

African Union

- **Africa:** To push Africa's growth, it is necessary to stimulate entrepreneurship and push forward ambitious industrialisation strategies. This will require strong and committed political leadership and an engaged private sector.

African governments must urgently recognise the potential of Africa's entrepreneurs and implement policies to promote entrepreneurship. They should continue their adoption of digital technologies that can enhance the provision of public services. Intra-African trade and industrialisation need to be a central tenet of Africa's economic policy agenda. FDI from large international businesses can serve to disseminate a series of skills and competencies, but if industrialisation is going to benefit all Africans, then the standing of small firms and the informal sector must be improved. While 80% of Africans see entrepreneurship as a viable career opportunity, a high number of nascent business owners operate in industries with low productivity. Increasing the competitiveness of smaller companies that have low levels of formal training is vital to the success of industrialisation strategies. Close to 50% of African countries have wide-ranging industrialisation plans, but they usually fail to represent the needs of companies with high growth targets. Capacity to implement policies is also weak. Far-sighted and committed political leaders, alongside an engaged private sector, are required to push forward the ambitious industrialisation strategies. For more information, read [here](#).

- **CAS View:** Entrepreneurs in Africa hold the key to progress and growth. This has never been disputed. We have seen countries such as Tanzania, Ethiopia, Rwanda, etc. doing their utmost to stimulate entrepreneurship amongst especially women and the youth. However, much more needs to be done to support entrepreneurs and SMEs. This will support job creation. More needs to be done in the field of education and capacity-building as well. The private sector seems to hold the key to economic development in Africa in general. Government needs to ensure that the requisite business-enabling policy frameworks are in place to make it worth the while of the private sector to support industrialisation in Africa. Public-private partnerships will increasingly become important to Africa. For sustainable success, transparency and good governance will also be very important.
- **Africa:** Renewable energy is providing a cheaper, easier to develop and faster alternative to the traditional energy development regime.

New disruptive technologies are changing the way energy generation and distribution is understood and funded in Africa. African policy makers, governments, banks, investors and global funders need to take stock of these changes and re-look at how energy is conceived and managed in Africa. New technologies are set to expand access to energy beyond Africa's urban centres to include Africa's extensive rural population in meaningful economic participation, sustaining the African growth narrative for generations to come. Small, easy-to-install, home solar, for instance, is making energy affordable to rural populations, and challenging banks to come up with less costly funding solutions. Home technologies delivering and storing affordable and privately owned off-grid solutions, also have the potential to take energy generation and supply off government balance sheets. The future will see smaller, localised, and even privately-owned off-grid generation, storage, distribution and sale of energy. Making renewables part of a diversified energy mix also provides utilities a way of continuing to attract funding. The generation and distribution of energy in Africa will become less costly. Also, if supported by the right government policy, energy generation and distribution costs can be removed from government budgets. For more information, read [here](#).

- **CAS View:** Renewable energy has become the talk of the town in Africa. Hydro, solar and wind energy have all become cheaper and more pervasive. It is especially solar that has been punted as the energy business model for Africa. Solar also can provide electricity with much smaller infrastructure, with the so-called mini-grids. Privately-owned off-grid generation is increasing, with many corporates complementing the power they get from the main grids with their own solar plants. Individuals are also tapping into solar and wind. Overall, renewable energy has become easier, cheaper and faster to provide. The best of all, it is infinitely kinder to the climate than the traditional coal-fired systems.

East Africa

- **Ethiopia:** Ethiopia has officially overtaken neighbouring Kenya as East Africa's economic giant. Tanzania is still lurking in the background.

