

## African Union

- **Africa:** Farmers across Africa face increasing challenges, such as planting seasons thrown into turmoil by climate change, weather variations, and the high input costs of farming in terms of fertilisers, pesticides or herbicides and seeds. A Nigerian organisation, Sreach Aeroponics, aims to train people on how to build and maintain systems where plants can be grown in the air and even indoors. The system can reduce water usage by 98%, fertiliser usage by 95%, pesticide usage by 99% and can increase crop yields by 45% to 75%. It also enables faster growth of up to 3 to 5 times faster than conventional growing in soil. The system has 3 big limitations and drawbacks: there needs to be 24-hour electricity, the technical ability to maintain and set up the system and, if done on a big commercial scale, the initial set up will be expensive. Irrespective of expense, returns are huge. The system has improved the “quality of material planted in terms of seed health, vastly increased yields and seen tubers grow vigorously.” The aeroponics can also be used to combat climate change. For more information, read [here](#).
- **CAS View:** Feeding Africa is one of the 5 priorities of the AfDB for Africa. Several areas of Africa are currently experiencing drought, whilst some are actually experiencing famine. Other areas are not being utilised properly, and soil which could feed a billion people are currently struggling to feed 70 million (DRC). Technical skills are scarce, as are other resources such as investments for the industrialization of agriculture, seed and varieties that are drought-resistant, energy, and sufficient water. Here we have an opportunity that will not only address a number of these issues, but transform traditional subsistence farmers into entrepreneurs capable of making a substantial contribution towards feeding Africa. In addition, it is “lite” on water and chemicals, and will help to combat climate change, a phenomenon that bodes ill for Africa. It is also an opportunity for external SME investors to get involved in agriculture in Africa and generate substantial returns in the process.
- **Africa:** Considerable investment in infrastructure is needed to address Africa’s low level of competitiveness. The Programme for Infrastructure Development in Africa (Pida) estimates that Africa will need to invest up to \$93bn annually until 2020 for both capital investment and maintenance. The current level is about \$45bn. African economies could begin the process of deep integration if their infrastructure networks were designed to link production centres and distribution hubs across the continent. This would enable Africa to compete effectively, tap into regional markets and benefit from globalisation through investment and trade. This requires an efficient and secure national and cross-border infrastructure and a coherent system of regulation for business transactions. Evidence shows a positive relationship between infrastructure investment and economic growth. This occurs because solid infrastructure accelerates annual growth convergence rates by as much as 13% and also increases per capita annual growth by almost 1%. The African Union (AU) estimates that the lack of sufficient infrastructure is holding back Africa’s economic growth by 2%. The global market for rolling stock is more than \$61bn, but spend in Africa is little over \$2bn. The AU encourages SA to be a key manufacturer of rolling stock for the continent. SA wants to implement a localisation policy, with the enforcement of local content in the production process. For more information, read [here](#).
- **CAS View:** Linking the production centres and distribution hubs in Africa requires an integrated rail network, something Africa is sorely lacking. Hence the call on South Africa to be a key manufacturer of rolling stock. The current rail systems in most African countries are problematic, and requires either considerable expansion, or equally considerable maintenance. East Africa is currently looking at various projects to connect the interior with ports. Hopefully the soon-to-be ratified Tripartite Free Trade Area (TFTA) will boost the development and expansion of connectivity infrastructure in Africa, as it is envisaged that intra-Africa trade will be boosted from the current level of 12% to 30% eventually. It is said, not without good reason, that it is easier for Africa to do business with Europe

than with itself! The boost of GDP growth by 2% is by no means meaningless and will definitely make Africa far more attractive as a destination of FDI! So in spite of an economic slowdown, should it succeed to develop the required infrastructure, Africa will over time become even more attractive as the last investment frontier!

