

African Union

- **Africa:** Chinese President Xi Jinping is expected to announce a \$50-billion assistance package to Africa at the Forum for China-Africa Cooperation (Focac) in Johannesburg on Friday. Jinping is also expected to announce a commitment to increase accumulated Chinese investment in Africa, from its present \$30-billion to \$100-billion, and two-way trade from \$220-billion a year to \$400-billion, by 2020. Much of the assistance will boost investment in Africa, including beneficiation of African raw materials and increasing its productive capacity. To attract Chinese investments, African countries have to create more attractive conditions, such as a business-friendly environment, including information to potential investors about investment requirements, addressing security concerns and creating SEZ's with tax-free benefits. In the short-term, China could help Africa by sending more tourists; opening its markets to African food exports; providing poverty reduction programmes; educating African exporters about the Chinese market; and by helping African women boost agriculture and get jobs. For more information, read [here](#).
- **CAS View:** Africa has been the “victim” of the slowdown of the Chinese economy, as commodity prices fell and their currencies weakened. Much has been said about the negatives of being vulnerable to a single country for one's economic well-being. China's latest move has been designed, it seems, to soften the landing for those Africa countries hurting so far. It is also clear that China actually wants to help African countries to develop their production capacity and their beneficiation competencies. This is definitely the kind of support that Africa needs as it would help them diversify their economies away from a dependency on commodity exports. Africa should be aware, however, that there are no free lunches. The article has been very clear on what Africa would need to do to increase its attractiveness for investors. In this regard, Africa has started to develop SEZ's, with a couple in South Africa, Ethiopia and Kenya. However, it seems that the SEZ's in South Africa are too rigid, less adaptable to local conditions and not integrated into the normal environment. Security is an issue that Africa would need to address, given the negative perceptions that do exist. In this they are getting no support from the international media, who see Africa as a basket case full of danger, which is unfair to Africa as a whole.
- **Africa:** China's economic rise has demanded massive quantities of raw materials. By 1993, China had started to invest in African resources. It became Africa's largest trading partner in 2009 (\$220 billion vs \$1bn in 1980). China's engagement entails offsetting resources by infrastructure implementation, also referred to as the “Angolan model”, whereby oil extraction was packaged with road and rail infrastructure implementation. The speed of infrastructure implementation, the low cost and the absence of political conditionalities, made this model attractive to Africa. It, however, does not address the underlying problem of sustainable growth in Africa, which can best be achieved through industrialisation. China has adopted strategies to address the problem, such as the introduction of SEZ's. In March 2015, China announced the “Three Networks and Industrialisation” programme, which, in addition to further transport development, will also include the shifting of certain elements of China's industrial base into Africa. China's engagement in the African extractive sector will remain of crucial importance and it will still be the largest consumer of most commodities in future. Thus Africa should reflect and create a clear plan to follow. Within Africa, China's assistance in industrialisation is a process which is yet to unfold. The extractive sector will dominate economic engagement for a long time. Thus, African actors need to think very strategically as how best to maximise engagement in this sector for the economy. For more information, read [here](#).
- **CAS View:** The previous article refers to the likelihood that China would announce programmes at Focac in Johannesburg to give impetus to the industrialisation of Africa. This article provides a background to the process and model of trade between Africa and China. Africa has no other option but to use the envisaged investment programmes to develop its industrial sector. Jobless growth is not an option. It would also need to develop its

education sector to have the skills available to utilise in the industrial sector. China's latest set of programmes is offering Africa a window of opportunity. The onus is now on Africa to create a future beneficial to its people by diversifying its economies. In addition to developments required in the field of education, Africa must develop its energy supply as no industrialisation will be possible without adequate electricity. The shifting of elements of China's industrial base to Africa will create a sizeable number of jobs for Africa's population, which will give impetus to the growth of Africa's middle class and overall economic well-being.