Ethiopia has officially overtaken neighbouring Kenya as East Africa's economic giant. According to IMF figures, Ethiopia's GDP for this year was expected to hit \$78 billion from \$72 billion recorded last year. Its economic growth since 2015 has been pegged at 10.8%, which has helped put a significant gap between them and Kenya. In monetary terms, Ethiopia has opened a gap of about \$29 million over Kenya. Ethiopia's economic growth is hinged on public-led spending on infrastructure and a strong demand by locals. It has also recently become a destination of choice for particularly Chinese investors. Another factor driving the economy, is Ethiopia's large population – which is almost double that of Kenya. Ethiopia's economy since 2015 has been on an upward trajectory since the government moved to modernise its roads, railway and power plants. Even though landlocked, Ethiopia continues to make giant strides in trying to industrialize. It is now connected with Djibouti via an electric railway that was launched last October. It also recently announced huge profits in providing power to neighbouring countries, including Sudan and Djibouti. They have also signed agreements to supply Tanzania and Kenya with power as their generation capacity increases. For more information, read [here](#) and [here](#).

- **CAS View:** This has been a very interesting development in East Africa. We have all seen the strong economic growth that has been typical in Ethiopia the past number of years. That it would replace Kenya as the economic powerhouse in East Africa, has come as a bit of a surprise, although it shouldn't have. Its initiatives to industrialise and grow its manufacturing sector have been clear for all to see. In this regard, Dr Arkebe Oqubay has been the man behind the initiatives. In the manufacturing sector, Ethiopia has focused on growing its textile sector, produced engines and started assembling vehicles for Kia, to name but a few examples. It has also tapped into the use of Industrial parks, as well as Integrated Agro-Industrial Parks, to provide opportunities for foreign companies to invest in Ethiopia and make use of the numerous incentives available to them. It has not just been the manufacturing sector that has been boosted, but also tourism and the energy sector. A number for global luxury hotel groups have stated their intentions to invest in Ethiopia. On the energy front, Ethiopia has been very active in the renewable energy sector, with the intention to become the energy powerhouse of not only East Africa, but Africa as a whole. Ethiopia is also endeavouring to address the occasional political volatility by using Community Social Organisations. This is an initiative that must be actively supported. Another country that will soon be challenging both Ethiopia and Kenya, is Tanzania. President Joh Magufuli has been quite busy with a number of initiatives the past 18 months.
- **Kenya:** Mobile money is still growing in leaps and bounds, while the banks' alternative, PesaLink, seems to be a case of too little too late.

Mobile money defied the onslaught by inter-bank transfer platform PesaLink to grow the amount transacted via phones by nearly 20% in the first 4 months to April. The latest data shows that the volume of mobile payments grew 15% at the end of April compared to a similar period last year. Banks were depending on PesaLink to take a bite of the lucrative digital cash market, but experts say given the utility and ubiquity of mobile money, PesaLink is not likely to slow down mobile money growth. The scope of use of mobile money has also grown beyond peer transfers to include loan disbursements, receiving dividends, diaspora remittances, sports betting, paying for shopping and utility bills, and lately, selling of government securities. Tangaza Pesa CEO Oscar Ikinu said mobile money beats PesaLink due to accessibility of the service through agents. Kenya had 34.28 million mobile money users who transact on six major platforms— M-Pesa, MobiKash, Airtel Money, Orange Money, Tangaza, and Equitel. PesaLink has signed up 3.5 million customers. For more information, read [here](#).

- **CAS View:** Mobile money needs no more introduction. Amongst the 6 major platforms, M-Pesa is by far the most well-known and most pervasive in East Africa. Vodafone has recently parked its shareholding in Safaricom, the parent of M-Pesa, in Vodacom. We could therefore expect M-Pesa to be introduced in countries in which Vodacom has a presence. It has struggled in South Africa though, given the strong banking infrastructure in that country. Vodacom has mentioned that should it get the contract to distribute social grants country-wide, M-Pesa would have a strong chance of being successful. As for the banks' initiative in Kenya, i.e. PesaLink, as expected and commented upon in an earlier newsletter, it seems to be a case of too little too late. If anything, it seems that mobile money users are increasing at a faster rate. As mentioned in the article, the scope of mobile money usage is also broadening. This will make it more difficult for the formal banking sector players to successfully compete against the mobile money players. It has become increasingly important for the banking sector to launch initiatives to play catch-up. Should the likes of Vodacom apply for and obtain the social grant contract in South Africa, it will become an even greater threat to the banks in Africa

West Africa

- **West Africa:** Ghana and Cote d'Ivoire are collaborating to increase the price of cocoa and gain control over the pricing of the product.

