

African Union

- **Africa:** Cycling has changed significantly in Africa the last two decades. Cities have changed and there are many more bikes in Africa. E-bikes are the electric motor-powered versions of motorized bicycles. At around \$1,500, e-bikes enable people to move at a fraction of the cost of cars. The technology improves from week to week. It's a natural progression from bicycles to e-bikes, and perceptions are changing in Africa. On average, an e-bike gives more than 60 kilometers of travelling distance. The battery can be recharged overnight. E-bikes are quiet and emit zero emissions. They cost less than 50 cents in electricity for every 100 kilometers traveled. Compared to the fuel consumption and pollution caused by vehicles, one can see the advantage in terms of savings, carbon footprint, and health benefits. Pollution from emissions is out of control in Africa and climate change is creating incentives for clean, human-powered assisted transport like e-bikes. In Africa, e-bikes will enable farmers to transport produce without having to depend on cars. E-bikes will be just like the cell phone revolution, which in Africa bypassed the challenges of putting in land lines. Combining solar, which is getting cheaper, with ebikes is really going to make an impact, particularly in Africa. For more information, read [here](#).
- **CAS View:** Transportation of people in Africa is a massive challenge. Public transportation in the form of buses are mainly restricted to urban areas, or between larger towns in rural areas. Passenger rail systems are not generally available either. So people either walk to where they want to be (especially in rural areas, or they take taxis. Introducing e-bikes to Africa could help to provide the population with alternative means of transportation, which it seems will be that much cheaper. In a recent trip to Dar es Salaam, the number of motorbikes and motorbike taxis were noticeable. When I was there in 2003, this was not the case. Having e-bikes running on solar-charged batteries will reduce the cost of transportation. When a sizeable portion of the population lives under the poverty line, the last thing one wants to spend money on is transportation, as while it is necessary, it is not value-adding. Africa must look at solutions like these to create transportation solutions for its population, if not in the cities, then definitely in the rural areas. Africa must also look at clean solutions that would not increase the speed of global warming. Providing cars to its population in large numbers will greatly increase the levels of pollution and increase global warming, which would be devastating for Africa and its agricultural industry.
- **Africa:** In a recent interview, Takeshi Oikawa, principal of BCG, spoke about understanding the African consumer. By 2020 there will be 1.1bn consumers in Africa, which will create massive opportunities. Compared to other emerging markets, African consumers are more than 10% more optimistic. Reasons: consumers in Africa think about slightly longer timelines of between 5-10 years; they are confident their lives will be improving over these 5-10 years; and not all African countries are commodity-driven countries. What is the most important factor for African consumers? A rapidly growing digitization and rapidly growing Internet access via mobile devices. Price is not the most important factor for the African consumer, but quality is. For example, when buying mobile devices, durability and functionality are very important. Very few mentioned price as a factor. Egypt and Morocco buy more luxury items than elsewhere, while in SA and Angola consumers visit more modern retail stores than any other parts of Africa. With clothing and groceries, local brands have a stronger showing. With big ticket items, such as mobile phones and cars, African consumers will stick to well-known global brands. With clothing, Nike and adidas are strong across the African markets, but not by a large margin; local brands are quite strong as well. Although African rural markets are more complicated as they host a sparse population with relatively lower personal disposable income, competition here is not that intense and they therefore present a good opportunity going forward. For more information, watch [here](#).

