

## African Union

- **Africa:** Insurance companies have historically focused their energies on SA, Africa's most mature financial market, where life insurance premiums accounted for almost 90% of the total life premiums across Africa in 2013. The rise in incomes and affluence feed insurance purchases as consumers buy items such as cars and second homes. An increase in spending on basics, including health care and mobile phones, has also created new streams of insurance premium revenues for companies. Non-life insurance premiums as a percentage of GDP is less than 1% in some of Africa's major economies, including Ghana, Tanzania, Zambia and Nigeria. Rising populations will breed further consumer demand. African insurers have traditionally targeted the upper-income population, but the new consumer base is requiring changes. Insurers are building online and mobile underwriting platforms for policy quotations and renewals, as well as purchase and payment. Health insurance is offered through text messages to expand access. In agriculture, insurers have found ways to minimize risks and reassure farmers. Recruiting and retaining the right people is vital, as nearly 50% of premiums are still sold face-to-face. Three things are clear: first-movers have an advantage, innovation and agility will trounce first-mover advantages, and there are insurers looking at sub-Saharan Africa. For more information, read [here](#).
- **CAS View:** Life insurance penetration in South Africa is more than double the next country in Africa, i.e. Namibia. The other major economies in SSA pale by comparison, which makes them ideal target markets for insurance companies willing to expand into Africa. The rising middle class in Africa does present an attractive lead factor. The rise in financial technology also acts as an enabler for those interested in selling insurance in Africa. Insurers would know that insurance is not bought; it has to be sold! This means that it is unlikely that the direct sales force would ever be ruled out as a distribution channel. CAS has previously referred to Sanlam Emerging Markets (SEM), a subsidiary of Sanlam, who has expanded into Africa to get access to this growing and lucrative market. With the exception of its foray into Uganda, all of its expansion into Africa has been by means of a partnership. Partners in Africa have the benefit they know the market, they have relationships with various stakeholders, and generally reduce the risk of expanding into Africa. SEM has access to a major part of Africa, and is probably the major player in Africa.
- **Africa:** Africa has a big comparative advantage in its mineral wealth and human capital. Unlocking this needs policies that encourage long-term, generational investment, not shortsighted resource grabs. The recently developed Zambezi Protocol addresses legislative certainty, the provision of reliable services, a stable and attractive tax regime, a predictable and transparent legal system, policy cohesion, a reliance on administrative regulation rather than political discretion, and honest and competent officials. In the new, more competitive and austere environment, governance and policy attractiveness will become increasingly important, as will the regulatory and administrative processes needed to ensure decent and diversified growth. The communities around mines are heavily dependent on the firms, to whom the state often abrogates its responsibility. Some governments have targeted the sector with high tax regimes and other redistributive mechanisms. The Zambezi Protocol seeks to improve trust between parties to ensure longer-term investment horizons and improved competitiveness for Africa's mining sector and jobs and revenue for mining nations. Agreement must be reached on what a successful mining industry looks like, and risk must be reduced by all parties. Mining needs to understand the problems government has to tackle and make a strategic contribution to wider issues in an atmosphere of collaboration, not confrontation. For more information, read [here](#).
- **CAS View:** The mining companies and governments have frequently become adversaries. Militant labour unions have added to the acrimonious relationship between the respective stakeholders. The communities in which the

mining companies operate, have developed a much stronger voice than used to be the case. Mining companies literally need a social license to operate. However, this is a situation where all the parties either stick together, or they will perish separately. Mining companies also do not need an uncertain policy environment. In Africa, unfortunately, as far as mining is concerned, we too frequently see this phenomenon. Productivity is another major issue of importance within the mining industry. When one finds a declining social acceptance of mining operations and a declining productivity, it is a perfect storm waiting to happen. Given the importance of mining in the economies of countries, this cannot be allowed to happen! The trust the article refers to, is crucial for the normalization of the industry. It takes long to develop and is destroyed overnight!

