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THE  
**AFRICA**  
REGIONAL  
**HEMP &**  
**CANNABIS**  
REPORT

2019 INDUSTRY OUTLOOK  
EXECUTIVE SUMMARY

# EXECUTIVE SUMMARY

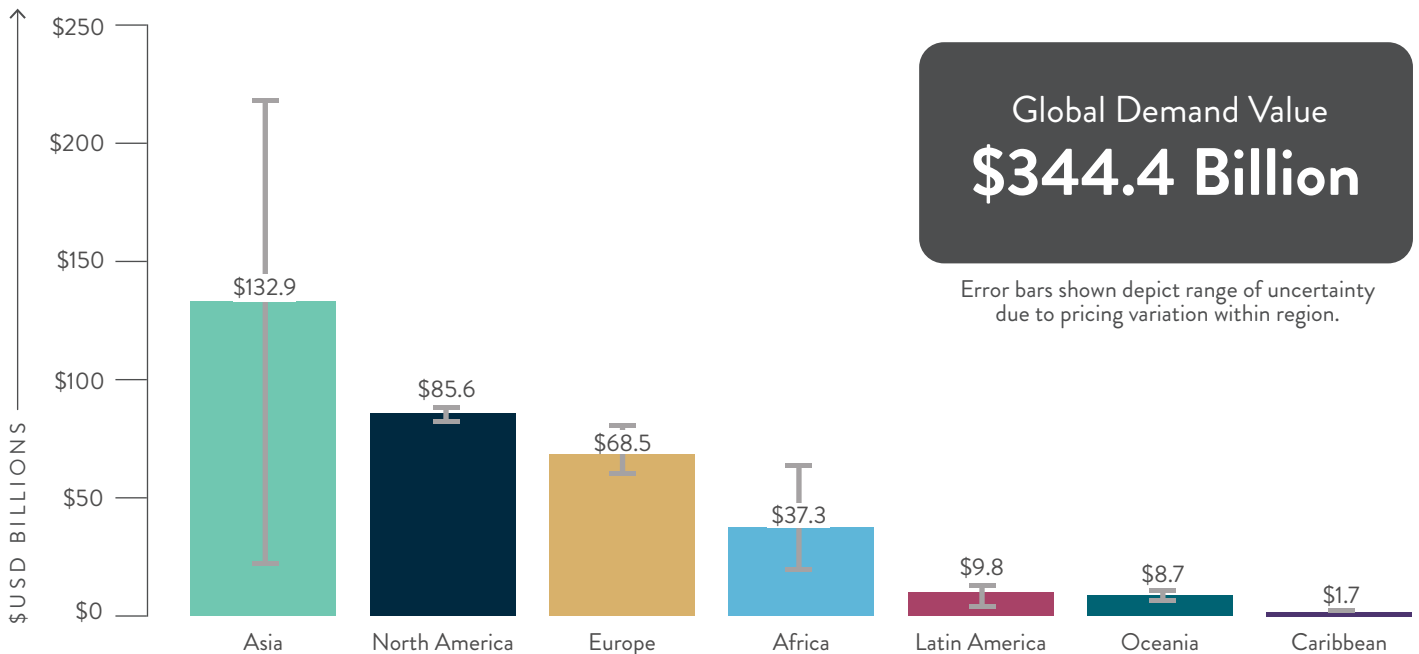
**The last two years** have seen a flurry of cannabis-related activity in Africa, including substantial foreign investment in Lesotho following the country's regulation of medical cannabis in 2017, and the functional legalization of adult use in South Africa through the courts in 2018. In addition to those legal developments, several African countries have seen the establishment of businesses—often by or in partnership with foreign operators—which have not sought or received approval by governments to establish cannabis businesses on the continent, often angering local residents and governments.

Global interest and the pace of change will continue to accelerate, but policymakers in Africa still have choices to consider about whether to legalize cannabis, and how to design and implement regulations. However, governments must prepare now to effectively shape the medical cannabis and industrial hemp industries that they want in the future.