Ghana has signed an accord with Cote d'Ivoire for closer collaboration in the areas of cocoa production and marketing. The Accra Agreement seeks to assist the two countries to collaboratively tackle many challenges adversely affecting their cocoa economy, especially the issue of foreign pricing of cocoa by the West and Asia. The consistent drop in cocoa prices on the world market and the continuous foreign pricing of cocoa, forced the two countries to enter into the partnership. The purpose of the meeting was to find a lasting solution to the foreign pricing of cocoa, especially considering the adverse impact the recent fall in the world cocoa price has had on the economies of the two countries. Concrete steps had to be taken to improve the welfare of cocoa farmers by ensuring that their produce is sold at better prices. The two countries contribute about 60% of the world's production of cocoa. Ghana reportedly lost about \$1 billion due to the fall in cocoa prices on the world market, while Cote d'Ivoire lost about \$4 billion. For more information, read [here](#).

- **CAS View:** Commodity prices are normally determined by global supply and demand. The OPEC countries attempt to influence the global price of oil by managing the supply of oil. While it does have an influential impact, even they struggle to be consistently successful. The current low oil price is a clear indication of the difficulty in getting this right. There are so many factors that must be managed. Whether the cocoa producing countries will be able to achieve success in this endeavour, is therefore not a clear-cut case. The fact that Ghana and Cote d'Ivoire collectively produce 60% of the world's cocoa, does strengthen their chances of success in manipulating

cocoa prices. It is a known fact that only 2% of global revenues generated by the chocolate industry returns to Africa. This shows upon the skewness of the distribution. However, Ghana and Cote d'Ivoire should not just focus on the price of the raw product. They should also attempt to diversify into other areas of the cocoa (chocolate) value chain. It is difficult to start producing chocolate in West Africa to export into the rest of world, as it is normally produced close to the market, given the need to keep the product cool. Although the middle class in Africa is growing, it is doubtful whether they will form a large enough market to warrant the production of large quantities of chocolate, in any case not in the short-term.

- **Nigeria:** Nigeria is punting for buying “Made in Nigeria.”

Nigerians must appreciate and patronise locally manufactured leather products. Given a population of over 170 million people, if each person bought locally made goods, revenue generated from the non-oil sector would triple the GDP of the economy. The leather industry generates \$700 million annually with limited support, and has the capacity to create about 700,000 direct and indirect jobs. If appropriate policies are put in place, leather production could further boost the current revenue earned from the sector. The industry has the potential of earning over \$1 billion for Nigeria by the year 2025, but the sector needs to increase its productivity. With the right policy support, the amount generated annually can be doubled if not tripled. There was a need for infrastructure development to enable more local production, rather than tolerating an over-dependence on the importation of products. Despite having the best leather, Nigeria continued to import millions of pairs of shoes from Asian markets rather than buying from its local market. The industry has faced numerous challenges over the years, such as a dearth of skilled artisans, a lack of constant electricity for production, and the sheer lack of an appropriate work ethic. For more information, read [here](#).

- **CAS View:** Nigeria, as is the case for various other commodity-producing countries in Africa, has been required to diversify its economy away from its preponderance on oil. In addition, buying local has been a rallying call, not only in Nigeria, but also in other countries. Importing products when there was a local version does not make sense, especially when your local currency was performing poorly and dollars were unavailable. Supporting local products in any case supports local job creation, provides the benefits of import substitution, and generates opportunities for export revenues as well. Africa will need to relook its approach to productivity, and also train larger numbers of skilled artisans. The latter has been a particular challenge for a number of countries in Africa. Industrialisation and growing the manufacturing sector has been widely punted as requirements for Africa to address many of the objectives of the UN's SDGs and the AU's Agenda 2063. Growing the leather industry in Nigeria will support the growth of the manufacturing sector, but will require better educated employees and the provision of consistent and cheap electricity in order to be cost-efficient.

