

African Union

- **Africa:** Manufacturers and retailers seeking to stay one step ahead in Africa's complex markets need to move beyond 'business as usual' – they simply cannot keep doing the same things and expect a different result.

Manufacturers and retailers seeking to stay one step ahead in Africa's complex markets need to move beyond 'business as usual' – they simply cannot keep doing the same things and expect a different result. A cautionary consumer mindset has led to more risk averse spending behaviour and a heightened focus on saving, especially in the areas of out-of-home eating, entertainment and fashion, followed by an acute awareness of price for consumer-packaged goods. To counter this, businesses have been drawn into more promotional activities, eroding brand equity and margins. Still, Africa continues to offer one of the greatest gifts of untapped growth, but requires bold strategies. Those invested or investing in Africa therefore need to reassess and implement in a more purposeful, precise and persistent manner in pursuit of consumer needs. There is significant potential for innovation and growth, which requires a steady investment by manufacturers and retailers into making these untapped opportunities work for them. With vast retail landscapes and widespread, diverse consumers, it's therefore all about precision over mass tactics in Africa, coupled with exceptional product, marketing and retail innovation to capitalise on Africa's prospects. For more information, read: <http://bit.ly/2inOIP0>.

CAS View: The retail industry in Africa is a challenging one. On the one hand, we find an increasing number of global and large players moving into Africa. This includes the likes of global players such as Walmart and Carrefour, while a number of retailers from South Africa and Botswana have also moved into the rest of Africa. We also find that in spite of the growth of a middle class with disposable income, retailers are struggling in countries such as Kenya. Local retailers Nakumatt (who applied for business rescue at the end of last year) and Uchumi can attest to this. In Kenya, the middle class have been visiting malls, but this has not converted into sales. Hence the need for boldness and innovation. The market is there. It is crying out to be served. More of the same will not work. As Einstein is reported by some to have said, insanity is doing the same thing over and over again and expecting different results.

East Africa

- **Ethiopia:** Ethiopia's agriculture is moving forward and its transformation is well in progress. The country is in a good shape to transform its traditional and subsistence agriculture to a mechanized and commercial one and the farmers have shown motivation and eagerness for more technology and market linkages.

Ethiopia's agriculture is moving forward and its transformation is well in progress. The country is in a good shape to transform its traditional and subsistence agriculture to a mechanized and commercial one and the farmers have shown motivation and eagerness for more technology and market linkages. Its business-oriented mentality encourages the farmers to engage in agro-processing activities, thereby benefitting both Ethiopia's agricultural and industrial sectors. Ethiopia's agricultural transformation is the major factor in attracting the world's flagship agricultural companies to invest in it. These companies want to be part of the transformation and to see how they can contribute and also benefit. The Ethiopian government has been successful with steps to withstand the impact of climate change and improve the country's soil fertility, which in return led to enhanced production and productivity. Ethiopia also strives to increase production and productivity. For more information, read: <http://bit.ly/2Fs1Haq>.

CAS View: A lot has been said about the importance of agriculture in employing and feeding Africa. It is common knowledge that Africa is importing food to the tune of US\$35 billion annually. A lot has also been said about the need to industrialise agriculture to meet the goals and objectives. Ethiopia has been at the forefront in Africa of those countries transforming their economies to meet the challenges facing them. While many speak about transformation, Ethiopia seemingly sets the example for those wanting to stop talking and start doing. Some high profile commentators, such as former Nigerian president Olusegun Obasanjo, have stressed the need to target the whole agri value chain. It seems that Ethiopia is taking this imperative to heart. They are not alone. Amongst others, we find the same experience in countries such as Rwanda. Many more African countries should stop the talking and start with focused doing. We all seem to know what to do, but few of us are putting talk into practice. It is time to talk less and do more.

- **Kenya:** Equity Bank's business model has been lauded for easing access to formal financial services among low-income earners.

