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East Africa

- **East Africa:** The Government of Sudan announced that an economic coalition will be created among the countries of the Horn of Africa during a summit of its member countries on 12 April 2018. The summit will be held in Khartoum and be attended by heads of State or Government from Sudan, Ethiopia, Eritrea, Djibouti and Somalia. The coalition of the Horn of Africa seeks to achieve economic integration and association amid these countries on investment and trade, while sharing information and experiences. For more information, read: https://bit.ly/2JakxO8.

  CAS View: The Horn of Africa is a turbulent and conflict-ridden area. It is also a strategically important region. Countries such as Somalia, Djibouti, Eritrea and Sudan line the route through the important Red Sea sea lane. Up to now, we have predominantly seen only 2 countries with a more or less stable role in the region, namely Ethiopia and Djibouti. However, even the former has been the scene of frequent bouts of political instability. It not only had internal challenges, but it has also had regular conflicts of some sort or another with Eritrea. This new proposal by an unlikely candidate, i.e. Sudan, has a lot of potential for value creation. These 5 countries, should they manage to create a stable coalition and integrate economically, would do the world a big favour. We do find various global powers positioning themselves in this part of the world, given the ease of access from here to many other regions. The more stable the region, the less reason for these global players to make the region their playing field and the less motivation for the regionals countries to invite the global players into their countries. Sudan's proposal needs to be supported and its leadership needs to be praised, should it have an honest motivation.

- **Rwanda:** President Trump suspended the duty-free status of Rwanda's apparel after finding it unfairly blocked US exports of used clothing. The sanction on Rwanda is set to take effect in 60 days. Trump opted for suspension rather than termination of the preferential treatment under AGOA since it "would allow for continued engagement with the aim of restoring market access and thereby bringing Rwanda into compliance with the AGOA eligibility requirements." East African nations announced in 2016 they would phase out imports of second-hand clothing and shoes by 2019 to protect regional industries from competition. In March 2017, the Secondary Materials and Recycled Textiles Association complained that the import ban harmed US industry and that 40 000 US jobs were jeopardized by the looming import bans. The ban violated the countries' obligations under AGOA. Kenya, Tanzania and Uganda subsequently promised to reduce or eliminate the import barriers. Rwanda informed the US that it has the right to withdraw benefits of AGOA, but that Rwanda would not reverse its decision to restrict imports of used clothes and shoes. Rwanda increased tariffs on imported used clothes from $0.20 to $2.50 per kilo in 2016, aiming to eventually phase out importation. For more information, read: https://bit.ly/2ElL73h and https://bit.ly/2q5SFlq.

  CAS View: East Africa has been struggling for quite a while to grow the contribution to GDP of its manufacturing sector. Ethiopia has succeeded in growing its sector with the support of Chinese textile companies who have relocated to Ethiopia on suggestion by the Chinese government. One factor that has always been a bone of contention, was the presence of imported used clothing from the USA. Another factor was the import of cheap textile products from China. The latter was specifically true for Kenya. One has to admire the courage of Rwanda to maintain its stance on raising tariffs on the importation of used clothing. What the eventual negative effect will be, remains to be seen. This is not the first time the USA has "leaned on" African countries to force them to back down from tariffs against the import of cheap USA products. It was not long ago that South Africa had to submit to the import of cheap American chicken, given the threat of removal from the list of beneficiaries of AGOA. While it is true that the African countries do benefit from AGOA, it is at times such as these that the debate of "free versus fair" gains renewed prominence.

- **Uganda:** Centenary Bank has added itself to the growing number of financial service providers targeting mobile phone users. The bank recently launched Cente Mobile Loan, a mobile phone enabled service through which customers will be able to access loans from as low as Shs5,000 up to Shs2m. According to the MD of Centenary Bank, the product addresses financial inclusion. The advent of mobile money has afforded more people an opportunity to access financial services. Banks have over time been challenged to make access to financial services a priority in an era when telecom companies are eating into their market share by offering similar services such as loans and money transfers. The drift towards the use of the mobile phone for financial intermediation is undisputed and the 21 million mobile-based money accounts with a nearly Shs5 trillion worth of transactions annually, is testimony on how this trend cannot be ignored. For more information, read: https://bit.ly/2HcUkOy.

