

African Union

- **Africa:** Energy in Africa is a scarce commodity, representing only 3% of global electricity consumption. This undermines the economic and social development of Africa, fuels political instability and can even have an influence on the creation of failed states. Improving the reliability and coverage of energy systems is crucial for a successful industrialization process that can foster the growth of new industries with meaningful value addition. Africa must radically transform access to energy, while driving down global carbon emissions. The role of capacity building and applied research cannot be underestimated. This includes development, optimization and dissemination of new technologies; innovative mechanisms for financing renewable energy projects; and evidence for formulating efficient policies for renewable energy. There are 3 action areas for the international scientific and development communities. First, researchers need to build closer partnerships with the private sector in order to translate science into practical and bankable solutions. Second, access to energy is not just about physical access to energy sources, but also about people's ability to pay for them. Last, although funds are available, financing renewable energy research in Africa remains a challenge. For more information, read [here](#).
- **CAS View:** Energy in Africa is a priority of the African Development Bank, as more than 620 million people do not have access to electricity. The above article rightly points out that energy is crucial for the successful industrialisation of Africa's economies, which is also a priority of the African Development Bank. The latter also entails the development of the agricultural and manufacturing sectors of Africa's economies, both which need access to affordable and consistent supply of electricity. Africa will hopefully also largely be capable of leapfrogging the coal-fired process of electricity generation and tap into renewable sources of energy. The role of the private sector in this process must be clarified, as some countries are struggling with the concept of Independent Power Producers, which could play a meaningful role in the goal of providing sufficient levels of electricity. This needs to be done in such a way as to keep carbon emissions to a minimum, given that Africa cannot afford to contribute to global warming. It does seem that energizing Africa creates various entrepreneurial opportunities for those willing to accept the risk of doing business in Africa.
- **Africa:** Several African ports are in the race to be their respective regional shipping hubs. Lack of infrastructure and long ship waiting times continue to hamper productivity for the African maritime sector, but a wave of new investments look set to drive growth over the medium term. The upgrades come as the global economy slowdown sends jitters through the shipping industry. Shipping has had its share of bankruptcies, foreclosures and restructurings during the past few years, and it is likely that there will be more over the coming months. With such a high dependence on external trade, good ports are critical for Africa's growth. Delays in ports add roughly 10% to the cost of imported goods, more than tariffs in many cases. For exports the damage is worse. Productivity at the quayside has improved at many terminals. However, actual container deliveries perform poorly with less than 50% chance that your cargo will arrive on time at the customer. But getting ports right will go a long way in improving trade efficiency, as well as raising revenues for governments. And there are ambitions for "upcountry" cities, too. Rwanda aims to be the logistics hub for its region, including Burundi and eastern DRC. For more information, read [here](#).
- **CAS View:** Africa does struggle with managing its ports, which frequently are also sub-standard, both in terms of infrastructure as well as management. Various organisations exporting to Africa run the gauntlet of getting bogged down in ports and getting cargo through customs. One unfortunately also finds these institutions to be rife with corruption. The reality is that it is totally unnecessary as there are players in other parts of the world that specialize in port management, such as in Singapore. CAS reported recently that it is not just about managing the demand,

but also about managing the supply chain, in which ports in Africa play a crucial role. It will also be interesting to see to what extent the competition between the ports of Tanzania and Kenya for Uganda's oil business will sour the relationship between these 3 members of the EAC. Should Uganda send its oil through Kenya to the port of Lamu, they would be able to share a pipeline. Should they send it through to Tanzania, Kenya would have to build its own pipeline. There would be no benefit of cost-sharing. It has also been reported that intra-African trade constitutes only 12% of Africa's trade. Improving Africa's ports and other logistics hubs could lead to an increase in this percentage, to the benefit of Africa as a whole.

