

African Union

- **Africa:** Africa's market for smartphones, mobile phones and mobile applications is growing in leaps and bounds, creating many opportunities.

Africa's mobile market has huge potential for growth, creativity and transformation. By the end of 2015, nearly half of the 1.17 billion-strong African population (557 million people) had a mobile phone plan. They now amount to 12% of all individual subscribers in the world, and make up 6% of global revenue - a 70% increase from 5 years earlier. The market for SIM cards was almost a billion units at the end of 2015, and will be an estimated 1.3 billion by the end of 2020. In 2015, 4G/LTE represented 25% of the market; this will rise to an estimated 60% by 2020. Smartphone sales now account for 23% of the mobile phone market, and are set to increase as infrastructure is modernized and network coverage improves. Potential growth in revenue per subscriber remains high. Aside from network reliability, consumer demand centers around messaging, sound quality, data and ease of communication, but also e-payment, e-insurance and e-learning. A negative is the detrimental effect that taxes are having on the development of mobile services. There are significant opportunities provided by the increasing rise of platform solutions for B2B transactions. For more information, read [here](#).

- **CAS View:** The growth in smartphones (and the drop in their price) and mobile phones in general in Africa, as well as the strong growth in availability of 4G/LTE, creates a huge potential for e-commerce and the many applications in the field of health, finance, agriculture, entertainment, energy, and education, to name but a few. B2B transactions and the potential for IoT keep growing. As Dr Rafiq Raji, adjunct researcher of the NTU-SBF Centre for African Studies states, "[Africa tech is the true Africa rising](#)". This is what will enable Africa to address many of its challenges, and even to leapfrog development challenges in fields such as banking and energy. There is a lot of money to be made in Africa!
- **Africa:** Trump's seeming indifference towards Africa can strengthen Africa's inclination towards siding with China.

Donald Trump's election could not have been better news for the economic and political ambitions of China. Suddenly, all economic, diplomatic and energy roads lead to Beijing from Africa, Europe, most of Asia and most of South America. China is preparing to step into the vacuum with Chinese-led institutions pledging \$1.2-trillion in 60 countries to build railway lines, oil and gas pipelines, highways and major ports. These will link China with much of Africa and the rest of the world. By failing to propose a clear approach toward Africa, Trump may help Beijing. There are signs that some African countries may lean on China to compensate for an anticipated pullback in US trade, investment and engagement in Africa. This could be a huge opportunity for China to strengthen its diplomatic position in Africa. Public opinion towards the Chinese in Africa has steadily improved. African manufacturers could profit from manufacturing salaries that are rising fast in China, which is starting to outsource production to other countries, mainly in Southeast Asia. There will be opportunities for African countries to take advantage of this trend, if they have enough power, water and transport infrastructure. Infrastructure is important and this is where most of Africa has failed in the past. For more information, read [here](#).

- **CAS View:** Over the past few years, Africa has been leaning increasingly towards Asia, and more specifically, towards China in its exports, imports and general support. One of the major reasons is the fact that Chinese support and investments tend to come without ties and prescriptions. Trump's lack of clarity towards Africa, will definitely increase this momentum. This is not just the case for Africa, incidentally, as Trump's promise to dump

the TPP on his first day in office, will open the door for China in Asia. There the Regional Comprehensive Economic Partnership, consisting of ASEAN and the six countries of Australia, China, India, Japan, New Zealand and South Korea, has the potential to take up the slack of a failed TPP. It has also been hinted that Europe would look towards China to balance its commercial ties with the USA. As for the development of manufacturing opportunities in Africa, it has already started to happen. Ethiopia is a good example of where textile manufacturing has been growing to serve top-end US clothing brands, instead of in China. China's One Belt One Road (OBOR) initiative has also been very well received, not only in Asian countries, but also in Africa. China seems to be the one with the momentum. The USA might just find themselves having to play catch up.

- **Africa:** Africa must rethink medical insurance for the vast masses of poor Africans.