- **Africa:** Integration between and even within countries has happened at a very slow pace. Building trade blocs with neighbouring countries can help small countries to get access to ports, achieve economies of scale, facilitate investment, break into multi-country production networks, and increase private sector competitiveness. In the EAC, success has been incremental but effective. The strongest ingredient has been political will, visionary leadership, focus, inclusiveness and joint monitoring – both from the public and private sectors. An effective regional integration agenda must set aside populist politics, give up placating interest groups, and focus on delivering tangible and concrete results to citizens and businesses. The second lesson is that we must look at hard and soft infrastructure at the same time. Hard infrastructure – roads, physical connectivity, and better ports – is crucial for goods and services to flow unfettered. The soft tissue connecting hard infrastructure to policy directives is just as critical. Reforming archaic tariff structures, changing inherited and restrictive laws, identifying and confronting non-tariff barriers, and facilitating trade at the border is the oil that greases the wheels of trade. Finally, the private sector must have the tools to be competitive and to take advantage of them. SMEs must be able to tap into regional trade and investment. Governments must understand their SME sectors' challenges, and put measures in place to help them become more competitive, connect to foreign buyers and suppliers, and adapt to changing market conditions. For more information, read [here](#).
- **CAS View:** Another confirmation of the importance of regional integration for Africa. Current intra-African trade is at 12%. With regional economic integration, this can increase to 30%. This is still far removed from the 60% within the EU, but it will be a vast improvement on the status quo. The EAC is used as an example of a successful regional integration effort. Other regional economic communities in Africa are not as successful, however. The much vaunted Tripartite Free Trade Area, which will integrate the 26 countries of the EAC, COMESA and SADC, needs to be ratified by 2017. Given the challenges that the TFTA faces, it is doubtful whether it will solve any problems in the short-term. There are just too many countries with vastly different levels of development, vastly different strength of currencies, and a host of other challenges for the TFTA to be an overnight success. Africa should learn from the EU's problems and address its challenges properly before it rushes into regional integration communities.
- **Africa:** The Sustainable Development Investment Partnership (SDIP) on Wednesday announced at the WEF Africa meeting in Kigali the creation of a dedicated Africa hub that will play a role in ensuring that 16 African infrastructure projects with a combined worth of over \$20 billion will come to life. The SDIP is an initiative hosted by the WEF and the OECD and started in September 2015 with an initial membership of 20 institutions, which had since grown to 30. These include the Development Bank of South Africa (DBSA), the Senegal Strategic Investment Fund (FONSIS), the Bill and Melinda Gates Foundation, US Agency for International Development (USAID), and the Industrial Development Corporation of South Africa (IDC). The SDIP aimed to mobilise funding for infrastructure projects in Africa to support the UN's SDGs "through blended finance, an innovative approach to development finance that combines funding from private investors and lenders, governments and philanthropic funds". The DBSA believed that "the SDIP initiative and its goal of delivering \$100 billion in infrastructure projects

within the next 5 years, will make a meaningful contribution and also help build local capacity and solutions by bringing together African and global private- and public-sector organisations.” In addition to mobilizing the 16 infrastructure projects, the hub would facilitate the exchange of best practices across its network of institutions. For more information, read [here](#).

- **CAS View:** It is a well-known fact that Africa is in need of infrastructure investment to the tune of more than \$90 billion per annum for the next decade to catch up the backlog. The SDIP Africa is not the only body with such lofty ideals as stated above. The Continental Business Network (CBN), developed by NEPAD, is an infrastructure investment advisory platform for African Heads of State, providing thought leadership and engagement on a range of strategic issues like policy, investment risk rating(s), project structuring and specifically the existing constraints to the implementation of the PIDA. The CBN consists of prominent African and global business and finance bodies, as well as regional and international organisations. In its drive to address its infrastructure shortcomings, Africa must not create confusion in the institutions established to work on the challenges presented and objectives stated. It does at first glance seem that the two bodies could work together to manage and finance Africa’s infrastructure projects. Hopefully the outcome of these institutions would be an Africa with a much better infrastructure than what is currently the case.
- **Africa:** What must Africa do to be a part of the digital revolution that is sweeping across other regions, to usher in a new era of economic transformation? 1) **Invest in Digital.** Define digital technologies as critical infrastructure and support it as such. The high initial cost and low capacity utilization of undersea fibre-optic cables around Africa show they share the same attributes as railways, electric grids, roads, and water and sanitation. 2) **Recognize That Digital is About More Than Communication.** Recognize the power of exponential growth in digital platforms and harness them in time. New digital technologies are driving advances in fields such as 3D printing, drones, artificial intelligence, robots and the internet of things. 3) **Train A New Generation of Africans** to ensure they are able to understand these emerging digital technologies and grasp the associated entrepreneurial opportunities. 4) **Help Companies Scale.** The best way to reap the digital dividends is to create goods and services. Digital entrepreneurship is emerging in various parts of Africa that have previously never been home to such activities. New mentoring activities are needed to foster entrepreneurial learning. 5) **Think Big, Think Regional.** Current efforts to foster regional trade integration provide a unique opportunity to catch the digital innovation wave. The spread of terrestrial fibre-optic cables illustrates the opportunities offered by continentwide digital integration. For more information, watch [here](#).
- **CAS View:** Africa has the opportunity to leapfrog the traditional path of development by tapping into the digital revolution. By doing this, they can increase the scope and scale of entrepreneurial activities and increase employment opportunities. For this they need cheaper broadband and more infrastructure, as well as better educated people. This article addresses the broad strategies Africa can look at to progress on this path. There are countries that have made sound progress, but most in Africa still need to come to the party. Countries such as Kenya and Rwanda, to name but a few, should become case studies to help other African countries on this developmental path. Africa should also embrace e-government, as the world of digital is not only relevant to obtain economic transformation. Singapore’s CrimsonLogic is at the forefront of such initiatives and can play a strong role in empowering Africa in the field of e-government.