East Africa

- **East Africa:** The EAC is one of the few, if not the only, regional blocs that have scrapped mobile roaming charges. Roaming charges between Rwanda, Kenya and Uganda have been removed and all mobile calls between the 3 countries are local. This has led to a minimum 400% increase in the volume of calls; a direct benefit to EAC citizens and African businesses operating across EAC borders. Previously, making calls across the EAC was in many cases more expensive than calling Europe, America or Asia. The second phase of the One Network Area (ONA) initiative is underway, whereby telecom operators have begun cutting SMS and data charges. The idea is to have a truly integrated regional bloc with all mobile telephony barriers removed. Tanzania recently expressed interest to join the ONA and so has Ethiopia. South Sudan is already part of ONA. When executed, the ONA will see calling rates across the entire continent reduce drastically. One can only imagine the multiple opportunities for growth, inclusion and development. The EAC ONA, the Single Tourist Visa and the use of IDs for travel in the EAC are just a few examples of how the lives of the population can be transformed, once committed to. For more information, read [here](#).
- **CAS View:** It is amazing that this kind of change is possible in a relatively poor area such as East Africa. Or maybe it is because these areas are so relatively poor that such change is possible. The end result is higher usage and more income for these telephony companies. Roaming charges (both voice and data) are a dreaded cost when travelling abroad and is normally avoided at all costs— seemingly quite unnecessary. It remains to be seen what will happen in other parts of the world when disgruntled consumers start asking questions! It seems that the general benefits of such a policy are quite extensive for the economy and society at large. Maybe it is time that more governments and political leaders start developing the political will the leaders of the EAC have so ably demonstrated!
- **Rwanda:** The Gako integrated beef project in Bugesera District presents opportunities for growth and competitiveness besides creating jobs for both skilled and unskilled manpower along the value chain. Local investors have fully embraced the opportunity and are undertaking individual developments that will feed the project. Over 10 investors, including one co-operative of local farmers in Bugesera, and government, are engaged in developing the required facilities, especially putting in place basic infrastructure to ensure a constant supply of things like electricity and water, and growing livestock pasture. When operational, it will serve the local, regional and other markets with high quality meat. Government also seeks to modernise the country's agriculture industry from largely subsistence production to a market-oriented activity. Positioning Rwanda as an alternative source of quality beef products is essential to enhance the country's foreign exchange receipts, and ensure the local livestock sector becomes more profitable. The facility will have a modern abattoir. Rwanda wants to increase beef production to 410,808 tonnes by 2017, from 76,830 tonnes in 2014. According to 2014 statistics, meat consumption in Rwanda stands at 5.6kg per capita per year compared to 30kg recommended by FAO standards. For more information, read [here](#).

- **CAS View:** Industrialising agriculture is exactly what the African Development Bank wants for Africa. It creates jobs, enhances productivity, generates revenue for employees and the government, and when exported, earns foreign currency and benefits the trade balance, which has a beneficial impact on the strength of the local currency. Given the increased standard of living of the employees, the local economy will grow. So we have an ideal situation! The reality is that many such projects are needed throughout Africa. There are far too many instances where local farming communities (and therefore the whole economy eventually) are suffering from subsistence farming practices, and where food has to be imported. This wonderful example of a public-private partnership should be emulated everywhere. It also presents numerous opportunities for foreign investors, even SME's, to get involved in the agriculture value chain in quite a number of places, upstream and downstream!
- **Kenya:** Kenya has been experiencing steady growth for quite some time now. The economic forecast has been positive with the World Bank predicting a growth rate of 6.6% this year and 7% come 2017. This momentum is being fuelled by massive investments in infrastructure and jobs, steps to improve the business climate, and a boost in exports. Kenya's expansive fiscal policy has allowed them to finance infrastructure projects without exerting unnecessary pressure on domestic financial markets, and consequently keeping public debt within the 50% threshold. This is not to say that there are no risks. The threat of terrorist attacks from Al-Shabaab cause security concerns, and negatively affects the tourism industry which is one of the country's key sectors. Kenya's manufacturing sector has also been stagnant in recent years, and there is a continued lack of competition and minimal production in manufacturing sub-sectors. Still, the positives outweigh the negatives. Here are some sectors that could provide worthwhile investment opportunities in Kenya: technology, agriculture, infrastructure, tourism, and manufacturing. For more information, read [here](#).
- **CAS View:** Kenya's level of financial inclusivity is the highest in Africa, namely at about 78%, which is considerably higher than that of South Africa, the most sophisticated economy in Africa. This can be ascribed to the role of its ICT industry and M-Pesa. However, there are still considerable expansion opportunities in this field. Kenya's agri sectors directly and indirectly provide jobs to 51% of the population. Opportunities lie in the field of processing, amongst others. There quite a number of infrastructure projects currently, including the development of Lamu port referred to in another article in this issue. Tourism is another field that Kenya has a lot to offer in, although the terror attacks of the past few years, although isolated, have created difficulty for this sector. As for manufacturing, this is a sector that also needs to be developed in order to grow its exports and tap into import substitution opportunities. The bottom line is that there are significant opportunities in Kenya for the entrepreneurially minded. Given the progress towards a TFTA, getting a foothold in Kenya sooner rather than later might not be a bad idea at all for foreign companies.

