

African Union

- **Africa:** In spite of the collapse in commodity prices, there are still investment bright spots to be found in Africa. In cities such as Lagos, Nairobi, Accra, Kinshasa and Johannesburg, growth remains robust and investors are prospering in the retail, financial services, technology and construction sectors. This means investors can now re-adjust their strategy for Africa. Instead of taking a view on Africa as a whole, or choosing a country, they can seize opportunities city by city. SSA is urbanizing faster than anywhere else in the world and city dwellers have more money to spend. Nairobi is the most attractive destination for foreign investment, followed by Accra, with Lagos and Johannesburg equal third. Consumption per capita in Accra is 1.6 times greater than the average in Ghana, 2.3 times bigger in Lagos than the average in Nigeria, and 2.7 times larger in Nairobi than nationally in Kenya. The rapid urbanization in Africa means the big cities will need more roads, hospitals and power stations, etc., while growing numbers of new inhabitants will be buying consumer goods. For more information, read [here](#).
- **CAS View:** Africa is indeed suffering due to the low commodity prices, and some analysts would have us believe that the lower prices are not just a cyclical downturn, but a prolonged structural adjustment of the sector. This would require Africa to restructure their economies to be more industrialised and manufacturing-oriented. Merely exporting commodities will perpetuate Africa's economic woes. The urbanization of Africa's population and the need for infrastructure development are both trends that CAS has referred to earlier. Together with the growth in the middle class in Africa, they converge to not only create risks, but also opportunities. Following a city strategy instead of a country strategy is not a new phenomenon, as MNC's such as Elizabeth Arden are known to have been following such a strategy in Africa for at least the past 2 years. However, the value of such a strategy cannot be denied and the facts above, inasmuch they convey the opportunity, speak for themselves!
- **Africa:** If all farmers adopted well-known water management methods, global food production could expand as much as 41%. Scientists found that improved irrigation could halve the world's food gap. This means the potential increase in crop yields could provide half the calories needed to eradicate hunger worldwide by 2050. With improved water management, it's theoretically possible to increase food production without expanding the area of land being farmed. NGOs and farmer organisations could use these findings to lobby governments for improvements in water management practices, promoting techniques such as conserving soil moisture through mulching, collecting runoff water, digging pits, terracing the land and improving irrigation equipment. Financing such changes requires support from policymakers. Yet, agricultural water management is "outright missing" from the UN's Sustainable Development Goals (SDGs). Some water management projects have been poorly designed, and others have proven too costly to maintain over time. For more information, read [here](#).
- **CAS View:** Food security in Africa is a major source of concern, to such an extent that the president of the African Development Bank has identified it as one of his 5 priorities for Africa. Droughts in Africa, impacting a whole range of countries such as Ethiopia, Zimbabwe, and South Africa, have created dire problems for the farmers of Africa. Countries such as the DRC have the potential to feed 1 billion people, but struggle to feed its population of 70 million. It is also said that the wars of the future will be fought over water. By 2025, 50% of Africa's predicted population of 1.45 billion people will face water stress or scarcity. Governments will have to develop priorities for the allocation of water to stakeholders such as individual consumers, industry and the farming community. Water management is therefore a major issue in Africa. Improved irrigation techniques will thus make a tremendous positive impact on a situation that has all the potential to create a catastrophe, and definitely will should nothing be done about it!

