

## African Union

- **Africa:** While some economies in Africa are doing poorly, such as Nigeria, Angola and South Africa, others are doing quite well. The latter grouping includes the likes of Ethiopia, Tanzania and Rwanda. Agriculture also seems to play an important role in the prospects of those that intend to grow their economies.

Economic growth in sub-Saharan Africa is expected to fall further from 3% in 2015 to 1.6% in 2016, reflecting challenging economic conditions in the region's largest economies and commodity exporters. At the same time, economic growth in about a quarter of the region's countries is showing signs of resilience. Ethiopia, Rwanda, and Tanzania have continued to post annual average growth rates of over 6%. Several countries – including Côte d'Ivoire and Senegal – have become top performers. The more resilient growth performers tend to have stronger macro-economic policy frameworks, better business regulatory environments, more diverse structures of exports, and more effective institutions. While the larger economies and other commodity exporters are expected to see a modest increase in GDP growth as commodity prices continue to stabilise, economic activity is expected to keep expanding at a robust pace elsewhere in the region, supported in part by infrastructure investments. Agriculture accounts for a third of region-wide GDP and employs two-thirds of the labour force, with the poorest countries most heavily reliant on it. Investments and smart policy choices are needed to foster growth in the rural economy, accelerate poverty reduction, and foster inclusive growth. Improving agricultural productivity is key to fostering structural transformation and managing the urban transition, by increasing incomes and enabling more people to move out of agriculture. For more information, read [here](#).

- **CAS View:** The article makes it clear that Africa is not a homogenous unit, and that while there are economies that are suffering from the end of the commodity super cycle and the Chinese economy's rebalancing and concomitant slowdown, there are African countries that are doing quite well. It is also clear that those countries that have clear and unambiguous business-enabling policy frameworks that provide for diversification and industrialisation, are much better off than those that have depended on commodity exports. Agriculture has been singled out by various commentators as a strong player on the path to economic prosperity. These commentators include the likes of the president of the African Development Bank, Akinwumi Adesina, former Nigerian president Obasanjo, and former secretary-general of the UN, Kofi Annan, to name but a few. The whole value chain of the agricultural sector must be addressed, and in itself provides many opportunities for value-adding. Hopefully the commodity exporters do not use any improvement in commodity prices as an excuse to not diversify their economies!
- **Africa:** Africa is losing skilled labour in increasing numbers, and the future does not look good. However, there are benefits when these migrants return, given the experience and new skills they bring with them, as well as the remittance inflows that occur when they are still abroad.

Skilled workers are leaving sub-Saharan Africa in rapidly increasing numbers, producing a brain drain that causes long-term social damage. The IMF said the number of sub-Saharan migrants living in developed countries could increase from about 7 million in 2013 to about 34 million by 2050. According to the IMF, brain drain is particularly acute in sub-Saharan Africa, creating welfare losses beyond those that are purely economic. The migration of young and educated workers takes a large toll on a region whose human capital is already scarce. The migration of highly skilled workers entails a high social cost, as is evidenced by the departure of doctors and nurses from Malawi and Zimbabwe. The IMF said migration from sub-Saharan Africa to the developed nations of the OECD had "picked up sharply" over the last 15 years. France, the UK and the US host about half of the

diaspora outside the sub-Saharan region. The report also pointed to evidence of some positive gains from the migration of highly skilled workers. Returning migrants bring back new skills, knowledge and experience. Remittance inflows represent an important source of foreign-exchange and income. For more information, read [here](#).

- **CAS View:** It is often said that if the developed countries sent back all South African doctors, South Africa would move from a severe deficit on numbers to a surplus. The reality is that Africa cannot afford to have its intellectual talent leaving Africa for richer pastures abroad; not in any case to the extent that is taking place. Not only does Africa now have to do without these skilled professionals, but they are trained and educated with a sizeable contribution of tax money. This is not fair to Africa, and it is a situation that must be addressed. I agree that returning migrants bring back skills, knowledge and experience. That cannot be disputed. However, not all of them do come back, and in the mean-time Africa has to do without. But Africa should also get its house in order to ascertain why its professionals are leaving to work abroad. Creating good circumstances and opportunities for qualified professionals to achieve their career and personal objectives are crucial in order to keep them in Africa. The developed countries should also play ball and not be so ready as to entice Africa's professionals to work in Europe. On the other hand, there is something like free choice, and if they are not valued at home, and the home country is not an attractive option anymore, can we really blame the African professional that looks elsewhere?
- **Africa:** The World Bank has identified 6 strategies that have been used with success to address inequality in countries in Africa.

