

African Union

- **Africa:** Where do Africans shop? Traditional trade outlets still dominate. But modern trade is making inroads, with 26% of consumer store visits being made to modern trade outlets. For a number of reasons, e.g. lack of Internet access, trust issues, and a desire to see and touch a product, online purchasing is rare in Africa. But as internet access spreads and comfort levels increase, online buying will likely grow. Africa's traditional trade outlets are notoriously difficult for multinational corporations (MNCs) to penetrate. Companies must first understand the types and locations of trade outlets in the targeted countries and the differences among them. They then must assess the potential revenues from and accessibility of each outlet, and develop a strategy for product distribution. Then companies should create specific territories and assign each to an exclusive distributor – a trusted partner with deep experience in the region. They should put in place measurable KPIs to ensure consistently high standards of execution, and track performance against those KPIs. As sales are monitored, the distribution model can be updated and improved as required. For more information, read [here](#).
- **CAS View:** Shopping is a very complicated field in Africa. Malls are scarce, and detail information of Africa's consumers is lacking. Distribution channels and roads to market is also complicated. Large chains frequently get it wrong. Even the likes of Shoprite and Woolworths from South Africa have got it wrong. Tolaram from Singapore has succeeded in developing a vast and penetrating distribution network in Nigeria and its neighbours – so successful that Kellogg from the USA paid US\$450 million for a 50% stake in Tolaram's subsidiary, Multipro. Road to market and supply chains are therefore crucial for retail success. Any entity interested in selling in Africa should know this. Another Singaporean-based company that does thorough homework before they venture into new countries in Africa, is Vega Foods. Distribution is key for them as well. Walmart acquired Massmart of South Africa to gain immediate access to its distribution outlets. New players would do well to remember this.
- **Africa:** By 2050, 56% of Africa's population are expected to live in cities, which will require a corresponding increase in food production. Such shifts demand specialised agribusinesses, and present enormous opportunities for young people in Africa. Africa's youth must have access to funds for investment, oh which there is little available. In Kenya, Musoni has developed an agricultural loan specifically for smallholder farmers, including youth who do not have formal collateral. The product, Kilimo Booster, uses M-Pesa to allow easy mobile phone payments. It is also structured to meet the timetables of crop cycles, not of banks. Creditworthiness of young people are also judged based on daily records of their farm enterprises or other initiatives. Governments, private institutions and other business partners should set up special start-up funds for young people in agriculture. Funding initiatives must be accompanied by non-financial support, such as training in agriculture and business development. The most innovative financial services, including the Kilimo Booster loan, couple digital agricultural training – delivered via mobile phones or tablets – with tailor-made financial products. There is a window of opportunity for Africa's youthful population to build businesses to feed the region's rapidly urbanising populations. For more information, read [here](#).
- **CAS View:** Africa's population is rapidly urbanising. This is a fact. Africa's agricultural sector is in need of industrialisation initiatives. This is also a fact. Africa has 65% of the world's arable land, yet cannot feed its people. Another fact. Africa's youth is either educated for the wrong kind of jobs, or not educated at all. Yet another fact. In addition, Africa's youth account for about 60% of the unemployed. This does create a disaster in waiting. There is therefore an urgent need for banks and governments to create the opportunities for the training and funding of the youth to participate in an extremely important sector of Africa, namely creating food security. To not do so, will create so many problems at so many levels within societies! The fintech platform M-Pesa once again shows

its versatility in being used as the basis of a product that adds value to Africa's population, in this case, Kilimo Booster. One has no other option but to raise one's hand to the ingenuity of Africa's people to create home-grown solutions to address its challenges.