Equity Bank's business model has been lauded for easing access to formal financial services among low-income earners. It has been featured as one of the best case studies in Africa for driving financial inclusion and wealth creation. The bank's business model has evolved from a brick and mortar approach where it opened branches in all regions, including remote areas, and is currently focusing more on agency banking and mobile-based platforms. The bank is also winning praise for offering letters of credit to local entrepreneurs, undertaking to pay exporters or sellers on their behalf, and offering other trade relevant financial products such as pre-shipment and post-import financing. The bank also trains entrepreneurs to hone their business skills. Equity's success in this endeavour directly benefits society at large. Equity's financial inclusion model is further enhanced through Equitel, the bank's mobile virtual network. For more information, read: <http://bit.ly/2mdJM8p>.

CAS View: I have previously spoken about the excellent example Equity Bank has been setting for other banks in Africa wanting to meet the needs of those at the bottom of the pyramid. They were the first in Kenya to embrace fin tech phenomenon, M-Pesa, when the others scoffed at it as transitory. They later on developed their own fin tech platform. Another bank in Africa who has won similar accolades for addressing the needs of the formerly unbanked, is Capitec Bank in South Africa. Both these banks have changed the banking scene in Africa with their innovative use of technology to create a unique business model, and as such have been recognised globally.

- **Tanzania:** The Tanzanian milk industry is transforming itself to meet increased future demand.

Milk demand in Tanzania is expected to increase from 45 litres per year to at least 100 litres per year on a per capita basis. To increase supply ahead of demand, Tanga Fresh expanded its factory last year to a capacity of processing 120,000 litres a day from the current 50,000 litres a day. The local cattle farmers and dairy stakeholders will be provided with the necessary know-how on milk production, both in quantity and quality. Tanga Fresh will also increase the keepers from the current 12,000 to 60,000 in order to be able to feed the factory with constant milk production. They will also be provided with the necessary milking equipment to meet quality standards. Tanga Fresh will also conduct training courses and field meetings and provide loans to farmers. A large number of improved dairy cattle, increased consumption and changing consumer trends are key factors in the growth of Tanzania's dairy sector market. Low production and a high animal mortality rate are the biggest factors affecting the dairy market of Tanzania. Although Tanzania is a net importer of milk and milk products, it has the potential to increase production and possibly even exports if efficiencies can be improved. For more information, read: <http://bit.ly/2Dglpgp>.

CAS View: A number of factors come to mind reading this article. We once again see the need to increase the education of Africa's farmers, both technically and managerially. Africa also needs to increase its local food production and reduce imports. This will create more jobs and boost their economies, leading to import substitution and increased exports. In the dairy sector, some countries have actually placed restrictions on the export of unprocessed dairy products, and have even set production targets for companies participating. Those who could not meet these targets, would be replaced by others. This does sound draconian, but in a certain way it ensures the survival of the fittest.

- **Tanzania:** Tanzania is focusing on growing its textile industry and producing clothing for the US market.

Tanzania Tooku Garments Company Limited, producing clothing for the US market, is set for expansion to increase production in order to meet demand in the market. Manufacturing for exports is considered important in generating valuable foreign exchange as well as maintain a competitive exchange rate. The factory, that employs about 3,000 Tanzanians, is set for expansion in order to increase production. Also, the SEZ's are part of an export-oriented development strategy, which can contrast with an important substitution industrialisation strategy, where the aim is to produce goods that were formerly imported. Some of the special zones include the Bagamoyo SEZ, which is a unique project in the region that will be

developed into industrial parks, trade parks, technological parks, logistics centres, financial institutions, as well as the construction of an airport and a port. For more information, read: <http://bit.ly/2DgKqJn>.