Southern Africa

- **South Africa:** SA's deputy president Cyril Ramaphosa punted localisation of goods and services as a solution to the triple challenges of unemployment, inequality and poverty, saying it was integral to growing and sustaining SA's economy. Ramaphosa said the economic cycle created by the localisation of production and consumption goods was viable because it created jobs that would enable ordinary citizens to invest back into the economy. Buying local also ensured that small and medium enterprises, which create a big percentage of new jobs, survived and contributed further to the economy. The challenge is to convince South Africans and raise their consciousness about the long-term benefits of buying local goods. Consumers and procurement decision-makers also had to increase their uptake of local products and services, which supports job creation and stimulates the local economy. Government would continue to buy more from local manufacturers and producers. Buying local was also critical to attracting and sustaining investment. Minister of Trade and Industry, Dr Rob Davies, said it was not

enough for government to support local producers; it was equally important for consumers to also buy local. For more information, read [here](#).

- **CAS View:** There are various good economic reasons to purchase local goods and services. The more obvious ones include the benefits of import substitution, job creation, currency protection, to name but a few. It is good to note that the SA government will also be buying local. Too frequently foreign goods and services are obtained at the cost of local producers. It also happens frequently that sports teams and labour unions buy t-shirts and other items from abroad! Nigeria is a good example where buying abroad used to be the common approach to procurement. President Buhari's somewhat draconian approach to do away with this practice is clearly not a universally popular one, but one can understand why he has gone to the extreme of having a ban list, with items for which there will be no foreign exchange allowance. Africa in general should strive towards producing and buying local goods and services, where it makes good sense to do so.
- **Mauritius:** Mauritius' population is the richest in Africa with an average wealth of US\$21,700 per person, while Zimbabwe's is the poorest with a per capita wealth of just 200 dollars. South Africa had a per capita wealth of \$10,300, followed by Namibia (\$10,200), Botswana (\$8,400) and Algeria (\$6,200). The high wealth per capita in Mauritius could be explained by factors such as secure property rights, a thriving financial sector, low crime rates, migration of a large number of wealthy individuals, low taxes and low level of government regulation in the business sector. Africa has about 165,000 High Net Worth Individuals, with combined wealth holdings of \$860 billion. About \$125 billion of the wealth of Africa's HNWI's is tied up with wealth management companies. South Africa is the hub for Africa's private banking, with at least \$72 billion. The most promising African emerging markets for private banks are Ghana and Kenya. In Africa, around \$28 billion is tied up in venture capital companies and foundations that are linked to the wealthy. For more information, read [here](#).
- **CAS View:** Mauritius is not only the richest country when measured in this specific way, but also measures top in Africa in a number of other global rankings. These include Ease of Doing Business, in which it was ranked 32 in the world, relative to Rwanda (62), Botswana (72) and South Africa (73). Another ranking is the WEF's Global Competitiveness Ranking. Here Mauritius ranks at 46, South Africa at 49, Rwanda at 58, and Botswana at 71. The bottom line is that if you want to create value and wealth for your population, you need to ensure that business finds it easy to operate and that you are competitive! Mauritius clearly has developed the right recipe! What CAS finds equally interesting is the high rankings of Rwanda, which is emulating Singapore (which scores tops in both rankings – no 1 and 2 respectively), and Botswana! These are economies to watch for investment opportunities!