

## African Union

- **Africa:** Africa's bio-economy has the potential to transform primary production, especially in agriculture, aquaculture, forestry, health and industry.

According to a new study, new opportunities for economic transformation are being built on Africa's abundant biological resources. The emerging bio-economy has the potential to transform primary production, especially in agriculture, aquaculture, forestry, health and industry. The ability to rapidly sequence plant genomes will enable enhancements in agriculture, while the ability to rapidly sequence human genomes will enable personalized medicines that are tailored to individual patients. New tools have lowered the barriers for entry and expanded opportunities for innovation, such as developing new drought-tolerant plants that can be used in agriculture and ecosystem restoration. Second, Africa possesses both marine and terrestrial biomaterials that will add high value to healthcare. Third, the production of new specialty chemicals will help promote sustainable industrial development, and expand Africa's product base. Creating a new bio-economy will involve five key elements: commitment to sustainability; identification of entry points and creation of innovation ecosystems; repositioning universities as innovation hubs; fostering innovation policies and leveraging quality science advice; and relying on science and technology diplomacy to build new international partnerships. The new bio-economy offers opportunities for Africa to forge new technology partners with other countries and regional groupings such as the EU or individual nations such as Sweden. For more information, read [here](#).

- **CAS View:** Africa is in dire need of all the support it can get in all areas mentioned, more so in two of the areas, i.e. agriculture and health. Innovations in these areas would support various of the SDG's of the UN, and the High 5 priorities of the AfDB. Africa must increase its food production productivity, and it must increase the quality and efficiency of its health sector. All stakeholders must look towards developing partnerships to increase the chances of success, and innovation must be actively encouraged. Bio-economics can play a crucial role in this regard. Africa's universities must increase its efforts and sharpen its R&D focus to help address these issues.
- **Africa:** Urbanisation, whilst being the future of Africa, can either make cities attractive destinations with employment prospects, or transform them into violent slums.

Africa's future is urban. Urbanisation can spur development, but under current conditions, it is more likely to compound Africa's structural challenges. Making cities inclusive, safe, resilient and sustainable, as stipulated in the UN's SDGs, is no easy task. Africa's urban population is the fastest growing globally. They are key drivers of economic performance and connect Africa to the global economy. Africa's urban development can keep pace with such rapid and dramatic population increases, but slow economic structural transformation, poverty, inequality and violence, and the exceptionally rapid pace of urban population growth are major stumbling blocks. In Africa, urbanisation is not synonymous with economic development. To translate into economic development, the additional workers need skills and jobs and both are scarce. Research indicates that poverty could be urbanising. Africa could see its slum population triple by 2050. People living in rural areas move to cities because service provision tends to be even worse in rural areas, and because of changing weather patterns, land pressures, natural disasters and conflict. Productive employment opportunities are central to tackling inequality and exclusion, especially for the youth. Connecting rural economies and urban markets is also paramount. For more information, read [here](#).

- **CAS View:** I have frequently written about the phenomenon of urbanisation, and how cities just happen in Africa. There tends to be very little forward thinking, and the urbanisation trend has developed to such a large phenomenon that cities do not have the resources to accommodate the influx of people. They don't even have the resources to deal with the natural growth in the cities. A major issue is one of unemployment, where people moving to cities in search of a job, find themselves unemployed, with no housing and other services, such as water, electricity and sewerage. This creates a lot of disillusionment and frustration, which frequently leads to violence. The youth is a grouping that must be dealt with. They have aspirations, which are frequently dashed. Governments must plan properly for city development, with jobs that are to be created in economic development zones. Without this approach, cities will become dangerous entities in future! It is not sufficient to just build houses and provide services. Local economic development is crucial as well.

- **Africa:** Cassava processing has a lot of potential in Africa, with Nigeria providing the benchmark for industrial development.

The international trade fair on agriculture and agro industries in Cameroon focused on the cassava crop, hoping to add value to the more than 200 million tons Africa produces annually. Besides consuming cassava leaves as vegetables and cassava roots as a basic food, cassava is transformed into starch, whisky, beer, flour gari (toasted granules), chips, and many other products. Cassava skin is used as animal feed. Traditional methods are mostly used to process the tuber because farmers lack modern equipment. Most of Africa's cassava is exported to the USA, Thailand and Brazil. Japan imports nearly a million tons a year. African countries lack the technical and financial means to equip rural communities to process cassava. Nigeria is becoming a benchmark. From 33 million tons in 1999, Nigeria now produces 45 million, about 20% of the world production. Nigeria and West African countries have greatly increased labour efficiency, incomes and standards of living through cassava farming. Cassava is one of the most important staple food crops in tropical Africa, playing a major role in efforts to alleviate food shortages because of its availability throughout the year and tolerance to extreme conditions. For more information, read [here](#).

