

African Union

- **Africa:** Ecobank has identified 3 key trends that will drive economic growth in SSA during 2018.

Ecobank has identified 3 key trends that will drive economic growth in SSA during 2018. The first indicates an economic rebound in SSA driven by a recovery in the region's economic heavyweights, Nigeria and South Africa, and on-going growth in the top performers, such as Ethiopia, Côte d'Ivoire and Ghana. Growth will be driven by a rise in oil production, strengthening infrastructure investment across West and East Africa, and improved weather conditions that bode well for crops. Strengthening economic activity, plus a moderate improvement in oil and mineral prices, is projected to help narrow the current account deficit, but pressure on SSA currencies will remain. The second points to West Africa's gas sector becoming a hive of activity in 2018, from Senegal to Angola, with the development of gas pipelines, floating liquefied natural gas platforms and major gas field projects. The third trend suggests Fintech innovation in Africa picking up speed in 2018, buoyed by a new generation of Africans who are 'digital natives'. The proliferation of tech hubs across Africa will nurture the next wave of African start-ups and help connect them with investors. Digital innovation in SSA will enable African consumers to leapfrog existing business models and technologies. For more information, read: <http://bit.ly/2zgbqGw>.

CAS View: Ecobank shows that Africa's future growth is again, amongst others, strongly driven by commodities – increased production and higher prices of oil and gas. African governments should take care and use the degrees of freedom generated hereby to diversify their economies, to reduce their vulnerability to global demand and pricing trends over which they have very little control. The very last thing they should do is to sit back and relax under the illusion that the good old days are back. The last trend is a very important one. African governments should make the education of their populations in the field of digitalisation a priority policy issue. Effective participation in the Fourth Industrial Revolution is a prerequisite to tap into the benefits thereof and to avoid being side-lined by those economies that have effectively educated and trained their workforce. India and China have used the world of IT and mass manufacturing, respectively, to position themselves as rising economic superpowers. Both are observing machine learning making lower value-added jobs irrelevant, and both are making an effort to counteract the adverse effects of technological innovation that are replacing human workers from their current employment. To read more about this, read here: <http://bit.ly/2jiEB4Y>. Should Africa ignore this important trend, it will fall by the wayside!

East Africa

- **Kenya:** Safaricom's e-commerce platform, Masoko, is set to start signing international vendors on its online portal in the first quarter of 2018, enabling local customers to purchase items directly from abroad.

Safaricom's e-commerce platform, Masoko, is set to start signing international vendors on its online portal in the first quarter of 2018, enabling local customers to purchase items directly from abroad. The platform, modelled after retail e-commerce giants Alibaba (China) and Amazon (US), went live recently, offering more than 20,000 items from 160 vendors. To buy products, shoppers are required to create an account, provide a shipping address and pay via mobile money or make card payments before delivery of the items by Wells Fargo or Sendy, the official Masoko partners. Kenya's e-commerce sector is dominated by brands such as Jumia, Kilimall, OLX, and Pigiame, among others. Safaricom is expected to face stiff competition from market leader Jumia, which boasts 5,000 vendors. For more information, read: <http://bit.ly/2mZfFEL>.

CAS View: I have recently referred to this initiative by Safaricom. It is good that Africa has a number of competitors to choose from. It is interesting to note that the USA only fields one prominent player, i.e. the well-known Amazon.com. China, with about the same population as the whole of Africa, fields one prominent player, i.e. Alibaba. These 2 companies have generated massive scale, not only in their countries of origin, but globally for Amazon and regionally for Alibaba. It will be interesting to see how the game plays out for the players in Africa. While Jumia from Nigeria is currently a dominant player, Safaricom has the benefit of also having M-Pesa in its stable (with 28 million users), as well as being a mobile telephony player. It remains to be seen whether this will enable them to generate scale and scope above and beyond what the likes of Jumia *et al.* could do. If scale is indeed required to be successful

(and there is very good reason to believe it is), we could expect to see some form of consolidation in the near and medium-term future.

