

## African Union

- **Africa:** Infrastructure spending in Africa is falling, due to the global economic downturn. What is a concern, is the underinvestment in water infrastructure.

According to Deloitte, there has been a dramatic fall in infrastructure spending in Africa. In 2016, 286 projects worth \$50m and more were being built in Africa, down from 301 in 2015. The fall in overall capital value was \$51bn. There were 109 projects worth a total of \$140bn in Southern Africa in 2015. For 2016, project numbers had fallen to 85, worth \$93bn. Global economic headwinds, low growth and lower commodity prices have all contributed to this. Projects included human settlements and associated water, sewerage, roads, electricity, schools and health infrastructure, and not just large construction works such as energy, dams, mines, ports and oil and gas facilities. Several large mining projects have been suspended, including 3 iron-ore projects worth a total of \$30bn. The rout in oil prices had led to Angola suspending the building of the \$8bn Lobito oil refinery. There was underinvestment in the provision of water in Africa. The need for investment in this sector is far outstripping the actual investment, and is a growing cause for concern in the light of the growth of megacities in Africa and the political and social pressure this will potentially place on governments. For more information, read [here](#).

- **CAS View:** Africa is in dire need of infrastructure development, and an annual investment of US\$90 billion has been punted as the requirement for the next decade or so. It is understandable that poor economic conditions would put brakes on infrastructure development. What is a concern, is the underinvestment in the provision of water in Africa. It is not only the catchment of water that is important, but also the purification thereof. In many countries, water management skills are insufficient to deal with the provision of adequate quantities of water. Given the potential development of megacities and the scarcity of water in general, Africa will seriously need to address this issue as a priority. The lack of adequate infrastructure and skills will create serious challenges in so many areas, including water for the population, growth of the agriculture sector in many countries, and the growth of industry at large.
- **Africa:** Africa is increasingly turning towards Asia for investment and expertise. This is due to initiatives by countries such as China's OBOR, but also due to uncertainties from Brexit and probably the election of Donald Trump as the USA's president.

Western governments and multinationals have played a significant role in Africa's growth in the past with the EU being Africa's biggest trading partner. However, in a post-Brexit world, Africa will be looking increasingly to the East for investment and expertise. Asia-Africa trade has been growing exponentially in the past decade. Alongside China's 'One Belt One Road' initiative, more Asian economies are now showing interest in ramping up their African investments, attracted by rising urbanisation and consumerism across Africa. Asia's leading financial centres are keen to play a central role as finance, shipping and aviation hubs for increasing Asia-Africa trade. Singapore's expertise in consumer industries such as airlines, education and healthcare could pave the way for more Asia-Africa business collaboration. Trade between Asia and Africa is not without its challenges. However, Africa is demonstrating resilience - its key drivers for growth remain intact, including attractive demographics, urbanisation and a rise in consumerism. Côte d'Ivoire, Tanzania, Kenya, Senegal and Ethiopia are just some of the African economies currently performing well, and SSA is expected to post growth of 4.1% in 2017 and 5.2% in 2018. Attractive opportunities abound. Given European growth uncertainties in the wake of Brexit, Africa's relationship with Asia is expected to evolve. For more information, read [here](#).

- **CAS View:** Development in the world has evolved from West to East and from North to South. Given the uncertainties after Brexit, it can indeed be expected that Africa's relationship with Asia will grow and develop. After the election of Donald Trump as the next president of the USA, this development can be expected to gain momentum. He has been quite vocal about protectionism, anti-globalisation and anti-free trade (to 'Make America great again!'). However, to counter Chinese influence in Africa, Trump would need to increase USA involvement on the African continent. For more on this topic, read [here](#). The reality is that Asia is awakening to Africa's potential and a number of countries are tapping into the opportunities. These include China, Japan, India, and South Korea, to name but a few. Their support also comes without strings attached, making them more attractive than support from the West.
- **Africa:** Some African countries are improving their positions in the Ease of Doing Business rankings of the World Bank. They have been implementing reforms to improve their standings in a focused manner. Others, unfortunately, are still doing poorly.

Almost three-quarters of African countries saw an improvement in their business environments in 2016, according to the Doing Business 2017 report. SSA economies have improved their overall scores at a rate that is three times that of high income OECD economies. The top 5 ranked economies in Africa are Mauritius (49th), Rwanda (56th), Morocco (68th), Botswana (71st), and South Africa (74th). The rankings of Mauritius, Rwanda and Morocco reflect the success of reforms implemented by them. Rwanda, which ranked 56th globally and second in Africa, has implemented 47 reforms across all indicators since 2005. Morocco improved its protection of minority investors by requiring greater corporate transparency and clarifying ownership and control structures. The biggest improvers in Africa are Tanzania (+3.89), Kenya (+3.72) and Malawi (+3.28) who have increased their ease of doing business score from 2016 and moved up the global rank, placing 132nd, 92nd and 133rd respectively. Although reforms have been implemented, Africa still has a long way to go. SSA continues to include economies with the least business-friendly regulations on average. For more information, read [here](#).

