

Africa:

- **Africa:** The WEF's Global Risks Report paints a bleak picture for 2019. The report also identified the top 5 risks for Africa.

Four of the top five risks by impact are posed by the elements: failure to mitigate the effects of climate change; floods and storms; water crisis, plus earthquakes, tsunamis, volcanos and electric storms. The growing likelihood of environmental policy failure or a lack of timely policy implementation is another major concern. In addition, by 2040, the investment gap in global infrastructure is forecast to reach \$18 trillion against a projected requirement of \$97 trillion, which will hamper economic progress. In the top five trends are: the growing gap between rich and poor; the polarisation of societies; climate change; the rise of nationalism; and the risk of increasing cyber dependency. Economically, one of the biggest risks is a confrontation over trade between the major powers. Large scale cyber-attacks along with major fraud attacks, is another risk. The report also delves into the biggest risks for Africa: 1) Unemployment or underemployment; 2) Failure of national governance; 3) Energy price shock; 4) Failure of critical infrastructure; and 5) Fiscal crises. For more information, read: <https://bit.ly/2Hk5Pau>.

CAS Analysis: The report does indeed provide a bit of a sombre start for 2019. With the tariff showdown between the USA and China creating high levels of uncertainty, along with the most recent developments regarding Brexit, global commentators and executives have enough to worry about. In the USA, the partial government shutdown has now achieved the record of being the longest in USA history, and is posing serious concerns about cyber security (amongst many others) as many employees involved are sitting at home. Closer to home, i.e. Africa, the year has not started well with the attack by al-Shabaab on a high-end hotel in the centre of the city. Zimbabwe has had 3 days of pandemonium when Zimbabweans protested against sharp increases in fuel prices, together with major shortages of fuel. Unemployment and underemployment are at unacceptable high levels in many countries in Africa. Politically, we have just had the results of the election in the DRC, where one of the losers is taking the results to the court, and where we now face possible violence. Other countries facing elections this year, include the 2 economic powerhouses in Africa, i.e. Nigeria and South Africa. Fortunately, while economic growth is a challenge for both, the elections will in all probability be free and fair. As for energy, while Africa is in many cases in need of a stable supply, and South Africa's Eskom has become somewhat of a basket case, we are seeing many countries turning towards renewable energy sources (solar, wind, hydro) and clean sources (geothermal). The costs of these sources have been steadily decreasing over the last number of years. Infrastructure development in Africa remains a challenge, especially in transport (rail, roads, ports, airports), water, energy and houses. China has been playing a major role in the provision of both the financing and delivery of infrastructure, frequently along with a lot of criticism from anti-Chinese critics (regarding quality, debt traps, etc.). In spite of everything addressed, there are many opportunities and positive elements to exploit, not only in Africa, but globally. In many cases the risks are known and will be mitigated accordingly. Conclusion? No need to panic. Do your homework, understand the challenges (none of which are really new), and implement your business model. The opportunities are too good to not exploit them.

East Africa

- **Ethiopia:** Ethiopia signed an MoU with the Gulf Electricity Interconnection Authority and the International Energy Linking Organization (GEIDCO) to start a feasibility study of electricity link between Ethiopia and the GCC countries.

The project aims to enhance energy security and raise the level of reliability and safety of the Gulf electrical systems. It will totally safeguard the GCC electricity networks against any partial or total interruption by directly providing instantaneous support for the required power transmission via the electrical connection network. The link with Ethiopia is part of the strategy to contribute to the creation of an electricity market and the promotion of electricity exchange. The GCC countries are positive towards the agreement with Ethiopia as the country has a huge water capacity that can be used in generating electricity, which will be exported from Ethiopia to the GCC countries. The available hydropower in Ethiopia is cheap and easy to use, and Ethiopia needs electricity projects such as those currently being studied in the Gulf. The link with Ethiopia will be a gateway to Africa to obtain cheap energy for the GCC countries. For more information, read: <https://bit.ly/2ARQ0Cm>.

