

East Africa:

- **Ethiopia:** The Ethiopian government has picked telecommunications firm Ethio Telecom as the first of four major state corporations to be sold to private investors, in a liberalisation programme meant to boost economic growth.

Ethiopia is now reaching the limits of its state-led growth, prompting the government to open up its economy. The government will give priority to the partial privatisation of Ethio Telecom as it considers the best approach for the entire process. Ethiopia will be liberalising the economy and privatise state-owned companies in telecommunications, aviation and banking. Ethiopia is seeking to spur the country's growth and development by attracting more foreign direct investment. Other SOE's lined up for privatisation are Ethiopian Airlines, Ethiopian Shipping & Logistics Services Enterprise and Ethiopian Electric Power. The state will hold a majority stake and shares in Ethio Telecom, Ethiopian Airlines, Ethiopian Power, and the Maritime Transport and Logistics Corporation will be sold to investors, domestic and foreign. The announcement was the first clear signal that Dr Abiy, who came to power in April 2018 promising a new political beginning, would implement real economic reforms. For more information, read: <https://bit.ly/2UQYIIA>.

CAS Analysis: Dr Abiy Ahmed has been a breath of fresh air since he came to power in April 2018. Not only has he addressed political freedoms and human rights issues internally, but he has made a significant contribution towards addressing the nature of the political climate in the region. The most important factor in this regard, has been the peace brokered between Ethiopia and Eritrea. He has also reached out to various countries in the Horn of Africa, as well as Sudan and Kenya. His announcements regarding the privatisation of state-owned enterprises in industries previously denied to foreign investors, has also been welcomed. It is seen as a bid to increase the efficiencies and productivity of these entities, as well as boosting the government's coffers. Overall Dr Abiy has been doing a sterling job of running the country. Giving the size of the population (~100 million), many investors would be quite interested in getting involved in the Ethiopian economy. It still has some challenges, such as a liquidity squeeze, but hopefully these would be eased with new money flowing into the country given the liberalisation programme. With an uptick expected in the already strongly growing economy, those companies already in Ethiopia would soon be smiling even broader.

- **Rwanda:** Rwanda's fish output increased in 2018 due to increased investments in modern and commercially-oriented aquaculture practices. There was a significant rebound in fish output since 2016 after sustained years of hardship as strategies to increase the country's fish stocks, as it seeks to trim imports and tackle malnutrition, are paying off.

However, Rwanda still imports an estimated 15,000 tonnes of fish every year to cater for the rising demand. Government has eased the process of acquiring licenses for aquaculture, which has attracted more investments in the industry. Investors in the fisheries industry are facilitated to obtain fishing concessions, water use permits, as well as empowered with technical support on the production of fingerlings, among other interventions. At an average of 2.5 kilogrammes every year, per capita fish consumption in Rwanda is still low compared to the East African Community average of 6 kilogrammes. The main challenge that farmers are exposed to, is lack of funding to make their ponds more productive. Illegal fishing practices are still rampant, which threatens the sustainability of the industry. Getting fingerlings was also one of the major challenges, but this was addressed through setting up fish hatcheries. For more information, read: <https://bit.ly/2tjbB2k>.

CAS Analysis: The government of Rwanda has been addressing various sub-sectors within the agriculture industry as well as the economy in general. In addition to the fish sector, various actions have been launched in the poultry, coffee and tourism sectors. One of these has been the agreement with Alibaba for the latter to host the eWTP (electronic World Trade Platform). This platform will be hosting various products and services. The fish industry has become quite prominent in East Africa. While demand has been growing, the supply has not managed to keep track. Other countries that have launched initiatives to address the deficit in supply, include Tanzania, Ethiopia and Uganda. I recently reported on an entrepreneur in Uganda that has managed to develop and grow a thriving fish business, not only by providing fish to the market, but also fingerlings to her competitors. Her business also serves as a tourist attraction. The fish deficit in the region creates opportunities for foreign investors to partner with local entrepreneurs. This would not only have the obvious result of growing the supply, but would be creating

more job opportunities, hopefully for the youth, many of whom are sitting unemployed in villages, towns and cities.

- **Tanzania:** Tanzania is boosting its local fisheries by banning fish imports, especially from China and Vietnam.