- **Africa:** Without inclusive growth, there will be no real development in Africa. Donald Kaberuka, former President of the African Development Bank (AfDB), emphasized that inclusion of every citizen and every group in the political process and the exercise of political power is essential to attain inclusive economic growth. According to Kingsley Moghalu, former Deputy Governor of the Central Bank of Nigeria, inclusive growth is about bringing all sectors of the economy and different strata of the society into a process of broad-based economic growth. Achieving inclusive growth in Nigeria and other developing countries requires an approach focused on (a) conceptual clarity; (b) rural-based economic growth as opposed to "urban bias" in development thinking; (c) the fundamental role of business in promoting inclusive growth; (d) infrastructure, which promotes equality of opportunity to access the marketplace of labour and goods; (e) the creation of an effective social contract between the state and its citizens, which is presently absent; (f) financial inclusion; and (g) effective political leadership that can translate political power, authority and responsibility into inclusive growth-related public policy, with concrete outcomes that bridge the gap between expectations and performance. For more information, read [here](#).
- **CAS View:** Political, social, economic and financial inclusivity seem to be required for Africa to develop in all spheres of life. What is also interesting is that the authors are clear that the rural areas cannot be ignored. While a large number of commentators show upon the trend of urbanisation and the benefits thereof, we must not forget that large numbers of Africa's population are still in rural areas and need to be accommodated in development policies. It is also clear that the private sector has a meaningful role to play - something which Kaberuka has propagated since his days as president of the AfDB, and which is now also pushed by his successor, Akinwumi Adesina. Good quality transformational leadership will eventually be the key to bring this inclusive growth about – and key in developing the social contract between government and the population. That is where Africa will stand or fall. While there are examples of plain bad leadership, fortunately there are also examples of exemplary leadership. Somehow the political environment frequently attracts the worst kind of human being, and they then get elected to positions of power! It is high time that voters demand proven intelligence and flawless characters from their leaders!
- **Africa:** By 2030, sub-Saharan Africa will be the only region where extreme poverty is predicted to persist in large numbers. Climate change and disease outbreaks, and recognising the yet untapped potential of youth for realising agricultural development, are critical factors in dealing with this gloomy prediction. The average age of farmers around the world is between 50 to 60 years old. The sector needs to attract young people. Africa has some 200 million youth in need of employment, and its food and beverage markets have the potential to be worth \$1tn by 2030. Investment in training and equipment is needed to make regional and local production, processing and marketing of these foods an attractive choice for entrepreneurs. Several initiatives are exposing young people to the job opportunities in agriculture, and encourages them to explore various channels such as producing quality seeds, fisheries or value addition through processing. Science-based public-private partnerships are essential to de-risk agriculture, and make it a viable business proposition. Public, private and civil partners need to find new ways of bringing together finance and capacity development. For more information, read [here](#).
- **CAS View:** This article addresses various areas of concern as far as Africa is concerned. Food security is a major issue of concern, as is employment, specifically for the youth of Africa. In addition, the sustainability of the agricultural sector is a crucial issue. Africa's population is urbanising and the youth are turning away from agriculture as a livelihood. CAS recently reported that the Tanzanian government was encouraging its population to become

“fish-preneurs” in order to fill a shortage of 400 million tons of fish, in the process producing enough food and creating jobs. This article does the same. Investment to deal with food security and developing initiatives for job creation are crucial for the sustainable future of Africa. As frequently pointed out, dealing with Africa’s challenges creates opportunities for the development of unique and inspiring customer value propositions.

