

## African Union

- **Africa:** Africa's urbanisation trend is creating various challenges, amongst them the need to feed the growing urban population.

Africa's rapidly urbanising population has created a chronic food insecurity problem that is aggravated by a lack of sufficient property rights, agricultural investment and policy and regulatory uncertainty leading to rising food prices, despite access to land and willing producers to cultivate it. It is increasingly becoming important to explore newer and more innovative approaches to successful farming. Urban agriculture is considered to be on the cusp of advancements within the sector, and can contribute towards the provision of sustainable access to nutritious food. Community gardens and co-operatives can play a key role in supplementing household budgets, and can introduce a wider range of vitamins and minerals into the consumer's diet. A challenge has been attracting young people into the agricultural sector and positioning it as an attractive and lucrative career option. While Africa has leapfrogged within industries such as financial payments and telecommunications, it is yet to flex its muscle in providing grains and proteins that will feed not only its citizens, but also those in other parts of the world. For more information, read: <http://bit.ly/2uv6fCo>.

CAS View: Africa's urbanisation journey has been characterised by various challenges, such as inadequate housing (resulting in slums), inadequate utilities (water, electricity and sewerage), inadequate health services, inadequate schooling, and inadequate jobs. This is in addition to the challenge of feeding the urban population. The reality is the urbanisation is going to continue and that we will see the portion of urbanised people rise from the current 40% to more than 50% by 2050. Therefore, the pressures on these already serious challenges are going to increase. Whereas we find that some entities, such as global retail companies, have adapted to this urbanisation phenomenon by developing a city strategy, pushing products that could be said make the cities more attractive than the impoverished rural areas. So, while we indeed do need to look at ways and means of feeding the urban population, and that urban agriculture can be seen as one of the many solutions, we need to actively engage to make the rural areas more attractive. We need to address the challenge of youth unemployment and get them interested in becoming involved in agriculture. For that to happen, agriculture needs to be industrialised and be seen as a profitable career, something which currently is not the case. Tony Elumelu is quite clear when he states that youth unemployment is Africa's greatest challenge! Read more about his views [here](#). The urban challenges are aggravating the general challenges the youth in Africa are having to face. Currently, whether they remain in the rural areas or whether they move to the cities, they face adverse conditions; kind of a Catch-22 situation. No wonder they migrate to Europe in the hope of finding better conditions.

- **Africa:** Successfully modernising and consolidating Africa's energy and agricultural landscape will lead to greater self-sufficiency and a reduction in imports. Agricultural productivity in Africa suffers several structural issues.

While 60% of the world's uncultivated, arable land is in Africa, Africa suffers from low productivity levels in comparison to other regions. Consequently, the improvement of agricultural productivity is considered a priority in the AU's Agenda 2063. Combined with an abundance of youthful labour, Africa has the means to achieve this vision. Successfully modernising and consolidating Africa's energy and agricultural landscape will lead to greater self-sufficiency and a reduction in imports. Agricultural productivity in Africa suffers several structural issues that include the use of fertilisers, mechanisation, irrigation and access to finance. Most value chain investment currently goes to large private sector actors and does not reach small producers. Modern agriculture still requires the need for labour, but also demands specific cognitive and management skills. Policies focused on energy and agriculture should take advantage of climate-smart opportunities to increase productivity and invest in rural infrastructure, without neglecting the climate. Commodity exchanges are effective to improve access to markets, storage and transportation facilities as well as fairer prices for farmers. For more information, read: <http://bit.ly/2w2oTzs>.

CAS View: This article links up with the one above on urbanisation and the need for urban agriculture and to attract the youth into the agricultural sector. There is a burning need to develop viable and realistic strategies to address youth unemployment, to increase agricultural productivity, and to support the smallholder farmers. These all are not new strategies. The UN's SDGs (previously the MDGs), the AU's

Agenda 2063 and the AfDB's High % Priorities have been around for a while and are not news anymore. They in any case have been preceded by other strategies and acronyms to address the challenges of feeding Africa and the world and increasing the employment opportunities for Africa's youth. Yet we still see relatively little progress. We are still finding increasing youth unemployment and increasing migration of Africa's population. It is time that the various stakeholders realise the urgency of the challenges Africa faces and do something about it, instead of talking about it and hosting conferences on the topics. The time for talk has passed. It is now time for Africa's decision-makers to put their money where their mouth is and DO something. Foreign stakeholders can help by putting pressure on corrupt African governments to transform. Local populations can help by refraining to elect corrupt governments. Africa's governments can help by staying on the straight and narrow and developing pro-poor or inclusive policies; not just saying they must, but actually developing them and IMPLEMENTING them! Foreign investors can help by ensuring that their investments do support the tenets of the SDGs, Agenda 2063 and the High 5 Priorities. Africa is running out of degrees of freedom, whether we want to know it or not.

