

African Union

- **Africa:** According to Nielsen, Cote d'Ivoire is the best SSA destination for investors, beating Nigeria into 2nd place. Kenya, Tanzania, Nigeria and Zambia make up the rest of the Top 5, with Cameroon at 6th and South Africa at 7th place. According to Tarek Sultan Al Essa, CEO of Board of Agility in Kuwait, one of the 6 reasons there must be investment in Africa is that it needs connectors. Companies that can connect Africans and markets can prosper. The other factors improving investment prospects in Africa are: 1) **African trade barriers are falling and intra-African trade holds enormous potential.** Increased processing of local commodities could drive growth. 2) **Customers are changing.** Educated, urban professionals are young, brand-aware and sophisticated in terms of their consumption. SMEs need to better compete with global brands. 3) **Digital transformation.** Africa leads the world in mobile adoption. Improved communications infrastructure offers Africa new and innovative cross-sectoral economic opportunities. 4) **Africa is diversifying** by focusing on non-commodity areas where they can be competitive. 5) **Africa can lead in sustainable development.** Africa's unused or poorly used arable land provides the opportunity to reap big agricultural breakthroughs and improve productivity in food production. For more information, read [here](#).
- **CAS View:** These factors identified as improving the investment prospects are not new. CAS has been talking about them for close to a year now. Regional integration will improve investment opportunities, as will the growing middle (and upper) class in Africa with their need for branded goods. Infrastructure development (roads, rail links) will improve the opportunity for intra-Africa trade. Mobile platforms are not only meeting the needs of Africa, but can actually be copied to address challenges in other parts of the world as well. The need for economic diversification will not only reduce Africa's dependence on commodity exports, but also provide investment opportunities and create much needed jobs! Africa has the ability to feed the world, but it lacks financing and technical expertise in its agricultural sector. Some of Singapore's corporates are already tapping into this opportunity, such as Olam, Tolaram and Wilmar. What is also good to notice from the report, is the emergence of new players. For Africa to "win", all of its countries must do well. It cannot afford the luxury of having all the wealth concentrated in only a few countries! One can therefore safely say that most people know about this, or should know about this. Why then are we not finding investors flocking to Africa in droves? The sceptics will refer to the risks involved in investing in Africa. Yes there are risks. But they are known and can be mitigated. Ask Tolaram, Olam, Wilmar, Indorama, Sanlam, Shoprite, Massmart, Walmart, Carrefour, Comcraft, PIL and many more!
- **Africa:** Dramatic declines in the cost of solar power and battery storage are giving consumers power over their own power supply. The utility of the future will be more like a stock exchange: a mesh network that balances distributed nodes of generation, storage, and consumption. Africa's energy leapfrog has already begun with the explosive spread of Solar Home Systems. Over the last 5 years, companies like Off-Grid:Electric, M-Kopa, d.light, and Mobisol have provided solar home systems to more than half a million customers in Africa. Soon they will reach millions. Solar in Africa increasingly looks like an exciting opportunity rather than speculative experiment. Larger power systems with increased functionality called 'micro-grids' are coming of age. Micro-grids are miniature electricity grids that distribute power through traditional power lines and provide power comparable to main grids. Solar serves as a modular generation source. Battery technology to store power at the village level has become viable. Smart metering and mobile money enable low-friction billing and customer management. Micro-grids will accelerate Africa's march towards a distributed future grid. Power will be cheaper, smarter, cleaner, and more flexible. The foundations for that energy future are being laid today, and in Africa the setting is perfect to build the optimal architecture from the bottom up. For more information, read [here](#).

