

African Union

- **Africa:** With the advent of new energy generation, storage and management technologies, developing country companies are using the capabilities of new integrated micro-grid systems to improve their efficiency and lower costs.

According to ABB, with the advent of new energy generation, storage and management technologies, companies in developing countries are using the capabilities of new integrated micro-grid systems to improve their efficiency and lower costs. The use of integrated renewable energy systems is also changing the way electricity is consumed within companies and industries. Micro-grids can provide affordable and reliable power in areas where utilities are not present or supply unreliable power. These integrated and often automated electricity networks are also being used to make electricity accessible to regions that are historically energy scarce. In Africa, modern, mixed electricity systems are being used by industries and mines, often in remote locations. New electricity designs and capabilities are also enabling better use and processing of natural resources within countries, as the availability and affordability of mixed energy networks facilitate greater local beneficiation. Specifically in Africa, companies are deploying renewable energy systems and advanced industrial energy management systems to reduce the costs of electricity use. Particularly in Africa, the combination of natural resources, accessible labour and more readily available energy can be leveraged to grow industry, if industrial operations, processes and manufacturing production can be made more efficient. The main constraint is the changing skills requirement. For more information, read: <http://bit.ly/2ngUx86>.

CAS View: Africa has various sources of renewable energy, such as hydro, solar and wind. The costs of these technologies are reducing at the same time the level of technology and the efficiency levels thereof are increasing. The ability to create integrated mixed networks is clearly enabling Africa to provide higher levels of supply at lower costs. The ability of renewable energy to be configured into mini- and micro-grids is an additional benefit. Given the high need for electricity, not only amongst private consumers, but also amongst businesses, any system increasing supply at low costs is welcomed. Many corporates in, amongst others, the agri sector in South Africa, are using solar systems to complement the energy they draw from the national grid. They also have the ability to pump their excess energy into the grid and develop credits for themselves in this manner. Various foreign companies have identified the energy sector in Africa as an investment opportunity, not only in the provision of equipment, but also in the financing of renewable energy systems. We also find corporates in the mining sector in Africa using solar to empower the local communities to light up their homes, charge their mobile phones, surf the internet and watch television. To use renewable energy in sectors such as mining and in functions such as smelters, is not yet a viable option. Hopefully, to reduce the impact of global warming, the development of high yielding renewable energy systems is not too far off in the future.

- **Africa:** China has been sending high level leaders to Africa far more regularly than other countries.

The now annual visit by the Chinese Foreign Minister to Africa is a remarkable tradition. The Chinese leadership have made a total of 79 visits to 43 different African countries over the past decade. There is no other country that can boast such a record. South Africa was the top visited country overall, with a total of 7 visits since 2007. South Africa still has the largest stock of Chinese FDI in Africa. Tanzania and Zambia have received 4 and 3 visits respectively. The other top hitters were a surprise. Chad, a fragile state, received 3 high-level visits. Namibia – rather than Angola – was also amongst the top most visited, despite the latter having borrowed the most loans from Chinese financiers. The countries the leadership hasn't visited were also of note. Despite all the work China has been doing to support peace in the Horn of Africa, China has not recently visited Somalia or South Sudan. China doesn't (yet) appear to favour the East African region over others, even though the region appears as the entry point for China's BRI. Nor does China seem to favour richer countries. China has visited 26 of the total 33 African countries that are classified as least developed. For more information, read: <http://bit.ly/2GD72oK>.

CAS View: The article spells it out that China is clearly the country with the most visits to Africa the past decade. It has a very broad range of countries it has been visiting. These countries include both the most sophisticated country (South Africa) on the one hand, and a country such as Chad on the other. These visits from high level Chinese dignitaries are conveying a message to Africa, namely that China views it to be important. This message is backed up by high levels of support in infrastructure development. This

is one of the reasons Djibouti had no qualms granting China the right to build a military base in Djibouti, in spite of USA opposition. In contrast, there were many reports on what the current US president thinks of African countries. Africa is therefore clearly experiencing two vastly different approaches. You do not need to be a brain surgeon to deduce as to where their loyalties would lie.

