

African Union

- **Africa:** The Africa Rising narrative is not done yet. According to E&Y, enough drive, passion and perseverance is all it takes to tap into the many opportunities in Africa, provided one does your homework.

Africa is open for business and all it takes is enough drive, passion and perseverance to tap into its growing markets. According to E&Y, by 2030 Africa is set to be a US\$3 trillion economy and the long-term outlook for the continent remains positive, as many economies continue to experience growth, some in excess of 5%. For small business owners, expanding into other African regions seems a logical 'next step' to meeting growth objectives and is an achievable goal for entrepreneurs committed enough to the task. Expanding into other African regions is not feasible for all businesses, as each economy is ultimately a different world and demands an entirely new set of rules and objectives. Entrepreneurs should consider, among other things, the language barrier, availability of local skills, potential demand for the product/service, and the competitive landscape present in the market. Also important to consider is both the region's historic economic performance together with its forecasted future performance. The mentioned challenges should not deter entrepreneurs from taking the leap, but should serve as a reminder of the amount of research that should be conducted beforehand. For more information, read: <http://bit.ly/2toDhAX>.

CAS View: Africa consists of 54 countries. Each one is unique, with its own challenges and opportunities. Even regions that seem homogeneous, such as East Africa, are quite diverse within. This article shows upon the relevance of an "Africa Rising" narrative, but also shows you must do your homework in advance. Small business owners, who cannot afford to lose their investments, but who need to tap into whatever growth opportunity they can tap into, must take heed of this advice. There are many entities available that could be of assistance in providing support for such SMEs wishing to expand into Africa. Recent IMF expectations stated that 9 out of the top 20 fastest growing economies in the world will be from Africa. This makes it imperative that you do keep an eye on investment opportunities in Africa.

- **Africa:** Orange has launched an initiative to invest in African startups. In this way it is also creating its own market.

French telecommunications operator Orange have announced the launch of an African startup investment initiative that will support innovative startups across Africa. It has earmarked \$56 million for investment, with half of it set to be invested indirectly through funds that specialize in the digital sector, in partnership with Partech Ventures and AfricInvest. The other half of the funds will go towards the creation of a new initiative, called Orange Digital Ventures Africa. This program will be mandated to invest directly in African startups within a number of industries, including logistics, e-commerce, transport, energy, fintech, and e-health businesses. Orange Digital Ventures Africa will invest specifically in startups that aim to tackle Africa's fundamental challenges, while leveraging Orange's assets throughout Africa. Startups that are selected for investment will work directly with a team from Orange that will be based in Dakar, Senegal. For more information, read: <http://bit.ly/2toK2Td>.

CAS View: Orange is investing in Africa startups, in the process creating and developing its own market. The more foreign companies support African startups, the more these entities will become job creators; the more they will grow an economy with a middle class with disposable income, the more these people will need mobile phones, airtime, and data. Mobile phones and data are no longer just about connecting with friends, sending "Whatsup" messages (text and voice), informing your friends what you have had for dinner on Facebook and watching movies, but have become tools of commerce. So, there are obviously some philanthropic drivers involved here, but Orange's actions are all about market creation and development. Doing good has become a case of being good for business. The food retailers have realised this long ago, but have a different angle. Orange is much more direct, supporting the creation of startups by investing in them and then supporting them with connectivity. It makes a lot of sense to do so.

East Africa

- **Ethiopia:** Indonesia has reached out to Ethiopia to tap into the amazing growth opportunities that this new economic powerhouse in East Africa is providing.

Indonesian investors from 9 companies visited Addis Ababa to assess business opportunities in Ethiopia. Companies engaged in textile, banking, footwear, natural gas and oil, IT and aircraft maintenance and repair, among others, were part of the delegation. During an Indonesia–Ethiopia business forum recently held in Addis Ababa, the business delegates were invited to invest in areas that Ethiopia has prioritized, including manufacturing, agro-processing, horticulture and mining. The Ethiopian government is constantly improving the business environment by focusing on infrastructure development such as roads, electricity, railways, and industrial parks to encourage the private sector to engage in eco-friendly development programs in Ethiopia. The political and macro-economic stability, sound economic policies, abundant natural resources, an affordable and trainable labour force, cheap energy and its proximity to global market are factors that make Ethiopia one of the best investment destinations. The total trade volume between the two countries increased by 385% between 2006 and 2015. For more information, read: <http://bit.ly/2sr2opx>.