- **CAS View:** It is well known that in Africa more than 600 million people do not have access to electricity. The president of the AfDB has prioritised the provision of electricity to Africa as one of his 5 key priorities. UN SDG 7 involves ensuring access to affordable, reliable, sustainable and modern energy for all. Africa does not have large legacy energy infrastructure. It is therefore ideally positioned to leapfrog the traditional systems, and utilise renewable energy in a way that will disrupt the legacy systems. It has done so with the mobile phone, which leapfrogged landlines, and has used mobile payment systems to leapfrog or disintermediate the traditional banking business models. As the article correctly points out, Africa can be (probably will be) the testing ground for the development and refinement of the optimal energy architecture for global use. Given that micro-grids will be used, energy generation will no longer be the reserve of large macro type of organisations and governments that require massive capital budgets. Smaller organisations will now be able to gain entry and become involved. In a way, this could be seen as the democratisation of the industry. Some governments are already reaching out to IPPs (independent power producers). Potential investors should take note.

East Africa

- **East Africa:** Rwanda has announced plans to develop rail links to Indian Ocean ports through Tanzania because they were cheaper, shorter and not take as long to complete than the route through Kenya. Studies showed that the Tanzanian option would cost Rwanda about \$800 to \$900 million dollars while the Kenyan one would go for \$1 billion. The Dar es Salaam-Isaka-Kigali/Keza-Musongati (DIKKM) standard gauge railway (SGR) project is expected to be completed by March 2018 and is estimated to cost the 3 countries \$5.2 billion. The railway route via Tanzania will link Kigali to a port in Dar es Salaam. A new railway is being built from Isaka in northwestern Tanzania to Kigali, with a branch to Musongati in neighbouring Burundi. The existing railway from Dar es Salaam to Isaka is being upgraded. In March, Tanzania and Uganda agreed to build a \$4 billion pipeline to transport crude oil from Kabale in Uganda to Tanga Port in Tanzania's Indian Ocean coast. Uganda chose the Tanzania route (and not the Kenyan route), saying it was cheaper, had more access infrastructure, and presented fewer complications in securing land for it. For more information, read [here](#).
- **CAS View:** It seems Kenya has been losing out big time. It first lost the contract for the development of the oil pipeline from Uganda to Tanzania. In addition to cost, another reason mentioned was security concerns as the pipeline would have been close to the border with Somalia, where al-Shabaab is creating instability. Now it has lost the contract for the rail link to connect Rwanda with the sea. As can be seen, costs, distance and time to completion all played a role. For the region, the benefit of these respective rail links referred to above, is that they improve the movement of people and goods/products in East Africa. This will play a beneficial role in improving intra-Africa trade. The decisions by Uganda and Rwanda will in all probability see Kenya reaching out to South Sudan, Ethiopia and Djibouti to a much greater extent to make the Lamu Port-Southern Sudan-Ethiopia Transport (LAPSSET) corridor a reality. Tanzania remains the main beneficiary of the decisions by both Uganda and Rwanda. One wonders whether the election of John Magufuli and the good governance and stability brought about by this had a role to play in the decisions by Uganda and Rwanda. There is speculation that Magufuli could also look at extending his influence across the DRC, Zambia and Malawi. It seems that he is about more than just stopping corruption in Tanzania and increasing the efficiency of the Tanzanian government. He could become/is quite a strategist as well. It is not far-fetched to see a future where Tanzania becomes the new powerhouse in East Africa.
- **Ethiopia:** Beekeeping and silkworm farming have long provided food, jobs and income in Ethiopia. With support, honey and silk production and engagement across their respective value chains could be key sectors of opportunity for young people. Earlier this year, a US\$10.35 million initiative, Young Entrepreneurs in Honey and Silk

Farming, was announced to create employment opportunities for young people and women. Honey and silk production business activities have the potential to provide a wide range of economic contributions, mainly income generation from marketing honey and its byproducts and the creation of non-gender-biased employment opportunities. Young entrepreneurs will receive starter kits and equipment to get their businesses started. They will also receive technical skills in production, processing and marketing across the honey and silk value chains, as well as life skills, including entrepreneurship, leadership, interpersonal and communication, business development, and access to financial education and services. Importantly, the project will create links to local, regional and international markets. The project will create employment and entrepreneurial opportunities for 12,500 young people in Ethiopia. An additional 25,000 people involved in the value chains will benefit from the project. Up to 80,000 households will indirectly benefit from pollination services. For more information, read [here](#).