- **Kenya:** Kenya's Supreme Court recently upheld the re-election of President Uhuru Kenyatta in last month's repeat presidential vote, paving the way for him to be sworn in on 28 November.

Kenya's Supreme Court recently upheld the re-election of President Uhuru Kenyatta in last month's repeat presidential vote, paving the way for him to be sworn in on 28 November. The opposition coalition, (NASA), insisted the government was illegitimate and that the ruling was a decision taken under duress. NASA referred to security concerns raised about the judges after one of their bodyguards was shot the day before the court was to rule on a request to delay the vote. The Supreme Court ruling is unlikely to end this political crisis in Kenya. Sporadic clashes erupted in pro-opposition areas after the ruling. The prolonged election process has disrupted the economy and forced the government to cut its growth forecast. The opposition boycotted the election of 26 October, which Kenyatta won with 98% of the vote. Odinga put the death toll in violence since he returned to Nairobi on last Friday from an overseas trip at 31. The police tally over the same period was 9. In several areas of the capital, riots broke out on last Sunday in response to the deaths. Shares headed higher and the currency strengthened against the dollar after the ruling. For more information, read: <http://bit.ly/2iHEmkk>.

CAS View: Raila Odinga, the leader of NASA, seems to have overplayed his hand. After the elections in August, he applied to Kenya's Supreme Court to have the election result set aside, in which he was successful as the Supreme Court ruled that a re-election had to be held within 60 days. This verdict was an important one as it showed upon the supremacy of the rule of law in Kenya. Then Odinga, having won his case, shoots himself in the foot by deciding not to participate in the re-election, but to push for a total new process. Then he asks the Supreme Court to effectively set aside its earlier decision. Should they now have decided to grant NASA their new request, they would effectively have indicated that their earlier decision was flawed. The chances of the same court doing so, were slim. What is important is that all Kenyans now abide by the Supreme Court's decision, and get back to making the country work. There have been sporadic incidences of violence, but nothing of the nature of that which took place after the 2007 election. It is clear that Odinga will have to wait for another period of 5 years before he can run for president, something which has been said he would not do. Kenya's economy has been the victim of this process so far. Focusing on running the country effectively and stimulating economic growth by tapping into the vast potential of this great East African country, is what now is required.

West Africa

- **Nigeria:** Dangote Noodles Limited, a unit of Nigerian company Dangote Flour Mills, has sold 2 production lines to rival pasta maker De United Foods Industries for US\$12.26 million.

Dangote Noodles Limited, a unit of Nigerian company Dangote Flour Mills, has sold 2 production lines to rival pasta maker De United Foods Industries for US\$12.26 million. De United Foods would also buy stock worth 383.94 million naira (~US\$1.1 million). Dangote Flour Mills had said it wanted to quit the noodles business to focus on flour and pasta production. Nigeria's noodle market is fiercely competitive and De United, with a market share of around 70%, is seeking to consolidate the sector. Dufil Prima Foods, the parent of De United Foods, is a privately-held company set up over 2 decades ago, which has grown to become the largest pasta maker in West Africa. De United said the transaction had been approved by both companies and the regulators. A banking source close to the deal said that De United would continue to produce noodles under the Dangote brand for two years after the acquisition. For more information, read: <http://bit.ly/2mZdlbp>.

CAS View: Dufil Prima Foods, the parent of De United Foods Industries, is a joint venture between Tolaram Group of Singapore and the Salim Group from Indonesia. They have put noodles on the table in Nigeria, with the literally famous Indomie brand. Indomie has become a household name in Nigeria, and people are inclined to ask for noodles by the brand name of Indomie. By acquiring Dangote Noodles, De United Foods is entrenching its position as the leading provider of noodles. It already had 70% of the market. It is interesting to see that the regulatory authorities approved the deal as it puts De United Foods in an unassailable position. In all fairness, it was De United that introduced Nigeria in a meaningful way

to noodles. Tolaram is doing well in Nigeria. It recently (2015) sold 50% of one of its companies, Multipro, to Kellogg for US\$450 million. Kellogg effectively purchased a distribution channel, which Multipro had been quite successful in generating, for its breakfast cereals. In Africa, two factors have become important, i.e. understanding the market and its needs, and generating an effective supply chain and distribution system. Tolaram seems to understand this quite well!