- **Africa:** The growth of mobile phones and services across Africa has brought many Africans into the digital age and connected them to worldwide knowledge and services. Home to one of the world's fastest growing middle classes, Africa has seen multiple opportunities emerge for both local and global retailers from this digital growth. As the adoption of mobile technology and increasing internet penetration in these countries continue to grow, so does the opportunity for retailers to reach new customers in the region. The World Bank notes that the increased access to digital technologies brings more choice and greater convenience, and that through inclusion, efficiency and innovation, access to mobile provides opportunities that were previously out of reach. With the rise of mobile commerce and increased competition, this drives the demand for advances in technology and logistics, to ensure real-time supply chain visibility and improved quality, speed and precision of delivery services within African markets. With this new technology, local and global retailers can increase the speed at which shipments are processed and delivered to their clients, thus improving efficiency along the value chain. For more information, read [here](#).
- **CAS View:** Much has been said about the digitalisation process in Africa, and the impact that it will have. This includes the leapfrogging of landline telephone systems, the increase in the financial inclusion levels of Africa's population, the education of Africa's population via digital platforms, increase in ecommerce and online shopping, to name but a few. It has become very important to understand the needs and wants of the new digital consumer. What is not so frequently spoken about, is the need to understand the supply chain requirements of this new digital age. Distribution companies in Africa have to take poor road networks (sometimes no road networks) and inadequate rail networks into consideration. Tracking the delivery process is important. Some companies have also resorted to drones to support the delivery process in countries such as Rwanda. Companies will have to become very innovative to address the delivery challenges in Africa in order to streamline the whole value chain.
- **Africa:** While African economies have grown substantially over the past decade, poverty and inequality reduction has remained less responsive to growth successes across Africa. As a result, millions of Africans, especially women and youth, have been left behind. Unequal access to economic resources and opportunities is mirrored in Africa's high income inequality, gender gaps in earnings and opportunities, the rural-urban divide, youth under-employment and in the limited priority given to key poverty-reducing sectors like agriculture, agro-industries, and manufacturing. Sustaining recent growth successes while making future growth more inclusive, requires diversifying the sources of growth and ensuring broadbased participation across segments of society. Workers need to move from low productivity sectors to those where both productivity and earnings are higher. Key poverty-reducing sectors, such as agriculture and manufacturing, should be targeted and accorded high priority for public and private investment. Other policy recommendations include addressing income inequality, closing gender gaps, bridging rural-urban disparities and promoting youth employment. By ensuring Africa's growth is both sustainable and inclusive, the quality of life for all Africans will be improved. For more information, read [here](#).
- **CAS View:** This report addresses all the major problem areas in the social and economic sectors. It shows upon the urgent need to develop policies that will bring about inclusive and pro-poor growth. Africa cannot afford any longer to develop policies that will not address the unemployment rates of especially the youth, as well as the gender gap. While the need to move workers to sectors that are more productive is undeniable, Africa must endeavour to educate and train its people (especially the youth) to be able to participate in this inclusive economy. The reality is that higher productivity and higher earning sectors require better qualified and educated workers.

This is true for all sectors, including agriculture, agro-processing and manufacturing. With its rapidly urbanising population, Africa must also urgently address the growing rural-urban divide. Feeding Africa is going to become increasingly important. The industrialisation of agriculture and enhancing agro-processing are therefore of the utmost importance, not only to feed Africa, but also to provide jobs to the youth. A previous president of Nigeria, President Obasanjo, when asked about the answer to stimulate the economies of Africa, remarked the answer lay in three fields, i.e. agriculture, agriculture and agriculture. With this he meant the whole value chain of agriculture, national, regional and global. This could indeed be a workable solution.

West Africa

- **Nigeria:** Nigeria is slowly moving towards recession. Prices are rocketing. Manufacturers are battling with a lack of access to foreign exchange to buy imported components and inputs, and disposable incomes are declining or are reallocated. Energy supply is more erratic than ever. Port traffic has reduced in the wake of a raft of import restrictions, leading to a significant decline in customs revenue. Job losses are mounting. The currency continues to tumble in the wake of the recent introduction of a flexible exchange rate, while inflation for June of 16.5% was the highest in a decade. President Buhari continues to come under attack for his apparent lack of focus on the Nigerian economy. His lauded anticorruption drive has lost its impetus. Into this perfect storm came the Niger Delta Avengers — militants wreaking havoc in Nigeria's oil fields. Stepped-up attacks on oil installations have cut production, and thus exports, by a third, and significantly reduced power supply via gas pipelines to urban areas. The government must attract investment by removing the many roadblocks and bottlenecks to investing in Nigeria and doing business there. It would be a pity if Nigeria emerged on the other side of this crisis without significant structural change and new models of efficiency and discipline to take the country into a new era. For more information, read [here](#).
- **CAS View:** The last thing President Buhari needed was the Niger Delta Avengers (NDA) becoming active in Nigeria's oil fields. His handling of the country's economic problems was not of such a nature that would win him any accolades. As a matter of fact, his foreign policy and strategic approach to corruption, Boko Haram, his neighbours, the USA, and France and the Francophone countries have been over-shadowed by the negative perceptions of his economic policies. The introduction of the NDA made an already bad situation much worse. The question that comes to mind is how did his predecessor (President Goodluck Jonathan) deal with a similar militant group, MEND (Movement for the Emancipation of the Niger Delta). To talk about significant structural change and new models of efficiency and discipline to take Nigeria into a new era, is definitely a laudable idea. However, the million-dollar question in Buhari's mind is no doubt how does one bring this about? How do you stop the NDA and the other militant groups in the Niger Delta? How do you stop the slide of the naira? How do you stop the corruption in government circles? How do you stop Boko Haram with an economy that is sliding? How do you stop the increasing unemployment? President Buhari no doubt has his job cut out for him. Time will tell what he will be remembered for. But time is something that he does not have a lot of. With an economy that is going south, unemployment and disgruntlement is increasing, which aggravates his situation. Not a good position to be in!
- **Cabo Verde:** In Cabo Verde, transportation between cities is disorganized. Most people travel to the countryside in Toyota HiAces, which get overloaded. While taxis can go to the countryside and operate within city limits, the vans/minibuses are prohibited from doing intra-urban transportation. Peckham has a small fleet of Ecobus HiAces that travel through the island of Santiago powered by recycled cooking oil, which Peckham collects from about 60 restaurants. Some taxi operators lobbied the mayor for new regulations to prohibit scheduled departures within the Assomada city limits, thereby destroying Ecobus' business model. Peckham took his fight to the media, and any institution that had authority in the matter. After six months, he has yet to find resolution, but the business is

