

## African Union

- **Africa:** Frontier tech set to become commonplace in the frontier markets of Africa, creating many opportunities for those interested in IoT, etc.

The tech giants such as Google and Facebook, as their home markets became saturated, set their sights on the “frontier markets” in Sub-Saharan Africa. The term “frontier” captures the opportunities and perils involved. They were here in part because the internet had torn down geographical barriers, and was transforming from a luxury of the Western world to a utility and a basic need. Their growth was fuelled by the landing of fibre-optic cables and the subsequent drop in data costs as bandwidth became cheaper and readily available. The frontier market is brutal, with a number of experiments launched in an attempt to capitalize on the opportunities they present ending in failure. The tech giants reorganised their resources to push “frontier tech.” Frontier tech takes things that have been shelved in the R&D Department or perhaps had only existed in science fiction, things like Artificial Intelligence (AI), Virtual Reality (VR), Internet of Things (IoT) among others, and applies them in the uncharted fields of technology. There is potential for exploiting new revenue streams and a possible chance of connecting billions of people to the internet without encumbrances as experienced before. The future for frontier tech looks bullish. For more information, read [here](#).

- **CAS View:** Africa serves as an example of a “frontier market”, as well as an example of a place where “frontier tech” will make a big difference. Examples of the latter include fintech, drones as part of the supply chain, agri-tech, health tech, etc. Some companies in South Africa are already researching the commercial viability of operationalising the IoT in Africa. That it will happen, is a given. Companies are, however, faced with “jumping the gun risk” by getting on board too quickly when the market is not yet ready, or “missing the boat risk”, by snoozing and waking up too late. Stating the obvious, both would obviously be bad. But that Africa can benefit from all of this is a given. As it is, e-commerce is growing rapidly in Africa as consumers come to trust online shopping to a greater extent. As stated last week, the lack of and confusion with addresses in many areas of many cities in Africa still make delivery a problem. However, the more Africa becomes comfortable with online-shopping and applications such as fintech, etc., the more they will become open to other frontier tech applications such as AI and VR. As it is, there are examples of universities in Africa where robotics are studied, amongst others in Ethiopia. Both in Tanzania and Togo, people have built 3D-printers from e-waste. Therefore, that frontier tech will become commonplace in the frontier markets of Africa, is a given. Companies (providers and clients) should prepare for this.

## East Africa

- **Rwanda:** Rwanda is increasing the scale of solar in its attempts to provide electricity to its people. This does create opportunities for suppliers of solar equipment, as it is not only Rwanda that does so, but many other countries in Africa.

With plans that are aimed at increasing access to electricity in households to 70% by 2020, from the current 25%, Rwanda is advised to also appreciate off-grid power. Cabinet minister Kayitare emphasised that renewable energy sources should not be overlooked and that off-grid power is now part of the national rural electrification strategy. It has grown strongly in the last few years, with 50,000 solar systems installed to date, representing 2% electrification. This number will increase rapidly as companies continue to scale up. It is reported that off-grid energy in Rwanda is anticipated to scale 20 times in the period 2015-2018, which will require adequate levels of financing, investment flows as well favourable policies. The pace has been promising, with levels of generation from mixed

sources, including hydro-power, thermal and methane gas, growing year-on-year. Given the challenging landscape and remoteness of rural populations in Rwanda, off-grid power sources are crucial to ensure all Rwandans access electricity. Rwanda's energy sector remains attractive to investors, because of the policy and regulatory instruments in place, and the low electricity access levels of only about 25%. For more information, read [here](#).

- **CAS View:** It is good to see African countries embracing renewable energy to the extent they are. Fortunately, the costs of solar and wind energy setups are coming down. Those who have been propagating for solar to become the energy business model for Africa, were courageous to do so when the costs were quite a bit higher than coal-fired energy. However, it seems now their optimism has been vindicated. Africa can still do a lot in this regard, but the future looks good for solar and Africa's people. It is times like these that one wonders why a country such as South Africa would turn towards nuclear when it would make so much more sense to invest the same amount in solar. Yes, the argument is that a certain base load is required, and that renewable energy sources are not ideal for that. But nuclear in South Africa will not be the base load provider either. For that they will use coal. Private citizens in Africa that can afford it should take their energy destiny in their own hands and take themselves off the national grid by investing in solar. It is liberating to do so and not be beholden to a system over which you have no control. Others should be empowered by using applications developed in their regions to help with acquiring solar systems. Mobile fintech such as M-Kopa has been created to help with the financing of such applications for the bottom end of the market. Given the zero carbon footprint of solar generation, it will be good for the climate as well. The anticipated growth also creates investment opportunities. This is the case not only for Rwanda, but for many countries in Africa where solar is looked upon favourably!
- **Rwanda:** China is helping Rwanda industrialise its agricultural sector, not only to produce food, but also to create business opportunities for Chinese companies.