- **CAS View:** Cassava is an agri product that is increasingly becoming the subject of discussions. It is used for food and beverage production, and as such, is seen as a staple product. In Nigeria, it has also been used to produce flour to complement wheat flour in bread, and it is gluten free. They are now developing the infrastructure to produce maltose from cassava. This will even be cheaper than using starch to produce maltose. I have written about this, but the past year has seen a strong increase in the number of articles and conferences on the topic of cassava production and processing. It also seems that it is mostly entrepreneurs that are the startup drivers of cassava production and processing. Those that are clever, mobilise the smallholder farmers on their 1-2 hectare plots to produce cassava for them. However, you would also need to have a certain strategic production level to not be too beholden to these smallholder farmers, as their loyalty will always be towards the one with the highest price.

## East Africa

- **Rwanda:** Rwanda's agriculture sector is undergoing an accelerating mechanisation process.

Rwanda's agriculture sector continues to be the leading sector, producing 33% of GDP, and employing 80% of the working population. Its agriculture is characterized by low productivity and low economic value. Farm production is highly restrained by below-average farm sizes, coupled with deteriorating soil fertility, which poses severe challenges to increasing crop production. Given the overwhelming dominance of subsistent agriculture in Rwanda,

a significant rise in crop and livestock production and productivity must come from developing or adopting new technologies suitable to the individual peasant farming household. Village Mechanization Service Centres (VMSC) were started as a mechanization extension approach to accelerate the mechanization process. Due to the limited availability of farm machineries, spare parts, lack of other support and service providers, etc., relatively few farmers have acquired access to these services. Still, the level of mechanization in Rwanda increased from less than 3% in 2009 to the current 21%. Challenges to mechanized farming are many and varied, including management skills. There is a need for accelerating the transfer of agricultural machinery to the private sector and farmers. For more information, read [here](#).

- **CAS View:** Rwanda is a small landlocked country, with good planning and a clean and transparent government. It is one of the top 3 countries in Africa on both the World Bank's "Ease of Doing Business" rankings, and the WEF's "African Competitiveness Rankings". It is currently 9th on the Ibrahim Index on Governance, with a strong upward trajectory since 2006. It is characterised by low crime. Here we see an attempt to industrialise and mechanise its large agri sector. While the level of mechanisation is still low at 21%, it has grown a lot from the very low base of 3% in 2009. Whilst the industrialisation of agriculture is important, it must be done in a way that does not increase the level of unemployment. As can be seen, 80% of Rwanda's population is involved in agriculture. Where jobs in agriculture are reduced, the system must provide for training and skills development to accommodate those that have lost their jobs in agriculture, in other parts of the economy. To not do so, would be very dangerous and will lead to eventual failure. Rwanda's actions remind one of Ethiopia, where they are also actively looking at industrializing agriculture and developing their manufacturing sector. The recognition that management skills have become important in agriculture, is to be commended. Farming is no longer the domain of the unskilled and uneducated. Management skills are a key factor of success.
- **Ethiopia:** Ethiopia is developing its own wine industry.

In 2008, Castel imported different grape varieties and began setting up its vineyard in Ziway, 163km south from Addis Ababa. The first bottle was produced in January 2014 and sales began a few months after. Today, Castel manages a 162-hectare vineyard and produces about 1.4 million bottles a year – made up of cabernet sauvignon, merlot, syrah, and chardonnay. It has two brands, Rift Valley and Acacia, and exports about 15% of production – with over half going to China and the US. Exports are largely targeted at Ethiopian restaurants, of which there is a growing number globally. While the Rift Valley wine is targeting more experienced wine drinkers, foreigners and high-end restaurants, its Acacia range (with four different blends, which are fruitier) is aimed at an emerging Ethiopian wine-drinker. These new 'made in Ethiopia' wine brands do compete with imports from well-established wine-producing markets like South Africa and France, but a high tax on imported wine in Ethiopia allows Castel's production to be competitive on price. Castel wines can be found in the new supermarket chains popping up around the country, as well as in the informal trade that dominates Ethiopian retail. For more information, read [here](#).

