

African Union

- **Africa:** Cryptocurrency and blockchain provide opportunities to reach sub-Saharan Africa's largely unbanked population (326 million adults).

Cryptocurrency and blockchain provide opportunities to reach sub-Saharan Africa's largely unbanked population (326 million adults). Africa is more suited for blockchain and cryptocurrency adoption than many more developed Western countries, whose hard currencies already satisfy the needs of most of their citizens. Using cryptocurrencies can significantly reduce the high transaction costs of remittance payments, encouraging further capital flows to African countries most in need. Apart from record-keeping, blockchain now allows for the use of processing documents. Another use of blockchain with huge potential in Africa is e-voting, which could see a move toward transparent and corruption-free elections. Access to the internet, which is key to using blockchain technology, is a challenge in Africa where internet access is estimated to be at between 20%-30%. However, with Kenya leading Africa on internet access and home to BitPesa, there are African countries that can implement this technology already. Blockchain-based companies operating on a pan-African basis will have to comply with different regulations, as well as deal with governments' attitudes towards it. Despite the hurdles, the benefits of cryptocurrencies and blockchain technology in Africa should see more companies find solutions to Africa's challenges. For more information, read: <http://bit.ly/2wvPQN9>.

CAS View: Cryptocurrencies (or digital money) indeed has a lot of potential in Africa. The lack of legacy financial infrastructure and systems has the benefit that old systems will not restrict movements into new avenues. There is high potential for Africans to leapfrog some of the existing financial services, in the same way that many Africans skipped the part of owning an expensive landline and went straight to owning a mobile phone. Proponents of cryptocurrencies believe that blockchain could soon give rise to a new era of the internet even more disruptive and transformative than the current one. Blockchain's ability to generate unprecedented opportunities to create and trade value in society via cryptocurrencies will lead to a generational shift in the internet's evolution, from an internet of information to a new generation internet of value. Just like Spotify took out the music business, and Google and Facebook took out advertising and media businesses, cryptocurrencies will take out the finance industry as we know it. Several African countries have exchanges and start-ups in the crypto space, and their businesses are recognising the significance of cryptocurrencies in fostering cross-border trade and payment. Moreover, the infrastructure for the take-off of digital tokens is solid. Telecommunication liberalisation across the continent has enabled internet accessibility remarkably. For more information on cryptocurrencies in Africa, read the article by Rainer Michael Preiss, an adjunct researcher of CAS, at <http://bit.ly/2vUngwr>.

- **Africa:** Fintech start-ups have been receiving a lot of attention from investors. There are various reasons for this. However, there are various other sectors where mobile telephony can play an empowering role.

Fintech start-ups have been receiving a lot of attention from investors. Flutterwave, a payments company, has just raised \$10 million. One reason is a larger pool of startups investors can pick from. Investor interest is also linked to how important fintechs are for the future of business in Africa. In SSA, fintech startups are typically creating products and services to plug many of the gaps that currently exist. Rather than disrupting an existing infrastructure, they are building a whole new infrastructure of their own. Given the sheer size of the under-served market, this is a huge opportunity for investors. The necessity of fintech start-ups' services also offer investors a better guarantee of high growth. The overlap between the potentially massive returns from building a digital financial ecosystem from scratch and the social impact from enabling financial inclusion from millions of unbanked Africans, is an additional advantage for fintech companies. African fintech startups can therefore tap into two significant funding pools, early stage venture capital and social impact investors. In East Africa, financial services continue to be agents of change across the board. The deepening mobile phone and internet penetration allows financial services to help more Africans plug into digital financial services. The spike in fintech operations is also due to improvements made with identity verification infrastructure. For more information, read: <http://bit.ly/2uw3H3D>.

CAS View: Fintech start-ups are very much the vogue in Africa. There are various reasons for it. Amongst others, the prevalence (and growth) of mobile phone technology in Africa provides the means to push

fintech products towards populations that have a dire need for it, and that have had to go without until now. The gaps (of supply) therefore exist (growing daily) and the demand is increasing. The opportunities are therefore tremendous; the surface has not even been scratched yet. This creates investment opportunities for players in the field that boggles the mind. Given the rate at which technology is developing, it also requires companies to be at the cutting edge of development in order to be first with the new product. Competitors cannot afford to lag behind too far, as this would create a massive first mover advantage for the incumbent. This is exactly what happened with M-Pesa. Although the article mentions that it's the fintech environment that has been the target of most investment, there are various other sectors that are becoming quite attractive as well, such as the agriculture sector (FarmCrowdy and FarmDrive), the health sector, the transport sector, and the education sector. Technology, especially mobile technology, has become a game changer of note in Africa.