- **CAS View:** Various African countries have been implementing reforms to upgrade the ease of doing business in them. This is a heartening phenomenon. It is clear that these countries are also mostly examples of good and strong leadership. What is sad, is the deterioration of SA's ranking. Initially ranked 1<sup>st</sup> in Africa, it was overtaken by Mauritius. It subsequently ranked 2<sup>nd</sup> in Africa for quite a while. However, in the last few years, it has move down to 5<sup>th</sup>. It also has the dubious honour of being ranked the most corrupt country in the world by the UN. There is undoubtedly a correlation between the corruption ranking and the slide on the ease of doing business ranking. The good news is the rise in the rankings of Rwanda, Botswana, Tanzania, Kenya and Malawi. The leaders of Rwanda, Botswana and Tanzania are all 3 exemplary models of leadership, worthy of emulation it would seem.
- **Africa:** Some entrepreneurs in Africa are turning towards aquaponics as a platform to produce more food. It has various advantages, in spite of challenges constraining the spread thereof. The benefits, however, far outweigh the challenges.

Global population growth, combined with increased food consumption and a greater demand for animal protein, means that by 2050, there will be an estimated 60% increase in global food demand. At the same time, food supply is constrained. Food security is therefore topping the political agenda globally and many countries are looking towards Africa to help plug the gap. Before this can happen though, Africa needs to address its own US\$35bn structural food deficit and it is coming up with some innovative solutions. Aquaponics is emerging as an ideal technology to bring fresh, nutrient rich food to urban environments. Advantages of aquaponics over traditional farming methods include the efficient use of resources – namely water, fertiliser, infrastructure and land.

Fresh food can be grown in urban environments, close to where people live, reducing the need for long-ranging roads and infrastructure and diminishing the carbon footprint of the produce. There are challenges implementing technological innovations in Africa, e.g. a reliable source of energy to run the pumps and training so that locals can manage and repair aquaponics systems once technical support has been withdrawn. Pilots and full-blown commercial farms have already been set up in Uganda, Namibia, Kenya, Zimbabwe and South Africa, with many countries sure to follow. For more information, read [here](#).

- **CAS View:** I have frequently shown that Africa has the potential to feed the world, but that it struggles to feed itself and that it is a net importer of food. This issue is so important that the African Development Bank has prioritised "feeding Africa" as one of its "High 5" priorities. Africa needs to industrialise its agricultural sector, in all facets of the industry value chain, but it needs to be done in such a way so as to avoid job losses. This is because agriculture in Africa is a major employer, and in many countries by far the largest employer. Tapping into modern innovations such as aquaponics will make a contribution towards increasing the productivity of the agricultural sector. It will not be sufficient, however, to transform Africa from a food importer to a food exporter. For this to happen, a lot of modernising will have to take place. Africa, and by default the world, does not really have a choice. This situation does create an opportunity for good returns from investments in the agricultural sector.

## East Africa

- **Somalia:** Somalia may strike oil in its territorial waters, which could have both good news and bad news for this strife-torn country.

Somalia may strike oil in its territorial waters. Oil revenues could transform Somalia's economy, where many people rely on subsistence livestock farming. But it could prove a challenge for a government trying to rebuild a nation battered by clan rivalries and Islamist insurgents after it descended into war in 1991. Disagreements between the member states and the federal government could fuel violence and corruption in a country that is still very much trying to build and extend governance. Some fear oil rigs could become a new target for pirates. Somalia is pressing on with its exploration plans. A new majority state-owned national oil company and regulatory body should be operational next year. Initially, the state oil firm would get a free 10% stake in all hydrocarbon ventures. Later, when the company becomes established, it will participate with its own money, up to a limit of 30%. Somalia was working to build capacity to handle the new industry. Investors will need more reassurance about doing business with a government that has had to fend off past criticism from donors about corruption and poor management. The country also needs to put in place legislation. For more information, read [here](#).