Tanzania has been singled out as one of the countries in the world that have managed to reduce economic inequality significantly over recent years. Tanzania along with Brazil, Cambodia, Mali and Peru were in the list of countries that have recorded good performance in reducing inequality. The WB identified 6 high-impact strategies behind the success in reducing inequality as **policies with a proven track record of building poor people's earnings, improving their access to essential services and improving their long-term development prospects, without damaging growth**. These policies work best when **paired with strong growth, good macroeconomic management and well-functioning labour markets that create jobs and enable the poorest to take advantage of those opportunities**. The study added that extreme poverty worldwide continues to fall despite the lethargic state of the global economy. Nearly 800 million people lived on less than US\$ 1.90 a day in 2013. That is around 100 million fewer extremely poor people than in 2012. Half of the world's extreme poor now live in Sub-Saharan Africa, and another third live in South Asia. To end poverty, we must make growth work for the poorest and one way is to reduce high inequality, especially in those countries where many poor people live. For more information, read [here](#).

- **CAS View:** This study by the World Bank provides a lot of food for thought. I read recently that the CEO of Shoprite received a salary of R100 million for the last year. His normal salary is R50 million per year. It boggles the mind when you look at the large number of poor people in South Africa (about 16 million receive government grants) and in Africa. In addition, think about the 36% of the population that is unemployed, within the broad definition of unemployment. Make no mistake, I am as capitalistic as they come, but I struggle to accept this massive difference. The reality is that there will always be a sense of relative deprivation. But this gap is only tenable if the "have-nots" accept the gap between them and the "haves". When it becomes this large, I am concerned about taking an acceptance of such a gap for granted. It seems that pro-poor inclusive growth is required to deal with inequality. And it is inequality that is the major issue, and not necessarily just poverty.
- **Africa:** Online platforms are becoming increasingly available in Africa, enabling B2B and B2C ecommerce to grow and develop.

goAfrica Holdings recently launched goAfrica.io, its online African marketplace. Multi-faceted, multilingual B2B e-commerce and social media platforms with leading-edge technology provide powerful online commerce, business intelligence, data analytics, and advertising for those with interests in Africa. goAfrica's operations support African economies diversifying away from dependency on commodity exports and toward increased local industrialization, food production, services, and job creation – and worldwide companies exporting to or importing from Africa or providing services to it. Their platforms function on all mobile devices - smartphones, feature phones, tablets and laptops - even in lowbandwidth conditions. goAfrica's mission is to facilitate and simplify the methods of doing business in Africa. Clarity Ventures, goAfrica's e-commerce partner, is building goAfrica's platforms with built-in integration to a robust content management system, a complete set of administrative tools, SEO friendly architecture, reporting and analytics, and backend integration to a line of business applications like Dynamics ERP and Dynamics CRM. For more information, read [here](#).

- **CAS View:** This article addresses a phenomenon that is becoming commonplace in Africa, namely e-commerce platforms, both on B2C and B2B. While the article is somewhat of an advertorial, it is interesting in that it provides information on the availability of the competencies available to those using electronic platforms in Africa. This is surely good news, especially since we have also seen a middle class growing in Africa, or if you don't like the term middle class in Africa, a consumer class growing. With the prevalence of mobile phones and increasing availability of smartphones, e-commerce platforms have become necessary to serve this segment.

## West Africa

- **Cote d'Ivoire:** The fabric industry in Cote d'Ivoire is slowly developing and hopes to compete one day in Europe. In the meantime, it provides jobs, although cheap Chinese imports still hurt the industry.

In Abidjan there are thousands of colourful fabrics of different patterns. The poor can afford to pay for the “made in China” brands; some rich people also buy them depending on their means. There are also some fabrics that are Dutch; everyone can't afford to pay for Hollandaise. Each month, dozens of new patterns appear on the markets. But a few years ago, the sector faced competition from Asian countries. In the Adjame and Abidjan market, many types of these most prestigious brands are imported from China, Thailand and Nigeria. For some less fortunate customers, the imitations, sold for between 3 to 10 euros, are more affordable than the fabrics made by major brands, which often goes above 20 euros. Approximately 90% of the clothes sold in Ivory Coast markets now come from abroad. After having suffered for long from Chinese competition, a company Uniwax decided to match-up with its competitors. The company has been able to invest 15 million euros on the stock markets in September to finance an investment plan aimed at increasing production. Uniwax hopes to increase its production to 70% in the next five years. It also hopes that the fabrics could one day compete favourably in Europe. For more information, read [here](#).

- **CAS View:** Many countries in Africa have been hurt by Chinese imports. In quite a number of these countries, the textile industries have either been hurt severely, or have effectively closed down. South Africa's textile industry is a shadow of its former self. Cheap imports have made the local industry too expensive. So one frequently finds a battle between free trade and the need to protect the local industry. While the WTO provides for the protection of vulnerable industries, this has not done the textile industries any good. However, it does seem that the textile industry in Ethiopia has managed to convince clients in the USA, amongst others, to produce in Ethiopia. The difference between Ethiopia and South Africa is an issue of the cost of labour, on the one hand, and the militancy of this labour force, on the other. When labour becomes too expensive and too militant, it is bound to lose out as clients will vote with their feet. In Cote d'Ivoire, it seems they are struggling as well, albeit for other reasons, but it

also appears that Uniwax has a plan to increase productivity and to develop a unique brand. Hopefully it will work out well for them. Their future competition might not be from China, but either from other Southeast Asian countries such as Vietnam, or even from other African countries such as Ethiopia. To make a noticeable impact in Europe, the quality will need to be impeccable and consistent.