- **CAS View:** It would be a mistake to develop a profile of “the African consumer” as they are as diverse as they come. With 54 countries, there is no chance of there being a single consumer profile. Although the above factors are clearly general truths of the African consumer, and quite useful as such, we need much more detailed analyses of the African consumer profiles in order to properly understand them and cater for their diverse tastes and needs. At Nanyang Technological University, the Institute of Asian Consumer Insight (ACI) does very detailed and specific research on specific consumer groups in Asia. Africa needs this as an urgent priority. In South Africa we find the LSM groupings of the South African Advertising Research Foundation. While this is useful in specific circumstances, it has its shortcomings. Investors in Africa would do well to invest in detailed consumer profiles developed by professional institutions.
- **Africa:** Africa’s youth can expect “tangible commitments” from the UNCTAD currently underway in Nairobi, Kenya. Africa is the most youthful continent in the world - 200 million out of one billion people in Africa are young people between 15 and 24; that population could even be bigger if one looks at the definition of youth, which is 15 – 35. Over 60% of Africa's youth is unemployed. The large population of youth need opportunities, which are not necessarily available. Creating these opportunities can happen through the promotion of trade and investment at conferences such as UNCTAD. The global youth forum is being held for the first time within UNCTAD to ensure that youth voices are integrated in the conversations, but also that the challenges affecting young people are actually addressed. This will allow young people a platform to provide solutions to some of the challenges experienced as a continent and as a globe. This UNCTAD conference is talking not just about trade, but about inclusive economies. It is important to support young people to access capital and to acquire the necessary skills to engage in the economy as equal members of society. For more information, read [here](#).
- **CAS View:** Unemployment and the lack of opportunities amongst Africa’s youth is a serious problem for Africa. It is a phenomenon that is widespread on the continent, and it is not constrained to a few countries. Some countries are trying to address the problem by encouraging its youth to become entrepreneurs. However, education and support (including access to finance) are factors that inhibit the development of a strong entrepreneurial class. This situation will definitely lead to scenarios of political and social volatility, in which violence will always play a role. It is therefore an urgent necessity for Africa to design strategies to create opportunities for jobs for its youth. To neglect this strategy, is to ensure that the future will be disastrous. It is in this context that the approach of UNCTAD in Kenya needs to be understood. It is not a nice to have to help the youth; it is an imperative! The article refers to “inclusive economies”. This is also not a nice to have, but is an imperative. Jobless growth is no longer acceptable, not in Africa in any case. Growth that only benefits the “haves” and the employed and current educated, is not acceptable. Africa must develop the skills of its people and it must develop growth strategies that will create jobs and opportunities for all. Technical skills are in short supply, yet urgently needed. Artisans must be trained in large numbers. While the arts and humanities are important for societies, Africa needs electricians, plumbers, millwrights, mechanics, engineers, programmers, etc. They must also be schooled in how to develop their entrepreneurial skills. It is crucial that the unemployment problem amongst Africa’s youth is addressed as a matter of urgency! To not do so, is to sow the seeds of a volatile and uncertain future!

East Africa

- **Ethiopia:** Japan Tobacco Inc. (JT) won a bid to buy 40% of the National Tobacco Enterprise S.C. from the Ethiopian government for a record \$510 million. Ethiopia is seen as an important expansion of their geographic footprint in emerging markets. As the largest shareholder, they expect to be able to exert significant influence over the direction of the company. Ethiopia is currently experiencing double-digit economic growth, with industry volume also expected to continue to increase. The bid by JT was the highest offer ever made for any Ethiopian state-

owned enterprise. It was more than double its closest rival British American Tobacco, which offered \$230 million for the same stake. Other companies that also bid included Phillip Morris International and China Logistics Company Ltd. The National Tobacco Enterprise S.C., is one of the 4 public companies the Ethiopian government said it will privatize in 2016. In 2012, Ethiopia offered to sell over 40 public enterprises, including several large farms, a winery and a big hotel, over the next three years. While it managed to sell some firms, several other still remain unsold due to lack of interest from foreign investors. For more information, read [here](#).

- **CAS View:** A couple of African countries, when moving from a socialist economic environment to a more market-driven economy, sold a number of assets such as breweries, to name but one. As a matter of fact, this is how the big beer giants of the world grew their companies on the African continent – growth through acquisition. It made perfect sense as governments are not supposed to run companies, and do not make good brewers. Ethiopia is a perfect example of a government that has decided to add value to its economy by privatising assets (state-owned enterprises) that should be run by the private sector. Ethiopia is serving as an example for a number of other countries in Africa who have stated their intention to privatize their SOEs, but who have not yet done so. The SA government recently published a research report that recommended it privatize the vast majority of its more than 700 SOEs. Time will tell whether they will actually do so. In the mean time, SAA, amongst others, is costing the SA tax payer an arm and a leg, whilst serving as an example of poor (and shameful) corporate governance. SA deserves much better than this. Through the above example, Japan is serving notice of its stated intention of becoming involved in Africa in a meaningful way. It seems they have targeted Ethiopia as a country with a lot of potential.

West Africa

- **Cameroon:** With vast areas of agricultural land and rising domestic consumption, Cameroon is well placed to boost its agri-processing industry as a major business opportunity. Cameroon is already the biggest agricultural producer in Central Africa, but has not reached its full potential in the production and processing of crops. While Cameroon is Africa's fourth-largest producer of cocoa, and a grower of coffee, palm oil, cotton, rubber and bananas, it remains highly dependent on food imports. According to PwC, the domestic processing of agricultural commodities is an under-exploited industry. There are opportunities to supply the greater West and Central Africa from Cameroon. Nestlé produces its Maggi brand of stock cubes in Cameroon, but wants to source more inputs from local farmers. It is working with the government to see if they can source starch from locally-grown cassava. Garment production is another area where domestic operators can add value. Agri-processing has challenges. Of the 232,500 tonnes of cocoa produced in the 2014-2015 season, only 30,000 tonnes were ground locally because of bean shortages, quality issues related to the drying and fermenting of beans, and high electricity costs. General challenges include under-developed infrastructure. For more information, read [here](#).
- **CAS View:** This shows upon a recurring theme, namely the under-exploitation of agriculture and the need to industrialise agriculture. Africa cannot feed itself and has to import food. This must stop. Africa is also not developing its agro-processing industry and is importing these products from abroad, wasting job opportunities, foreign currency reserves, and economic growth. Looking at sourcing starch from cassava, it is a natural progression. Cassava can be used to produce gluten-free flour, as well as starch and maltose. Not only does the technology for this exist in Africa, but the people with the technical skills as well. It is also sad that large corporates at times feel compelled to import processed food for distribution in Africa. It is, however, difficult to blame them for not developing the local industries when one realizes they have to deal with politically unstable environments, which creates volatility. It is difficult to relocate a factory when things go south, which unfortunately at times is the case.

