

Africa:

- **Africa:** Africa has witnessed significant economic expansion, rising FDI levels, and major improvements in a number of social indicators. Diversification has been adopted to promote sounder and more sustainable development models.

EY reported a continuing shift to sustainable investment, with projects flowing into a new generation of sectors, e.g. infrastructure, manufacturing and renewables. Key challenges must be managed: stronger governance, continuous economic reforms, better infrastructure and more jobs. Africa's current infrastructure needs are estimated at US\$130 billion - US\$170 billion, which is expected to grow exponentially as economies mature and the population grows. China has been active in infrastructure development, with total investment increasing from £13 billion in 2010 to £35 billion today. The working age population is expected to rise by 900 million people in the next 35 years. However ~10 – 12 million young Africans enter the job market annually and only 3 million jobs are created. Policies and programmes to create more opportunities and align skills with market needs are therefore crucial, as is attracting investments. Given the major role of SMEs, focusing on entrepreneurial talent and home-grown innovation will promote sustainable economic opportunities. For more information, read: <https://bit.ly/2CZdYgq>.

CAS Analysis: The article emphasises the current trends in a number of areas, and focuses on the challenges that need to be addressed in order to be successful in exploiting the opportunities. There are no new trends identified above. Having said that, it does serve as a reminder of what African and foreign investors need to take note of. Also, it needs to be borne in mind that Africa consists of 54 countries and that the manifestation of these trends will differ according to the country one finds oneself in. Renewable energy does seem to be receiving greater emphasis. It has frequently been stated that renewable energy, and specifically solar energy, is the future energy business model for Africa. A trend that needs to be addressed with more enthusiasm, is the closure of the infrastructure gap on the continent. This will help with many of the other challenges and opportunities, such as regional economic integration, water and energy provision and even food security. The provision of jobs for the youth entering the workforce remains a security challenge.

- **Africa:** As Russia raises its economic profile in Africa, many Russian companies want to get on board.

Lukoil, one of Russia's biggest oil companies, plans to continue an intensive development of oil fields in West Africa in 2019. In December 2017, it listed Cameroon, Egypt, Ghana and Nigeria among its priority international projects. Lukoil was negotiating with Eni over entering into a joint project in Nigeria. Lukoil's expansion plans in the Gulf of Guinea excluded the probability of some additional acquisitions of upstream projects in the waters of other West African states, such as Cameroon, Nigeria, Ghana, Cote d'Ivoire, Sierra Leone and Guinea. Multiple factors have paralyzed its foreign investment in West Africa. Besides technical and geographical hitches, Lukoil noted explicitly that "the African leadership and government policies always pose serious problems to operations in the region." Lukoil's senior management has emphasized that if the quantity of the reserves proves to be sufficient for their industrial development and exports, intensifying and broadening the regional program would be considered. Lukoil's main activities are exploration and production of oil and gas, production of petroleum products and petrochemicals, and marketing of these outputs. For more information, read: <https://bit.ly/2D0Gr5y>.

CAS Analysis: Russia has been targeting many African countries, trying to sell its nuclear technology, amongst others. Lukoil is but one of the many Russian corporates active in Africa. Others include the likes of Rosneft, Gazprom, and Tatneft. Companies like Norilsk, Sintez, UC Rusal, Severstal, Alrosa, Rosatom, and Renova, have also made investments (or expressed interest in) in countries such as Algeria, Angola, Botswana, Cote d'Ivoire, Egypt, Gabon, Guinea, Mozambique, Namibia, Nigeria, South Africa and Zimbabwe. The areas of Russia participation in Africa include, in addition to energy as alluded to above, infrastructure, telecommunications, fishing, education, health, tourism, mineral resources and defence. It can be accepted that Russia will be increasing its footprint in Africa in the years to come.

- **Africa:** Declining Chinese growth could spell problems for Africa. China has been using its BRI to promote its influence around the world, while providing stimulus for its own slowing economy. Increasing tensions between China and the US, however, have slowed down rising levels of world trade.

The IMF forecasts Chinese growth will slow to 6.2% this year due to escalations in the current trade dispute. There are also rising fears over the rapid growth of debt in China used to fuel its expansion over the past decade. With Chinese investment in some African nations worth more than some of those states' own domestic spending, analysts fear the prospect of weaker investment in future and fading demand for commodity exports, which could have a negative impact on emerging markets. According to UNCTAD, China holds the fourth-largest stock of FDI in Africa at US\$40 billion, behind the US (US\$57 billion), the UK (US\$55 billion) and France (US\$49 billion). China is the most visible single-country funder and builder of infrastructure projects in Africa, having spent about US\$11.5 billion a year on average since 2012 – ~33% of all African government spending. Razia Kahn from Standard Chartered, said it “would have to be a very severe slump” in China’s economic growth to affect Africa. For more information, read: <https://bit.ly/2TDaTbi>.