- **Africa:** Soraya Narfeldt, the CEO of RA International, has crystallised a number of lessons about doing business in the remote and demanding environments of the world.

Soraya Narfeldt is the CEO of RA International, a provider of construction, logistics, life-support and maintenance services for clients operating in remote and demanding environments. Working in Africa she has learnt how quickly things can deteriorate, and how prepared you need to be. The biggest lesson is to always have more than one backup plan. She always looks at plan M or N. The second lesson is to invest in your employees, to ensure that they hold you close to their heart and that they want to deliver good work. Invest in local suppliers and teach them the standards that you need. Combine your business projects with sustainable outcomes for the local environment and for the people you employ. Staff are, wherever possible, recruited locally. Running a sustainable business brings benefits for everyone, including staff, customers and the communities in which they operate. All her partners know that they are signatories to the UN Global Compact and what that entails. In addition, they have a social responsibility fund, to which they commit a percentage of their profits each year. For more information, read: <http://bit.ly/2h4KaGn>.

**CAS View:** Here we find some specific and helpful lessons for SMEs wanting to move into the emerging world. Being prepared and having several backup plans in place, is always good advice. John Mullins and Randy Komisar wrote "[Getting to Plan B](#)" to address exactly this issue. They actually also say that be prepared to develop to Plan G or Plan H. It is seldom the case that the first or second business model will succeed. The rest of Soraya's lessons are good advice. The bottom line is once again the point that I have made countless time, i.e. do your homework well, understand the area you are moving into, as well as the market and the supply chain challenges, be agile and prepared to change at short notice, and know your potential partners. Involving the local communities in some or other meaningful way is also important. If you do not have an extended view of the stakeholders of your business, you will not be successful. To benefit the shareholders, you must benefit also the employees, the suppliers, and the community at large, including the consumers/ customers.

## **East Africa**

- **Ethiopia:** Ethiopia is building the capacity of its manufacturing sector by transferring technology through training and consulting, in the process growing its economy to the fastest growing in the world. The government has a national plan and policy to select and adopt appropriate and effective foreign technologies to build technological capabilities that enable the development of small, medium and large industries.

Efforts are underway to build the capacity of small and medium manufacturing industries by transferring technology either through training or consulting. Ethiopia is adopting, modifying or transferring the initial technology or prototype of imported substitute products. They then transfer the modified/adopted prototype to Technical Vocational Education and Training (TVET) institutions, where they transfer the applied technology to the relevant small and medium enterprises through training. An agency provides technological support to small-scale manufacturing industries through its technological workshops that house prototype machines. There is a plan to set up centres of excellence within TVET institutions across

the country so that there will be a real nexus between technological transfer and practicality. This low-cost and practical technological transfer shows that the country can lay the basis for its industrialization through its small and medium industries. For more information, read: <http://bit.ly/2uzvYJY>.

**CAS View:** What we are seeing in Ethiopia is a drive to industrialise the Ethiopian economy and develop the manufacturing sector. This drive is managed by a minister in the office of the prime minister, i.e. Dr Arkebe Oqubay. He is coordinating all the efforts to ensure effective implementation. Is it working? Indeed. Ethiopia is not only Africa's fastest growing economy for 2017, but according to the World Bank, it is the fastest growing economy in the world for 2017. Ethiopia is developing into a manufacturing hub of Africa. It is attracting companies from all over the world, many of them from China. It is seen as a benchmark for African countries. African governments should learn from the Ethiopian experience and have a strong, competent personality coordinating the actions to ensure compliance. Given that Dr Oqubay is functioning from the Prime Minister's Office, his authority is clear. His competence is not an issue, and the results speak for themselves.

- **Ethiopia:** Ethiopia is exporting meat to a number of countries and is increasing its capacity to do so.

Frigorifico Boran Foods will now export processed meat from its recently built abattoir plant close to Addis Ababa. It can slaughter 3,000 cattle and 6,000 sheep and goats daily, producing 300 tons of meat a day. The plant is said to be the first of its kind in Africa. More than 80% of the meat will be exported to the UAE and Saudi Arabia, generating more than US\$1 million. Vietnam, Bangladesh, Seychelles and China have also shown an interest in importing the products. The plant has created job opportunities for 200 people, of which 25 were trained in India. The company plans to increase this figure 10-fold once operations are at full capacity. There are more than 116 local and 70 foreign-owned abattoirs in Ethiopia. A total of 579 companies, of which 468 are established by local investors, engage in meat and dairy production. Ethiopia is known for its huge amount of cattle resources in the world, having 57 million cattle, 29.33 million sheep, 29.11 million goats, 1.16 million camels, and 56.87 million chickens. For more information read: <http://bit.ly/2tLJ5Jo> and <http://bit.ly/2w2zc6l>.