Tanzania produces about 336,821 tonnes of fish per year and has a local demand of 731,000 tonnes. Most of the local fishing takes place in the Indian Ocean, Lake Victoria, Lake Tanganyika and Lake Nyasa. China, Vietnam and other countries in the Indian Ocean region export 24,000 tonnes of fish on a monthly basis to Tanzania, valued at US\$25 million. Tanzania's fisheries economy is valued at US\$4 billion with approximately 200,000 fishermen earning a living from the industry. However, their fishing equipment is compromised, and they lack the adequate technical expertise, management skills and sufficient resources to develop their industry. The government is encouraging fishermen to form fishing co-operative societies. Forty percent of the total costs of the purchase of modern fishing facilities, including boats, will be subsidised by the government. The government is also planning to bring in companies to buy large fishing ships and establish fishing ports along the Indian Ocean coast. For more information, read: <https://bit.ly/2GnMaoR>.

CAS Analysis: Tanzania has been attempting for quite a while to address the fish shortage of ~54% of demand. A few years ago, the youth and women were encouraged to turn towards fish entrepreneurship and start their own businesses to provide fish. This has seemingly not been a successful venture, most probably due to funding and technology challenges. Banning fish imports from China and Vietnam is a harsh step, especially since China is a serious investor in Tanzania. At the end of last year, Kenya also banned the importation of fish from China. China responded by referring to the move as waging trade war and threatened to retaliate with cutting funding for the next phase of the Standard Gauge Railway line from Nairobi to Naivasha. China is angry with Kenya's move to cancel all applications for importation of fish from its market, and said it would retaliate by cutting economic ties. In Uganda, we recently saw the opposite, with the government giving the green light to two investment groups, one from Hungary and another from China, to set up separate fish farms. It will be interesting to see how China responds to Tanzania's steps to curtail imports from its shores.

- **Uganda:** Ugandans will be able to buy government securities through a mobile money platform to become less dependent on commercial banks and institutional investors for its funding. According to the government, the measure would boost savings and investment among ordinary Ugandans, as well as driving economic growth.

Ugandans with mobile money accounts, many of whom had limited access to banks, will now be able to directly buy government debt. The move follows a similar move by Kenya in 2017 and will also open the market up to Uganda's Diaspora. Of Uganda's population of 41 million, about 23.6 million are mobile phone subscribers. MTN Uganda, a unit of South Africa's MTN Group is likely to be the main beneficiary of the change among telecoms operators as it has the largest mobile money customer base, followed by Airtel. Widening the scope of investors reduces the dependence on a few players such as commercial banks, offshore players and institutional investors, which tend to bid highly in the auctions given that Government has limited choice. For more information, read: <https://cnb.cx/2XayZwK>.

CAS Analysis: Kenya launched its first issue of government bonds via the M-Akiba application in 2017. Safaricom's M-Pesa and Airtel Money integrated their USSD channels and payments functionality to the M-Akiba platform to enable customers to open accounts, purchase bonds and receive the semi-annual payments. The per transaction limit was about US\$700, with the daily limit twice that. After the pilot, PesaLink, the interbank payment platform, was also integrated into M-Akiba, which enabled retail customers to purchase amounts up to about US\$10,000 per transaction. Using their mobile phones, retail investors could now open securities accounts, purchase, pay, receive interest and principal amount invested and trade their securities in the secondary market. While the first bond offer was sold out after 3 weeks, the next offer only sold about 25% of the offered amount. According to fsdafrica, although investment did not meet expectations, the product was fairly successful in bringing a new broad-based retail investor group into the market for government paper: 85% of customers had never bought a bond before and buyers were distributed across virtually all of Kenya's 47 counties. Kenya learnt a number of lessons from this process, and Uganda would do well to study the fsdafrica report in order to prevent them from making the same mistakes. Overall, we are seeing the democratising of the bond issue experience.

West Africa

- **Nigeria:** Presidential elections in Nigeria will be held on 16 February 2019. The two main candidates in question — President Muhammadu Buhari and former vice-president Atiku Abubaker — are both known entities, but their economic approaches differ markedly.

Three key issues will dominate the election discourse – the economy, security and corruption. Investors blame Buhari's unorthodox policies for making an already dire economic situation even worse. Under Buhari's tenure, youth unemployment has reached record highs and the economy has again slipped into recession. Opposition candidate Abubaker is viewed as being significantly more competent on the economy and has pledged to pursue a strong reform agenda. Businesses in Nigeria are mostly just interested in getting the election over with, so they can assess the potential fallout and measure the risk going forward. People just want a smooth transition, whether to Buhari or from him to whoever wins. Wildcards include: President Buhari's health; postponement of the ballot; major violence/terror attack; an inconclusive result; and social media. Buhari remains favourite to secure re-election. Abubakar is anticipated to shape his election campaign around Buhari's alleged economic mismanagement. While such a stance could resonate with Nigeria's business community, it may have less of an impact on the electorate, who are expected to be more receptive to Buhari's economic nationalist stance and his uncompromising anti-corruption stance. For more information, read: <https://bit.ly/2Svj6lL>.