Hopefully the likes of Nestle will set the tone and the pace for the boosting of the agro-processing industry in Africa!

- **Nigeria:** Music is now big business in Nigeria. The music industry's revenue from music sales was \$56 million in 2015 and is forecast to grow to \$88 million in 2019. Entertainment and media had an estimated total revenue of \$4.8 billion in 2015 and is likely to grow to \$8.1 billion in 2019, making it "the fastest expanding major market globally." Artists in a genre known as Afrobeats, have seen their popularity in Nigeria spill over into record sales and sold-out concerts across Africa, Britain and the US. The new wave of artists has developed a broad fan base that has made music a major cultural export for Nigeria. With the advent of social media, the music is more readily available outside. Some argue that, if properly harnessed, money raised from Nigeria's burgeoning music scene could be used to address the nation's economic difficulties. The Nigerian arts, entertainment and recreation may be growing fast, but it only contributed 0.26% to real GDP in the first quarter of this year. Music sales could provide much needed tax revenue if the industry were properly regulated and bootlegging curbed. In the last few years, the majority of Nigerian music industry earnings have come from telecommunication firms using mobile ringtones, and from other corporations through brand endorsements and music downloads. For more information, read [here](#).
- **CAS View:** Artists in general struggle to make a proper living as a lot of people nowadays expect to get their music for free, using all kinds of applications, frequently, if not mostly, illegal, to download music from the Internet. Billions of dollars are lost to the artists due to this phenomenon. Given this, it is logical that governments lose out on a tax opportunity. It is therefore in governments' best interest to support the music industry by clamping down on bootlegging in the music industry. It is actually shameful to not buy your music. Knowing that every song you download illegally is taking food from a struggling artist's mouth somewhere, should be a wake-up call to all music lovers. The reality is that there are various opportunities to download music at low cost in a legal manner. Apple Music is but one such a route. It is therefore not necessary to go the illegal route to save money! All Africans should support the African musicians by buying their music and not using illegal platforms. We owe it to our artists!

Southern Africa

- **South Africa:** In SA, insurance is often considered a luxury and many South Africans remain uninsured. PwC estimates that 65% of SA's vehicles are not insured, partly due to the high cost of premiums that remain unaffordable to many. Riovic, a start-up, has managed to lower insurance premiums between 40-60% through offering insurance backed by crowdfunding. It acts as a marketplace that connects those seeking insurance with investors who are willing to share the risk of a payout in exchange for returns in the form of premiums. It essentially turns insurance into an asset class for private investors, and allows them to step into the shoes of an insurance company. Currently, Riovic is offering automobile, business and home insurance and anyone can apply – either to be insured or become an investor. The platform is targeting both corporations and individuals (especially millennials). The platform currently has around 130 private investors and 390 insurees. For more information, read [here](#).
- **CAS View:** There is an old saying that is quite true, namely that insurance is never bought, but has to be sold. It is a grudge purchase, one that is easily avoided when cash flow is under pressure. When a significant portion of the population earns low salaries, general insurance (or short-term insurance) is ignored altogether. The risk of crime and motor vehicle accidents in SA tend to be high. These two factors combine to create a calamity. The development of the above solution takes one back to insurance by means of a mutual society. Mutual insurance is not something new and is widely applied across the world. However, in South Africa, there is currently only one company that operates completely as a mutual, i.e. the Professional Provident Society (PPS). Although PPS operates completely as a mutual, it has only recently started to take part in the short-term insurance industry.

Apart from them, there is no other short-term insurer that operates on mutual principles. It is highly unlikely that the existing shortterm insurers, all of them “stock insurers”, will move back into mutual insurers. It is interesting to note that Riovic will use fintech to make the product more accessible to the general public. This is definitely the way to go. The selection of insurees will also be crucial, as one “rotten” client can bankrupt the scheme. Cost-conscious consumers will find this scheme an attractive one, should they be convinced that their legitimate claims will be honoured. Heinrich Kruger, an MBA alumnus of the University of Stellenbosch Business School in South Africa, in 2015 actually wrote his MBA research report on the development of a strategic architecture for such a mutual insurer in the short-term industry. Interested parties are welcome to contact the Centre for a reference to the report.