The emergence of legal cannabis in Africa is occurring alongside several other transformative changes on the continent. Africa's population is expected to double by 2050, to more than 2.5 billion people. Infrastructure investment is soaring, with China alone investing USD \$40 billion in infrastructure and other developments in 2017 as part of its Belt and Road Initiative. The sub-Saharan construction industry is forecasted to reach \$12.9 trillion USD by 2022, with much of the construction centered in East Africa.



## TOTAL ESTIMATED VALUE OF CANNABIS DEMAND BY REGION (ESTIMATE IN \$USD BILLIONS)



Source: New Frontier Data



The continent's growth presents opportunities for both medical cannabis and industrial hemp. The plant and the industries surrounding it can support several of the UN's Sustainable Development Goals (SDGs), including those that are highest priority for African citizens, and some of the low-tech, low-cost, accessible applications of industrial hemp can be quickly activated to support the health and growth of Africa in the coming decades.

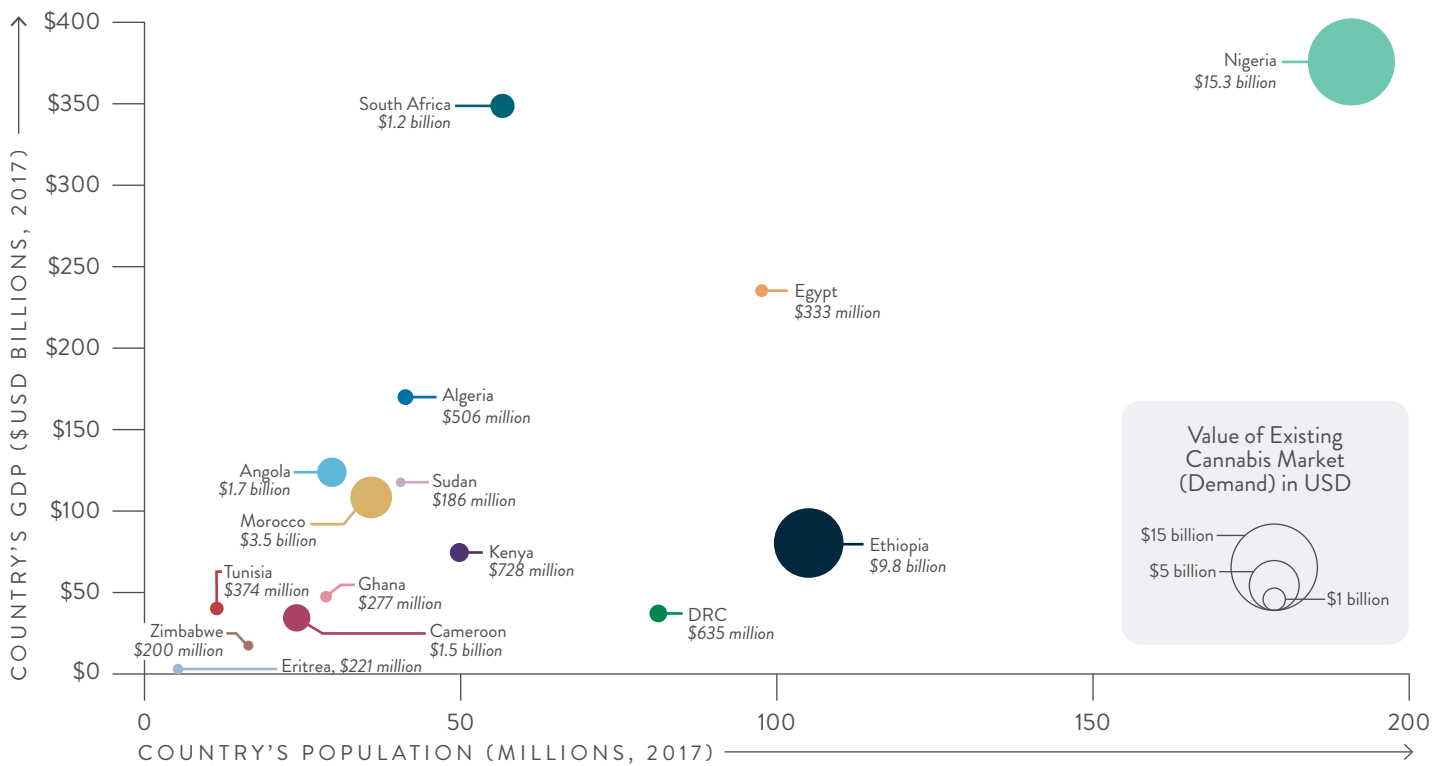
This report is based on engagement with stakeholders on the ground, and intended for African policymakers, government officials, entrepreneurs, foreign investors, and casual observers

interested in the medical cannabis and industrial hemp markets for their potential benefits in Africa.