North Africa

- **North Africa:** The construction market in North Africa is booming due to several high-value projects.

The construction market in North Africa is booming due to several high-value projects totalling approximately US\$473 billion. Egypt constitutes 71% of the total project investments in North Africa, with major projects on urban construction and utilities totalling nearly US\$300 billion. The high-value projects in North Africa indicate a healthy pipeline of fresh investments. New investment opportunities are opening up as geopolitical tensions gradually ease and governments rebuild their economies. Given the environment of low oil prices, governments are focusing more on sectors such as urban construction and utilities. An increasing population and urbanization are driving many of the construction projects in the region in areas like infrastructure, residential and commercial properties,

hospitality and healthcare. Energy is set to become more economical and used extensively in the region, adding value to the growth of North Africa's construction market. Governments' investment in tourism and hospitality is diversifying economic movement in North Africa. Tunisia is investing in areas of medical and cultural tourism and the ecosystem, thereby attracting foreign investors and private contractors to the construction market in North Africa. For more information, read [here](#).

- **CAS View:** It is clear from the article that it is not only sub-Saharan Africa that have had to relook the drivers of their economies. The normalisation of the geo-political environment, together with the trend of urbanisation, which has been observable throughout Africa, has been responsible for the uptick in the construction sector. Infrastructure, healthcare, housing, electricity, water, etc. are getting the required attention. What is good to see, is the focus on attracting tourism in various sectors (medical and cultural) in a country such as Tunisia, which was the starting point of the Arab Spring in 2011. This is a very good sign of a return to normalisation as investors are not keen to venture into risky areas, in any case not in the tourism and hospitality sectors. The growth in these sectors are therefore a good sign that North Africa is normalising. The diversification of the economies is to be lauded as well. Egypt and Morocco have consistently been mentioned as two of the best destinations for economic growth and investment returns in Africa. Hopefully the very recent turmoil amongst the GCC states involving Qatar will not destabilise the Middle East and upset the growth prospects in Egypt.

Southern Africa

- **Zambia:** Zambia is stimulating the growth of entrepreneurship in the fish industry of the country.

Government has acquired a US\$50 million loan from the AfDB to improve the fish industry in Zambia. 50% of the loan will target 12,000 women and youth fish farming entrepreneurs countrywide. Zambia shouldn't import fish when it has the potential to grow the industry. The investment in the aquaculture industry is part of Government's agenda to diversify the economy to avoid dependence on copper. Zambia has a deficit of 85,000 tons of fish, hence the need to ensure that fish entrepreneurs are adequately supported for them to contribute to national development. Zambia has vast natural water bodies that can be used to grow the fishing industry. President Lungu has also directed the ministry to ensure that Zambia becomes a major exporter of fish in the next two years. Currently, Zambia is unable to sell fish on the international market due to low productivity levels. Government is working towards increasing productivity through many initiatives. For more information, read [here](#).

- **CAS View:** Zambia is following Tanzania and Ethiopia with the stimulation of fish entrepreneurs, or fishpreneurs as I have referred to them earlier. Not only will this initiative encourage job creation, but also save on imports. How ambitious Zambia seems, is clear from the directive by the president that Zambia should become a major exporter of fish within the next two years. We should remember that Zambia is a landlocked country, as is Ethiopia. Fortunately, they have vast natural water bodies to utilise. Political will has frequently been mentioned as a requirement for economic initiatives in Africa to succeed. It seems President Lungu has enough of that. As is unfortunately too frequently the case, low productivity is a constraint in Zambia. Better education and training initiatives must be launched as a matter of urgency to address this issue.