East Africa

- **East Africa:** African governments have been working to establish a monetary union. By 2024, crossborder exchange in the EAC will revolutionise member economies and foreign investment prospects. To avoid some of the crises in the Eurozone, the East Africa monetary union must address the following concerns before 2024: **1. Macroeconomic Convergence:** Stark variances exist among the member states' currencies and there could be troublesome spillover among EAC economies. However, some regional countries appear to be working together ahead of the monetary union. Uganda, Kenya, and Rwanda created a single tourist visa and have waived work-permit fees for citizens of each state, easing movement of labour. **2. Adherence to Admission Criteria:** Member states must adhere to the convergence criteria spelled out in Article 5 of the monetary union protocol. Several member economies currently surpass the set ceilings for inflation (5%) and fiscal deficit (6% of GDP). **3. Policy Predictability:** EAC members haven't yet demonstrated substantial policy cooperation. For instance, implementation of a common external tariff has been an issue for the region. The participating governments need to streamline these issues and ensure stability if they want to attract international investors and developers. For more information, read [here](#).
- **CAS View:** The East African countries should heed the crises of the Eurozone and learn from their bad experiences with Greece. The question will always remain as to how strict one needs to be in applying the governing rules of such a monetary union. Will it be better to tweak the rules to allow South Sudan to join in order to tap into the sizeable market it presents and hope for improvement, or to rather first wait for it to comply with the admittance criteria. But there are also problems with other more prominent players such as Kenya, which has an 8.1% fiscal deficit to GDP ratio, which is greater than the cut-off of 6%. Whilst South Sudan is not a major player, one can hardly think of an East African monetary union without Kenya. These are issues that will need to be dealt with for such a union to be meaningful. The enhanced cooperation within East Africa will definitely bring about many benefits for increased labour movement and tourism. A single currency, however, requires much more than open borders and a single visa. The inherent dangers could spell disaster for the economies of the member states should there not be meaningful criteria, and should they not be adhered to strictly. The Eurozone's problems with Greece is a stark reminder of this reality.
- **Ethiopia:** iCogs Labs in Addis Ababa, Ethiopia, has developed a processor for a robot. It is the first Ethiopian research and development laboratory specialising in artificial intelligence. Ethiopian developers are improving image-recognition software and other items to improve robot intelligence. On behalf of Californian companies, other lab employees are working on genetic mapping of human genes related to ageing in an attempt to unravel the mysteries of longevity. The head of iCogs is convinced cutting-edge technology can be a development tool for his country. However, he faces a very traditional Ethiopian community that questions the value of developing technologies of the future amid such pressing issues as the fight against poverty. iCogs receives no state support. Ethiopia has invested €87m in the technology park, Ethio ICT Village, and does not hide its ambition to become a centre of excellence for scientific and technological research. The government requires 70% of students to take a course in hard sciences. A master's degree in AI will soon open at the University of Addis Ababa. For more information, read [here](#).
- **CAS View:** Ethiopia is a poor country with an economy that has been growing at a high rate for quite a number of years. It has deliberately embarked upon a route of industrialisation, and has developed a policy framework designed to grow its manufacturing sector. This is the latest indicator of the level of development in Ethiopia. Although there is no state support for iCogs, it is refreshing to see its willingness to develop AI to address

issues relevant to mankind. The presentation of a master's degree in AI will also grow the pool of competence in this area and will give the field of study a welcome boost in a somewhat unlikely geographic area.

- **Tanzania:** Tanzanians call John Magufuli 'the Bulldozer,' due to his ability to get things done. As president, Magufuli acted decisively and quickly. Changes included banning overseas travel for civil servants, cancelling lavish Independence Day celebrations, slashing the budget for a state banquet to mark the official opening of parliament, making surprise visits to ministries and hospitals, and firing the board of the country's biggest hospital after finding patients sleeping on the floor. After 100 days in office, The Citizen reported a staggering 90.4% approval rating. In Zanzibar, 86.4% of respondents were satisfied with his leadership. If elections were to be held today, Magufuli would win by 70%, compared to the 58% in October. The Daily News noted that the state's monthly revenues were rising by 66%. Some analysts warned that Magufuli's reforms may scare off investors, and cause short-term pain for Tanzanian workers employed by companies caught up in Magufuli's anti-corruption drive. Opposition leaders were saying the Magufuli administration has already displayed some authoritarian tendencies, e.g. the banning of a weekly tabloid, halting of live television broadcasts of full parliamentary sessions, and demolitions of illegally-built houses countrywide. However, 100 days in, Magufuli continues to put other African leaders to shame. For more information, read [here](#).
- **CAS View:** Few can dispute that John Magufuli is a breath of fresh air in the African political landscape. His decisive actions have grabbed the world's attention. He has also acted to speed up decision making in government departments, and has made land available for a planned liquefied natural gas (LNG) plant and was now working to compensate and resettle villagers to move forward on a long-delayed project. This will bring in much needed revenues and foreign currency, create new jobs and help to reduce the current account deficit. While it must be admitted that the actions that grabbed the headlines were mostly hype, it does seem that Magufuli is moving forward and the first signs of substantive decisions are becoming visible. His substantially increased popularity, even amongst the opposition in Zanzibar, is a sign that his own people are very satisfied. CAS finds the charges of authoritarian tendencies interesting. In this regard, he is in good company with other political leaders who have managed to get things done, such as Paul Kagame in Rwanda. It does appear from polls that Africans would not be averse to "authoritarian" leaders should they be able to curb crime and corruption, bring about stability, and get the economy growing. Magufuli's rule will be watched with anticipation by many. If he continues in his current stride, Tanzania will be the major beneficiary. It does take a long while, though, to root out corruption in a country, and he will need all the support he can get.