- **CAS View:** What a wonderful initiative! The project provides education (technical skills and management skills), equipment, financing, and links to national, regional and international markets to the youth and women of Ethiopia! This is truly putting your money where your mouth is! By empowering the youth and women in this very tangible way, Ethiopia is addressing so many needs! CAS last week referred to the development of fishpreneurs in Ethiopia (and Tanzania). This week we have bees, honey and silkpreneurs! Quite a number of Africa's larger economies can take lessons from Ethiopia in this regard, that is, empowering and developing entrepreneurs. The formal economy can seldom accommodate the whole population of employees. As a matter of fact, well-developed countries such as Canada and Denmark actively encourage the establishment of entrepreneurial businesses precisely because they understand this principle. Involving the youth of Ethiopia in this way, gives them a stake in the economic future of the country. Not doing so creates a very dangerous situation. It is then that the "demographic dividend" becomes a "demographic liability"!
- **Rwanda:** Rwanda recently opened a unique methane power plant (US\$200 million) with hopes that it will one day provide 60% of its electricity. The generation station on Lake Kivu will help reduce the risk of a catastrophic natural disaster should the lake's vast quantities of methane and carbon dioxide be disturbed by an earthquake. ContourGlobal started construction of the plant located in Kibuye after the government ran a successful pilot that produced about 2 MW of electricity from the methane in the lake. ContourGlobal hopes to build 3 more platforms at Kibuye by 2018 or 2019, which will increase the capacity of the "KivuWatt" project by 100 MW, to boost Rwanda's current production capacity of 160 MW. Lake Kivu is 1 of 3 lakes globally to have dangerously high concentrations of gasses like methane that, if released suddenly, could cause a disastrous explosion, after which waves of CO₂ could suffocate people and livestock. The "KivuWatt" scheme was largely financed by private capital, though some 45% of the funding came in the form of loans from international development institutions. For more information, read [here](#).
- **CAS View:** Africa needs to tap into all the opportunities it has to generate electricity for its people. About 620 million Africans currently do not have access to electricity. In Ethiopia we find a waste-to-energy plant in the making in Addis Ababa, where, instead of dumping waste in landfill sites, Addis is generating electricity. In Rwanda we now see electricity being generated in the process of managing a high risk situation. CAS has also recently referred to the situation in Johannesburg, South Africa, where 5000 tons of waste is generated daily, and where the 7 landfill sites in use are becoming filled. Maybe South Africa should copy the principle, if not the actual example, of what is going on in Africa.
- **Somalia:** The International Bank of Somalia is lending citizens as much as \$1,000 to start businesses such as grocery stalls, as Somalia recovers from decades of civil war that ruined the economy. The bank has distributed about \$600,000 to some 700 recipients since it began the programme this year. The loans range from \$100 to

\$1,000 and are given interest-free, with women representing 89% of recipients. Their purpose is to provide small loans to very poor people for self-employment projects that generate income, allowing them to take care of themselves and their families. This is an initiative the bank began to encourage small-scale businesses and to reduce the unemployment in the country. Somalia's president, Hassan Sheikh Mohamoud, is seeking to attract investors as its army, supported by AU peacekeepers, pushes back al-Qaeda-linked al-Shabaab militants from the country's main urban areas. For more information, read [here](#).