CAS Analysis: The GCC countries have seemingly identified Africa in general and the Horn of Africa specifically as an area worthy of investment. The star in the Horn of Africa is undeniably Ethiopia, with very good economic growth the last decade or 2, as well as a new prime minister that is doing his utmost to increase the level of human rights and political freedoms enjoyed in Ethiopia. The country has been positioning itself as the primary source of energy in not only the Horn of Africa, but in East Africa and even further afield. The cost of electricity in Ethiopia is the lowest in Africa. Ethiopia is tapping into renewable energy in a major way, with hydro, wind and solar energy receiving a lot of attention. The country's per capita GDP is still very low at approximately US\$549.80 (real prices, US\$1729.90 PPP), however, and with a population of 105 million (2017), a lot needs to be done to increase the level of wealth in the country. Investments from the GCC countries, and the sale of electricity to other countries in the region (GCC and Africa), are therefore to be welcomed.

- **Kenya:** At least 21 people were killed when 5 militants of the Somali-based Islamist group al-Shabaab stormed a luxury hotel compound in Nairobi. Hundreds were forced to flee the bloodshed at the DusitD2 hotel and business complex on Tuesday. Some 28 injured people have been admitted to hospital, and Kenya's Red Cross said 19 are still missing.

Al-Shabaab claimed responsibility for the attack, which triggered a 19-hour security operation. The siege ended with the 5 attackers killed. Kenya has been a target for al-Shabaab since October 2011, when it sent its army into Somalia to fight the jihadist group. Groups of civilians were escorted to safety by security forces throughout Tuesday night, amid sporadic bursts of gunfire and explosions that continued into the day. President Kenyatta said everyone involved in the funding, planning and execution of the attack would be relentlessly pursued. Two people believed to be linked to the attack were arrested after raids on Wednesday. Apparently, al-Shabaab called the attack a response to US President Trump's decision to recognise Jerusalem as the capital of Israel. For more information, read: <https://bbc.in/2VXbGWw>.

CAS Analysis: The last thing the Kenya (or any country in Africa, for that matter) needed was this attack carried out by al-Shabaab. To make matters worse, al-Shabaab is not even a terrorist grouping from within Kenya, but is based in Somalia. Here they have broken up into splinter groups over the past number of years with the various groups receiving support from either ISIL or al-Qaeda. Al-Shabaab opposes the Somali government, but have carried out attacks throughout East Africa. It is not the first time they have attacked targets in Kenya. In September 2013, al-Shabaab gunmen entered the Westgate shopping mall in Nairobi and targeted shoppers. During an 80-hour siege, 67 people were killed. In November 2014, al-Shabaab hijacked a bus in Kenya and killed 28 non-Muslims on board. In April 2015, the group killed almost 150 people at Garissa University. These attacks are in addition to attacks against a Kenyan military target. In January 2016, al-Shabaab attacked a Kenyan-run military base for African Union peacekeepers and killed a number of Kenyan soldiers. Kenya has been instituting various security measures at attractive targets in major cities. One can expect these to increase. It is also time the region, and the AU, address the issue of terrorism in Africa and take collective action against the likes of al-Shabaab and Boko Haram (in Nigeria). These groups are obviously not good for the image of Africa and deter people from investing on the continent. This is in addition to the misery they cause to the people in the areas in which they operate. This is unacceptable. Kenya remains a great place to invest, and present lots of opportunities.

- **Rwanda:** Following the Rwandan government's partnership with Charis Unmanned Aerial Solutions, a local drone technology company, sprayer drones could be used in Rwanda to rid communities of malaria-carrying mosquitoes.