- **Africa:** Remittances to developing countries are expected to reach \$516 billion in 2016 (2013 - \$404 billion). Global remittances to Africa tripled from \$19.5 billion in 2004 to \$63.8 billion in 2014. The \$413 billion sent to developing countries in 2013 was 3 times larger than the \$135 billion of global development aid over the same period. More governments in Africa are trying to harness this pool of funds by issuing diaspora bonds to pay for economic development. Ethiopia was the first African country to issue a diaspora bond, in 2008, followed by Morocco in 2010, and Senegal, Namibia, Nigeria and Zambia in 2011 and 2012. Expat investors know more about their homeland's potential and pitfalls and therefore it may cost governments less to borrow from their expat citizens. Governments need to ensure that their houses are in order as the diaspora are less forgiving when their home countries face financial challenges due to domestic mismanagement. Ultimately, trust is critical and good governance, transparency and political stability are the foundations of success. Investors resident abroad must feel that the government has the capacity and goodwill to manage proceeds properly. For more information, read [here](#).
- **CAS View:** Africa has a massive infrastructure need. CAS has previously reported an annual need of US\$90 billion for the next 30 years. Last week CAS reported on African countries accessing Eurobonds for their developmental needs. Tapping into their sizeable expat communities as a target for their diaspora bonds makes a lot of sense. They should not only target the diaspora for the take up of binds, but also target them for "pay back". All these diaspora members have been educated and trained in their countries of origin, and should seriously consider making a contribution of some sort back home. There are obviously exceptions, such as where people had to flee their home country due to danger, etc. As stated in the article, home governments should also ensure that their house is in order. No one will give back when effort and money is squandered. Saying that the diaspora is "less forgiving", tends to be an understatement – diaspora members get very agitated and critical when their home country governments get it wrong!

East Africa

- **Tanzania:** Tanzania's new President John Magufuli has displayed unusual zeal for austerity and impatience with corruption and waste since taking office a month ago. Magufuli cancelled Independence Day celebrations. The time is to be spent instead on street-cleaning to improve sanitation and arrest the spread of a cholera outbreak. He also downsized by more than 90% the budget for the opulent state dinner that usually marks the opening of parliament. Money saved has been spent on hospital beds and road works. Magufuli has also cancelled foreign travel for officials, banned the purchase of first-class air tickets, ordered that government meetings and workshops be held in government buildings rather than expensive hotels, and cut a bloated delegation of 50 people set to tour Commonwealth countries to just 4. Instead of sponsoring a World AIDS Day exhibition this week, Magufuli ordered the money be spent on anti-retroviral drugs for AIDS sufferers. He has turned up in person -- and on foot -- at government ministries and demanded to know why civil servants were not at their desks. Some officials have been jailed for lateness, the head of the tax authority has been suspended and the use of public funds to pay for Christmas and New Year greeting cards banned. Magufuli's actions appear to be more than grandstanding, with arrests for alleged corruption already made. For more information, read [here](#).

- **CAS View:** Tanzania's ruling political party, CCM, elected John Magufuli as their candidate for the recent presidential elections instead of Edward Lowassa, the previous prime minister. Lowassa subsequently defected to the opposition party, who incidentally had once labelled Lowassa as one of the most corrupt figures in Tanzanian society. And the rest, as they say, is history. If Magufuli's first month is anything to go by, corruption could be a thing of the past in Tanzania. His dedication to put a stop to corruption and to increase efficiency and financial/fiscal prudence in Tanzania sets an example for most, if not all, of Africa's political leaders! He is not only speaking out against corruption, and inefficiency and waste, but taking focused action to address these issues. In Issue 23 of 13 November, CAS stated that hopefully the efficiency and speed of decision-making in Tanzania would improve now that Tanzania has a new government. Magufuli's actions in his first 30 days bode well for the rest of his time in office. He will need all the support he can get, as it takes time and concerted effort to get rid of deep-rooted corruption. But the signs are extremely promising. It is leaders like John Magufuli that bring hope to Africa. All that we now need to do, is to clone him!