- **CAS View:** About 10 years ago, I asked Michael Back, the owner of Backsberg Wine Estate in the Western Cape, South Africa, what he saw as the issues he needed to address for future sustainability. One of the issues he raised, dealt with where one would need to buy land for future grape production. Due to global warming, climates are changing. He was a bit serious when he stated he would probably need to look at obtaining land near the Orange River, the boundary between South Africa and Namibia. This is an arid area, with high temperatures. We have also seen wine production in KwaZulu-Natal in South Africa, an area with a sub-tropical climate. Now we see wine production from grapes produced in Ethiopia. This is not the only country in this region, as recently there was an article on wine production in Tanzania. Is this the result of climate change? Or are we finding people

producing wine because they can, and not necessarily because they should? Given the high temperatures in Ethiopia and Tanzania, one would find grapes with very high sugar levels, referred to as fruiter wines. Given that most of the Ethiopians are new wine drinkers (or emerging wine drinkers), they would prefer the fruitier versions of cabernet sauvignon, merlot and syrah. Whether serious wine drinkers in the developed world would turn towards wines from these regions, is debatable. However, most wine drinkers in East Africa would have no problem consuming the fruity wine from Ethiopia and Tanzania, even it is only for the novelty and loyalty towards the local wine industry. Elsewhere, the novelty issue would probably play an important role. This kind of economic activity is good for the economies of the relevant countries.

- **Tanzania:** Magufuli's administration needs to be more circumspect in its dealings with foreign investors, lest they be deterred from investing.

For almost a year, Tanzanian officials had been in a \$600 million dispute with Dangote Cement over investment incentives related to a new cement plant in Mtwara. The cement plant launched last year and was flourishing until recently. In the last 12 months, new regulatory challenges undermined operations to such a degree that the company suspended production last month. Magufuli had to get directly involved and struck a deal with Dangote to keep the factory in the country and save thousands of jobs. Analysts say this has noticeably hurt the country's reputation as an investment destination. Tanzania currently ranks 132 out of 190 when it comes to ease of doing business, and is the second worst place for doing business in East Africa. By over-taxing business, the government risks suffocating the economy, starving it of liquidity, with dire implications for jobs and future revenues for the country. Magufuli's personal intervention has created optimism that it may signal a new phase in the government's engagement with investors and the private sector in general. Reforms are needed to create conditions that are both favourable to the private sector and Tanzanians as a whole. Things will only improve if Magufuli demonstrates the political will to institute such a mind change. For more information, read [here](#).

- **CAS View:** Magufuli hit the scene in quite an explosive way. His unique approach to addressing inefficiencies and corruption, was not only the talk of the town, but the talk of the region and continent. His actions towards obtaining the "business" of Uganda and Rwanda, showed he was quite serious towards positioning Tanzania as an alternative powerhouse in East Africa. It does seem, however, that his administration is struggling towards finding a midway between enforcing regulations supporting the government's actions and creating an empowering environment for current and future foreign investors. This will be crucial for the future of Tanzania. Magufuli will need to address this side of his administration in a meaningful way.

## West Africa

- **Nigeria:** President Buhari presented the 2017 budget on Wednesday. This budget must accelerate the growth of the economy, diversify the economy away from oil production, and lead to the stabilisation of the naira.

President Buhari presented the 2017 budget on 14 December. The N7.298 trillion 2017 budget with a 20.4% increase over the 2016 estimate, was benchmarked at N305 against the US dollar, with 2.2 million barrels bpd. The 2017 budget also sets a benchmark of \$42.5 per barrel of oil, as against \$38 in 2016. Below are 6 takeaways from Buhari's speech. 1) Building the nation's economy. He stressed the need for Nigeria to focus on building the economy by producing more rather than depend on imported goods. He appealed to states to make land available to farmers. 2) Increase the production of oil to at least 2.2 million bpd. 3) The government will focus on the development of infrastructure, especially road and rail in 2017. 4) Power sector. He said this sector is experiencing funding issues though there has been an intervention. A provision was made to offset electricity bills. 5) The war

against insurgency. Buhari was committed to maintaining peace and security nationwide. 6) Provisions in the budget. N100billion was allocated to the judiciary to allow them do their job with independence. Defence got N140billion, water resources N85billion, interior N63billion, education N58billion, UBE commission N92billion, FCT N37billion and NDDC N61billion. For more information, read [here](#).

- **CAS View:** This is President Buhari's second budget. It has become crucial that his actions stimulate the Nigerian economy. He needs to restore trust in the naira, and get the industry in Nigeria producing again. Import substitution will remain important, as will exports. Inflation must be brought under control. Diversification from the oil industry is and will remain crucial for the next decade or 2. The budget has been developed at an oil price of \$42.5 per barrel. Given the recent undertakings of both OPEC and non-OPEC oil producing countries to not only cap production but to cut it, Nigeria might experience a bit of good fortune should the oil price rise significantly. Hopefully Nigeria will use any windfall to finance the diversification of its economy away from oil exports. In addition, it must invest also significantly in the development of its road and rail infrastructure. It is encouraging to see his emphasis on agriculture as the engine that will drive Nigeria out of the troubled situation it finds itself in. Agriculture will remain at the heart of Nigeria's diversification drive. His stated support to encourage entrepreneurs and manufacturing, bodes well for Nigeria, should he be able to pull it off. For those interested in Buhari's full speech, here is the [link](#).