The drone is fitted with a 10-litre tank that can carry insecticide, follow pre-mapped routes and spray it over fields that host mosquito larvae, which mostly live in stagnant water. Such drones make sense where they replace labour-intensive back-pack sprayers, which are deemed to be inefficient. The drones can fly for about 15 minutes on a single battery and can spray an area of 40 hectares in a day. The Rwanda Biomedical Centre hopes that the drone technology will bring more benefits in the fight against malaria. The drones will help to reach certain areas where conventional pump sprayers could not reach, including in marshlands, rice paddies and other fields. Currently, the Ministry of Health conducts only indoor residual spraying across the country once a year. Using drone technology to spray habitats of mosquito larvae could kill them before they grow to enter households. For more information, read: <https://bit.ly/2FCrxUy>.

CAS Analysis: Rwanda is seemingly always on the lookout for new and innovative ideas to utilise to increase the conditions, humanitarian and commercial, in the country. In addition to using drones to address the issue of malaria-carrying mosquitoes, Rwandans have been using the technology to transport blood to far-off rural areas difficult to reach via roads. This service has apparently been saving the lives of patients that otherwise would have struggled to survive, if at all. Innovation is therefore a primary attribute highly regarded in Rwanda. Amongst others, Rwanda has created the National Industrial Research and Development Agency (NIRDA) with the mandate to enable a generation of industrial innovators to become competitive through technology monitoring, acquisition, development, and transfer and applied research. As such, the agency provides a number of support services aimed at improving the competitiveness of existing industries in order to increase their export potential or their potential to undertake import substitution, as well as identifying new sub-sectors or value chains where investment by the private sector would likely lead to export growth or import substitution. This creates various opportunities for collaboration and investment, both locally and from abroad. This kind of invention from the government has led to a steady increase in the per capita GDP from US\$539.1 in 2009 to US\$765.2 in 2019. The country's Rwanda Development Board is also making it easier to invest in Rwanda.

West Africa

- **Ghana:** Ghana's former status as a bread basket of the sub-region in the early to late 1970s is being revived as buyers from West African countries are flocking to Ghana to buy cereals, vegetables and other farm produce.

The agricultural sector, which is being revamped to take its place as the backbone of the economy, is now booming, with excess foodstuffs available for export. The last time Ghana engaged in such exports of agricultural produce, apart from cocoa, was as far back as 2007. The successful implementation of the government's flagship initiative, Planting for Food and Jobs (PFJ), has brought about significant improvements in the agricultural sector. Yellow and white maize, respectively, were exported to Côte d'Ivoire and Burkina Faso in large quantities in 2018. The Ministry of Food and Agriculture (MOFA) reports that Côte d'Ivoire and Burkina Faso now rely heavily on Ghana for the supply of about 6 food commodities. Export products include plantain, bananas, citrus, pawpaw, ginger, palm fruits, palm oil, white and yellow maize, sorghum, soya beans, cowpeas, cassava, gari and yams. The MOFA is now considering how to process some of these foodstuffs to add value to them. For more information, read: <https://bit.ly/2QVko3G>.

CAS Analysis: This is great news for Ghana. It still imports food from abroad – cereals (US\$716.15 million – 2017); animal, vegetable fats and oils, cleavage products (US\$341.72 million – 2017); fish, crustaceans, molluscs, aquatics invertebrates (US\$254.94 million – 2017); sugars and sugar confectionery (US\$208.13 million – 2017); and meat and edible meat offal (US\$157.93 million). This provides an indication of the potential for growth in local development. Granted, some areas do not lend themselves to the production of all agricultural products. However, surely Ghana should be able to produce its own meat requirements? This is to mention but one category. What is a further positive development, is the focus on value addition in the form of food processing. This has the normal benefits of import substitution, job creation and even export revenue generation. African has been importing food to the tune of US\$41 billion annually. This is not acceptable when you have the kind of agricultural potential that Africa has.

- **Senegal:** Malaysian companies have been urged to take explore trade and investment opportunities in Senegal as the potential for growth is huge. According to Malaysian ambassador to Senegal, Dr Shazelina Zainul Abidin, the sectors ripe for investment included oil and gas, infrastructure, tourism and education.