Rwanda houses 1 of 23 of China's most prominent aid projects in Africa, "agricultural technology demonstration centres," or ATDCs, whose mission is to modernize African farming while also giving Chinese companies a foothold in new markets. At the China-Rwanda ATDC, Chinese agronomists teach local farmers the hidden benefits of mushrooms. The goal is to share 30 years of Chinese achievements and success in agricultural reforms with African countries. Chinese commitments to African agriculture increased almost five-fold between 2000 and 2013, to more than \$300 million. What the Chinese want out of Africa is not food. They want business opportunities - more market space for Chinese agricultural companies, more recognition that the Chinese are the true friend of African countries, and international recognition that China is a responsible stakeholder. The mixing of business interest and aid is meant to make Chinese agricultural aid projects more viable in the long term. By the end of three years, they are expected to have found business opportunities to become self-financing. The ATDCs "highlight the Chinese approach to development cooperation that does not separate aid, diplomacy, and commerce." For more information, read [here](#).

- **CAS View:** The AfDB's "High 5" priorities for Africa entail electrifying Africa, feeding Africa, industrialising Africa, integrating Africa and improving the quality of life of Africans. The projects China gets involved in in Africa, in some way or other all address these priorities. Industrialising agriculture is of the utmost importance for Africa for it to feed its people, and to improve the quality of life of its people. So, this one project directly addresses at least 3 of the High 5. It will help Africa not only feed its people, but also help it to grow its own food and reduce its dependence on imported food, with all the associated macro-economic benefits. It obviously is good for China as well. That cannot be denied. But it is even better for Africa. Instead of just providing investment, China provides technology and competencies, with technical advisors supporting African farmers. Africa at large is a massive market, and it should not be news to other global stakeholders such as the USA. If the USA under Donald Trump

decides to sidestep Africa, they can rest assured that China will and is only too willing to step into the gap – they have already been doing so for quite a time. On a side note, they will also do so with the TPP, which Trump has declared will be one of his many first priorities to ditch on his first day in office. It will be interesting to see how the countries outside of the typical “One Belt One Road - OBOR” countries in Africa (Kenya, Djibouti and Egypt) would involve themselves with this initiative. China was quite clear that they are in favour of an inclusive approach, and given that they are involved in many countries in Africa, it would make sense to broaden the net as wide as possible. This would create many opportunities for African countries across the continent.

## West Africa

- **Nigeria:** Nigeria is consolidating its oil interests in a single agency and is prepared to sell off its refineries should they not become profitable.

The Federal Government’s draft National Oil Policy has proposed to consolidate Nigeria’s oil industry regulatory authorities into a single agency to be known as Petroleum Regulatory Commission (PRC), while scrapping all other regulators, including the Nigerian National Petroleum Corporation, NNPC. The new regulator will incorporate the activities of the existing petroleum regulatory authorities and cover some new regulatory activities not currently covered. The existing institutional regulatory framework was considered weak, largely ineffective and inefficient, arising from a number of single-issue agencies; overlaps in regulation, gaps in regulation, mixture of policy, regulation and operations; and ineffective regulation. The draft policy also stated that each of the country’s refineries will be given a transition period within which to become viable and profitable, adding, however, that the government intended to divest, sell off, concession or if necessary, close down any non-performing refinery that failed to make the transition. For more information, read [here](#).

- **CAS View:** Nigeria’s oil industry has been the source of a lot of alleged corruption. One of the first things President Buhari did when he took office was to replace the executive team of the NNPC. Anecdotal evidence of corruption was shocking. Another issue that was equally shocking was the extent of the inefficiencies of the government’s oil refineries. They were out of commission for all practical purposes. One found the strange phenomenon that Nigeria would export crude oil and then import refined products. At this stage, Aliko Dangote is building a private refinery to address the problem. If the attempts to increase the efficiencies and profitability of the government refineries are not successful, it will make a lot of sense to privatise them. It is important that Nigeria does get effective refineries up and running, as it will stimulate economic growth and help with import substitution. Nigeria could also earn foreign currency with the export of refined products to the neighbouring countries. Given the dire state of the Nigerian economy and the poor health of the naira, this should be a top priority. Getting all the respective institutions under one umbrella does make sense as it should improve control. Care should be taken though, to ensure the governance and transparency of the single governing PRC is of the highest quality. To neglect this facet of the sector would be to court disaster, given the level of power in such a single entity!

## Southern Africa

- **Zimbabwe:** Zimbabweans are crating structures to develop, grow and support entrepreneurs in Zimbabwe.

Takunda Chingonzoh founded TechVillage, a collaborative working space for early stage entrepreneurs in Zimbabwe. He believes the next biggest disruption will not be from a single startup, but from a set of connected startups working together to bring meaningful value to the market. Why call it the TechVillage? It takes a village

to raise a child. Starting up is hard, and it always feels like failure is imminent. Startups grow using each other's technologies - they are each other's customers, vendors and service providers. In essence you have an army of passionate people willing to support your start-up. The communities also serve to pool resources that founders can access in building their businesses. It's important to build your startup or business on the principles of making decisions based on quantifiable data, solving customers' problems, and being a part of a community of like-minded entrepreneurs each hell-bent on changing the world. For more information, read [here](#).