CAS Analysis: China’s presence in Africa, and its granting of loans, remains a much-talked about issue. China been accused of leading African governments into so-called debt traps, where selected infrastructure will be handed over to China in the case of default. The case of Sri Lanka has been used as justification for this point of view, while in Africa a port in Djibouti and energy infrastructure in Zambia are also mentioned. The article addressed the vulnerability of Africa to a slowing down of Chinese economic growth, given that many African countries have China as their largest trading partner. Various commentators are also referring to the challenges Africa will need to face, given the negative impact of the current trade war between the USA and China. Razia Khan’s view that it would have to be a very severe slump in China’s growth to affect Africa, does provide a bit of a reassurance. It would be good for Africa, however, to reduce its dependence on the export of raw materials and to start exporting value added products. To be fair, this is becoming a priority for many African governments.

East Africa

- **Kenya:** Kenya has produced remarkable achievements in renewable energy. It’s the best-performing country in Africa and 9th in the world in terms of geothermal power generation, producing 534MW and expanding it to 1,119MW by 2022. The 365 wind turbines at the Lake Turkana Wind Power Project produce 310MW of energy.

Providing off-grid solar power to thousands of households in rural areas is another achievement. Apart from just lighting homes, with solar power households in rural Kenya can irrigate small parcels of land, establish enterprises such as off-grid barber shops, while thousands can watch television every evening. M-Kopa, one of Kenya’s innovations, is considered the world’s leading pay-as-you-go energy provider to off-grid homes in East Africa. Linked with other green energy sources such as hydro, and other smaller wind-powered plants, Kenya is doing well with a total of 84% of all the energy in the grid being green. Although solar energy to the main grid remains largely untapped, there is huge potential in solar, which provides a bankable opportunity for climate financing. Investments would benefit all Kenyans, given the increased power supply, job creation, improved transport infrastructure and the expansion of industry. For more information, read: <https://bit.ly/2SMztX4>.

CAS Analysis: In one of the articles above, mention was made of the increase of renewable energy in Africa. Here we have a country case study where Kenya is tapping into green energy in a serious way. It still has a lot of scope to expand into and utilise solar energy to complement its total energy mix, especially as far as the main grid is concerned. Mini grids (which are off-grid) are becoming quite popular in rural areas. This is not just the case in Kenya, but in various other East African countries. It should become a main driver of electricity provision for the whole of Africa’s rural areas. Morocco has already tapped into solar in a meaningful way and has built the world’s largest concentrated solar power (CSP) plant, called the Noor Complex, in the Moroccan desert.

- **Rwanda:** Rwanda attracted US\$2.006 billion in domestic and foreign investments last year, a 20% growth from US\$1.675 billion recorded in 2017. Of the top 5 investments in 2018, 4 were local projects, demonstrating the maturing of the local private sector.

According to the RDB, local investments constituted 49% of the total investments. The top 5 investments with over US\$70 million injections include Emerald Park, Millennial Construction, Rwanda Innovation Fund, Jali Transport and Mara Phones. There was an increasing investment appetite from Diaspora

Rwandans. With the increased capacity of the local private sector and interest of international investors, JV's are likely to be more visible. The largest investments were recorded in manufacturing, mining, agriculture and agro-processing. Export-oriented projects constituted 26% of the investments, supporting higher foreign exchange revenues. They are projected to grow to 50% to reduce the trade deficit and increase job opportunities. The increase in investments is due to initiatives to make Rwanda an attractive investment destination. Rwanda is increasingly seen as a great place to do business, innovate and exploit as a hub to access Africa's opportunities. Factors that RDB attributes to the growth in investments include investor facilitation, aftercare services, and investor engagement platforms with senior management engaging with business leaders. For more information, read here: <https://bit.ly/2ACUXPo>.

