

African Union

- **Africa:** E-commerce represents a small, but rapidly growing segment of the African retail market. By 2025, e-commerce could account for 10% of retail sales in Africa's largest economies, translating into some \$75 billion in annual revenue. The growing popularity of online shopping is driven by increasing internet access and smartphone ownership, busy lifestyles, a preference for convenience, nightmare traffic jams, bad roads, and a lack of parking. In South Africa, in 2011 51% of those with access to the internet were already shopping online. Currently, in Nigeria, the online shopping site Jumia has 100,000 customer accounts and its sales are increasing by 15% a month. The question for online retailers is how to maximise revenue, particularly given the unique opportunity that doing business online offers: volumes upon volumes of data – most of which marketers have no idea what to do with. Using this data can help to define profiles of consumers and how to engage with them in Africa. For more information, read [here](#).
- **CAS View:** Further evidence of the growth of e-commerce in Africa. This trend is becoming firmly entrenched. In addition to the drivers of the growing popularity of online shopping identified above, is the issue of trust. The newer generations growing up with mobile technology and e-commerce are far more comfortable using this platform. Social media platforms will also play a role, both in making users more comfortable and also serving as a source of data from which to develop consumer profiles and customer value propositions. It might be that e-commerce could curb the growth in malls in Africa, in a similar way mobile money is threatening to disintermediate banks.
- **Africa:** In order for Africa to develop its economic infrastructure and improve its balance of payments, local beneficiation of its natural resources and agricultural products is essential. Africa must develop a strong value-added manufacturing base. Opportunities include local beneficiation of resources, while population growth will spur growth in direct consumer industries such as food/agriculture and beverage, home and personal care, apparel, and even automotive. Other sectors include secondary industries such as building and infrastructure due to further urbanization. Africa must overcome a number of **challenges**: 1) The lack of productivity in its legacy industries. 2) A lack of scale. 3) An insufficient skills base. 4) An underperforming and under-capacitated, structural economic infrastructure. To overcome the challenges, the following **actions** can contribute: 1) Improving productivity through innovation, technology, value-add products, mechanization, and better training and skills development. 2) Simplified border procedures and more open trade. 3) Education and training. 4) Increased power generation capacity and stabilised supply. African governments, business, labour unions, and communities must create economic clusters to provide for local demand and increasing international competitiveness. Multilateral collaboration across Africa and PPPs locally will lead Africa on a path to success. For more information, read [here](#).
- **CAS View:** Developing the manufacturing sector and industrialising Africa's economies are generally seen as the way to solve Africa's headache due to the slowdown of China's economic growth rate and the slump in commodity prices. This article provides good insight in some of the challenges Africa faces, and also contributes towards suggestion specific actions as to how Africa can pull this off. Economic integration and better education and training is crucial and has been punted for a while by a number of commentators. Added to this is the political will to diversify economies away from an over dependence on commodities such as oil. Another factor that receives attention is the need to develop Africa's energy sources, as without energy no growth in manufacturing and industrialisation will be possible. Africa cannot hope to replace China as the world's next factory if it does not address the issue of skills development and education and training. This, eventually, will be paramount!