- **CAS View:** The normalization of society in Somalia is a very good sign. So is the pushing back of al-Shabaab from the urban areas. CAS did earlier refer to this latter phenomenon, as al-Shabaab broke up into a number of splinter groups. Developing entrepreneurs is a good way of battling unemployment and getting people to take charge of their own destiny – more so in a country where institutions have broken down due to the decades long civil war. That 89% of the recipients are women, is typical of efforts to boost entrepreneurship in Africa. This was also the case in both Ethiopia and Tanzania. It therefore seems that women in Africa tend to be more entrepreneurial than men. In addition, they also tend to be greater victims than men when it comes to unemployment. Somalia can only benefit from this kind of intervention. Let us hope that other institutions will follow the example of IBS and launch their own efforts to rebuild Somalia, not only its economy, but also its society. Being able to report on something positive in Somalia is indeed a happy occasion! Institutions in other parts of Africa should also take note of this case study and start supporting entrepreneurs in their countries in a similar way. Africa cannot be stable if some countries are affluent and others are dirt poor. Similarly, a country cannot be stable if segments of its population are very poor relative to other segments. Experts refer to this as relative deprivation, which is a real issue in the development of instability in a country!

West Africa

- **Cote d'Ivoire:** Cote d'Ivoire received more than \$15 billion in pledges from donors and lenders to fund its five-year development plan. The Paris meeting showcased the world's top cocoa grower as an investor favourite in Africa. Cote d'Ivoire wanted to secure at least \$8.8 billion in pledges to fund part of a \$60 billion investment plan for the period 2016-2020. The high level of pledges showed the "full support of the international community" for its policies. President Alassane Ouattara's government has built highways and bridges and boosted the energy sector, pushing growth to 10.3% last year, the highest rate in SSA. Cote d'Ivoire wants to be among the top 50 in the World Bank's global ranking of nations with a favourable business climate by 2020. Cocoa prices rose last year, strengthening Cote d'Ivoire's outlook, while South Africa and Nigeria, the region's two biggest economies, have been battered by a global slump in commodity prices. Cote d'Ivoire's success in Paris will focus more attention on it and countries like Kenya, which have relatively diversified economies and which have avoided the commodity-induced implosion seen elsewhere. For more information, read [here](#).
- **CAS View:** Cote d'Ivoire was the only commodity exporter in the top 10 countries as far as economic growth for 2015 was concerned. The fact that its economy was relatively diversified contributed to this. CAS has written frequently the last few weeks about the progress observable in Cote d'Ivoire. Feedback from business executives who have recently visited this country, is quite positive. The road infrastructure seems to be one of the best in West Africa. Security personnel are observable, but unobtrusive. The economy is growing and Ouattara has been outsourcing key elements of it to the private sector. Ouattara's second term ends in 2020. He therefore has 4 years left to entrench the diversification and development of the economy as deeply as possible. It is clear that his experience as prime minister (Nov 1990 – Dec 1993) and as deputy managing director at the IMF is standing him in good stead in his efforts at transforming Cote d'Ivoire's economy into one of the largest in West Africa. He has clearly succeeded in convincing investors that the country is worth investing in in a serious way!

North Africa

- **Egypt:** An EgyptAir flight from Paris to Cairo with 66 people on board has vanished from radar, the airline said on its verified Twitter feed Thursday. A tweet on the airline's official account said flight MS804 left Paris at 23:09 pm local time (2109 GMT), "heading to Cairo (and) has disappeared from radar". Further tweets in Arabic said contact was lost at 02:45 Cairo time (0045 GMT), when the plane was just inside Egyptian airspace and at an altitude of 37,000 feet (11,000 metres). There were 56 passengers and 10 crew aboard, according to the airline. There was no distress call from the plane. For more information, read [here](#).
- **CAS View:** First of all, CAS would like to offer its sympathies to the Egyptian nation and other countries with passengers on board Flight MS804! In addition to the loss of human life, which is a huge tragedy, the crash of the plane will have a negative impact on the tourism industry of Egypt, more so should the downing of the plane be as the result of a terrorist attack. Egypt's tourism industry received a severe setback when a Russian plane full of passengers (mostly Russian tourists) crashed in the Sinai last year. ISIS took responsibility for the downing of the plane. The hijacking of an EgyptAir plane earlier this year did not create a lot of trust either. The loss of human life is to be deplored! The downing of Flight MS804 will in all probability create further instability in the Middle East, something which the area can hardly afford!