East Africa

- **Rwanda:** More Rwandans will now be able to access digital financial services, including micro-loans and bulk money transfers, following the roll out of new tech-based banking facilities by BPR. This has increased the level of financial inclusivity significantly.

More Rwandans will now be able to access digital financial services, including micro-loans and bulk money transfers, following the roll out of new tech-based banking facilities by BPR. BPR will upgrade the existing products with new features to ease the banking experience of customers. It will introduce agency banking and roll out a mobile micro-lending facility, and various debit and credit cards. The bank has also launched an improved internet banking platform. BPR has already formed a partnership with telecom firms Tigo Rwanda and MTN to launch services. This enables its customers to deposit or withdraw money from their accounts to their Tigo and MTN e-wallets and vice versa. Customers can also pay for different government services electronically. Rwanda seeks to become a financial and digital hub by 2020 where all citizens will be financially included. Formal inclusion was at 68%, of which mobile money added 23%. With more digital financial service products, economies like Rwanda will be able to provide services at low cost, deepen inclusion and make profits. This could attract an additional \$4.2 trillion in new deposits into the financial system as more people access formal financial services to save and transact. For more information, read: <http://bit.ly/2Fzdz6M>.

CAS View: Inclusion into the formal financial system in Africa has been a severe challenge for many years. In Kenya, the arrival of M-Pesa has made a major contribution to increase the level from 42% in 2011 to 75% in 2014 (with mobile money adding 58%!), making it the country with the highest level of financial inclusion in Africa. In 2014, financial inclusion in Rwanda was at 42%, of which mobile money added 18%. It has therefore made some significant progress since then to increase to the current level of 68%, with mobile money adding 23%. Digital financial services are therefore a significant contributor to the financial sector in Africa, with no clear indication as to end of its contribution. It will be interesting to see the contribution cryptocurrencies, if any, will be able to make in Africa!

- **Uganda:** Kampala accounts for 60% of Uganda's GDP. Yet, the city's economic development is far from optimal. Given this, there is a number of investment opportunities.

Kampala contributes ~60% of Uganda's GDP, implying that it's the heart of Uganda's economy. It also accounts for 80% of Uganda's industrial sector. The majority of people in Kampala are involved in informal businesses. Trade is the most important activity, with 72% of the informal sector employment, manufacturing at 23% and services at 6%. Kampala's revenue comes from the banking sector, telecommunication companies and transport, amongst others. Although Kampala has 5 divisions, they don't contribute as much revenue as the central division, leaving a big gap in terms of revenue collection. Potential sources of revenue such as tourism and education services, have not been tapped into. The imbalance in revenue collection in Kampala is blamed on poor planning because Kampala has only 1 commercial centre. A special plan for the entire city can help other divisions to develop. To expand Kampala's economy, city authorities should embark on creating business centres such as recreational parks, entertainment places and other income-generating projects to increase Kampala's revenue. Kampala should also start marketing itself to other countries to lobby for funds and establish commercial projects, just like other cities like Hong Kong and Singapore did. For more information, read: <http://bit.ly/2DSOt2j>.

CAS View: Kampala seems to be suffering of the same poor planning many African cities are suffering from. Many cities are not planned; they "happen." Given that there is no coherent planning, planning for local economic development is also non-existent. This is one skill Singapore has a lot of competence in. The situation in Kampala, as in other African cities, creates investment opportunities for foreign investors with the requisite risk appetite. Political stability is a pre-requisite to attract such investors.

- **Uganda:** The minister of Agriculture, Animal Industry and Fisheries has told indigenous business people to shift from importing goods to investing in agricultural production to reduce pressure on Uganda's economy.

The minister of Agriculture, Animal Industry and Fisheries has told indigenous business people to shift from importing goods to investing in agricultural production to reduce pressure on Uganda's economy. His ministry has developed the capacity to help local investors get involved in large scale agricultural production. He requested the farming community to start producing agricultural products for export. Many local business people have been reluctant to join agri-business due to poor infrastructure and high cost of power. However, the importation of goods was putting a lot of pressure on the economy. Investing in agriculture creates employment and also brings dollars into the country. The Ugandan government has agreed to establish a desk in the ministry of finance that will handle local investors' complaints. For more information, read: <http://bit.ly/2GDdAnk>.