PharmAccess runs small but fast-growing medical insurance schemes for the poor in Ghana, Kenya, Namibia, Nigeria and Tanzania, where it offers health insurance through PPPs. Access to decent health care is a daily struggle, due to seriously underfunded national health systems, lack of basic infrastructure to provide clean water and electricity, and a serious shortage of health care workers. The market for health care in Africa is worth about \$35 billion. In 2013, PharmAccess launched the mHealth mobile health wallet, which runs on a mobile phone, and is used solely to pay for health expenses. Users received US\$10 in their wallets. In 2015, PharmAccess partnered with M-Pesa to launch M-Tiba. M-Tiba allows users to save money in their mobile phones to pay for medical services at designated medical facilities. In October 2016, PharmAccess rolled out M-Tiba nationwide, targeting low-income Kenyans. So far M-Tiba has over 100,000 registered users with access to 120 health care providers in Nairobi and some areas outside the city. M-Tiba offers several advantages. Users can save money for their own health care, or receive contributions from friends and relatives or other payers such as governments or charity organizations. It gives health care providers access to real-time digital payments with medical and financial data collection. For more information, read [here](#).

- **CAS View:** First of all, the versatility of M-Pesa as a platform for other applications, is staggering! It has been used in the field of peer-to-peer payments, retail payments, government bond purchases (M-Akiba), savings (M-Schwari), solar power purchases (M-Kopa), and financial journaling (M-Ledger), to name but a few, and now M-Tiba. Safaricom really picked a winner! As for the benefits of M-Tiba, this is something which Africans in general are in dire need of. It has benefits for both patients and doctors. The message that general health care in Africa cannot only be for the cost of governments, and that the private sector must come to the party, is a serious one that deserves serious contemplation. There are a number of private sector companies that focus on the bottom end of the market, and not just the lucrative top end where players such as Mediclinic, Life and Netcare are playing. More of them are required. Innovative solutions are also required. Africa must look towards what India is doing to keep health care costs down. It can learn a lot from the Indian experience.
- **Africa:** The growth in services in Africa are constrained by a number of impediments. The informal services sector, however, is alive and well and provides a livelihood for many Africans. The World Bank can play a role to support Africa in this regard.

Services matter for growth, development, gender equality and job creation for countries in Africa. They are key inputs in the production of important exports and food staples, yet inefficiencies along their value chain can contribute to high prices. Importing services can also improve productivity through increased competition, better technologies, and access to foreign capital. Africa is participating in traditional services, such as tourism and education services, but also in modern services, such as professional services and tele-medicine. Africa is witnessing widespread transactions in informal services, ranging from hairdressing, construction, and housekeeping to education,

health and finance. Such services trade flows seem to flourish on the African continent – despite the many barriers to the movement of services providers. The World Bank Group can assist African countries to improve regulation, facilitate services flows, and ultimately make services in Africa more competitive. For more information, read [here](#).

- **CAS View:** Africa must streamline its value chains to erase all inefficiencies. A number of them are regulatory by nature, and governments can deal with this relatively easy, should there be the political will. Others are structural and will take longer. However, Africa does not have a choice; it has to embark upon this journey. What is interesting in Africa is the extent to which entrepreneurs in the poorer areas do tap into services to eke out a living. Hairdressing seems to be a particularly attractive option, as does the sale of mobile phone services. It is mostly airtime and sim cards that are sold by these informal service providers. Shipping containers are frequently used by entrepreneurs as offices for their businesses. It is relatively cheap and provides protection against the elements, in addition to security. In some countries, township tourism has developed quite strongly, with foreign tourists being the target group. The informal service economy in Africa is blooming, albeit from a low base – it is time the formal service economy pull out all the stops and put an end to the restrictions hindering the growth there.

East Africa

- **Tanzania:** It seems Magufuli's actions to transform the Tanzanian economy and root out corruption, has a number of unintended consequences. Criticisms are not always fair, however.