New Frontier Data estimates that the global market value of combined legal and illicit cannabis markets was \$344.4 billion USD in 2018. Africa accounts for 11% of the world's market value, at \$37.3 billion.

Africa's most sizeable cannabis markets are those with the largest populations: Nigeria (\$15.3 billion), and Ethiopia (\$9.8 billion), followed by Morocco (\$3.5 billion), a noted source of hash for most of Europe.

## **i** AFRICA'S 15 LARGEST CANNABIS MARKETS

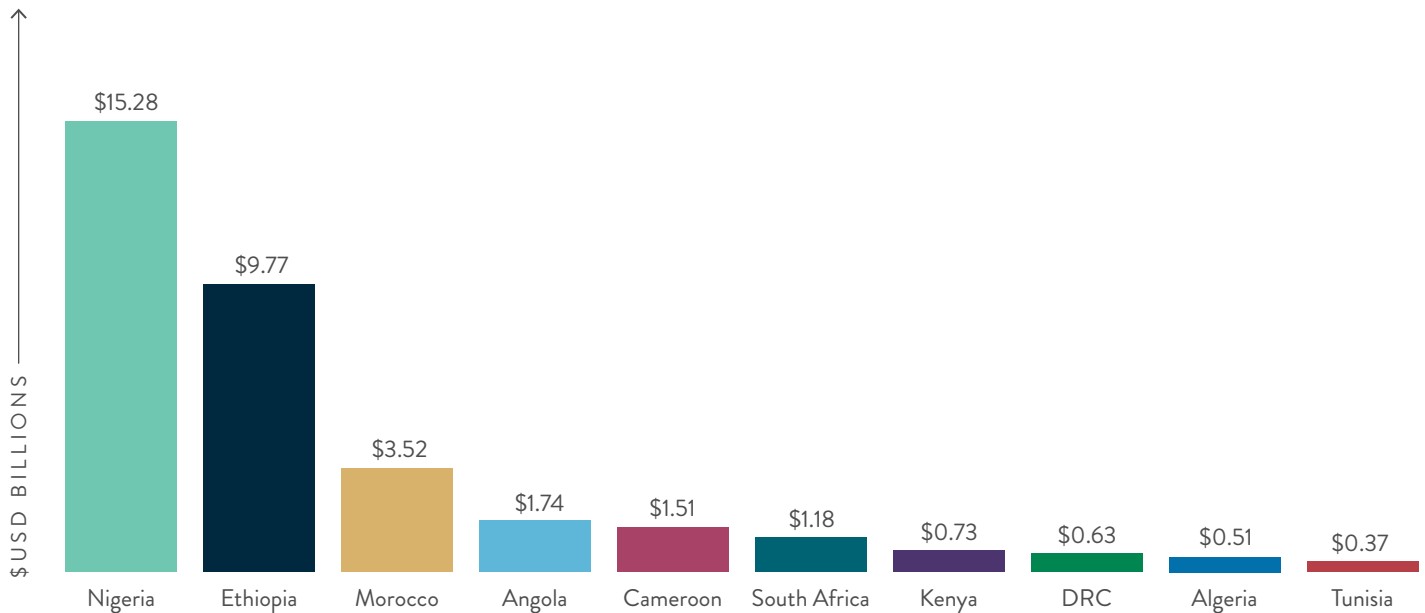


Source: New Frontier Data





## AFRICAN CANNABIS MARKET VALUE ESTIMATES (\$USD BILLIONS)



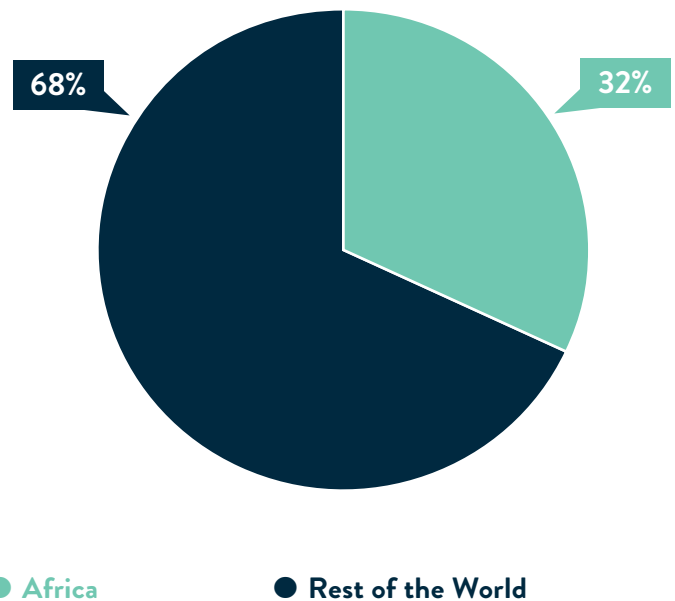
Source: New Frontier Data

Cannabis has been used in Africa for centuries for medical, ritualistic, and social purposes, and its use remains common. The average annual cannabis use rate in Africa is 11.4% — nearly double the global average rate of 6%, with use in some markets running even higher, as in Nigeria, where prevalence of annual use is 19% among adults. These high use rates translate to tens of millions of consumers; about 1/3 (83 million) of the world’s 263 million cannabis consumers are African.

In recent years, a few Southern African countries have begun reforming drug laws and establishing regulated cannabis industries. The first countries to do so were motivated by the economic opportunities which cannabis presented. Lesotho was the first African country to establish a legal market; the government began granting medical cannabis cultivation licenses in 2017 and issued regulations the following year. Zimbabwe followed



OF 263 MILLION ANNUAL CONSUMERS GLOBALLY, 83 MILLION LIVE IN AFRICA












Source: New Frontier Data



suit, legalizing cannabis for medical and research purposes in April 2018. Then, in September 2018, South Africa's Constitutional Court ruled that personal, private cultivation and use of cannabis was protected under the right to privacy guaranteed by its constitution. The nation's laws are currently being revised to account for the court's ruling. The country's first medical cultivation license was issued in early April 2019.