CAS Analysis: Rwanda has attracted a sizeable chunk of FDI during 2018, and has matched it with domestic investment. The country is well-governed, with the RDB making it easy to invest in Rwanda. The fact that Rwanda is the safest country in Africa, and the 5th safest in the world, supports this trend. This is also true for the large number of reforms the country has initiated to improve the ease of doing business in the country. It is heartening, for obvious reasons, to see the increase in value-added exports and the goal to grow this to 50% of exports. As some country leaders and commentators have stated, to export non-value added products is to export job opportunities! As for foreign investors, Rwanda has been the recent target of investors from both China and Japan.

West Africa

- **Nigeria:** Technology is impacting communities and markets in unprecedented ways in Nigeria.

Nigeria's services sector accounts for 50.25% of total output, largely as a result of digital connectivity. Nigeria's 60 million potential e-consumers present a great opportunity for the ever-increasing list of e-commerce and digital payments start-ups. FinTech will see a boom as most of the telecommunication companies (MTN, Airtel, etc.) are targeting (mobile) banking licences for 2019. There is a rise of crowd-funding solutions, especially in sectors like agriculture where the majority of smallholder farmers lack access to finance. Companies that use digital technology to bridge the financial gap for smallholder farmers, like Farmcrowdy, Thrive-Agric and Farmer in Suit, promise to give the potential investors an opportunity in farming while supporting the rural farmer with finance, sharing the profits with the investor and the farmer. Ride sharing businesses (e.g. Uber) are flourishing, while new companies with a fast-growing user base dominate the shared commerce space. Further disruptions will surface in 2019 because of the development of the physical, telecommunication and financial infrastructure, along which commercial activity flows. Other industries that will benefit include education, health, finance (block-chain), additive manufacturing, robotics, the IoT, renewable energies and agricultural productivity. For more information, read: <https://bit.ly/2FiGk7w>.

CAS Analysis: The extent to which Africa is tapping into technology, especially mobile technology, is a sight to behold. Paga is a fintech company in Nigeria, similar to M-Pesa in East Africa. Farmcrowdy, Thrive-Agric and Farmer in Suit are all tapping into agriculture, as does myAgro (operates in Mali and Senegal), eMsika (Zambia), eFarmers (Nigeria), Hallo Tractor (Nigeria), Farm Capital Africa (Kenya), FarmDrive (Kenya), and Alosfarm, Probit Farms, Growsel, and growcropsonline.com. Hopefully these entities will increase the African farmers' access to financing (investors), inputs (including advice) and markets. As for the growth in non-traditional fintech players (Paga and M-Pesa), they are increasingly presenting a major threat to the banking sector in Africa. Banks have to either adapt and embrace this technology or run the danger of becoming sidelined.

Southern Africa

- **Zimbabwe:** The author of the article is proposing ideas on how to stabilise and grow the Zimbabwean economy. His suggestions are based on a report to the Cabinet he wrote in 2002, titled "Positioning Zimbabwe for Rapid Economic Growth in the 21st Century".

He believes that Zimbabwe's problem is not that they don't know what to do technically to right the economy, but that it lies elsewhere. Zimbabwe can become a high-performing economic tiger if Zimbabweans decide to need each other, and engage every Zimbabwean at home and abroad (beyond appointing a few to Cabinet) in the urgent business of building the nation. He believes that:

- Economic development frameworks that compromise neither the Government's commitment to its people, nor political control, are possible.
- Government-private partnerships along the Singaporean, Indian, South Korean models, but adapted to Zimbabwe's situation, provide the best option for rapid economic development.
- The timely implementation of the right confidence-building measures would facilitate positive trade and investment flows into Zimbabwe.
- Untapped human capital, relationships and access can be leveraged for rapid economic growth.
- Work within the globally integrated economy of the 21st century.
- Government's role is critical, but must be focused on enabling.
- A vibrant private enterprise is critical to economic growth.
- Social entrepreneurship, to leverage government initiatives is critical.
- A globally savvy, locally-oriented leadership corps is critical.

For more information, read: <https://bit.ly/2AG17zr>.

CAS Analysis: The article is worth reading in its entirety. Although the suggestions were made in 2002, they appear to be still relevant 17 years later. Currently one does get the impression that the politicians of Zimbabwe are more interested in either retaining or getting political control than in getting the country up and running again. It is a pity – the people of Zimbabwe deserve better. The country has a lot of potential, amongst others in agriculture, mining, manufacturing and tourism! Also, Zimbabweans are generally speaking well-educated and highly skilled. The human resources are therefore available. However, as various leaders in Africa have stated (e.g. President Paul Kagame and President Edgar Lungu), it is time Africa starts implementing their plans and stop talking!

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