- **CAS View:** Zimbabwe's people are well-educated and can be very entrepreneurial when they are allowed to be so. This is a wonderful example of how Zimbabweans are setting up structures to develop, grow and support entrepreneurs. The country is in dire need of all the support they can get or generate themselves, given the dire state of the economy and the lack of money. Admittedly the political leadership of the country is questionable, and Mugabe is starting to pick up resistance from erstwhile supporters, but as indicated in the article below, he apparently still has a lot of support from the party. Despite this, it is time foreign investors start doing their due diligence with a view of investing in the wonderful opportunities inherent in this country. The potential in Zimbabwe is huge.
- **Zimbabwe:** President Mugabe has announced he will retire, but on his own terms. He has not indicated when, and the party has indicated they still want him as their candidate for the 2018 elections. Are they playing games with the Zimbabwean electorate?

Until now, Zimbabwean President Robert Mugabe has insisted he will die in office, but over the weekend he announced for the first time that he plans to retire. He did not say when. Veterans, civil servants and other groups have dropped support for Mugabe, claiming the government owes them money. Mugabe, who has been president for 29 years, admitted that Zimbabwe was in a financial crisis and suggested he was ready to retire, but said it would be done "properly," and on his own terms. Local media say support remains strong for Mugabe. Several provinces have endorsed him to continue as president in the next elections, scheduled for 2018. Local economists and analysts, however, say the country's economy is almost worthless and it's unlikely that new leadership could reverse the damage. British and US investment is almost non-existent, and banks are running out of money. The drought exacerbated food and water shortages, adding to economic hardships. Mugabe often tells supporters that Zimbabwe has unexplored resources. Local geologists and others say otherwise. Zimbabwe has water and electricity shortages. The country is so broke that it has run out of cash — it uses U.S. dollars. For more information, read [here](#).

- **CAS View:** Mugabe has been in power in Zimbabwe since 1980. He has taken a country with a sound economy and effective sectors, such as its agricultural sector, and run it into the ground. A country that was once a net exporter of food, is now in a position that it must import food. The currency is a major problem! Foreign investors are staying away. Everyone knows that. What staggers the mind is that a party that should be able to clearly see the way the country has been run down, still insists that he is their preferred candidate for the next election! Why? What hold does he have over the people of Zimbabwe that they still have this view of him? Or is it a matter that they do not have a choice? This is a beautiful country with great potential and great people. As stated before, they deserve better! But they will have to seize control over their destiny and vote him out in the 2018 elections. That is if he does not retire before then. He will be 94 in 2018. With all due respect, he should be playing bingo with the elderly in an old-age home, not running a country!
- **Mauritius:** Mauritius is the jewel of Africa, with great growth rates and very good positions in the global rankings of the World Bank and the World Economic Forum, to name but 2. As such it presents wonderful investment opportunities.

Mauritius is the fastest growing wealth market in Africa with 3,200 millionaires. The average person is worth US\$21,700, which is more than second-placed South Africa, Africa's biggest economy, where the average person is worth about \$10,300. The economy is projected to grow at a rate of 3.8% this year, an increase from 3.7% in 2015. The information and communication sector grew by 6.3% last year, while the financial and insurance industry recorded a 5.6% growth and are both projected to improve this year. The tourism industry recorded 586 464 visitors in the first 6 months of the year, a 10% rise from a similar period in 2015. The growth in tourism and the manufacturing sector is a major diversification from decades of over-reliance on sugar exports. The jewellery industry is the third biggest manufacturing sector and has attracted investors from France, Switzerland, Italy and Germany. The island's projected FDI inflow by the end of the year is \$395 million, an increase from \$270.9 million in 2015. Mauritius is ranked first by World Bank's 2016 Ease of Doing Business Report in Africa. Low crime rates, an increasing number of internationally recognized schools and tertiary institutions, warm all-year-round weather and a low inflation rate are other factors attracting foreigners. For more information, read [here](#).

- **CAS View:** I have in earlier newsletters referred to the excellence of Mauritius. In addition to the above statistics, the following are also relevant: Ibrahim Index of African Governance: 1st place; World Economic Forum – Global Competitiveness Report: 1st place in Africa; Corruption Perception Index: 5th in Africa; and Global Innovation Index: 1st place in Africa. This explains the performance indicated above. The people of Mauritius are focused and hardworking. What is also good to note from the article, is the importance Mauritius has attached to diversify its economy away from an over-reliance on sugar exports. This is a lesson Africa in its entirety should have learnt a good while ago! What the article also indicates is that Mauritius has positioned itself as the investment destination of choice for Africa, and it is clearly succeeding!