CAS View: Here we see the continuation of the trend where the importance of "mobile money" goes from strength to strength. I do think the banks rue their initial decisions to ignore the actions of telecom companies when they entered the field of providing financial services to the bottom end of the market. This is where the masses were who did not have formal access to banking services. It is interesting to note that in 2015, a judge in Uganda found that mobile phone operators MTN, Warid, Uganda Telecom, Airtel and Africell were illegally operating their mobile money activities. His reasoning was that they had telecom licences and were not licensed to trade as financial institutions. However, the judge dismissed the case, as the complaint against these institutions should have been brought before a tribunal of the Uganda Communications Commission. A County MP, Abdu Katuntu, initiated the case in order to have mobile money regulated under the Financial Institutions Act. Today we find banks are desperately playing catch-up.

West Africa

- **Ghana:** Africa produces huge amounts of electronic waste each day. These waste items are regularly burned, discharging dangerous gases into the climate. However, because of the initiative of some young men in Africa, these things disposed of as waste are being put to great use. KLAKS 3D, a computer company in Ghana, has since 2016 been using e-waste to build machines for printing items in 3D. The five inventors used two weeks to build the first device after collecting e-waste items. 3D printing has over the years been gaining ground in Africa. In 2013, WoeLab, a community tech hub in Togo, made the first Made in Africa 3D printer from e-waste. Since then, there have been calls for more such innovations to grow African economies. Buni hub, a tech centre building 3D printers in Tanzania, followed suit in 2016. KLAKS 3D has already sold one of the printers to a non-governmental organisation, and there has since been an increased demand for their device. For more information, read: https://bit.ly/2GP3uCS.

  CAS View: One must admire the abilities and skills of African tech-preneurs who use waste to build 3D printers. I have in earlier newsletters referred to the case studies of Togo and Tanzania. Now we find the same in Ghana. It is easy to use the most advanced technology to develop your 3D printer. It is somewhat of a greater challenge when you have to use e-waste. It shows upon a resolute will and perseverance to develop such advanced equipment under such adverse circumstances. One must raise your hat to these innovative and creative people.

- **Nigeria:** President Buhari has expressed commitment to a conducive business environment that would aid investments in the country from the operations of the Lekki Deep seaport in Lagos State. The Port will become one of the largest deep-water ports in the region and serve as a hub for port operations in West Africa. Ships of larger capacity and very large crude carriers will now be able to visit the Port, and greater efficiency and economies of scale will generate significant revenue for Nigeria's economy. The Minister of Transportation commended the Nigerian Ports Authority (NPA), Tolaram Engineering Company and China Harbour for the development of the landmark project. The MD Nigeria of Tolaram, Haresh Aswani, promised that the project would be completed within 3 years, and it would generate over $200 billion revenue for Lagos state and the federal government. The project will support and enhance the growth of various free zones in the area. The Port will have a significant positive impact estimated at $361 billion over the term of the concession and create 170,000 new jobs. For more information, read: https://bit.ly/2EdBZh3.

  CAS View: The Lekki Deep port has the potential to redefine the sea transport industry along Africa's west coast and to "steal" business from other countries with significant port operations, such as South Africa. Its contribution to Nigeria's economy is quite significant as well. Tolaram's role must be lauded for its role in this development. This Singapore-based group is showing the value that can be unlocked in Africa, both for itself and the country. This is at least the fourth time in the past 3 years that Tolaram has reached the media for its significant investment actions in Nigeria. In 2015, it sold 50% of its subsidiary, Multipro, to Kellogg for US$450 million. In December 2017, Kellogg's-Tolaram Nigeria Limited, a joint venture of Kellogg's and Tolaram, commissioned a factory worth approximately US$17 million, with a capacity to produce 10,000 metric tonnes of cereals per year. A third case was where Dangote Noodles Limited, a unit of Nigerian company Dangote Flour Mills, sold 2 production lines to rival pasta maker De United Foods Industries for US$12.26 million. 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. By acquiring Dangote Noodles, De United Foods is entrenching its position as the leading provider of noodles. It already had 70% of the market. The Lekki Deep investment is by no means a recent investment as Tolaram has been involved from the beginning. However, it is clear that Africa has been good for Tolaram, and vice versa. This should serve as a bench mark for other companies hesitant to venture into Africa. If you have done your homework and know what you are doing, Africa is a treasure chest!