CAS Analysis: The election in Nigeria will take place tomorrow, 16 February 2019. According to the author of the above article, Ronal Gopaldas from The Signal Room, President Buhari will in all probability win the election. This is in spite of the economy not performing in a stellar manner, and with Boko Haram still alive and well in the north-east of Nigeria. Corruption is still an issue in Nigeria as well. The reality is that neither of the 2 main contenders are exciting the voting population to any great extent. It is a pity as Nigeria has the potential to perform at much higher levels than what it currently is doing. Its leadership should step up and lead the country to greatness. A few years ago, ISS Africa stated in a research report that Nigeria has the potential to be the foremost economy in Africa by a large margin, but that it was punching below its weight. This is unfortunately still the case. For the sake of Nigeria as a country and the Nigerians in general, let's hope that the president elected tomorrow will deliver on the issues required to make Nigeria live up to its potential.

North Africa

- **Morocco:** Morocco has encouraged its companies to invest in Sub-Saharan Africa to an extent that it has geared 90% of its FDI to the region in the period spanning from 2010 to 2018. Ethiopia, Côte d'Ivoire and Cameroon were top destinations of Moroccan investments. Morocco's exports to West Africa tripled between 2006 and 2016.

Morocco set up Casablanca Finance City as a financial hub for companies willing to tap into the business opportunities in Africa. Africa is seen as be the motor of global growth in decades to come, even if today there are problem regimes in a few economies. Currently about 160 businesses have acquired the regulatory and fiscal advantages of CFC status, including international consultancies such as McKinsey and Boston Consulting Group, insurance market Lloyd's of London and law firm Clifford Chance. CFC offers fiscal benefits including zero corporate tax for the first 5 years, while employees of those companies pay reduced rates of tax, and there are no limits on foreign exchange repatriation. It is estimated CFC would contribute about 2% to GDP and bring 35,000 new jobs. For more information, read: <https://bit.ly/2SwX6gO>.

CAS Analysis: Morocco has for a while been concentrating on positioning itself as a gateway into Africa. They have reapplied and obtained membership of the African Union, and also applied for membership of ECOWAS. Its king has been visiting various African countries as well. These include Senegal, Guinea-Bissau, Côte d'Ivoire, Gabon, Ghana, Guinea, Kenya, Mali, Zambia, Nigeria, Tanzania, Ethiopia, Rwanda, and Madagascar. Its CFC reminds one of the Dubai Free Zone, with all the benefits associated with it. In North Africa, the two well-functioning economies are Morocco and Egypt. Both are positioning themselves as gateways into Africa. Both are drawing investments from abroad. Both are targeting Africa as well, and are investing in various countries in Africa south of the Sahara.

Southern Africa

- **Zimbabwe:** The SADC expressed support for President Mnangagwa, which according to political observers, was likely to anger the opposition MDC, which had been hopeful of the censure of Mnangagwa by SADC.

Mnangagwa has been under pressure ever since the army was deployed last month to quell protests. The UK government recently indicated a change of policy towards his administration, saying it would not support a government that uses the army on civilians. It would also lobby for Zimbabwe's exclusion from the Commonwealth bloc and for an extension of the EU sanctions against more members in his government. The current SADC leader, Namibia's president Hage Geingob, said that since coming to power, the new government of Zimbabwe has continued with concerted efforts to address socio-economic challenges and transform the economy and to consolidate unity and peace in the country. The SADC pointed a finger at some internal groups, in particular NGOs, which it said have "continued with efforts to destabilise Zimbabwe", supported by "external forces". The SADC also said it was in support of the removal of sanctions against Zimbabwe, as these negatively affected the people of Zimbabwe. The SADC said all stakeholders should support the current efforts at dialogue, with the view to strengthening the economic transformation of the country. For more information, read: <https://bit.ly/2N2DfK3>.

CAS Analysis: In January 2018, at the World Economic Forum meeting in Davos, President Mnangagwa positioned Zimbabwe as a country ready for investment. A lot of optimism was generated and various incentives were offered. This followed the removal of former president Robert Mugabe at the end of 2017. However, since then Zimbabwe has gone downhill. In spite of the massive potential in mining, agriculture and tourism, to name but 3 sectors, the country has not received meaningful investments. Countries that had put in place sanctions against Zimbabwe, such as the USA, have not lifted these sanctions. Zimbabweans themselves also at times seem focused on self-destruction, with party-political objectives getting priority. Should Zimbabweans not get together and sort out themselves, we will see a continuation of the status quo. I have said it before, and will say it again, either they stick together, or they will hang separately!

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