CAS View: Here we have yet another country in which the agricultural sector plays a meaningful role. As in a number of East African countries, the government is encouraging entrepreneurs to start producing food at sufficient levels to export as well. Given that Africa is a net importer of food to the tune of \$35 billion annually, all African countries should take the objective of high levels of food production seriously. This would fit into the UN's SDG's, the AU's Agenda 2063 and the AfDB's High 5 Priorities. Many of these entrepreneurs are women and youths, people who are frequently marginalised in the formal economy.

West Africa

- **Ghana:** Ghana and the EU have signed 4 financing agreements, totalling €175 million, to support Public Financial Management (PFM), and investment in sustainable agriculture development, decentralisation and climate change.

Ghana and the EU have signed 4 financing agreements, totalling €175 million, to support Public Financial Management (PFM), and investment in sustainable agriculture development, decentralisation and climate change. The €102 million agriculture programme aims at increasing agricultural incomes, promoting inclusive climate resilient and sustainable economic growth in rural communities. The €45 Million decentralisation support has the overall objective of building effective, accountable and inclusive institutions at all levels for sustainable development, while the €20 million Resilience Against Climate Change promotes inclusive climate resilient and sustainable economic growth in rural communities. The €8 million programme aims at improving economic governance and the business environment. These were priority areas for the government in terms of job creation, service delivery and better financial management. The government was committed to improve agricultural production and position the sector as one of the main drivers of the country's economic transformation. Government was also committed to build a strong agro-based economy that would support the industrialisation agenda in line with the "One District, One Factory initiative." The four programmes would contribute to Ghana's achievement of the SDGs and help it to sustain a path of inclusive and sustainable economic growth. For more information, read: <http://bit.ly/2BGH5RM>.

CAS View: I reported last week on an article in which it was stated that the EU had selected Ghana as its point of entry into West Africa. This week we see reports of 4 projects the EU will be financing in Ghana, helping the latter to improve specific sectors in its economy in a meaningful way. In West Africa, Nigeria is the largest economy by a huge margin. Given its size and the size of its population, any foreign investor must always think about investing there as well. Developing an alternative centre of development can only be good for the region. Having said that, it will still take quite a while and a lot of investment for Ghana to arrive at the same levels of return as that of Nigeria.

North Africa

- **Egypt:** Egypt's business environment is improving and is set to attract greater foreign investment in the coming years.

Egypt's business environment is improving and is set to attract greater foreign investment in the coming years. The circumstances are improving, and many investors believe this is the proper time to invest in Egypt. There is also evidence of a greater level of transparency, which is driving a clear roadmap for investors with medium and long-term horizons, inspiring a fruitful partnership between the public and the private sectors in benefitting from the economic reform and investment opportunities during the coming period. The floating of the Egyptian pound in November 2016 had a strong impact on increasing the GDP and foreign reserves growth rates and helped government T-bills attract \$19 billion in cash flows. It also helped to increase foreign reserves at the Egyptian Central Bank to \$37 billion. In addition, it supported an economic growth of 4.2% during the past fiscal year, and a 3.5% expected by the IMF during 2017. The Arab governments played a role by helping to improve the investment environment in the region. For more information, read: <http://bit.ly/2rUuhHP>.

CAS View: Egypt's economy is one of the 3 largest economies in Africa. In the Rand Merchant Bank annual report, "*Where to invest in Africa*," Egypt has just toppled South Africa from the first place position for the first time since the inception of the report. Egypt displaced South Africa largely because of its superior economic activity score and sluggish growth rates in South Africa, which have deteriorated markedly over the past seven years. In March 2017, "How we made it in Africa" reported on a note on Egypt received from Renaissance Capital, which stated the following: "The government has demonstrated its zeal for reform by cutting subsidies since it took power in 2013 and introducing VAT, and it now promises much needed legal reforms too. Meanwhile UK and Russian energy companies have in the past two months invested over a billion dollars into Egypt's new Zohr gas field, which could turn Egypt into a net energy exporter again by 2019; portfolio investors are also returning. The recent Eurobond was oversubscribed and looks like good value." Before the Arab Spring of 2010/2011, Egypt was punted as an excellent investment destination. It seems it is that yet again.