- **CAS View:** An oil find in Somalia could indeed be both a blessing and a curse. Given the rivalries in the country, the struggle as to who would benefit the most from this, could tear the country further apart. However, if dealt with correctly, and should all parties in Somalia approach the oil strike (should it happen) in a responsible manner, the country would benefit tremendously. The revenue generated would do wonders to uplift the lifestyle of its citizens. A demand for highly skilled jobs in the oil industry would be created, and a downstream value chain would generate even more jobs and revenue. What Somalia would really need to do is to ensure that value is added before exports take place, to prevent it from being vulnerable to the vagaries of the oil price. The current negative situation of Nigeria and Angola should serve as a warning. One has to be realistic and realize that adding value would take time, as the economy in its present state is hardly in place to develop a meaningful downstream value chain. The development thereof, however, should be a high priority for the government of Somalia. It is interesting to note that where the major oil findings were initially on the west coast of Africa, the recent findings of oil and/or gas are mostly on the east coast of Africa.

- **Rwanda:** SMEs in Rwanda and in Africa are encouraged to improve the quality, etc. of their cassava production. Expanding operations in the cassava value chain holds a lot of potential for entrepreneurs, who are encouraged to get involved.

SMEs and other players in the cassava value chain have been urged to embrace agro-processing to improve quality, product marketability and their earnings. Value-addition presents SMEs with immense opportunities "given the various uses of cassava and its products for industries and other sectors". Processing also helps increase the shelf life of cassava and cassava products. Cassava is widely used in the manufacture of pharmaceutical and food products, which ensures a steady market for dealers. Cassava, as a food and industrial crop, can play an important role in the economic growth of Africa. However, SMEs and big industrial players in Africa face a challenge of a lack of sufficient raw material (cassava roots), leading to cassava processing factories to operate below capacity. The problem is compounded by the use of poor processing equipment. This impacts on the quality of the final products and exposes consumers to health risks. For more information, read [here](#).

- **CAS View:** Cassava is not only used as a basic food crop, but it has several other uses as well. In addition to its use in the pharmaceutical industry, it can also be used to produce flour for baking purposes. Cassava flour is gluten-free and an answer to those who are gluten-intolerant. It can also be used to produce starch, glucose and maltose. Cassava flour can be converted into maltose – a significant development given that cassava flour costs considerably less to produce than starch (the conventional maltose feedstock). Cassava chips can be used to produce animal and fish feed, and native starch produced from cassava can be used to produce alcohol. Africa lends itself to the production of cassava, and some producers use a dual approach to obtain enough cassava feedstock, i.e. by roping in smallholder farmers (whose loyalty has to be tied up by means of various support mechanisms) and by developing their own cassava fields. There is tremendous potential in developing the extended value chain of cassava, and a number of entrepreneurs have already embarked upon this journey. For more information, read [here](#).

## Southern Africa

- **Zimbabwe:** The Zimbabwean government is pushing for a strategy to add value to its raw commodities before exports. However, it seems a number of major challenges do affect the export sector negatively. These are not insurmountable, however.

Government is pushing for the expedition of the country's National Export Strategy that is set to address bottlenecks in the export sector as industry players move towards improving the competitiveness of local products on the foreign market. The strategy would spur the growth of the export sector, aiming to restore confidence in the local industry that has been affected by the influx of cheap imports. Zimbabwe should take advantage of primary commodities where it has comparative advantage and improve on value addition. Unfortunately, in the majority of cases, these products are being exported in their raw state and at a cheaper price, thereby depriving Zimbabwe of the value-added revenue. These products are then brought back to Zimbabwe later in a value-added state and at much higher prices, hence negatively affecting the balance of trade equation. Major challenges affecting the export sector include complex and burdensome procedures administered by multiple regulatory agencies, low prices from the exports of non-value added products, high cost or delays caused by domestic transportation, corruption at border posts, limited access to trade finance from local and international financial institutions, multiple taxes/levies charged, centralisation of agencies in major cities and uncompetitive prices for imported inputs. For more information, read [here](#)

- CAS View: Zimbabwe's story of exporting raw commodities is unfortunately also Africa's story. Zimbabwe's attempted cure to add value before exports, is also Africa's cure. It is a continental problem. Let's hope Zimbabwe is more successful at implementing the cure. However, it will need extensive investments, and its current political regime does not seem conducive for such investments. In a country with such political problems, the many identified challenges frequently seem, and do become, insurmountable. It will require strong political will, and alas, that seems to be lacking. It is a pity, because Zimbabwe is a beautiful place, and the ordinary person is a peaceful and inherently good person. This, it seems, makes them vulnerable and easy to exploit by a ruthless political elite. Unfortunately, Africa has a number of these states, but then there is also a growing number of well-governed states, such as Botswana, Namibia, Tanzania, Rwanda, Cote d'Ivoire and Senegal, to name but a few.