CAS View: Tanzania Tooku Garments have been producing a range of textile products, especially jeans and shirts for exports. They produce for, amongst others, Levi's, TCP, and Primark and their annual export volume is in the region of 3 million pieces. The zero import duty on select African products under the USA's African Growth and Opportunity Act (AGOA) ensures Tanzania Tooku's products easy access to the American market. This has been serving as a pull factor in enticing foreign companies to move their factories to African countries. Around 144 companies have invested in various economic zones in Tanzania, where 44% are foreign and 56% are local. Tanzania is not the only country in Africa focusing on the textile industry. Ethiopia is doing exactly the same, and have also succeeded in producing for big name brands and large retail chains. A requirement for success in this regard is the availability of a pool of trained and productive employees, at low cost, with government incentives and minimum red tape.

Southern Africa

- **Angola:** Angolan President Joao Lourenco is cleaning up shop by removing his predecessor's children and allies from prominent positions.

Angolan President Joao Lourenco dismissed his predecessor's son as head of Angola's \$5 billion sovereign wealth fund. Lourenco fired Jose Eduardo dos Santos' son, Jose Filomeno dos Santos and the entire board of the Fundo Soberano de Angola. Since replacing Dos Santos, Lourenco has removed the former president's daughter, Isabel, as chairwoman of the state-owned oil company Sonangol, and fired the central bank governor and the head of diamond company Endiama. He's also terminated management contracts for state TV channels with two of Dos Santos' younger children. The string of dismissals has earned Lourenco the nickname of the "relentless remover." Lourenco said he'd continue shaking up the business environment inherited from Dos Santos, whose family and allies still control huge sectors of the economy. Under Lourenco's leadership, all public building projects will have to go through tender processes instead of being directly granted. For more information, read: <https://bloom.bg/2qWiQyV>.

CAS View: Under the presidency of former Angolan president Jose Eduardo dos Santos, his children were placed in very prominent positions from which they were able to enrich themselves, to put it mildly. When Joao Lourenco was indicated as the successor to dos Santos, it was generally assumed that Angola could expect more of the same. It now seems that this expectation is fading, with Lourenco removing dos Santos' children and allies from prominent positions. Lourenco has been vocal about his intention to rid Angola of corruption. He seems to be quite serious to fulfil his promise. Getting rid of dos Santos family members and allies, allows Lourenco to establish his position of power. His intention to increase the level of governance by changing tender procedures, will also create a higher degree of trust with external investors. In turn, this will broaden the base of external investors and thereby provide a boost to local business. Getting the country on the straight and narrow will boost the overall Angolan economy and hopefully benefit the broader population, many of whom live in poverty.

- **Mozambique:** Mozambique is boosting the production of cassava and using it for a number of products.

Mozambique's Impala beer is made from cassava. In Africa, organisations and governments are realising cassava's impact on empowering smallholder farmers and developing rural communities. Mozambique is among the key players at the forefront of the growing buzz around cassava, having found a way to farm and process the plant on a large scale. At the heart of this development is the Dutch Agriculture Development and Trading Company (DADTCO). The company has developed a mobile processing factory that is able to process the crop into cake and starch flour. With cassava being the second-most consumed source of carbohydrates after maize in sub-Saharan Africa, it was time the crop was commercialised. The market for cassava is on the rise as more uses for the crop are being discovered. In addition to beer, the plant can also be processed into ethanol biofuel, syrup, as well as flour for bread. For more information, read: <http://bit.ly/2CQnvUw>.

CAS View: Cassava has become a much-talked about product in Africa. Nigeria is the largest producer of cassava in the world, with Ghana, the DRC and Angola making up the other African countries in the Top 10 producers in the world. Tanzania has also embarked upon cassava production in a major way, with agreements with China to encourage production in this country. We now find Mozambique as another country taking the production of cassava seriously. This product lends itself to many uses, such as those mentioned above. In addition to converting it into beer, flour, syrup and ethanol biofuel, it is also used for developing starch. Given that it is indigenous to Africa, and easy to produce, as well as being a substitute for wheat that frequently needs to be imported at high cost, the production of cassava and its conversion into an increasing number of uses, should be actively promoted. It has the additional benefit of empowering smallholder farmers and creating much-needed jobs. It is also gluten-free.