

African Union

- **Africa:** Mobile connectivity is transforming communities and empowering people with access to life changing apps and technologies. This rapid change has ushered in a fresh debate around “Smart Cities”, focusing on the kinds of connectivity that will unify the entire ecosystem and improve how we live; where sensors and smartphones can track how we use materials in order to ensure we use them more effectively; where renewable energies are generated locally to avoid recourse to inefficient power supply grids; or where data will help to decrease traffic, emissions and time wasted in congestion zones. For Africa, the key planning principle must be a bottom-up approach. Basic infrastructure, flexible network-sharing opportunities and universal interoperability are vital and cost-effective cornerstones on which to build a Smart City. Governments, regulators and service providers must work in partnership, invest for the long term and apply common standards to ensure wider digital and financial inclusion. We need to improve digital literacy and smartphone affordability, by promoting better education, widening public awareness and access to the internet, and lowering costs. Smart Cities will depend on good connectivity and affordable mobile phones. Government investment in ICT, and private sector and societal participation will be vital. For more information, read [here](#).
- **CAS View:** Some countries have already embarked upon this journey, frequently in cities where one would not have expected this. One such an example is Kigali in Rwanda. Kenya, South Africa, Nigeria and Ghana are other countries where the “Smart City” concept has taken root. This does not mean at all that these cities can now sit back and relax. Some of these countries have an internet connection that is either slow or very expensive, or both. This would need to change, as connectivity is crucial. The strong growth in smart phone applications and the growth in the uptake of smart phones is good news for the proponents of the Smart City. CAS would like to support the premise that there must be a bottom-up approach and that basic infrastructure, flexible network-sharing opportunities and universal interoperability are crucial cornerstones on which to build a Smart City. There are just so many benefits for the population, as well as governments, of these countries! It would be foolish to not strive towards the creation of these cities.
- **Africa:** 2015 has been a bad year for several economies in Africa due to depreciating currencies, the crashing of commodity prices, and China’s slowdown. Contrasting growth rates between the 2015 winners and the 2015 losers have some lessons for African economic policy in 2016 and beyond. First, commodity exports are not the only catalyst for economic growth in Africa. Economic prosperity can be achieved through sound economic policies, particularly through targeted investments, especially in the infrastructure sector. Second, major oil and commodity exporters need to diversify their economies and those who have started, need to diversify even further. This will enable them to cushion themselves from external shocks such as the fall in the price of principal revenue earners. Third, regional integration, both at a continental level and at a sub-regional level, is beneficial to Africa. This is quite evident in East Africa, particularly in the EAC. The TFTA, consisting of the EAC, SADC and COMESA, represents a total GDP of \$1.5 trillion and combined population of 600m, and will usher in even more benefits of regional integration. Fourth, eliminating oil subsidies, a significant proportion of government expenditures, will free up finance that can be channelled to other uses, such as agricultural transformation, the creation of industrial parks, and infrastructure investment. For more information, read [here](#).
- **CAS View:** The penny is starting to drop, even amongst those African countries that do have oil and commodities to export, that economic growth is possible without access to physical resources. Examples include Rwanda, Ethiopia, etc. Outside of Africa, Singapore is an example. The above article clearly shows that the winning nations, as far as economic growth is concerned, are from the group that do not export commodities. However, human

capital then becomes a crucial resource in the national economy. Countries in Africa without a sound education system will pay the price for this neglect! It also makes sense that countries with commodities as the major item in their export programme, should waste no further time to diversify their economies. Some (actually quite a number) Africans have gone so far as to state that this “crisis” is a blessing in disguise, as it is forcing them to diversify their economies! The power and benefit of regional economic integration is rightfully highlighted as an important lesson from the turmoil of 2015. Whilst there are many challenges in regional integration, the benefits thereof outweigh the negatives by far. What is needed though, is a political will amongst the political leaders of the 26 countries comprising the TFTA, to make it work. The TFTA is seen as a forerunner to the Continental Free Trade Area (CFTA), an even more ambitious project and the ultimate manifestation of regional economic integration in Africa! Strong and directive leadership in Africa will become ever more important as we move into the 21st century! Some countries seemed to be blessed in this regard, whilst others fall woefully short. What a pity!