Southern Africa

- **Botswana:** Botswana's new president said he would give priority to tackling youth unemployment and diversifying its economy. Botswana has a reputation as one of Africa's rare political and economic success stories. However, Mokgweetsi Masisi faces a huge task to reduce its dependence on the diamond trade while creating more jobs after collapsing commodity prices tipped it into recession in 2015. Botswana, with a population of some 2 million, has a jobless rate of around 20%, with youth unemployment thought to be much higher. Khama, 65, bowed out after 2 five-year terms in a scripted succession that compelled him to hand over power to his deputy. As part of efforts to branch out of diamonds, Masisi said his government would scale up access to technical education and set up initiatives in tourism, mining, beef and financial services. But the country's opposition predicted little change, saying Masisi as deputy president was instrumental in an economic strategy that had failed to adapt the economy to the needs of a new generation of finance and science graduates. Masisi will serve as leader until national elections in October 2019. For more information, read: https://reut.rs/2q006Lb.

  CAS View: Former President Khama is a hard act to follow. President Masisi will have his job cut out for him. The 2 aspects identified above are indeed crucial for not only his administration, but for the country as a whole. Diversifying the country's economy away from an overemphasis on diamonds, is important and will not be easy. So too is successfully addressing youth unemployment. What is unique about this story, is President Khama leaving his office early. Given that Botswana under his administration was acknowledged as being a benchmark of good governance, it is highly likely that Khama will be a recipient of the Ibrahim Prize for Achievement in African Leadership. On the face of it, he would be a worthy recipient. One can only hope that Masisi will follow in Khama's footsteps and lead Botswana to even greater heights. Botswana has been a star in a region that at times could seem a bit gloomy.

North Africa

- **Sudan:** The recent signing of a $4 billion partnership deal with Qatar to build and manage the Red Sea port of Suakin, puts Sudan's strategic location under spot and could be considered the first serious attempt to tap this resource that has been neglected for quite a long time. The Sudanese-Qatari joint venture will invest $500 million in the first phase and then expand eventually to enable the new port to handle the expected surge in trade volume. The project stems from the fact that the main port at Port Sudan is about to reach its limit due to the expansion of the city, which pushed them to look into alternatives. One of the options was deepening the Suakin harbour by some 700 meters and enable it to handle sizeable freight. Another project is already in the pipeline to overhaul Port Sudan's main port. If that is to materialize as well, Sudan will be in a good position to operate as a regional hub to at least 4 land-locked neighbouring countries, namely Ethiopia, South Sudan, Chad and Central Africa Republic. Marketing Sudan as a regional hub for land-locked countries fits well with the newly signed Continental Free Trade Area. For more information, read: https://bit.ly/2GXePkA.

  CAS View: Once again we see Sudan the scene of foreign investment activity. Qatar is again one of the players. It needs to be said that Turkey has also been involved in infrastructure development in the harbour of Suakin. This has created bad vibes in Sudan, given that Turkey has been accused of heinous crimes against the Sudanese population when Turkey occupied the country. Turkey will restore part of Suakin and construct a naval dock to maintain civilian and military vessels. While Ethiopia had also been looking at developing links to Port Sudan further up north of Suakin, a more developed Suakin could reduce travelling time from Addis Ababa and provide additional flexibility for Ethiopia and reduce its dependence on Djibouti. As it is, Port Sudan has also become busy. For Saudi Arabia and Egypt, the location of the island is geopolitically very sensitive as long as it is under Turkish control. Suakin's development by Turkey can be seen as an expansion of Turkish influence in the region at the expense of Egypt. Qatar's presence in Suakin is equally problematic for Saudi Arabia, Egypt and the UAE as Qatar is seen to be in the same ideological camp as Turkey. Sudan has also brought in Russia by inviting it to develop military bases in Sudan and offering it as a gateway for Russia into Africa. This makes Sudan an increasingly interesting player and creates an increasingly complex situation in a strategically important part of the world.