

## African Union

- **Africa:** Various African countries along the BRI have the potential to provide major opportunities for investment, including Kenya, Tanzania, Ethiopia, Djibouti and Egypt. For investors in Africa, “a big attraction of the BRI for both governments and project sponsors is that it assists the speed of project implementation.”

Various African countries along the BRI have the potential to provide major opportunities for investment, including Kenya, Tanzania, Ethiopia, Djibouti and Egypt. For investors in Africa, “a big attraction of the BRI for both governments and project sponsors is that it assists the speed of project implementation.” East Africa has an integral role in the BRI, owing to Djibouti’s ports, Ethiopia’s manufacturing, and the region’s existing plans to connect rail, road and energy networks. It also details how key opportunities in Africa with regards to BRI will be transactions related to major projects in the power and infrastructure sector and related financing. China’s construction of energy infrastructure in East Africa is expected to be a game changer for local industry. BRI infrastructure projects in East Africa include the recently opened railway in Kenya between Mombasa and Nairobi and the Karuma Hydroelectric Power Station, a 600MW hydroelectric power project under construction in Uganda. Port connectivity is also expected to improve significantly in the next 5 years thanks to the BRI. The telecommunications sector is expected to develop in Africa as China’s smartphone and household electronics brand owners begin to expand into the region. For more information, read: <http://bit.ly/2zbqSGq>.

**CAS View:** The BRI addresses various infrastructure and other challenges in Africa. Transport infrastructure would include roads, rail, ports, and airports. Then we have water and energy infrastructure, as well as housing and other urban facilities. It will also boost ICT, agriculture, tourism, trade and manufacturing in Africa. Whereas the article mostly identifies East Africa, West African countries also aspire to participate in the BRI. One such example is the small country of Togo, by no means the only West African country interested in the BRI, whose president has stated it wants to become a maritime hub in West Africa for the BRI. The principle of inclusivity and the many bilateral and multilateral agreements China has with African countries will facilitate their participation in the BRI. From China’s perspective, the more the merrier and the greater the benefits for it from such a global initiative. It will be interesting to see how the Asia-Africa Growth Corridor (AAGC) impacts Africa and the BRI.

## East Africa

- **Kenya:** Uhuru Kenyatta has won Kenya’s re-run presidential election, attaining almost 7.5 million votes, or roughly 98% of the overall tally. This figure is attributed to the fact that Raila Odinga instructed his supporters to boycott the election.

Uhuru Kenyatta has won Kenya’s re-run presidential election, attaining almost 7.5 million votes, or roughly 98% of the overall tally. This figure is attributed to the fact that Raila Odinga instructed his supporters to boycott the election. Voter turnout was roughly 39%, compared to about 80% in August. At least 9 people have died as a result of election-related violence since the election. Odinga has continued to demand that several members of the commission step down and for the polls to be postponed beyond the 60-day deadline announced by the court. His National Super Alliance (Nasa) has dismissed the October 26 repeat presidential election. Odinga termed the election as fraud and vowed not to recognise Kenyatta and his government. Nasa would instead push for the formation of the People’s Assembly to run Kenya until a legitimate government is formed. “The People’s Assembly will have the youth, religious leaders, economic interest groups and the civil society.” Nasa would present petitions for the establishment of the new outfit to govern Kenya to county assemblies for discussion and adoption. In the meantime, Nasa’s resistance wing (NRM) would embark on a vigorous pro-democracy campaign through economic boycotts and picketing. For more information, read: <http://bit.ly/2yqU2EN> and <http://bit.ly/2hpDNuZ>.

**CAS View:** In the aftermath of the 2007 election, more than 1100 people were killed in post-election violence. We have not seen anything on that scale, yet. However, Odinga said beforehand he was not going to participate in the re-run of the election, hoping to force the hand of the IEBC and force a whole new election. His gamble did not come off, as the IEBC went ahead with the election in spite of his non-participation. Given his own statement that Kenyatta was manipulating the IEBC, Odinga should have foreseen this eventuality. Maybe he did. What is a source of concern, is Odinga’s “People’s Assembly”

that will involve various stakeholders in Kenya to run Kenya until a legitimate government is formed. This is setting up an alternative government, something which Kenyatta would not be happy about and would definitely not support. Then we have the NRM, Nasa's resistance wing, who would "embark on a vigorous pro-democracy campaign through economic boycotts and picketing." You do not have to be intellectually gifted to see the potential for conflict with the Kenyan police and eventually even the military. With only 39% of the voting population going to the polls, in contrast to the more than 80% in the August election, there is no way Kenyatta can claim he has a legitimate mandate. The sensible thing to do would have been to call out a new election. Unless you had reason to believe that you would lose. In the meantime, Kenya's image abroad and its economy are the main losers. Given the tremendous potential of this wonderful country, let's hope normality returns soon.