East Africa

- **Ethiopia:** China has played a major role in Ethiopia's economic and developmental success story.

Ethiopia is touted as an economic and developmental success story, with China a major player in it. The most significant major improvements have occurred in rural areas, home to 80 million people, through government providing better agricultural inputs, building roads and investing in education and health. The poverty rate has dropped dramatically, the Human Development Index has improved by 45% over the past 15 years, while life expectancy at birth increased by 15.8 years, expected years of schooling by 6.3 years, and GNI per capita doubled. Trade and investment between China and Ethiopia has also mushroomed. Annual bilateral trade volumes multiplied 13-fold between 2003 and 2013. China has become not only Ethiopia's biggest foreign investor, but also its largest trading partner. Chinese involvement in major Ethiopian infrastructure projects spans transport, energy and telecommunications. ZTE has helped upgrade and modernise Ethiopian telecommunications. By establishing a large mobile network in Addis and eight other cities, ZTE has boosted mobile telephony from one million to 15 million users between 2007 and 2012. The Ethiopian government shows exceptional ability to readjust to unbalanced and detrimental situations. It claims to have a "Developmental Democratic Model"; it says democratic rule must accompany rapid development to stave off national collapse. For more information, read: <http://bit.ly/2ftJXvW>.

CAS View: The article shows upon the prominent role of China in the fairy tale development story of Ethiopia. It is interesting to see the "developmental democratic model." In various countries in Africa, we have seen democracy with little economic development, leading to a dissatisfaction of the status quo. In China, we see a phased economic development approach. Whether this will eventually be followed by democratisation, is another story. In South Africa, we saw democracy that was not followed by rapid economic development. The progress we saw in the growth of the middle class was strongly driven by affirmative action in the government departments. The economy at large the last 9 years has not been of such a nature that it has created sufficient jobs to accommodate the job seekers – quite the contrary. The reality is that political freedom must be accompanied by economic freedom. Failure to do so is planning to fail. I get the impression that the problem is not understanding this point. My impression is that the challenge lies in the implementation, which is made problematic by corrupt politicians. Africa must learn from this. Although the initiative by Mo Ibrahim's Institute to reward honest leaders is a good one, the Mo Ibrahim Prize has only been awarded 5 times the past 10 years. This is a sad situation. But, as Olusegun Obasanjo has said, it is a choice; Africa seems to choose to be poor, its leaders choose to be corrupt. It can choose to get back on to the straight and narrow. Various countries have done so. More need to do so.

- **Kenya:** Kenyatta seems to have won the Kenyan election, but Odinga is disputing the results, citing irregularities in the voting process. Hopefully this will not lead to violence, although 5 people have already been killed.

Kenyan opposition leader Raila Odinga is disputing early results in the presidential election. Kenya's Independent Electoral and Boundaries Commission (IEBC) website showed that with 97% of stations reporting, Uhuru Kenyatta was leading with 54.32% of the votes to Odinga's 44.8%. Odinga's complaints of election irregularities have stoked fears of aggrieved supporters taking to the streets in a scenario

reminiscent of 2007's post-election violence. Confrontations between police and protesters in Nairobi and the western city of Kisumu have been reported. Final results from the IEBC are expected to be released in the coming days. It appears Kenyatta, who leads the Jubilee Alliance, is on track for an outright win. Odinga flatly rejected the preliminary results as "fictitious" and "fake", while arguing that the IEBC's systems had been "hacked" to manipulate the results in Kenyatta's favour. Odinga alleges hackers infiltrated the IEBC systems using the identity of Chris Msando, a top election official, who was tortured and murdered a week before the vote. Kenya's last election in 2013 was mainly peaceful, but Kenya plunged into widespread violence in the aftermath of the 2007 vote when more than 1,000 people were killed. For more information, read: <http://cnn.it/2vICNxD>.