The report begins with an introduction to cannabis—the plant, the global industry, and current demand in African markets. Next, potential benefits as well as risks and challenges to establishing legal, regulated cannabis markets are discussed. Then, crucial questions are posed to policymakers in Africa as they consider establishing medical cannabis and/or industrial hemp industries. The report concludes with brief summaries of 13 key African nations (Lesotho, Zimbabwe, South Africa, eSwatini, Malawi, Rwanda, Uganda, Ethiopia, Nigeria, Ghana, Liberia, Morocco, and Kenya) presenting their existing cannabis activities and the potential impact of regulated medical cannabis and/or industrial hemp programs.

## KEY TAKEAWAYS FROM THIS REPORT:

-  Medical cannabis offers low-cost, effective treatment for many widespread diseases and their symptoms.
-  Hemp seed has the potential to address undernourishment as a supplemental food rich in protein and essential minerals.
-  Well-regulated medical cannabis and/or industrial hemp industries have potential to stimulate economic growth and create jobs around the continent.
-  Hemp can benefit farmers by revitalizing soil and boosting yields of other plants when used as a rotational crop.
-  The thoughtful design, implementation, and continued appraisal and — when necessary — revision of regulations are keys to the success of any cannabis or hemp industry.
-  Attracting foreign investment in the industry will not be a challenge, but stakeholders must carefully consider the nature and extent of foreign participation in the industry.
-  Western stakeholders unfamiliar with Africa must be aware of the realities of operating in African markets.
-  As African economies develop, domestic consumer markets for cannabis products will grow.
-  As more and more Africans can access the internet and are exposed to global perspectives on the plant and industry, attitudes about cannabis will change.





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