- **Kenya:** Shoprite is in talks to open its first stores in Kenya by filling retail space left empty by the struggling Nakumatt chain.

Shoprite is in talks to open its first stores in Kenya by filling retail space left empty by the struggling Nakumatt chain. It is awaiting the outcome of merger talks between Nakumatt and local rival Tusker Mattresses before deciding whether to proceed. Taking over vacated outlets would be Shoprite's preferred way to enter Kenya as the retail market there is "too well established" to build new stores. The move would represent a major step in the expansion of Shoprite as it seeks to strengthen its position outside South Africa. Shoprite is already a registered company in Kenya, where it buys from local manufacturers to export to its other stores in Africa. Shoprite faces competition in Kenya from retailers including Game, Carrefour SA of France, and Choppies of Botswana. Local grocers include Chandarana Foodplus Supermarkets and Naivas Supermarkets. Nakumatt has shut more than 12 branches in Kenya, Uganda and Tanzania as it struggles to pay suppliers and owes more than \$289 million to creditors. Shoprite also plans to take over 2 Nakumatt sites in Uganda. It has no plans to re-enter Tanzania, where it sold 3 stores to Nakumatt in 2014, or set up in Rwanda. For more information, read: <https://bloom.bg/2zPVA59>.

CAS View: I have in previous newsletters referred to the challenges facing Nakumatt. It has this week actually applied to the high court for administration under insolvency laws, in a bid to fight liquidation efforts and shield itself from creditors. One of the reasons mentioned for Nakumatt's problem situation is the lack of spending by Kenya's middle class. I have also referred to the fact that Shoprite itself had left Tanzania in 2014, and that it had never before actually traded in Kenya. Its willingness to now get involved in Kenya indicates a higher risk appetite than before. One reason could be that they believe that they can obtain some of the Nakumatt stores very cheaply. Another could be that they have done their homework properly and understand the Kenyan consumer better than they understood the Tanzanian consumer before 2014. Also, if it allows the likes of Game, Carrefour and Choppies, all foreign companies to East Africa, unfettered access to the Kenyan consumer, these companies could use Kenya as a base from where to attack Shoprite elsewhere. This would be a good strategic reason for a company that is currently the largest retailer in Africa, with clear plans to remain so. Kenya is arguably the largest economy in East Africa, after the devaluation of the Ethiopian Birr by 15%, and it would be important to have a sizeable presence in this country. In addition, given that the South African market is mature, and the prospect of more competition from large corporates in the rest of Africa, Shoprite is more or less compelled to develop a presence in Kenya.

- **Rwanda:** Local entrepreneurs and innovators are calling for more practical interventions and support to enable them to implement or expand their ventures and hence create more jobs in the economy and boost household earnings.

Local entrepreneurs and innovators are calling for more practical interventions and support to enable them to implement or expand their ventures and hence create more jobs in the economy and boost household earnings. There tends to be a lot of talk at conferences, with no solid action taken. Projects get put on hold due to challenges like high taxes and lack of necessary financial and logistical support. High production costs and taxes are some of the huge challenges innovators and the general business community face presently. It is hard for many entrepreneurs and innovators to start producing because of high production costs and taxes which curtail growth of many start-ups and stifle innovation. A lack of

adequate skills and the small local market are some of the biggest barriers faced by innovators. Therefore, Africa should open up its borders for businesses. There is also a need for African countries to promote and support innovators to acquire relevant skills and capital for entrepreneurship and innovation to thrive and contribute to Africa's development efforts. Rwanda's national agenda seeks to put the country at the forefront of finding creative solutions to developmental challenges. The Government has been engaging various stakeholders to ensure a conducive environment for innovation. For more information, read: <http://bit.ly/2z7emYR>.