CAS View: Election time in Kenya is always a time of tension. Elections in Kenya also have the potential to negatively affect the economic growth rate for that year. This year's elections had the additional challenge even before the election when a top election official was tortured before he was murdered. This sparked speculation that he had been tortured to obtain the passwords for the e-voting system. This immediately provided the loser in the election with a perfectly good reason as to why the results were invalid. As it is, the moment it became clear that Kenyatta was the unofficial winner of the election with most of the stations reported, Odinga rejected the results. We have already seen violence erupting, with 5 people reported as killed. The question we now face, will we see a repeat of the 2007 violence during which 1000 people were killed? Or will Odinga turn to the courts as he did in the last election? The reality is that the international observers have all certified the elections to be free and fair and transparent. The IEBC will still have to investigate the assertion by Odinga that the system was hacked. But in all probability, the election results will stand. This will probably be Odinga's last attempt; he has run out of time, and knows it. For Kenya's sake, let's hope that sanity prevails. For an overview of the issues that could have affected the Kenyan election, read the article by Dr Rafiq Raji, adjunct researcher of the Centre, here: <http://bit.ly/2uLTCjh>.

West Africa

- **Nigeria:** Industrialisation of the agriculture sector in Nigeria has the potential of creating immense value, and support the drive to diversify the Nigerian economy.

Agriculture was the mainstay of Nigeria's economy before crude oil was discovered. Due to the recent fall in crude oil prices, export earnings from crude oil has reduced significantly. This has triggered conversations around the critical role of agriculture in diversifying the economy. Increase in yield per hectare and land expansion are two factors which determine growth in agriculture. In Nigeria, however, land expansion has been the primary driver of growth. Yield per hectare has been low, because of poor and limited farming inputs (seedlings, pesticides and fertilisers). Moving further down the value chain, processing and marketing activities have been plagued by poor infrastructure, low investment, and unfavourable government policies. PwC argues that Nigeria's agriculture sector requires massive investments to increase production and to create value addition across the most profitable segments of the value chain. Also, it suggests strategies for upgrading the production and processing segments of the value chain. Regarding the cocoa value chain, PwC identified significant scope to increase production by at least 70%, driven by an increased supply of farming inputs. In the dairy value chain, PwC identified production as a key upgrade segment, and suggests breed improvement to increase dairy production. For more information, read: <http://bit.ly/2fqU8Ba>.

CAS View: Agriculture in Africa is the main employment sector, with about 70% of the people dependent on the sector for their livelihood. Even in those counties punting industrialisation, such as Ethiopia, there is a clear consensus that driving industrialisation and growing the manufacturing sector cannot be done at the cost of employment opportunities in the agriculture sector. Olusegun Obasanjo, former president of Nigeria, is a proponent of upgrading the agri value chain, from the OEM players right down to the other end of consumer participation. It is clear that PwC's research underwrites Obasanjo's views. Upgrading the various elements of the value chain is an absolute necessity for various reasons. First, Africa must start feeding itself. Doing so will free up US\$35 billion annually being spent on food imports. Given the potential of Africa in this regard, it is criminal that Africa does indeed have to import food! Second, agriculture must be developed into a lucrative industry to entice the youth to see it as an attractive industry to work in. Currently they are leaving the sector to move into the cities in the forlorn hope of finding a job. The end result is increased unemployment amongst the youth and slum conditions in cities, with a

disgruntled youth providing the potential for social unrest. Third, boosting the agri sector will also boost the economic growth in the various countries in Africa, with all the concomitant benefits thereof.

Southern Africa

- **South Africa:** Jacob Zuma, president of South Africa, has just survived another vote of no-confidence. The man seems to be the ultimate survivor!

Jacob Zuma has survived a motion of no confidence in his presidency, held via secret ballot in Parliament. 198 MPs voted against the DA's bid to remove Zuma, while 177 voted for. About 30 ANC MPs voted for Zuma to be removed. A simple majority of 201 votes was required to remove Zuma as president. Speaker of Parliament Baleka Mbete announced on Monday that the vote would be held via secret ballot for the first time ever. DA leader Mmusi Maimane, said this vote was not about political parties, but about the people of South Africa. The failure of the motion will strengthen Zuma's position in the party and strengthen the belief that the ANC does not have the capacity to recall Zuma, irrespective of the number of scandals he has been embroiled in. The party goes to an elective conference in December, where Deputy President Cyril Ramaphosa is expected to challenge Nkosazana Dlamini-Zuma, the former AU commission chair, for the ANC presidency. For more information read: <http://bit.ly/2wEKDBO>.