- **Africa:** Rapid urbanisation across Africa presents an opportunity for increased industrialisation and development, but governments will need plans and integrated strategies if they want urbanisation to lead to growth. However, many countries lack the policies to harness the phenomenon for positive development. Africa has to act now as much of Africa's urbanisation is yet to take place. If the continent waits to be more than 50% urban, it might be too late to reverse the unsustainable pathways. Many countries have failed to industrialise and continue to rely on resource extraction. When characterised by effective urban planning, urbanisation can lead to productive cities, innovation hubs and growth. A larger number of firms closer together can produce intermediate products, leading to cost reductions. It promotes the better matching of skills to workers, can increase productivity, and allow workers and industries to learn from each other. Africa's urbanisation is a reflection of failed development policy, and is characterized by lack of jobs and slums, driven by the absence of jobs in rural areas. In crafting urbanisation plans, crucial issues are sustainability, delivering inclusive services, developing functional public transport systems, fiscal management, and ensuring rural areas and agriculture are not neglected. For more information, read [here](#).
- **CAS View:** The bottom line is that countries are integrated and interrelated systems. Neglected rural areas give rise to urbanisation, as people tend to flock to cities in the hope of finding a job. Should this urbanization be uncoordinated and unplanned, the end result is informal settlements, also referred to as squatter camps. This in turn leads to political and social unrest. Unemployment in these squatter camps can be as high as 70 to 80%, and jobs are mostly found outside of them. These people also have to travel far to the areas where the few jobs that are available, can be found. Transportation costs therefore tend to be high. The reality of Africa's unfortunate urbanisation experience is clearly explained above. Should there be a proper master plan, the result can be so different, so much better. The benefits are also clearly spelt out above. This integrated approach to urbanisation is not new. Singapore's Surbana Jurong have the skills and knowledge base to support Africa's governments. They have also developed an executive management programme to develop Africa's skills in this regard. The point is that Africa does not need to go through the trauma of an uncoordinated and unplanned urbanisation process.

East Africa

- **Kenya:** Many satellite towns surrounding Nairobi are growing rapidly, supported by new residential property developments targeted at an expanding middle-class looking for affordable housing. These satellite settlements are attracting more developers and investors. Jeremy Karingithi, executive director of Syokimau-located grocery store Mboga Masters, says demand for formal retail services is on the rise. Businesses that currently serve these satellite towns are informal and not on par with the tastes and expectations of the new consumers, who have white-

collar jobs, are more health conscious, and don't have time or don't want to go to informal markets. Other investors are also taking up opportunities in satellite towns, such as its first shopping mall, a leading supermarket, a coffee house chain, a shoe retailer and several beauty shops. However, there are still few convenience shopping options compared to what a middle class household would have access to in Nairobi. Mboga Masters wants to build a new concept that they can replicate in other satellite towns, but also within Nairobi, and be able to exist in the same environment with supermarkets. Challenges facing the business include a consistent supply of produce and accessing talent. For more information, read [here](#).

- **CAS View:** This is a wonderful trend to observe for Africa. The more affluent are moving towards the outskirts of cities where they can get open spaces. Frequently this trend is triggered not only by the rise of the middle class, but also by poorly designed cities. This trend shows that the wealth of the population is growing. It also creates a lot of business opportunities, as shown by the article. Entrepreneurs are enticed to open up businesses to meet the needs of the more affluent part of the population. Yet it seems that there are more business opportunities that can currently be met. As these satellite towns grow in number, the opportunities will grow with them. Although this case study is in Nairobi, Kenya, one would expect the trend to permeate the whole of Africa as urbanisation is increasing, and the middle class is growing. Therefore, expect more of this to become visible over time. The opportunities are there for the entrepreneurially minded! Singapore-based Tolaram has been empowering entrepreneurs in West Africa (Nigeria) to deliver the kind of services wanted by the local population. Moving this kind of venture into the upper end of the market, if not already there, is a logical next step. This approach would include growing online businesses to serve the needs of this segment.
- **Tanzania:** Small and medium entrepreneurs have been urged to grab opportunities offered by the fish sector in order to boost their incomes. There was a shortage of over 400,000 tonnes of fish in Tanzania, a gap that the private sector could use as an opportunity to increase their incomes. More than 80% of fish supplied in the country were captured from the seas and lakes. The demand is high and that grants an opportunity to entrepreneurs to step in. Tanzania has the potential to produce over 730,000 metric tonnes of fish from both captured and aquaculture sources. However, currently less than 300,000 tonnes are produced annually, leaving a huge gap uncovered and creating an opportunity for business. Fish is an essential food in a balanced diet containing high-protein and low-fat food that provides a range of health benefits, but the majority of Tanzanians cannot afford buying it because of its high price. In a bid to promote agriculture, the government has reduced importation tax to most agriculture equipment, including those used in fish farming. For more information, read [here](#).
- **CAS View:** What better way to meet the food needs of your country than by creating and supporting entrepreneurs from your population. This creates work and gives people a stake in the economy. Agriculture has been identified by various high profile people as being of the utmost importance to Africa. These would include the president of the African Development Bank, and an ex-president of Nigeria, namely His Excellency Obasanjo, to name but two. Africa needs to feed itself, and it needs to industrialise its agricultural sector. In the process it cannot afford to shed jobs. Hopefully the Tanzanian government will go beyond reduced importation taxes to support its "fish-entrepreneurs". Aquaculture is a field in which specific and expensive skills and equipment are needed, something government can help with, given that it is targeting small and medium entrepreneurs.