**CAS View:** Entrepreneurs in Africa need real support in the form of financing opportunities and management skills and knowledge. Quite a few governments have tried to create a supportive policy framework, but we still see many entrepreneurs struggling to proceed with their innovative business ideas and business models. As the article correctly points out, many conferences are held about the challenges entrepreneurs and innovators face. However, we see far too few actionable plans materialising to actually help these people. There are some universities, such as the University of Stellenbosch, that have institutions to support projects generated by their post-graduate students and academics. Innovus from the University of Stellenbosch helps budding entrepreneurs in various ways. However, these institutions are far in the minority and do not support the entrepreneurs at grassroots level. Rwanda, already doing very well in the Ease of Doing Business rankings in Africa, is now putting plans in place to support entrepreneurs and innovators. In the process, it will also improve its standings on the WEF's Global Competitiveness rankings.

- **Rwanda:** Rwanda has significantly improved in the World Bank's "Doing Business Report" coming on the 41<sup>st</sup> position, up from 56<sup>th</sup> in last year's ranking.

Rwanda has significantly improved in the World Bank's "Doing Business Report" coming on the 41<sup>st</sup> position, up from 56<sup>th</sup> in last year's ranking. In the 2018 report, Rwanda remains 2<sup>nd</sup> after Mauritius (25<sup>th</sup>) and first in East Africa in ease of doing business. Kenya came 3<sup>rd</sup> (80), Botswana 4<sup>th</sup> (81) and South Africa 5<sup>th</sup> (82). Rwanda and Mauritius are the only two SSA countries in the top 50 countries surveyed globally. According to the 2018 Doing Business Report, Rwanda implemented 5 reforms making it easier to do business in the course of last year. Vincent Munyeshyaka, Trade and Industry Minister, said Rwanda is satisfied with the ranking, "But as a country, we have taken note of where we did better and will continue to work and improve in doing business, but specifically doing business for job creation." Claire Akamanzi, CEO of the Rwanda Development Board, said "Rwanda is second in the world in registering a property. This is something phenomenal." Rwanda knows what it has to improve and catch up or even out do Mauritius. Meanwhile, a record 83 reforms in making it easier to do business, were implemented in 36 of 48 economies in SSA in the past year. For more information, read: <http://bit.ly/2zndKPJ>.

**CAS View:** Rwanda has improved in leaps and bounds since the tragic circumstances of the genocide of 1994. Under the strong leadership and direction of President Paul Kagame, the country is now one of the safest in Africa. It has a strong economic growth rate, with various other positive attributes that make it a good investment destination. What is a bit disconcerting, is the ranking of South Africa at 82<sup>nd</sup> place. The country currently has the most sophisticated economy in Africa, but being placed at 82<sup>nd</sup> does not bode well for its future. This is more so when we realise that the country has been on a downward trend the last couple of years. In the 2008 Report, South Africa was ranked at number 35. This more or less remained stable with little variation until the 2013 Report, when it fell to 39<sup>th</sup> place. Thereafter the fall became more pronounced: 2014 – 41<sup>st</sup>; 2015 – 43<sup>rd</sup>; 2016 – 73<sup>rd</sup>; 2017 – 74<sup>th</sup>; and then 2018 – 82<sup>nd</sup>. There is clearly something rotten in the state of Denmark, to paraphrase William Shakespeare. Having said that, its current political leadership, or rather lack thereof, goes a long way to explain this sad state of affairs.

## **West Africa**

- **Ghana:** Ghana is one of the most frequently visited tourist destinations in West Africa. The 15-Year National Tourism Development Plan (2013-2027) addresses ways in which tourism can contribute to national and local economic development.

Ghana is one of the most frequently visited tourist destinations in West Africa. The 15-Year National Tourism Development Plan (2013-2027) addresses ways in which tourism can contribute to national and

local economic development. Novel avenues continue to emerge for investment along the value chain. 1) **Tour Operation and Destination Marketing.** Given minimal local tourism, there is an opportunity for tour operators to create packages of travel destinations for indigenous adventurers. 2) **Transportation.** To link destinations and sources of accommodation, transportation is needed. The road transportation services are provided largely by private sector operators and other state-owned companies. There are fewer car rental services than in many other countries with similar potential. Ghana's railway transportation business would also be a very lucrative opportunity. 3) **Electricity.** Ghana's power problem creates solid opportunities for investors. Many hotels use alternative sources of power such as diesel or petrol engine generators, but the cost of fuelling is overwhelming. Alternatives include solar, wind, and bio-energy production. 4) **Food Tourism.** The rapidly-developing food tourism potential of the country is another opportunity. International tourists on holiday in Ghana patronise a great variety of Ghanaian foods. 5) **Cultural Events Marketing.** Strategically packaged cultural events attract thousands of visitors and media attention to the country. For more information, read: <http://bit.ly/2h3eVMS>.

