, the Bank will support the creation of 35 special economic zones and facilitate cumulative investments of US$ 56 billion through industrialisation programmes.

**Fashionomics Africa Online Platform: ICTs as a driver of development**

In addition to using its traditional public and private sector financing instruments to support the growth of the textile and fashion industry, the Bank is developing the innovative and technology-driven Fashionomics Africa platform, an online interactive marketplace for MSMEs and relevant stakeholders in the textile and fashion sectors in Africa. The goal is to enable young African textile and fashion entrepreneurs (both women and men) to create and grow their businesses.

The specific objectives are four-fold:

1. **Increase access to markets** through e-commerce capabilities (wholesale and retail features)
2. **Increase access to finance** by connecting entrepreneurs with established investors and financiers
3. **Develop skills and qualifications** through tutorials and provide business acumen on how to prepare business plans, branding, marketing, etc.
4. **Provide mentorship and networking opportunities.**

The scope is to connect and strengthen each link along the value chain, from producers and suppliers of primary materials to manufacturers and distributors, creating linkages to investors and end-customers.

The Bank will also forge strategic partnerships with logistics partners to reduce transportation costs for the platform’s users. Supporting the development of the textile and fashion industry requires all of these instruments and, more importantly, it requires the mobilisation of partners, governments and the private sector.

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