Southern Africa

- **South Africa:** President Jacob Zuma has released the report of the presidential review commission on state-owned companies, which advocates partial privatisation through listing and the sale of equity stakes in some companies. Business leaders emphasised that fixing state-owned companies through the involvement of private sector expertise and partnerships, and altering their debt profile through private sector equity participation, was an essential ingredient of fighting off a ratings downgrade. The report recommends a shake-up of state-owned enterprises, including the partial listing of some, the privatization of others and the establishment of an overarching state authority to co-ordinate the government's big infrastructure-related companies. It recommends encouraging and expanding private sector participation in partnering with SOEs to deliver economic and social infrastructure. The fate of all 700 state-owned companies still have to be determined. Among its objectives is a code of behaviour in all SOEs that ensures good corporate governance and rooted out the practice of awarding contracts on the basis of political connections. For more information, read [here](#).

- **CAS View:** South Africa does not have a good record as far as a number of its SOEs are concerned, in any case not for the larger ones such as South African Airways (SAA) and Eskom. While SAA still makes sizeable losses and frequently requires government guarantees for its debt, the appointment of Brian Molefe as the CEO of Eskom seems to have steadied that ship. The vice-president of South Africa, Cyril Ramaphosa, recently led a delegation to China to learn more about managing SOEs. As CAS stated at the time, they could have saved airfare and stopped over in Singapore to learn from the masters in managing SOEs successfully. Be that as it may, South Africa's SOEs are in dire need of competent management. Private sector involvement can be that intervention that brings the required skills and experience to get most of these entities on to the straight and the narrow. The governing party and its allies have until quite recently kicked against any suggestion of private sector involvement, citing that a profit imperative would jeopardise the interests of the poor. However, given that the SAA has had 7 CEO's in 3 years, and required a R6.5 billion government guarantee in February 2015, it is imperative that a professional and competent management team is appointed, free of political influence in its operations. The principle is that government should not be involved in running businesses, and that they should leave this to the private sector! Political connections should also not be the deciding criteria with the appointment of executive management, but competence and competence alone! Having said all of this, it remains to be seen whether the ANC's labour union allies will agree with the report's recommendations. Historically they have always rejected any form of privatisation of state assets.
- **South Africa:** A call for South Africa to open up the playing field to independent power producers (IPPs) for wider access to electricity was made on Wednesday at the Africa Energy Indaba. The inclusion of more IPPs in the production of South African electricity will benefit the manufacturing sector immensely. Although the IPPs should be assisted with government funding, ultimately they should sustain themselves like any profitable business. An analogy was drawn from the telecommunication industry where when government opened up the sector, a host of players entered the industry, in addition to Telkom. This has improved access of the population to telecommunications, which has lowered costs. The same needs to happen in electricity. Had the steps for deregulation been taken ten years ago, the current power situation in South Africa would not be so negative. For more information, read [here](#).
- **CAS View:** South Africa needs an affordable and consistent supply of electricity for the growth of its manufacturing sector. This has been a challenge the past decade. The intention to allow IPPs to play in the space, has been thrown about for quite a time, but does not appear to have gained much traction. This call for IPPs to gain wider access is a welcome one, and should it become a reality, South African industry, and its private consumers, will be the ultimate beneficiaries. Eskom is currently struggling to put in place the power infrastructure required to drive the South African economy. Deregulating the electricity sector would support its activities. One does currently find inconsistencies such as when calls by Eskom to lower usage given the supply constraints are heeded by the South African consumers, prices are increased to make up for the lost revenue due to lower consumption. IPPs would give the consumer a choice and competition would ensure prices are fair. The South African electricity watchdog, NERSA, could still play its role to ensure the consumer is treated fairly.