Some of Tanzania's biggest foreign investors say they could scale back their operations or expansion plans because of tougher demands placed on companies, including higher tax bills, as part of the president's drive to overhaul the economy. President John Magufuli launched his reform drive after he was elected in 2015, promising to transform an economy hobbled by red tape and corruption, and carry out a major building programme. A strict new tax regime tops the list of companies' complaints, with tax hikes in 2016 on mobile money transfers, banking, tourism services and cargo transit services. Of the executives interviewed were frustrated by increased tax demands that do not correspond to their incomes. The tax authorities did state, however, that they were open for talks on tax issues that bothered companies. Mining companies were also told to build smelters to refine copper, silver and gold mixed ore in Tanzania, to create jobs, but executives said there was not enough such ore to make this viable. Executives in the telecoms and mining sectors are concerned by legal requirements to list large chunks of their businesses on the local stock exchange, as it is unclear if there is enough liquidity. For more information, read [here](#).

- **CAS View:** Anecdotal evidence seems to suggest that in the previous regime, a number of companies managed to pay very little to no tax. Magufuli has gone out of his way to stop this kind of practice, and in the process, appears to be a bit direct, to put it mildly. His nickname is not "The Bulldozer" for nothing. Some companies feel that it is not the issue of rooting out corruption in the tax system that is the problem, but rather the way it is being done. I am not sure to what extent I have sympathy with this. If tax is due to be paid, it has to be paid. As to attempts by Magufuli to get more Tanzanians involved and benefitting from foreign corporations tapping into the business potential of Tanzania, this is not unique to Tanzania or even Africa. In some Middle East countries, local ownership must be a minimum of 51%. And no one blinks an eyelid! The requirement to list businesses on the local stock exchange is also not a new regulation, but stems from 2010. It seems that the companies involved thought it would never come to them actually being required to list. Magufuli might be a bit direct, but his attempts to clean up the Tanzanian economy of corruption, and to get Tanzanians benefitting from foreign companies that are quite profitable, must be applauded.

West Africa

- **Nigeria:** Nigeria must fix its economy as a matter of urgency. It has just experienced a contraction for the 3rd straight quarter.

Nigeria's economy sunk deeper into recession after its GDP contracted for the third straight quarter of this year by 2.24%. The dip follows a 2.06% percent decrease in the second quarter as inflation hit an 11-year high of 18.3% last month, driven by an acute dollar shortage that has drastically hit Nigeria's capacity to import. Crude oil exports also fell to an average production of 1.63 million bpd, a 0.87% dip from 1.69 million bpd in the second quarter. Two major militant groups, Niger Delta Avengers and Niger Delta Greenland Justice Mandate, blew up gas plants and oil pipelines in efforts to gain independence for the region, pushing the country's oil production to the lowest in 20 years. The non-oil sector driven by agriculture however, grew by 0.03%, a major boost after successive negative growth rates in the past two quarters. Market analysts project Nigeria to grow by 2.5% next year, if it can increase its battered oil production to 2.2 million bpd. Several firms have closed operations in Nigeria, while others have undertaken massive lay-offs due to the dollar crunch that hit the importation capacity and payment of salaries, while the naira hit a record low of 412 to the dollar in August. For more information, read [here](#).

- **CAS View:** Fixing the economy of Nigeria must now be the first priority of President Buhari. There is no argument about this. The volatility and weakness of the naira must be addressed. The lack of dollars, linked to the weakness of the naira, must be addressed. Diversifying the Nigerian economy to reduce its dependence on oil, which is the main cause of many of its problems, must be addressed. Industrialising the agricultural sector must be addressed. The high inflation rate must be addressed. The internal security threats by Boko Haram and NDA must be addressed. However, we must remember that the potential of Nigeria is staggering. Buhari started off with a great foreign policy campaign and did several great things. Unfortunately, his economic policies will haunt him until such time that he addresses the above issues. It is about 18 months since his election, and things have gone from bad to worse. Granted, the seeds of "destruction" were already sown when he took office, but it seems that he has not implemented any policies to address these issues. Frequently one must accept that things will get worse before it gets better. In Nigeria's case, it is past time for the improvements to start!