CAS View: Ethiopia is currently clearly the belle of the ball in Africa. Its economic growth rate is a pull factor, as are the other factors that its government has been putting in place, e.g. infrastructure development, incentives in their industrial parks, etc. The fact that its economy recently surpassed that of Kenya to now be the largest economy in East Africa, will definitely have drawn attention as well. What is interesting to note, is the attention Ethiopia is getting from ASEAN. Singapore has recently visited Ethiopia and also received the Ethiopian Deputy Prime Minister in Singapore in an event hosted by the Singapore Business Federation. There are now direct flights from Singapore to Addis Ababa. Indonesia represents a massive market in Southeast Asia for Ethiopia. Should Ethiopia continue its attempts to gain political stability, this country will go from strength to strength.

- **South Sudan:** South Sudan is starting to attract attention as a foreign direct investment target. It is still a brave person that ventures into the country in these early times, but the returns could be well worth it.

Due to recent conflict and uncertainty, South Sudan's capital Juba is far from an obvious place for large property developments. The capital markets are not developed and there are few institutional investment opportunities; there are no treasury bills or a stock market. Due to many years of conflict, the property market in South Sudan is relatively underdeveloped. There is a high demand for property from companies that are coming into South Sudan – they need space to grow their businesses. Many hotels are being built, so the hotel industry is quite saturated. But there is still an opportunity for commercial space. The current oil production is 130,000 barrels per day. When oil production reaches 500,000 barrels per day, many corporates will enter the country to support the oil industry. In terms of residential property, there is still a huge opportunity because, as the city grows, people need apartments and high-rise buildings for accommodation. Juba is the capital city where most of the businesses are headquartered. But in the next five to 10 years, the states will start coming up. These other cities and towns will present opportunities. While some say there is too much risk and uncertainty associated with doing business in South Sudan, the risk can be mitigated. For more information, read: <http://bit.ly/2rt8Tc4>.

CAS View: South Sudan was born in a period of strife and there is still a lot of conflict between itself and Sudan. It is not the first country that comes to mind when commentators choose the top 10 economies in Africa to invest in; quite the contrary. It is therefore very interesting to see Old Mutual, the largest financial services company in South Africa, actively involved in South Sudan. Until recently, Sanlam, South Africa's second largest financial services company, also had a presence in South Sudan, albeit indirectly. South Sudan used to be the part of Sudan with the oil reserves. It therefore does represent an opportunity. However, it will need to use the oil revenues to diversify its economy to develop a country with long-term sustainability. For this it will need to develop an educated labour force, which is going to be difficult in the present circumstances. It will also need foreign direct investment, which in the short-term is also not going to be all that visible. Old Mutual is clearly taking a long-term view on its presence in the country, which one does need to do when investing in Africa, more so when moving into politically unstable countries such as South Sudan. Old Mutual's stance that first mover advantage could be important, does have merit. Having said that, it is still a brave company that will invest in South Sudan in the current situation. But then, there is an old saying in Africa, that Africa is not a place for sissies. Doing your homework in advance and knowing where and when to invest, as well as knowing all the risks and how to mitigate them, is crucial. This has always been the case.

North Africa

- **Tunisia:** Tunisian startups are providing jobs and helping to grow the country's economy. They still face a number of challenges, though.

Since the Arab Spring in 2011, Tunisia has had sluggish economic growth – 15% of Tunisians are unemployed and one-third of university graduates are jobless. This has inspired many Tunisians to launch their own startup companies. The startup scene has expanded with faster and freer internet access and technological advancements. Over 300 hubs have emerged in the African tech startup ecosystem, 15 of them in Tunisia. The growth potential is huge. Last year, African startups raised around \$366.8 million in investment. Challenges include limited access to financing, weak infrastructure, policy uncertainty, competition against established brands, and finding the right talent. Tunisia has its own unique challenges, i.e. market restrictions, outdated business regulations, and a poorly functioning financial system. However, the rise of incubators, accelerators, and a healthy dose of investment may just help Tunisia out of the economic doldrums. With successful tech hubs in South Africa, Kenya and Nigeria, Tunisia may be Africa's next big break. For more information, read: <http://bit.ly/2t4qF2s>.

CAS View: North Africa before the Arab Spring of 2011 used to represent very good investment opportunities. Tunisia, the birth place of the Arab Spring, was one such an attractive destination. Since then it has been struggling. However, this article indicates that Tunisians have been taking their destiny into their own hands and are launching their own startup companies. The world of technology is creating an environment that is conducive to entrepreneurial activity. Thomas Friedman, in his well-known book of 2005, "The World is Flat," stated more than a decade ago that technology would be a leveler. Africa at large is clearly a case study that proves him right. Technology has been creating opportunities in the world of fin tech, solar, health, agriculture, education, transport, e-commerce and tourism, to name but a few. Young Tunisian entrepreneurs are grabbing onto these opportunities and doing both themselves and their country a favour. With Egypt and Morocco providing some stability, getting Tunisia back onto the proverbial straight and narrow would be good for North Africa.