**CAS View:** Here we see an opportunity for foreign importers to source meat from Ethiopia. The new electric train from Addis Ababa to Djibouti is facilitating the export of meat, which is earning good foreign currency for the country and creating much needed jobs. There is probably still a good number of opportunities to build new facilities in Ethiopia to produce more meat for export purposes. This is another example of the industrialisation efforts taking place in Ethiopia that has propelled the country's economy to the fastest growing economy in the world for 2017.

## **Southern Africa**

- **South Africa:** South Africa is looking at changing its tax policies that will negatively impact thousands of South Africans working abroad.

Currently, if you are a SA citizen working abroad, there is a tax exemption that means if you're working outside SA for more than 183 days, you won't be taxed. National Treasury wants to repeal this. In February, it said South Africans abroad will only get exemption if they can prove they are paying tax in another country. In July, they announced that South Africans are going to have to declare their worldwide income and the only thing they can claim is credit that they might earn in another country. Government wants to affect this new legislation by 1 March 2019. If you've an intention of returning to SA, you are still regarded as a tax resident, except if you claim to be a tax treaty resident in another country. While many expats are saying they're going to rely on treaties, SA only has about 78 treaties in existence. Living costs abroad are frequently quite high. Some countries collect a lot of taxes, but as a consumption tax and not as an income tax. Many South Africans that do not have to go back, are going to use the Financial Immigration Process. For more information, read: <http://bit.ly/2uyRvIV>.

**CAS View:** This piece of new tax legislation that the SA government is planning to adopt is going to impact thousands of South Africans currently living abroad. While many of them are working abroad to obtain international exposure, many are also working abroad due to the fact that South Africa cannot employ them. The current unemployment rate in South Africa is already 27%. What will happen, should SA adopt

this new legislation, is that many South Africans abroad will not be able to afford the massive increase in their tax burden and will be forced to either immigrate or return home to a frequent uncertain employment situation. The practicalities of enforcing this legislation is a key uncertainty, although some commentators feel that this is not necessarily the case. From a tax-efficiency perspective, many South Africans abroad probably look back to their home country and feel dismayed by the ways the taxpayers' hard earned money is misspent by the current government. Billions are wasted on inefficient and corrupt practices at SOEs and the various levels of government. The accusations of state capture by the Guptas do not create comfort either.

- **South Africa:** The OECD has provided a number of suggestions to improve the economy at large, including supporting entrepreneurs and small businesses.

The OECD suggested SA open key sectors, including telecommunications, energy, transport and services, to more competition. It must have a wider development of apprenticeship and internship programmes and streamline the labour dispute system to increase flexibility and lower barriers to job creation. SA said it would make it easier to start a business and address the red tape associated with starting a small business. Government policies will provide more support for entrepreneurs and small businesses. The OECD found that the quality of South Africa's education system and lack of work experience has contributed to gaps in entrepreneurial skills and suggested there was scope to broaden the sources of finance and ensure that government policies provide both financial and non-financial support for small businesses. Reforms in the telecommunications sector will be supportive of entrepreneurs and small businesses through the reduction of costs to do business. SA believed that its own development was intrinsically linked to that of fellow African states. More needs to be done to achieve strong, inclusive growth. For more information, read: <http://bit.ly/2uTXqCX> and <http://bit.ly/2tLPfcn>.

**CAS View:** South Africa's entrepreneurs need all the support they can get. This is also the case for Africa in general. The education sector must be transformed to empower prospective entrepreneurs with the skills and competencies to succeed in the world of business. The policies must be streamlined and entrepreneur-friendly. Empowering industries, such as the telecommunications sector, should be encouraged to do more. There is still far too much red tape restricting the speed of registering companies, as well as other practical constraints. This not only true for South Africa. One cannot but agree with the OECD's recommendations to promote and support entrepreneurship and SMEs. Having said that, we have seen talk about this for many years. It is time to implement these recommendations, the sooner the better. As said previously, many of Africa's youths are voting with their feet, literally, by migrating to other parts of the world. Africa does not need, and cannot afford, this loss of its people capital.