Southern Africa

- **Zambia:** China Railway Seventh Group on Tuesday signed a \$393 million agriculture infrastructure development deal with Zambia.

China Railway Seventh Group on Tuesday signed a \$393 million agriculture infrastructure development deal with Zambia. The Chinese firm will build roads, bridges, dams, canals and power distribution lines, among other projects, on the 200,000 hectares of Kalungwishi Farm Block in Mporokoso district in northern Zambia. The 3-year deal will create 35,000 jobs when the farming block starts operating. "Agriculture is the way to go if we are to develop our economy and we are happy that the Chinese have come forward to help us develop infrastructure in these farming blocks," Zambian Agriculture Minister Dora Siliya said. The Zambian government is committed to the development of farming blocks as a way to move the country away from its dependence on copper. For more information, read: <http://bit.ly/2hYaHpY>.

CAS View: Should one google "conflict with Chinese in Zambia," on the first page alone one can find incidences of conflict in the field of labour practices going back to May 2010. In the Zambian case, there were incidences of violence very recently where deaths were recorded. Some commentators have held up this kind of conflict as reasons why Chinese investment is bad for the African continent. Some have gone so far as to use it as a reason why the Belt and Road Initiative spearheaded by China is a form of neo-colonialism. Yet we frequently see African governments entering into commercial agreements with Chinese companies on developmental projects. We have also seen that Chinese companies generate very good margins in their projects on the African continent. The only reason why African governments would engage with China if the situation was really as bad as some commentators say, is that the Chinese companies are either the only ones to tender, or they are cheaper by far, or they pay significant facilitation fees. However, there are also other views. A report in August 2017 by the Economic Liberation Association (Zambia) and the Revolutionary Communist International Tendency (both not frequently heard of outside of Zambia) creates a scenario of a struggle between China and India in Zambia, with the Zambian population (more specifically the labour component) being the victims of this struggle for supremacy in Africa. One has to be careful to simplify issues in Africa as being a Chinese neo-colonialist drive, or that the country is a victim of a broader ideological struggle. It is clear there are many issues at play. The question is, should African governments accept these phenomena as a price to pay for support and investment in their economies?

- **Zimbabwe:** Emmerson Mnangagwa, until recently one of Mugabe's longest-serving and closest allies, will be sworn in as the new president on Friday, offering Zimbabwe the chance to open a new chapter.

Emmerson Mnangagwa, until recently one of Mugabe's longest-serving and closest allies, will be sworn in as the new president on Friday, offering Zimbabwe the chance to open a new chapter. However, his career as a hard-line minister in the ZANU-PF party points to a new leader who could be just as keen to suppress opposition voices, restrict freedoms and govern with an iron fist. Mnangagwa's past allegedly includes two of the most infamous episodes of state-sponsored violence during Mugabe's reign. After independence in 1980, Mnangagwa directed the "Gukuruhundi" massacres of supposed dissidents in the Matabeleland and Midlands provinces. An estimated 20,000 people were killed. In the 2008 election, Mnangagwa was seen as the architect of the violence and intimidation that forced the opposition to pull out of a run-off vote that Mugabe risked losing. It is unlikely that there will be significant changes because Mnangagwa was Mugabe's enforcer. He is likely to continue as far as abuses, impunity and lack of democratic change are concerned. Many hope he could at least bring rapid economic growth after Mugabe's "indigenisation" policies and farm seizures saw investors flee, production collapse and unemployment rise to over 90%. For more information, read: <http://bit.ly/2i1Dee9>.