still up and running. Ecobus is only able to collect about 1 ton of oil per month, and still needs to use about 7 tons of diesel. Government provides no support. Ecobus employs 20 people full time and several part-time staff. In Cabo Verde, there is plenty of space to innovate and effect positive change through conscious capitalism. For more information, read [here](#).

- **CAS View:** Let's first address the obvious elephant in the article. It is always a struggle when you go up against entrenched business interests; more so when the political leaders seem to be corrupt. Countries like Singapore, where the rule of law is paramount, do not see this kind of behaviour. In Africa it unfortunately is all too frequently a reality. Having said that, it does not detract from the important lesson from this article, namely that there are quite a number of challenges and problem areas in many African countries. These present opportunities for entrepreneurially minded investors. Given the case study above, one must do your homework in advance to ensure that you do not fall into traps and that there will be no surprises. It therefore pays to have a proper due diligence done. Approaching potential partners can also work, provided they are vetted in advance and that they are honest with no skeletons in their closet.

Southern Africa

- **Zimbabwe:** Dangote's US\$1 billion investment plans in Zimbabwe could go up in smoke after Zimbabwe's Immigration Department denied visas to aides he wanted to dispatch into the country to expedite progress. Dangote last year met President Mugabe and promised to pour in over US\$1 billion for a power generation plant, a coal mine and a cement manufacturing plant that would cost US\$400 million. The three projects were meant to commence early this year, but Dangote had clearly indicated that this would depend on the issuance of relevant permits, which now seems to be problematic. This is not the only problem situation. Ravi Jaipuria, the Indian billionaire planning to set-up a US\$30 million bottling plant in Zimbabwe that would create many jobs and at least 1 500 others downstream, had to personally seek President Mugabe's help after his project was held back by bureaucratic bungling. Samsung's plan to set up a television and refrigeration assembly plant in Zimbabwe recently nearly collapsed due to corruption and bureaucratic bungling in government. Zimbabwe is battling against high unemployment of nearly 90%. Dangote's planned projects are expected to create hundreds of jobs and inject desperately-needed cash into the economy. For more information, read [here](#).
- **CAS View:** This is almost a tragedy. Here are 3 case studies where bureaucratic bungling had the potential to ruin wonderful opportunities for growth in Zimbabwe. This investment is not a nice-to-have for Zimbabwe, as its economy is really struggling. Its currency has gone south, and as stated in the article, unemployment is at 90%. The structure of the economy is in ruins. Government is struggling to pay its employees. In spite of the saying that you get the government you deserve, the people of Zimbabwe do not deserve this. They are well educated and are generally good people. Zimbabwe itself is blessed with a lot of natural resources, and it is a beautiful country. The question on my mind is who will replace President Mugabe and will he/she be able to "fix" the country? Given that the deterioration of Zimbabwe's economy has happened over a period of 35 years, it will not be a short-term exercise to get it up and running again. With an honest government and the requisite political will, however, nothing is impossible. Hopefully Zimbabwe will soon be restored to all its splendour and glory. In the process of rebuilding, many opportunities will present themselves. Africa-savvy investors will definitely (should) be on the lookout!