

Africa LED Lighting - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Africa LED Lighting Market size is estimated at USD 4.01 billion in 2024, and is expected to reach USD 5.94 billion by 2029, growing at a CAGR of 8.17% during the forecast period (2024-2029).

The LED technology is taken over pretty much every application of lighting, as the LEDs are more reliable, robust, more power-efficient, and cleaner sources of light compared to the other conventional sources like Compact Fluorescent Lamps (CFLs) and incandescent lights.

Key Highlights

-Light Emitting Diode, or LED, is the electronic component comprising a semiconductor chip, emitting light as current passes through it. The transition of electrons among the energy bands results in a release of energy in the form of light. An array of small LEDs on a chipset or a vertical array is used as a light source, sold commercially in different forms, including lamps, batons, bulbs, strips, etc. LEDs are environment-friendly compared to other light alternatives and are gaining popularity worldwide, including in Africa.

-Since other light sources come with harmful heating effects and greenhouse gases, LEDs are promoted internationally to tackle the detrimental impact of different lighting options. The use of LED helps address the power shortage and the carbon footprints directly and indirectly. Hence, governments in the African region are also promoting the use and sales of LEDs. For instance, according to africa.com, in May 2021, an amendment has proposed the representatives from Africa to the Minamata Convention on Mercury. The restraint from the special exemptions for mercury in lighting would pave the way for LED for mass adoption, relieving the power grids through energy-saving across the regions.

-However, the penetration of electricity remains a major hurdle, affecting the demand for LED lighting. Government and private organizations are looking forward to expanding the reach of electricity through off-grid power alternatives and boosting

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conventional and renewable energy generation projects. For instance, according to the African Development Bank Group, in February 2022, South African Redstone concentrated solar power (CSP) project achieved its first debt drawdown on one of the major renewable energy investments in South Africa. The African Development Bank acted as the Mandated Lead Arranger (MLA) and Coordinating Bank for the ZAR 11.6 billion total investment, committing ZAR 2.306 billion to the transaction.

-The economic decisions after the COVID-19 pandemic have affected African countries' general economic and trade activities. Importing items from Chinese counterparts and other countries has challenged the local manufacturers. However, new local entrants in the market, along with decent investments for LED lighting manufacturers, will continue the growth of the sector in the region.

Africa LED Lighting Market Trends

Government Initiatives and Growing Infrastructure Driving the Market

- The governments are constantly taking measures toward eliminating harmful light sources like Mercury, which is used widely in the region. When disposed of in the environment, Mercury might produce toxic vapors that may be fatal as they enter the food chain with time. For instance, to tackle this, the governments came up with the Clean Lighting Coalition, a team of technical experts, advocates, and industry stakeholders aiming to eliminate the exemptions for Mercury in lighting products under the Minamata Convention. Such measures pave the way for LED lighting solutions to reach the masses.
- The health care infrastructure in Africa needs to be developed at a high rate, which was majorly highlighted during the pandemic. According to afdb.org, despite 15% of the world population residing in Africa, African citizens account for 50% of the global deaths from communicable diseases. Organizations like the African Development Bank Group are forming strategies like Strategy for Quality Health Infrastructure in Africa, coordinating with the region's governments for upscaling the healthcare infrastructure. Such developments will create enormous demands for lighting solutions to manage the energy better and contribute to overall growth.
- According to the world bank, the growth of the economy estimated GDP in Western and Central Africa will be at 3.6% in 2022. The subregion is also expected to project a growth rate of 5.3% in 2022, compared to the 4.5% in 2021. Despite the COVID impact, the regions will display significant economic growth, attracting better industrial and urban infrastructure development. This would create the need for efficient and cleaner lighting solutions, paving the way for LED lighting. The promising growth would attract investors to establish and expand the LED lighting manufacturing facilities.
- Load shedding is a common hurdle in different parts of the African continent. The issue hampers the growth of most African industries, including LED demand and manufacturing. Several government initiatives are trying to promote energy-efficient appliances like LED. For instance, according to engineeringnews.co.za, South Africa is observing the Department of Mineral Resources and Energy (DMRE) and the South African National Energy Development Institute (SANEDI) developing minimum energy performance standards (MEPS) for streetlights. The MEPS is expected to boost efficiency and increase the adoption of high-quality lighting products for the regulators to ensure that the products meet certain criteria related to energy performance.
- Many organizations are working closely with the government and other private groups to expand the electrical grid across several untouched African regions. According to Power Africa, two out of three humans lack electricity in sub-Saharan Africa. Power Africa and USAID contribute to providing a grant of USD 2.8 million for delivering reliable and renewable health electricity to more than 220 health facilities, benefitting more than two million people in nine countries. Such measures of active electrification, with people's and private sectors' focus on energy efficiency, make LED lighting solutions indispensable in Africa's coming times, promising high growth.

Demand for Industrial LED Products Drive the Market

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- The African region is bound to witness an industrial revolution like the 1980s in the coming years. The region will welcome new facilities and manufacturing units for businesses of different sizes belonging to various sectors. This would generate enormous demand for extensive installation of LEDs since LEDs mark a viable, economical, and energy-efficient light source for preference in a large-scale installation.
- The income levels and employment have increased, the critical indicators of increasing industrialization in Sub-Saharan Africa (SSA). The size of the workforce has expanded in the recent decades, with the new firms driving the job creation, accelerated by low wages. Although the scope for job growth at low wages has declined, the increasing industrialization is not hidden, paving the way for lighting solutions to get a significant push.
- An increasing number of businesses and companies are looking forward to becoming a part of the Global Value Chain (GVCs) by promoting in-house manufacturing and exporting products and services. The companies are exploring the role of policies in entering the supply chains. Many companies have canceled the orders and contracts with external sources to promote local trade. For instance, Ghana canceled the agreement signed with the Beijing Everyway Traffic and Lighting Techn company. The company had undertaken a project to develop an intelligent traffic management system for the country. Such projects not only strengthen the local economy but also create employment and opportunities for lighting solutions like LED.
- Countries welcome LED manufacturing projects, as most industrial applications demand energy-saving, efficient lighting alternatives. For instance, according to africanminingmarket.com, in May 2022, Liebherr-Africa opted for BEKA Schreder's Ecobay LED solutions to light up their crane facility in Springs near Johannesburg. The Ecobay LED units are designed and manufactured in South Africa. Such installations offer a mutual benefit of sales and power efficiency, leading the region in a constructive direction.

Africa LED Lighting Industry Overview

The Africa LED lighting market is moderate to highly fragmented. The affordable essential manufacturing equipment contributes to low setup costs, enabling new local entrants to enter the market space and provide the products locally. This affects the overall sales of the more prominent brands operating at the national or international level. The government programs for supporting sustainable energy and constant electrification are attracting more and more investors in the region, generating more employment and contributing to the economy.

- October 2021 - Oppl designed a street lamp solution to improve the quality of urban traffic flow and lighting. The company lights up the "landmark project" of Ubungu Interchange, which marked Tanzania's first government-led interchange project. It helped Oppl deploy its outdoor lighting solutions in response to the Belt and Road initiative.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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