- **Africa:** Mr. Sunny Verghese, Group CEO of Olam, yesterday (21 April 2016) addressed the UN on the issue of sustainability on behalf of the private sector, as well as Olam. He made a number of important points. How we do business is more important (or equally important) than what we do and how we win. If we are not going to leave the world in a better place for our children, what is the point of it all? There is a direct link between sustainability and creating long-term value. Sustainability is the right thing to do. It is not about scoring public relations brownie points, nor is it about achieving competitive differentiation or mitigating risks. It is important for the 62500 employees of Olam to experience and believe they are working for a company that is doing the right thing, and as such develop a special sense of ownership to the mission of Olam. Mr Verghese identified 6 major developmental issues: food security; water security; the impact of climate change; energy security; sustainable growth – growing without depleting our natural resources; and inclusive growth – if 80 people own as much wealth as the bottom 3.7 billion combined, it is not sustainable. These 6 issues are interrelated and must be solved in an integral manner. Olam has also committed to supporting the following 4 SDGs: ending poverty, ending hunger, mitigating the impact of climate change, and strengthening the means of implementation and revitalizing the global partnership for sustainable development. He identified 5 strategies required: increase the productivity of 4 million smallholder farmers; contribute to nutrition by means of education and producing 45 food products; improving water usage efficiency; transforming rural livelihoods; and building public-private-plural-partnerships (PPPPs) that deliver inclusive and sustainable growth. For more information, watch [here](#).
- **CAS View:** Olam is intensively involved in Africa. Mr Verghese’s points are therefore quite valid for Africa. As a matter of fact, it has been stated that if the SDGs, which Mr Verghese has referred to frequently, will not work in Africa, they will not work at all. Mr Verghese’s 6 major developmental issues are profound and link very well with the 5 priorities of the president of the AfDB. His views on ensuring inclusive growth are also crucial, and link well with the views of Donald Kaberuka and Kingsley Moghalu referred to elsewhere in this newsletter. Creating the sense of ownership between employee and company by doing what is right, is what differentiates the “good to great” companies (Jim Collins) from the “also rans.” It will be through the actions of individuals such as Mr Verghese and his 62500 employees and managers that the world will become a better place to be in. Watching the video clip of Mr Verghese leaves one with a sense of upliftment and an aspiration to add value to the world we live in, sustainably and inclusively!
- **Africa:** South Africa, Tunisia and Botswana show the most promising ecosystems for entrepreneurs in Africa. In South Africa, the cost of starting a business has recently dropped significantly, while the registration process for starting a new company has been simplified. It also ranks first in Africa for the availability of the latest technologies. Tunisia’s advantage is the high quality of maths and science education available, ranking third in the region for 2015-2016. Access to finance has also improved. Botswana has consistently been ranked as one of the top destinations to do business in Africa, ranking in the top 4 since 2009. Botswana has also seen the number of new firms increase significantly, and also records the highest new business density in Africa. Nevertheless, the challenges remain significant, such as high youth unemployment and lower rates of GDP growth than the African average of 3.6% through 2015. The hope is that fostering entrepreneurship will help solve the high youth unemployment rates, also providing a boost to growth. However, Africa as a whole compares poorly to the rest of the world due to problems such as corruption, poor education and lack of access to finance. There is still a long way

to go before entrepreneurship can impact Africa's underemployment problem, but concerted efforts to improve the environment are underway. For more information, read [here](#).

- **CAS View:** It is interesting to note that well developed countries such as Canada and Denmark, amongst others, have clear policy frameworks in place to encourage entrepreneurs. They realise that the formal economy where corporates create and provide job opportunities, is not sufficient to support their populations. Africa, it seems, has come to that same realisation. However, it still has quite a number of challenges it needs to deal with in order to have an environment conducive for successful entrepreneurs. It is encouraging to see countries such as Tanzania actively encouraging its population to become entrepreneurs. The 3 mentioned countries above are by no means the only ones supporting their entrepreneurs. In Kenya we find NEST, a Hong Kong-based organisation with the objective to support entrepreneurs in East Africa. The reality is that many nations in Africa are entrepreneurially minded, and only need the right policy framework, incentives and support structures to blossom into successful jobcreating entities. External investors will do well to research these opportunities and reach out to partner with Africa's prospective entrepreneurs, supporting them with financial resources and business savvy where appropriate.

## West Africa

- **Nigeria:** The Chairman of Dangote Cement, Aliko Dangote, challenged the governments of Nigeria and other African countries to invest in infrastructure and housing to support the rapidly developing continent, just as his company is expanding across Africa. The new factories that they opened in Senegal, Cameroon, Ethiopia and Zambia made their first contributions to the business in 2015 and as a result their volumes rose by 35% to 18.9 Mt, driving group revenues up 25.6%. Africa is growing rapidly. The UN estimates that its population will rise from about one billion today to 2.4 billion by 2050, with the urbanised population rising from 400 million to 1.4 billion. To support this growth, countries must invest in infrastructure and housing. According to Dangote, the World Bank estimates that Africa needs to invest \$38 billion a year on new infrastructure in power, roads, transport and water and spend a further \$37 billion on operations and maintenance, a total of \$75 billion a year. However, it estimates that there is a funding shortfall of \$35 billion a year right now, which illustrates both the scale of the problem and the size of the opportunity for a cement manufacturer operating in Africa. For more information, read [here](#).
- **CAS View:** CAS has previously referred to Dangote's positive view on opportunities in Africa. In addition to the countries above, Dangote is in a few other countries as well, and also in a number of other industries too. The opportunities are not only in the infrastructure environment as indicated above, but also in the consumer markets of Africa. The urbanising population of Africa are also moving into the middle class segment, looking to buy higher end goods and services. This creates opportunities for entrepreneurs to add value. Dangote's views are a clear indication that in spite of the slowing down of Africa's economies, there are still growth opportunities! Africa's cities would also do well to plan the development of their cities, lest they become disorganized settlements with millions of people living in close proximity to each other. This does not constitute a city, and creates the seeds of social upheaval!