CAS View: Former president Robert Mugabe can indeed say he ruined the Zimbabwean economy “my way.” Many people were killed during his administrations and the country is in a bad situation, economically and politically. Millions of Zimbabweans have left the country and sought a new life elsewhere. His downfall and resignation earlier this week was a moment to rejoice. However, it seems that his successor, Emmerson Mnangagwa, has the potential to be as bad as Mugabe, should one believe many of the press articles. He seems to have been the power behind Mugabe’s throne. On the side, this does raise questions as to what Mugabe was thinking when he fired Mnangagwa! Some commentators, when they refer to Mugabe being replaced by Mnangagwa, are saying that it is merely “a snake shedding his skin,” and that the Zimbabwean system needs a complete overhaul. The strong role of the military does raise questions that seem to be difficult to answer. Others, however, state that despite his record, he could head a national unity government that would include opposition leaders and rule the country for some years before new elections. It does seem that should he be able to fix the economic situation and bring about strong economic growth for Zimbabwe, he might be forgiven a lot of his actions in the past. Unfortunately, only time will tell. This is such a beautiful country, with so much potential. One can be forgiven for saying that he can hardly be worse than his predecessor, but one never knows. Should there be surprises, let’s hope it will be a pleasant one. The ordinary Zimbabwean is owed one!

Central Africa

- **Central African Republic:** The CAR presents numerous business opportunities for investors in diverse sectors.

The CAR presents numerous business opportunities for investors in diverse sectors. **Natural Resources:** The CAR is known for its gold, diamonds, manganese, uranium, iron, oil and gas, coltan and ancillary minerals. There are many opportunities in this sector. **Telecommunications:** Only 19.17% of the population have access to coverage. Investors are needed to participate in the installation of an international optical fibre backbone to connect the existing local optical fibre network to the regional network. Investment is also needed in the development of the national optical fibre network and to ensure better coverage. **Power:** The CAR currently has a 2000MW hydroelectricity potential and a 5KW per square meter capacity for solar energy. Yet only 18MW of energy is developed from hydro and 15MW from thermal electricity. **Agriculture & Forestries:** The country has 5.4 million hectares of dense forest with all types of wood available for exploitation. There are opportunities for the development of coffee and for producing and selling palm oil. **Infrastructure Development & Housing:** Only 855 km of the 25,000 km road network of the CAR is paved. There is a dire need to link the different regional centres to rural production areas and rehabilitate urban roads. The country plans to link its capital with major cities in neighbouring countries. There are also projects to construct modern bridges, a dry port and to provide public housing for the local population. There are also opportunities in financial services, mobile money and tourism. For more information, read: <http://bit.ly/2iKfLeA>.

CAS View: The Douala Consensus was recently adopted, which called for the adoption of well-targeted and sequenced counter-cyclical measures as a means to promoting resources-driven and trade-induced industrialisation in Central Africa. There is a need for a paradigm shift “from a resources-for-infrastructure model to a resources-for-industrialisation (R4Id) model.” In addition, the Douala Consensus identified the imperative to promote the “made in Central Africa” label; establish industrial zones and growth poles; accelerate the implementation of the AU’s Boosting Intra-Africa Trade (BIAT) programme; focus on Central Africa’s rich natural resources as basis for its industrialisation; and re-enforce inter-sectoral coordination and public-private dialogue. Agribusiness was identified as an important avenue through which food security and structural transformation can be ensured. It is clear that the opportunities identified within the Central African Republic, will stimulate progress within the framework of the Douala Consensus. It also emphasises the importance of infrastructure development to stimulate intra-regional trade. Foreign investors tend to focus on countries in West Africa, such as Nigeria, Ghana, Cote d’Ivoire and Senegal; in East Africa, such as Ethiopia, Kenya, Tanzania and Rwanda; and in Southern Africa, such as South Africa and Mozambique. It is good to see opportunities off the beaten track being identified for investors with a higher risk appetite.