

# Building an inclusive, transparent digital African economy

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Doing business in Africa is still a double-edged sword; despite the steady economic growth, there is still the inability to leverage this growth into sustainable development policies and plans.



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The continent is crippled by corruption. While blockchain might not be a one-size-fits-all solution, it does provide foundational technology that promotes trust, transparency and stability.

## Jumping on the bandwagon

Blockchain technology is currently disrupting every industry sector and reshaping the future of our economy. Purely because the principles of the blockchain economy include:

- Network integrity
- Distributed power
- Value incentive
- Security
- Privacy
- Preservation of rights
- Global inclusion

All of these factors are making it easier for African countries to jump in and embrace the promises of this technology by allowing them to:

- Reinvent their financial services and democratise the way banking and investing is currently done. This will allow more people to participate in the ecosystem;
- Stimulate the economy by allowing more money to flood into projects that require investment, and allowing anyone to invest;
- Create new business models based on the blockchain technology that would disrupt existing traditional or modern business models;
- Solve the prosperity paradox for economic inclusion, business and entrepreneurship; and

- Rebuild governance and strengthen democracy.

## **Blockchain basics**

There are three different types of blockchain - public, private and hybrid. Computers (also commonly known as nodes) connected to a blockchain network are there to validate the information transmitted over the said network before it can be permanently recorded as the true version of the information that has been submitted.

Once it has been written in the ledger, it becomes immutable and can never be reversed. This introduces a new notion of self-governance by eliminating the need for third party interaction, and therefore reduces the risk of corruption. There are pros and cons but this isn't reason enough not to enthuse about blockchain technology.

Even though the world has bought into the idea of blockchain and is implementing it wherever it makes sense, education still needs to be instilled because not every business model requires blockchain technology.

## **Is blockchain technology the future?**

People want to be part of a great project with a global and social impact that has the potential for multiple returns to the initial investment. This is why more people are enticed by blockchain-related projects as opposed to keeping money stuck in the bank, where it yields no significant interest.

However, the crypto world is a lot trickier than that. One of the biggest drawbacks of cryptocurrency is that if you lose access, chances are you may lose it forever. But new business models are being developed to ensure that users are protected fully from end to end, it all depends on the solution you're seeking to implement.

## **Governance**

For Africa to fight against corruption it will need it to embrace technology that can improve and change the way many of the political leaders perceive using systems. And for it to succeed there needs to be governance within corporate entities and or government bodies.

A complex solution because, in the case of corporates, they would allow have to their internal processes to be stored on a ledger they can trust, thus enforcing rules and opening up to the world transparency and traceability. Governments would need to follow the same approach, in addition to enforcing regulations on what exactly these technologies should be used for, especially because currently in South Africa and many other parts of the world, digital currencies are not accepted as legal tender.

## **ABOUT THE AUTHOR**

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