CAS View: Various commentators have been vocal at various stages that Jacob Zuma was on his way out. Amongst others, they were elated when the Constitutional Court ruled that he had not exercised his constitutional duties and when the High Court in Pretoria ruled that the 783 charges of corruption against him should be reinstated. The latest incident was when the Speaker of Parliament, Baleka Mbete, ruled that the vote of no-confidence against Zuma would be a secret vote. Apparently, there was a list of about 50 ANC parliamentarians who were expected to vote against Zuma. Low and behold, all came to naught as Zuma survived the vote. What were the chances Mbete would allow a secret ballot in defiance of instructions from the ANC? If her decision was against the wishes of the ANC, they would have destroyed her, and she knows that. She has never done anything to suggest she has a mind and a will of her own. The ANC seems to think that a vote of no confidence in Jacob will be disastrous for the country. So, given that she had allowed a secret ballot, it seems that the ANC thought they could survive a secret ballot. Which they did. The end result? A Jacob Zuma that will be around until the end of the year, some say stronger than before. During this time, he will do his utmost to ensure his ex-wife gets elected as the president of the ANC, in which case she becomes the president of South Africa should the ANC win the 2019 elections. Again the optimists amongst the adversaries of the ANC say that should Nkosazana Dlamini-Zuma win the election in December as president of the ANC, the ANC will lose the 2019 elections. They also say she will be disastrous for the country as her presidency will be a continuation of the status quo, and will allow Jacob (and his friends the Guptas) to keep on with his (their) corrupt practices. The loser will be South Africa at large. The economy will go down the drain. Relationships between races will deteriorate. The youth will become side-lined to a greater extent due to a lack of opportunity, and South Africa will become a gunpowder keg with a short fuse. What is true, is that the ANC have now taken responsibility for Zuma. Everyone knows what has happened the past few years with Zuma and the Guptas. Various senior ANC officials have condemned it. South Africans read about it every single day. Yet they chose to support him. They can therefore never plead ignorance. It has become blatant. History will not judge them kindly.

- **Zambia:** U.S. solar startup Fenix International is expanding its partnership with African telecommunications provider MTN to provide electricity to Africans who do not have access to an electricity grid.

U.S. solar startup Fenix International is expanding its partnership with African telecommunications provider MTN to provide electricity to Africans who do not have access to an electricity grid. Fenix will provide their solar-power systems, and their extended partnership with MTN in Zambia will mean electricity access for an additional million new users over the next 3-year period. MTN benefits from being involved in providing power for Zambians. In addition, potential customers will use MTN's mobile-money app to pay as little as \$0.20 per day in a pay-to-own scheme that will see them purchase their own solar-panel and battery system that can light up homes and charge mobile phones. Approximately 15 million Zambians, which constitute 80% percent of the population, live without access to the country's unreliable power grid, and are forced to use kerosene lamps, candles and wood fires in their homes. Providing a

million of those with solar options over the coming 3 years will put a dent in that statistic. The Fenix credit score makes upgrades and additional life-changing products accessible to committed customers as their needs and incomes grow. For more information, read: <http://bit.ly/2ulcq2S>.

CAS View: The precarious position of about 60% of Africa's population as far as access to energy is concerned, is well known. More than 620 million people do not have access to electricity. Many countries are turning towards renewable energy to supplement their existing systems. A problem is the relatively high upfront capital costs of renewable energy systems such as solar. This is in spite of the fact that the cost of technology is coming down continuously. In Kenya, we have M-Kopa that addressed the challenge by turning a high upfront cost into a monthly operating cost, payable using the M-Pesa platform. What we now see in Zambia is a copy of the model in Kenya. And why not? Reducing the number of Zambians going without access to electricity by 1 million by 2020 is a laudable objective. This approach will not only provide access to electricity, it will also reduce the exposure to the harmful effects of kerosene lamps, candles and wood fires in their homes. Overall, a win-win for everyone.