## East Africa

- **Rwanda:** Rwanda’s economy has outperformed almost all its continental peers, with annual growth averaging 7.8% since 2000. An attractive business environment has become important for many African nations to sustain

growth, as commodity revenue and aid inflows have fallen. Rwanda cut red tape, provided tax incentives and improved governance, which has helped overcome the disadvantages of its small size, lack of port access, and limited natural resources. Rwanda has built its tourism industry into its biggest foreign-exchange earner by hosting events such as the WEF and the African Development Bank's 2014 annual meeting and luring visitors to see endangered mountain gorillas and climb volcanoes. It has also boosted agricultural output and manufacturing by improving roads and electricity supply. Rwanda's experiences feature high on the agenda of the WEF Africa gathering, which will focus on how African countries can harness technology and knowledge to spur growth. Rwanda stands as a good example of how long-term planning and savvy investing can lead to sustainable and inclusive growth. FDI in Rwanda would probably rise 36% this year to \$1.5bn. While global economic recovery was taking longer than expected and the slowdown in China limits growth for commodity-based economies, Rwanda had decided to focus on marketing itself as a conference destination to support growth. For more information, read [here](#).

- **CAS View:** The article asks the question whether Rwanda is the Switzerland of Africa. However, it is a well-known fact that Rwanda strives towards being the Singapore of Africa. It has gone out of its way to develop a thriving economy, with proper master planning for its capital, Kigali. Rwanda has moved up the rankings of both the World Bank's Ease of Doing Business and the WEF's Global Competitiveness rankings. On the Ease of Doing Business, it ranks second in Africa after Mauritius and ahead of Botswana (3rd) and South Africa (4th). On the global competitiveness ranking, it ranks third in Africa after Mauritius (1st) and South Africa (2nd). Given what the country went through in 1994, it can indeed be seen as a miracle in the making. It is a shining example of what can be achieved if the leadership of the country is focused on what needs to be done, and does not get side-tracked in corruption and misappropriation of tax money.
- **Ethiopia:** The Japan International Cooperation Agency (JICA) has launched a fish farming project aimed at improving the dietary diversity in Oromia State at a cost of US\$400,000. A pond will be created on 3.5 hectares of land, benefiting over 700,000 residents in the area. The four-year project will also back the nutritional health strategy of the government as it works to improve the quality production and consumption of fish. A self-sufficient food system is being established to withstand the burdens of drought, and the project is one such an intervention. After the completion of the project, the residents and unemployed youth will acquire skills on how to fish for commercial and consumption purposes from JICA and benefit from jobs created for the business. The State accounts for 40% of Ethiopia's fish resource, but the sector has never been exploited to contribute to national development. This is due to a lack of awareness and skills on how to fish and utilize the resource in an organized manner. Ethiopia's fishing capacity has reached 50,000 tonnes and efforts are underway to raise it to 96,000 tonnes. Local communities around lakes are engaged to tap into fish resources in a more productive way. 18 households have voluntarily handed over 3.2 hectares of land to the artificial pond. The project will not pose any environmental damages. For more information, read [here](#).
- **CAS View:** CAS has previously mentioned the development of "fish-preneurs" in Tanzania by the Tanzanian government. This was a strategy by Tanzania to fill the more than 400 000 tonne gap in supply. The Ethiopian government's project to raise the level of local fish production and at the same time to increase the level of entrepreneurship and employment opportunities, as well as reducing the negative impact of droughts, can only be lauded. At the Africa-Japan Business Forum in Addis Ababa in 2015, the Japanese Minister of Foreign Affairs made the point the Japan took its time to decide where to invest, but once the decision was made, they were in for the long haul. Hopefully this will be one of many projects driven by JICA to the benefit of Africa and its people. Feeding Africa falls within the priorities of the AfDB, as well as the UN's SDG's (2nd Goal). Looking at the scale of the investment, this kind of project is not the forte of governments only. SME's from around the world could benefit

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by getting involved in projects of this nature in Africa. Not only will this kind of project be good for the economic and social development of Africa's economies, but also for the investors. As the saying goes, "doing good, can be good business"!