Southern Africa

- **Botswana:** Botswana is looking at embracing solar energy to complement its coal-fired plants and reduce its vulnerability to blackouts.

The state-owned Botswana Power Corporation is seeking a partner (Independent Power Producer) for a 100-MW solar power plant project with energy storage capacity. The joint venture will develop, install, and operate the solar power plant project. It will also buy the power from the future solar farm under a power purchase agreement (PPA). The objectives of the project are to improve security and reliability of energy supply, increase the share of new and renewable sources of energy in the energy supply mix of the country and offset the country's carbon footprint. According to the BPC, Botswana is facing a huge power supply deficit owing to diminished surplus generation capacity in the region and the growing electrical energy requirements in Botswana. This project forms part of a comprehensive electrical power system development strategy to address the power supply challenges and to meet the future electricity demand. For more information, read: <http://bit.ly/2rift0D>.

CAS View: Botswana represents a stable economy with political stability in not only Southern Africa, but in Africa at large. Very few commentators fail to include it in their pick of the top 10 countries to invest in. Challenges include its small market and the fact that it is landlocked. However, the political and economic stability make up for this. It recently announced it was looking at building a new 300 MW coal-fired plant to reduce its dependence on South Africa for its energy. In 2016, various reports suggested Botswana was struggling to keep its power plants running efficiently, and were contemplating selling the plants to the Chinese company that built some of them. At times, these plants would break down, leaving Botswana completely at the mercy of energy from South Africa. Moving to renewable energy (solar) makes Botswana part of the general trend in Africa, where quite a number of governments have realised the benefits of tapping into this cheap source of energy. No country can afford to be at the mercy of foreign entities for its electricity. Going the solar route, and using Public Private Partnerships, is definitely the route to go. CAS has been a vocal fan of solar as an energy business model for Africa for quite a while. The continuous developments in technology are leading to increasingly cheaper and easier ways of

generating electricity. Involving the private sector draws in valuable management expertise, as well as private funding, thereby reducing the drag on the national fiscus. The good governance record of the Botswana government will stand its SOE in good stead, unlike its southern neighbour where apparently it seems entities have been using Eskom as a vehicle to defraud the country.

- **Angola:** Angola has ambitions to emerge as a competitive technology force and internet hub in Africa. It must look urgently at diversifying its economy away from the oil sector.

Angola has ambitions to emerge as a competitive technology force and internet hub in Africa. Telecommunications professionals say Angola is undergoing a technology transformation underpinned by an increasing need for connectivity and innovations across key sectors. According to the latest data, Angola's ICT and telecoms sector has recorded an annual growth rate of 55% over the past decade and has 14 million consumers. Key verticals, including energy, banking, and government, are either diversifying their networks or expanding geographically and this is fueling the high demand for broadband, especially mobile. Reaching rural areas with connectivity and routing the benefit to sectors like agriculture, education and healthcare, remain priorities for the country's government. Its fixed telecommunications market is also an area where improving network quality and coverage could have a great impact on the local economy. However, access to the internet remains low and Angola's penetration rate was only 12.4% in 2015. Angola therefore represents one of the largest opportunities for infrastructure providers in the region. For more information, read: <http://bit.ly/2suSHH8>.

CAS View: Angola's economy has been hit hard by the severe drop in the oil price. Its oil industry was responsible for generating more than 90% of its export revenues. Any attempt at diversifying the Angolan economy must therefore be welcomed. It seems to be latching onto technology as a driver for its diversification, something which East Africa, where Kenya is a shining example, has been doing for more than a decade. Given the low levels of internet penetration (12.4% in 2015), there is a lot of opportunity. Angola has amazing potential and could be an economic powerhouse in Africa. Its focus on exporting oil and its lack of economic diversification in earlier years, however, have hurt its economy, the effects of which will still be felt for quite a number of years. The old saying remains true, namely that the best time to have planted a tree was 100 years ago. The next best time is now. Angola does not only represent opportunities in technology, but also in quite a number of other sectors. Agriculture is one that comes to mind. Angola has the potential of being Africa's bread basket and food processing companies could do much worse than moving into Angola. The industrialisation of Angola's agricultural sector would go a long way to jumpstart this sector, provide jobs, and generate export earnings, whilst saving foreign exchange with import substitution. The country will have an election later in the year, but the successor to President dos Santos has already been indicated, thereby removing uncertainty and sources of volatility. Indications are that the current minister of defence will take over, and that he could be more transformative in his approach. Time will tell.