Southern Africa

- **South Africa:** President Zuma has just survived a notion of no confidence brought against him in the NEC by members of his cabinet

South African President Jacob Zuma survived the most serious challenge to his leadership yet, after a contingent of top officials failed to force him from office during a meeting of the ruling party's National Executive Committee. The committee said that the top six members of the ruling African National Congress would discuss Zuma's fitness to remain president before a consultative conference next year. Zuma's seven-year tenure as president has been marred by a succession of scandals and policy missteps that have weighed on the rand and put the nation's investment-grade credit rating at risk. While Zuma has survived several previous challenges to his leadership, the fact that members of his own cabinet have openly turned against him, is the clearest sign yet that his grip on power is slipping. The rebellion within the ANC comes after several instances in which Zuma had been shown to bring the ANC in disrepute. South Africa moved closer to a junk credit rating after Fitch Ratings Ltd. on Friday changed the outlook on its assessment to negative from stable and said that continued political instability could result in a downgrade. For more information, read [here](#).

- **CAS View:** Jacob Zuma seems to be the archetype of Gloria Gaynor's song, "I will survive". He entered the presidency with close to 800 charges of corruption against him, and had the charges dropped. He did this by "capturing" the National Prosecution Authority. Granted, these charges have to be reinstated, given a recent high court verdict. The upgrade of his homestead at Nkhandla created another uproar. As did his firing of the Minister of Finance, Nene, in December 2015, and replacing him with an unknown backbencher, David van Rooyen. He was within days forced to replace van Rooyen with Pravin Gordhan, the man he replaced with Nene. The Constitutional Court also recently ruled that he had not executed his constitutional duties in the saga around the Public Protector's ruling on his Nkhandla homestead. The latest report was on the extent of "state capture" and the Gupta family. Various ministers were said to have been appointed on the recommendation of the Guptas. A lot of this led to a serious drop in support for the ANC in the local elections of 2015. And yet the National Executive Committee of the ANC are supporting Zuma. Will their support for him at the last meeting strengthen his position? Or is it the beginning of the end for Zuma? Will this backfire against the ANC at the 2019 national elections? What can we expect in the run-up to these elections? Will we see a more extreme rhetoric with "white capitalism" being singled out as the cause of the many ills in South Africa? Probably. Zuma has even blamed the situation on foreign entities that wanted to destabilize South Africa. He is portraying himself as a victim. While the middle class in South Africa will not buy this, unfortunately a large number at the bottom end and in the rural areas, will. It will be interesting to see whether Zuma will shuffle his cabinet to get rid of those ministers that supported the notion for him to step down. It will also be interesting to see whether S&P will downgrade their rating of South Africa later today. Should this happen, it would be a disaster for South Africa, and could be the straw that breaks the camel's back. However, this could also in a weird way actually play into Zuma's hand, to support his statement that it is foreign entities that want to destabilize South Africa and that he is a victim! For a man with 6 years of formal schooling, his survival capabilities are incredible. Let's hope that sanity prevails. Whatever happens, I think it is safe to say Zuma will probably go down in history as one of the worst, if not the worst, presidents that South Africa has had. It was under his office that the UN ranked South Africa as the most corrupt country in the world – not a badge South Africa and the ANC can be proud of! Can it get worse? Indeed it can. There are about 16 million people that live on government grants. If they say, "it is enough, we do not want this intolerable situation any longer", South Africa will have its own "Arab Spring". We have seen elements thereof in the #feesmustfall campaign of 2016. Will it happen? Probably not. But South Africa's degrees of freedom (to paraphrase my statistics professor) are being reduced! It is past time it gets its act together!