- **Nigeria:** Nigeria has accused 15 oil majors for failing to declare billions of dollars of crude oil exports from Nigeria. This follows hot on the heels of Nigeria's actions against MTN.

Chevron and Total have been implicated in the alleged failure to declare billions of dollars of crude exports from Nigeria. They are among up to 15 oil majors reportedly targeted by the Nigerian government, which claims the practice lost it \$17bn in revenue between 2011 and 2014. In July last year, President Buhari blocked 113 oil tankers from entering Nigerian territorial waters, accusing them of exporting undeclared crude. Buhari's government then commissioned US auditors to compare the number of barrels of oil declared for export with those declared for import in the US, China and Norway. One of the major reasons for the decline in the revenue from crude oil exploration was due to non-declaration and underdeclaration of crude oil shipments made by some major oil and gas companies. Companies involved include the Nigerian subsidiaries of Total, Chevron and Italy's Agip, as well as Anglo-Dutch Shell's local subsidiary. The identities of the other companies have not yet been revealed. The court papers for Friday's case only mention Total and say the government wants \$245m in damages and interest, with 21% interest for every year of revenue lost. For more information, click [here](#).

- **CAS View:** Apparently the answer lies in the unique deficiencies of Nigeria's oil infrastructure as it doesn't measure its oil production based on how much individual oil wells produce, but rather how much oil leaves through its export terminals. This approach is vulnerable to undercounting. Not only are meters frequently faulty or non-existent, but thieves have also been known to tap into pipelines and syphon off oil, either to refine or just to sell. Should pipelines and wellheads have had meters, it would be possible to track where Nigeria's oil is going, and figure out exactly how much oil the country produces. The absence of these meters provides the opportunity for corruption. Apparently oil companies have rejected calls to put meters on oil infrastructure, saying it would be too expensive. For more information, read [here](#). Following hot on the heels of a second accusation against MTN, stating that it had taken out US\$ 14 billion out of Nigeria illegally, it seems President Buhari is cracking down on corruption in Nigeria. Closing down all the loopholes will not only generate income via fines from the guilty parties, but will also ensure in future that the correct revenues are flowing to government to pay for its development initiatives. One hopes that these steps are not just attempts at shaking down the respective stakeholders, as it might frighten off current and future investors.

## **Southern Africa**

- **South Africa:** Universities in South Africa are setting the tone for Africa by developing the institutional infrastructure for entrepreneurs to develop startups with the requisite support.

African universities should consider following Stellenbosch University and the University of Cape Town (UCT) in encouraging on-campus entrepreneurship to help play a more creative and meaningful role in tackling Africa's growing unemployment problem. Stellenbosch University has established an incubator for campus startups called the LaunchLab, which not only offers infrastructure and support, but also invests in startup companies. UCT has its own incubator and a dedicated unit for encouraging social entrepreneurship. Witwatersrand has also opened a digital hub. The number of incubators in Africa have more than doubled in the last year, but often remain inaccessible to student entrepreneurs. Custos Media Technologies, which uses bitcoin to crack down on digital piracy,

was launched from within Stellenbosch University. The invention would have been unlikely to arise outside of a dense-network research environment like a university. Patenting is usually extremely difficult to do outside of a large institution. This is a model many South African institutions are adopting, leaving their counterparts elsewhere on the continent behind. There are signs notice is being taken elsewhere, especially at the likes of the University of Nairobi and the American University in Cairo. But there is still more that can be done. For more information, read [here](#).

- **CAS View:** Unemployment is rife in Africa. This is also valid for South Africa, which presents a 36% unemployment rate when you also take into consideration those that have given up hope of finding a job. One also frequently finds degreed people who struggle to find a job. Therefore, this initiative by universities such as the University of Stellenbosch and the University of Cape Town, are timeous and needed. The brains trust of universities should put them in a unique position to help innovators to take creative ideas and develop them into successful startups. Launchlab is a network of tertiary education institutionbased business incubators that accelerates entrepreneurs to a new level. They are an initiative of Innovus, the industry interaction and innovation company of the University of Stellenbosch. Launchlab's purpose is to facilitate the growth of a thriving ecosystem for entrepreneurs in Africa where their members learn, share and grow to achieve excellence through focus. This initiative by Stellenbosch is indeed worthy of being emulated and should be actively supported by corporates as well. It not just about doing good; it is mostly about making money!