- **Africa:** According to the president of the AfDB, Akinwumi Adesina, "Africa must think big, act big and deliver big. We must never show low ambitions for Africa." The AfDB has raised its level of aspiration for Africa through its High 5 development priorities, i.e. Light up and Power Africa; Feed Africa; Industrialize Africa; Integrate Africa; and Improve the quality of life for the people of Africa. Africa is launching initiatives such as the New Deal on Energy, the Jobs for Africa's Youth, and the African Leaders for Nutrition initiative. The initiative is partnering with the AU/New Partnership on Development (NEPAD), Bill and Melinda Gates Foundation, Kofi Annan Foundation, the Big Win Philanthropy, Dangote Foundation and the World Food Program. The Bank also intends to launch a USD 3-billion fund to support women. In the same vein, the Bank launched the Transformative Partnership on Energy for Africa. Adesina also reflected on African economies, noting that they have remained resilient and are not unravelling as interpreted in some quarters. Africa must henceforth look inwards to tap resources for the development of a more inclusive continent. For more information, read [here](#).
- **CAS View:** Africa is looking towards itself to develop its economies and people. The High 5 development priorities of the AfDB are well known and do provide guidance and direction as to where Africa should be looking at in its development activities. It also provides direction for external investors. What Africa does need is sound governance and good leadership. The countries where this is a reality, are doing better than those where rent-seeking behaviour is the order of the day. Where the latter prevails, all the good intentions and grand visions for Africa will lead to nothing but frustration and eventual decline. Africa must get its house in order. If the political elite rob the fiscus, they cannot expect the international investment community to keep on coming to its rescue. Fortunately, there are countries where the news is good, e.g. Cote d'Ivoire, Rwanda, Namibia, and Tanzania, to name but a few.
- **Africa:** There's never been a better time to be an African startup looking for investment, with the amount of invested capital in Africa more than doubling from 2015. That's according to data from the 2016 Venture Finance in Africa research, conducted by VC4Africa. The research, collecting data from 462 ventures from 41 African countries and 140 Africa-focused investors from 25 countries around the world, shows that US\$73-million was invested in 224 ventures who took part in the survey. With an average investment of US\$326 000, that's significantly higher than US\$27-million invested in 2015. Investors are a comparatively minor source of funding among Africa's entrepreneurs, as most startups are still wholly founder-funded, with family and friends and competitions/grants both coming out higher than angel investment. The top investment categories are Technology, Agriculture, Health, Finance and Energy. Ventures that participate in sector events, or join an incubator or accelerator, are twice as effective in securing capital for their venture. Of the investors part of the VC4Africa community, 86% have invested in an African venture. For more information, read [here](#).
- **CAS View:** This article is interesting in that it clearly indicates that entrepreneurs and startups in Africa are attracting investments at a growing rate! Yes, even the founder-funded startups are a form of investment in the future of Africa. These people had a choice as to where they could have developed that startup. The total investment nearly tripled in just 1 year (based on the survey figures)! While this is great news, it still is off a low base! Africa needs many more such startups. The article provides good advice, such as joining incubators or accelerators. This helps startup founders to avoid mistakes others have made and to get other forms of advice, as well as moral support when times are tough, which for startups happens frequently. Africa is full of such opportunities. CAS has identified a number of such opportunities the past few weeks, such as the fishpreneurs in Tanzania and Ethiopia, the honey, bees and silkpreneurs in Ethiopia, and bamboopreneurs in a number of countries. Kenya is home to a large number of technology entrepreneurs. One of the latest examples CAS has come across, is Ongair from Kenya, who helps companies to use apps such as Whatsup, WeChat and Facebook Messenger for customer

service by aggregating messages from the various platforms into one dashboard. Africa truly is a place filled with ingenuity!

East Africa

- **East Africa:** South Korean President Park Geun-hye plans to visit Ethiopia, Uganda and Kenya to launch the newly-created Korea Aid. Park will be accompanied by 111 Korean companies hoping to do business with Africans. With Africa's improving political stability, high economic growth and expected increase of middle-class to 500 million by 2030, many countries are pursuing Africa's potentials. Despite the rising importance of African markets, South Korea's exports to Africa only accounted for 1.4% of its total exports in 2015. Bilateral trade between South Korea and African countries increased from \$5.7 billion in 2000 to \$22.2 billion in 2011 and exports to Africa jumped five times in the same period. That may seem small compared with \$166 billion worth of trade for China in 2011, but as a percentage of Korea's foreign aid budget, aid to Africa climbed from 12% in 2002 to 26% in 2012. Korean projects in Africa: 1) Agricultural projects in 21 African countries. 2) In 2014, install fiber optic cables and deliver 4G Internet to 95% of Rwanda by 2017, up from from 8.3% in 2014. 3) Develop a rural community development plan for Rwanda worth \$11 million. 4) SK Group has stakes in 8 oil fields in 6 African countries. 5) Samsung operates in 32 African countries and is designing products such as phones and fridges for African consumers. For more information, read [here](#).
- **CAS View:** Singapore is a rags-to-riches story. If one has a look at where the country was in 1965 and where it is today, it boggles the mind! The same can be said for South Korea! In 1953, it had a GDP per capita of US\$67, on par with Ghana at independence. In 2014, the GDP per capita had climbed to US\$27 000, whilst on a PPP-basis, the GDP per capita was US\$34 000. This far outstrips anything Africa can offer. The fact that 111 Korean companies are accompanying the president, is a serious indication of South Korea's intentions. They have clearly taken note of the massive potential given the rise in the African middle class. They are not playing games with definitions of what actually constitutes middle class and what does not, but are taking very specific steps to tap into this massive African market. They, as we all know, are not the first. China, India, Japan, Malaysia are all in Africa already. But then, from the above it is clear that South Korea has not been sitting idle either. Samsung, Hyundai and Kia are well known brands in Africa. Why is all of this important? Africa is slowly but surely being "filled up" with investors, whether they are countries or companies. Countries and companies that have decided to play a waiting game, might just find they have lost out on good opportunities. They might avoid "sinking the boat risks", but then, they might fall prey to "missing the boat risks"! It is clear countries such as South Korea are not going to be a victim of the latter! And the irony is that the former can be mitigated by doing proper homework. Go do the math!
- **Rwanda:** Rwanda has embarked on two big infrastructure projects. The methane-fired power plant on Lake Kivu will generate 100 megawatts of clean energy within 3 years as it extracts gas from the lake to generate low-carbon emission power, also reducing the risk of a catastrophic release of methane. KivuWatt represents an effective doubling of power in Rwanda. Rwanda also plans to develop rail links to Indian Ocean ports through Tanzania. This rail link is expected to be completed by March 2018 and is estimated to cost \$5.2 billion. The implications of this infrastructure expansion will undoubtedly touch many businesses and industries, but at the forefront will be cement. Energy and transport are the highest cost components for cement manufacturers. Cement prices in Rwanda and DRC are some of the highest in Africa: retail prices per tonne range from \$225 to \$270 in the region, while in southern Africa, cement can cost as low as \$96 per tonne. Deals in heavy physical goods, and the hilly terrain in Rwanda makes transport expensive because maintenance costs are high. Rwandan officials last year