Western Africa

- **Nigeria:** The International Institute of Tropical Agriculture (IITA) and China's Academy of Tropical Agricultural Sciences (CATAS) have begun a partnership to improve food security and create jobs for the growing youth population in Africa. The new partnership is part of China's efforts to deepen collaboration with Africa in the area

of agricultural development, with the cooperation of the IITA. CATAS described the partnership as a win-win situation for both China and Africa, especially in the quest for food sufficiency. According to IITA, it works with partners to enhance crop quality and productivity, reduce producer and consumer risks, and generate wealth from agriculture. CATAS and IITA agreed to work together on crop improvement, especially cassava, banana/plantain, spices, vegetables and cocoa. The framework would also see Africa-China student and researcher exchange programmes that would engender learning and capacity development. Other areas include, but are not limited to, 'germplasm' exchange and upstream research such as mechanisation and the breeding of cassava resistant to cassava mosaic disease and cold tolerant cassava varieties. In Nigeria, IITA and CATAS will be working with GAWAL, a private Chinese agricultural firm, on several agricultural issues. For more information, read [here](#).

- **CAS View:** CAS has always been saying that Africa needs support in its drive to industrialise its agriculture. China has been accused of neo-colonialism as far as its approach to Africa is concerned. Whilst there are grounds to state that China's approach to its investment has been less than optimal, especially in the early years of its investment in Africa, it is clear they have developed a multi-front approach to Africa. And let's not be naïve! There are no free lunches in this world. Having said that, China is currently going out of its way to reposition itself in Africa, not only as a trade partner or FDI provider, but also as an entity willing to improve Africa. That this will eventually be to the benefit of China is not to be denied. At the FOCAC meeting in South Africa in 2015, China pledged to support value-adding at the source instead of just importing commodities and resources from Africa. The initiative in Nigeria referred to above will not only improve food security, a major issue for Africa, but also create jobs for Africa's youth, another major issue for Africa. It is no wonder then that these, and other such initiatives, have endeared China to Africa's governments. China has also obtained permission from the government of Djibouti to build a military base in Djibouti, much to the chagrin of the USA. A government spokesperson for Djibouti has referred to this aspect of China's strategy towards Africa that is lacking in the USA approach. Maybe the US can learn something from the Chinese strategy towards Africa.

Southern Africa

- **South Africa:** The South African ecommerce space grew more than 26% in 2015 alone, but it still accounts for only 1% of SA's total retail spend. Ecommerce has maintained a higher than 20% growth since the turn of the century and in 2015 was worth R7.5 billion. While the rate of growth is expected to slow down a little in 2016, growth in Rand terms is expected to remain the same as in 2015, taking the total to above R9-billion. Many characterise ecommerce in South Africa as being underdeveloped, with only US\$500-million. Much of this growth is a result of an increase in the number of experienced internet users in SA who are ready to transact online, rather than the retailers themselves getting it right and convincing shoppers to spend more online. The range of business models employed by SA online retailers is still somewhat conventional, and has not attained the sophistication of major Western markets, where every category of product is characterised by a wide range of business models. There is tremendous potential in this market for new business models and even underexposed product categories. For more information, read [here](#).
- **CAS View:** This presents a major opportunity for ecommerce companies willing to tap into the SA market. The potential is there. The article states the salient points. The growth currently is due to experienced internet users taking up online commerce and not due to retailers getting their act together. There is also a lack of sophisticated business models in the SA ecommerce environment. There are also few players in this market space relative to other parts of the world. Large distances between urban centres and potential rural clients does make it difficult. It is not as if there has been a lack of trying in the SA market. Large retailers such as Woolworths and Pick n Pay have been trying since the late 1990's to grow this segment of their market, without any significant success. What

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is needed is a company with a deep insight in the mechanics of ecommerce, with a business model that has the required degree of sophistication, and where there is a customer value proposition that is a no-brainer, as stated by the article. Distribution will always be important, as will be trust and the degree of customer service orientation.