**CAS View:** SMEs abroad are frequently asking about investment opportunities in Africa. Here we have in a country in Africa with political stability and good economic growth, a number of such opportunities in an industry that leverages investments considerably. The whole industry value chain is open for investment from abroad. Finding local partners would not be that difficult and would facilitate the development of such investments, as they have local knowledge about the market and the regulations directing the tourism sector. As for ease of doing business, overall it is ranked 120 (out of 190 countries globally), while it is ranked 110 on starting a business. In Sub-Saharan Africa, it is ranked 12<sup>th</sup> for ease of doing business, 7<sup>th</sup> on getting credit, 17<sup>th</sup> on starting a business, and 18<sup>th</sup> on registering property, to touch upon just a few of the issues. It is also a country with a relative safe environment for tourists. It is inspiring to see Ghana driving tourism from the top and clearly identifying opportunities for investors to get involved. This will generate quite a number of jobs and inject a lot of money into the system, raising the GDP in the process and growing the middle class.

## Southern Africa

- **South Africa:** Speaking in Abu Dhabi earlier this week, SA ambassador to the UAE, Mpetjane Lekgoro, emphasised nuclear as a viable option for SA to achieve energy security. In SA's development plan, nuclear energy is central to socio-economic development.

Speaking in Abu Dhabi earlier this week, SA ambassador to the UAE, Mpetjane Lekgoro, emphasised nuclear as a viable option for SA to achieve energy security. In SA's development plan, nuclear energy is central to socio-economic development. SA made an informed decision to pursue nuclear power as part of the energy mix, envisaging an additional 9.6GW of nuclear power capacity. SA was currently reviewing its Nuclear New Build Programme to ensure that the process accords with its legislative framework, including engagement with the public in the decision-making process. Thereafter they will implement the Nuclear New Build Programme at a scale and pace that the country can afford. According to him, SA is committed to ensuring that the expansion of the nuclear power generating capacity provides the maximum benefit to the country. They are convinced that the Nuclear New Build Programme will bring many socio-economic benefits in line with SA's National Development Plan. SA believes that nuclear power is one of the sustainable energy sources that provides clean, reliable electricity. For more information, read: <http://bit.ly/2z8wDmj>.

**CAS View:** We see here an interesting scenario unfolding. One of the previous ministers of Energy, Tina Joemat-Pettersson, was the first to drive the acquisition of nuclear power, with Russia apparently being the preferred provider. However, the then Minister of Finance, Pravin Gordhan, stated clearly that South Africa did not have the funds to finance the deal. Joemat-Pettersson then handed over the project to Eskom to run with, but this tactic, as well as the faulty process, was deemed to be unlawful by the Western Cape High Court. We now face a situation that the latest Minister of Energy, David Mahlobo, a strong supporter of President Zuma and the previous Minister of Security, is very supportive of South Africa adding to its nuclear energy capacity, but at a "scale and pace the country can afford." The ambassador to the UAE clearly got his instructions clear. On the other hand, the latest Minister of Finance, another Zuma henchman, Malusi Gigaba, has stated that South Africa cannot afford the nuclear energy programme. Here he is in line with his predecessors, who all got fired, amongst others, for their unwillingness to support Zuma's deal with the Russians. The question is whether Gigaba is following a

well-thought through game plan, or whether he is serious in his opposition to the nuclear programme. Given that he is a “Zuma man,” the chances are good that there is more to his statement than meets the eye. Also, there are those from the opposition parties and other bodies that view Mahlobo's appointment to head the Energy ministry as one of Zuma's actions to push the nuclear deal to fruition before the end of his presidency's second term in 2019. Others state bluntly that Mahlobo was appointed on instruction of Russian president Putin. Why is Zuma keen on pushing the nuclear agenda? Some have said that at a cost of more than R1 trillion, the opportunities for self-enrichment are huge. [Judith February](#) writing for ISS Africa, stated that the apparent contradiction between Mahlobo and Gigaba has been designed to sow the seeds of doubt regarding the nuclear deal with Russia, and is intended to muddy the waters and avoid clarity and thus the inevitable pushback from civil society. Zuma still needs to deal with a watchful civil society and Gigaba still needs to find the money. It will be interesting to see how this project unfolds towards the end of Zuma's presidency. Mahlobo, a securocrat with little appetite for transparency (according to February), has already given his department instructions to push ahead with the project.