There were only a few Malaysian companies currently invested in Senegal, including Petronas and Iris Corporation Malaysia, which produces identity cards for the republic's citizens. According to the ambassador, Senegal takes many cues from Malaysia, especially in terms of planning and strategies for national development. Senegal's new administrative centre of Diamniadio is loosely based on Putrajaya. Senegal offered many opportunities, potential and stability. Malaysia and Senegal have had diplomatic relations for 33 years and have cooperated in various fields such as trade and investment. The total trade between the two countries in 2017 was RM372.6 million (~US\$90.7 million), with Malaysian exports to Senegal recorded at RM364.5 million (US\$88.7 million) and imports from Senegal at RM8.1 million (~US\$2 million). Exports to Senegal include palm oil and other oil palm-based products, agricultural

products and food, while imports from Senegal include cotton-based products, fertiliser, minerals, chemicals and iron. For more information, read: <https://bit.ly/2TWaUaz>.

CAS Analysis: Malaysia has been targeting Africa for quite a while. In an article (written by Robert MacPherson for the Centre) published in the New Straits Times in 2015, the following was stated: "Taking note of Africa's burgeoning investment opportunities, Malaysia has responded with ever larger amounts of foreign direct investment that have blazed a trajectory of consistent 20 per cent plus year-on-year growth over the past decade. These FDI flows culminated at a whopping US\$19.3 billion in 2011, eclipsing those of China and India on the continent, and following behind only the United States and France as the third largest international investor that year." Malaysia has clearly done its homework and has been a significant investor on the continent. From a Senegal perspective, it will probably need to relook the skewed trade balance between the two countries.

Southern Africa

- Zimbabwe: Zimbabwe's anti-government protest strike from Monday to Wednesday has led to a lot of violence. At least 13 people sustained gunshot wounds.

President Mnangagwa announced a sharp increase in fuel prices on Saturday 12 January to improve supplies as Zimbabwe is struggling with its worst petrol shortage in a decade. Zimbabweans reacted with outrage to Mnangagwa's announcement, saying the move would aggravate an already difficult economic situation and trigger protests and strikes. The Zimbabwe Congress of Trade Unions immediately called for a three-day national strike starting Monday, January 14. The Zimbabwean government subsequently deployed riot police in "hot spots". Zimbabweans – mainly in Harare and Bulawayo – took to the streets, burning tyres and using rocks to barricade roads and block buses from taking passengers to work. Eventually the military were also deployed after the situation turned violent. Shops were looted and property burnt. Businesses, schools and banks were shut down. Government accused the opposition and civil society organisations of being behind the protests, and more than 200 people were arrested in connection with the violence. The headquarters of the Movement for Democratic Change (MDC) was also vandalised. Government shut down the Internet and social media platforms to prevent citizens from communicating and organising more protests. The MDC asked South Africa to intervene. For more information, read: <https://bit.ly/2TVfZi7>.

CAS Analysis: Zimbabwe rejoiced when Robert Mugabe was "dethroned" after close to 40 years in power, during which time he destroyed the Zimbabwean economy. One year later the country is seemingly on the verge of implosion. This is in spite of the great potential the country offers to investors, locally and abroad. However, this potential needs to be unlocked. Somehow the Zimbabweans do not seem able to do just this. The fact that there are still a number of sanctions against Zimbabwe, does not make it easy for the country's leaders. President Mnangagwa visited Russia early this week to search for investments. Hopefully there will be some form of solution. Thereafter he will be visiting the WEF meeting at Davos. He will have a hard time explaining to potential investors as to why they should invest. A year ago he had a message of hope. That message will not fly again. The tragedy is that the potential is there, the people skills are there, the political will is there. What they need is the removal of sanctions and for investments to come in. What they also need is for all Zimbabweans to stand together and work towards a common goal. I repeat what my Political Science professor of years ago said: "either they stick together or they will hang separately!"

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