West Africa

- **Nigeria:** TopCheck is selling car insurance to Nigerians. According to Thomas von Pilar, the founder, even with the peculiarity of the Nigerian market, citizens are warming up to TopCheck's products. TopCheck chose to build their platform around one product first, which is car insurance. They are planning to expand into other verticals and additional countries. TopCheck works with all of the top insurance companies in Nigeria and will work with all the top players in the financial services sector once they expand to other geographies. TopCheck has been able to secure funding from European investors. TopCheck's ability to secure over a million dollars in foreign investment in less than a year of operations isn't a familiar tale in Nigeria's tech ecosystem as several entrepreneurs with good products are perennially on the lookout for investors, angel investors in particular. While 60% of all car insurance in Europe is sold over an internet platform, in Nigeria currently it is only TopCheck that sells online car insurance. However, the expectation over the next 5 years is to see a similar development in services as was seen in retail — basically a demand for buying services online. For more information, read [here](#).
- **CAS View:** In Nigeria, e-commerce retailers such as Jumia, Konga and Vconnect, are already tapping into the physical product environment. Paga is providing mobile money. TopCheck's venture in the field of online services is providing in a need that is not yet a profitable one. The reality is that while a lot of people like shopping online for goods and services in general (and apparently increasingly in the field of products), nobody wakes up all enthusiastic to buy car insurance, or any insurance for that matter. The general attitude towards insurance will play an important role as far as purchasing insurance, and specifically car insurance, is concerned. In Nigeria, only third party motor insurance is mandatory. Forecasts are that the car insurance industry in Nigeria will grow 7% in the next 3 years. The growth in the middle class will stimulate the numbers of cars in Nigeria (currently forecast to be 40 million by 2020). The increase in numbers obviously will lead to an increase in the number of accidents. However, the trend is that motorists remain uninsured. Fake insurance papers are being used to avoid being stopped and searched. Hopefully the availability of online car insurance will ease the process of purchasing insurance, and as such increase the number of insured. The speed and source of the investments TopCheck obtained, is an indication of the trust the European investors have placed both in TopCheck and Nigeria (and Africa, for that matter). It does remind one of the investment Kellogg recently made when it obtained 50% of Tolaram's Multipro. Although the TopCheck investment pales in comparison to the Multipro acquisition (US\$450 million against US\$1 million), all the pieces fit together to show a picture in which foreign investors in the West (and China, India and Japan, for that matter) are targeting Africa in a meaningful way. The strategy they are following is also meaningful in that they are hesitant to go the greenfield route and are entering Africa mostly through strategic partnerships.

Southern Africa

- **South Africa:** Johannesburg at present generates 1.8-million tons of rubbish a year, which is sent to 4 landfill sites. But at current trends and with 90% of mixed waste going to landfill sites, the city will run out of space in 7 years. It would apparently cost more than R1bn to build a new landfill site, taking into account engineering, lining, drainage and road networks. It costs the city R600m a year to clean the streets and deal with illegal dumping. In some countries, there is zero waste to landfill because residents separate their rubbish into different streams for recycling or incineration. Even though there is some recycling in SA by informal reclaimers, the country is a long way from the levels of resource reuse in China. For the past few years, Johannesburg has run a separation-at-source pilot project in a few suburbs. From next year, this has to be rolled out across the city, involving co-operation from all stakeholders. Waste is a resource around which small businesses can be built and jobs created. For more information, read [here](#).
- **CAS View:** South Africa currently represents the most sophisticated economy on the African continent. Yet it has an electricity shortage, and clearly a waste problem as well. Singapore has just commissioned its 6th Waste to Energy (WTE) plant. In Africa, Cambridge Industries' Rappie WTE plant currently being built in Addis Ababa in Ethiopia, represents the first WTE plant in Africa. It is being built with Chinese investment and Danish engineers. This plant will generate 55MW, using about 1500 tons of waste daily. Cambridge has identified 7 other countries as additional sites for such WTE plants in Africa. However, no such plans seem to exist for South Africa. With a daily waste availability of close to 5000 tons, Johannesburg has potentially a sizeable clean energy capacity. Johannesburg is also running out of landfill sites. Energy is a problem. Yet both the technology and the practical experience is available. The question therefore is simple: why has Johannesburg not yet taken the steps to make a significant contribution to solving its waste, landfill and electricity problems through one relatively simple strategy? The same question goes for Cape Town, Durban and Pretoria. In addition to all the benefits already stated, it will also create jobs!