blacklisted a Tanzanian manufacturer, Kilimanjaro Cement, from retailing in its market. They alleged that Kilimanjaro Cement is imported from Pakistan and repackaged in local bags and so is not qualified to be treated as manufactured within the region. For more information, read [here](#).

- **CAS View:** Infrastructure development boosts economic growth in countries. Energy and transportation are crucial infrastructure elements required for growing economies, especially in the manufacturing sectors. It is clear that cement will be in high demand, for obvious reasons. Fortunately for Africa it does seem that cement will become cheaper due to certain countries flooding the market for cement. This can be good for those countries on the cusp of high infrastructure investments. As it is, Africa needs US\$90 billion annual investment to get its infrastructure up to par. Cement will be in huge demand.

Southern Africa

- **Zimbabwe:** Zimbabwe's economy is struggling, and politically it is somewhat volatile. The author identified the following investment opportunities. Manufacturing and Industrials Zimbabwean companies have plans to expand manufacturing. Local manufacturing offers the best potential as transportation and labour costs grow in South Africa. Zimbabwe also offers one of Africa's most literate and educated populace. Healthcare Sector The Zimbabwean healthcare sectors presents investors an opportunity to improve health offerings. Investors will have to raise significant capital for the infrastructure, but the opportunity to satisfy a starving Zimbabwean market and the demand of neighbouring countries offers great promise. Training programs and realignment of services with available talent could also go a long way. Mining Zimbabwe has the second largest reserves in the world of platinum and large diamond reserves. Gold and coal prospects are nothing to ignore. The reality of the on-ground situation is less tricky than international news sources paint it. Agro-processing Local packaging and branding of agriculture products have great potential. Sourcing from small-scale farmers eliminates land tenure concerns, but poses the potential challenge of inconsistency in quality supply. The sector requires reinstallation and upgrade of irrigation systems, greater availability of inputs, and training. Downstream buyers from small-scale farmers will find anxious partners in aid donors and the farmers. Avoid the politics and talk business and you will see its potential. For more information, read [here](#).
- **CAS View:** The world's press, and most political leaders in the West do not like President Robert Mugabe. One will struggle to find media articles that have a positive view of Zimbabwe. Zimbabwe's economy has gone down the drain and it is again struggling. And when one reads about the internal political and social challenges, Zimbabwe is not doing itself a favour in the investment community. However, this article provides a view that few of us do see. The article hopefully will get some of us to go and see what the conditions in Zimbabwe really are. It is a country with a beautiful nature and wildlife. It has a lot of potential, as identified above. There are a number of South African retailers in Zimbabwe, and so we could go on. Aliko Dangote has also ventured into Zimbabwe in order to tap into the potential he has identified. Clearly therefore, there are companies that have identified the risks and have put in place the necessary plans to mitigate such risks. Would there be any benefit for first-movers into Zimbabwe? Without a doubt. It would require courage of conviction, but then Africa is a place for brave people!