

African Union

- **Africa:** Africa's militaries have a developmental role to play. This includes both creating and ensuring stability, as well as pursuing a number of secondary roles.

Africa faces a range of formidable security challenges related to a combination of fast demographic change, with a doubling of its population to over two billion in the next generation, and equally rapid urbanisation, set against weak government capacity, low rates of job creation, inadequate infrastructure and the spectre of climate change. It is in the enlightened self-interest of all to find the means to work together to strengthen states, improve governance, create jobs and ensure security. In meeting these challenges, the military and other security agencies can foster development, not just by providing the stability that sustainable economic growth requires as a prerequisite, but also in more actively pursuing a range of secondary roles. The latter include the improvement of the reservoir of skills available to national economies, contributing to infrastructure development, providing emergency relief, and more generally, helping to build a national esprit de corps through professionalism. Improving the capacity and effectiveness of African militaries is a challenge. Incentives and fresh metrics are part of the answer. Deepening domestic and regional public-private collaboration, in health, technology and equipment procurement, for example, is another piece. So is security collaboration between Africa and the rest of the world. For more information, read [here](#).

- **CAS View:** This article touches upon the developmental role of militaries in Africa. It is a fact that growth and development require a stable environment. It is also quite clear that African countries face a number of challenges that do require stability. The range of secondary roles the military can play, are quite interesting. Whether Africa's militaries are the best instrument in pursuing these roles, is another question. I have no doubt that as far as support in health, technology and equipment procurement is concerned, that militaries can definitely play a role. However, we frequently find that militaries tend to become so comfortable in social and economic roles, that they are inclined to take over the government. As it is, Africa does not have a good experience as far as military governments are concerned. However, the principle the authors address, is quite valid. In an ideal world, this will be an ideal solution. Given that the world of the military has changed from an emphasis on military strategy to a world of national security, Mills and his co-authors have some interesting ideas.

East Africa

- **Kenya:** Kenya's government has eventually launched M-Akiba, a form of crowdsourcing, to obtain cheap funding for its infrastructure programmes.

Kenyan citizens will soon be able to buy government bonds on their cell phones. The M-Akiba bond, the world's first mobile-only government bond, went on sale last Thursday after a delay of almost two years. Kenya first announced plans for the bond in late 2015, as a way to give ordinary Kenyans access to the country's capital markets. Investors can buy in increments as small as 3,000 shillings (about \$30), compared to the minimum of 50,000 shillings individuals had to spend previously to buy government bonds. The bond will be offered on M-Pesa, Africa's biggest mobile money network that got its start in Kenya, as well as other mobile money networks. Investors can buy and sell the bonds on the Nairobi Securities Exchange via their phones. Coupon payments will be paid directly to their phones. The bond isn't just about encouraging Kenyans to save. The Kenyan government needs a new pool of cheap money to finance large infrastructure projects and an upcoming election. For more information, read [here](#).

- **CAS View:** CAS referred to this product in 2015 when it was first introduced. For the reason explained in the article, the Kenyan government postponed the actual launch of the product for close on to 2 years. The whole idea is to make it that much easier for the individual to purchase government bonds. Given the small denominations of the bond, it is not unreasonable to view this new instrument as a form of crowdsourcing. In this way, they can tap into the patriotism of the Kenyans to finance infrastructure projects in a cheap manner. Using crowd sourcing as a form of finance for government expenditures, are by no means a new phenomenon. South Africa actually had a similar bond, but not the technology platform, in the apartheid days when it sold defence force bonds at such a low denomination of R5. White patriots and supporters of the National Party government gladly bought these bonds.
- **Ethiopia:** Ethiopia is attracting foreign investors, based on the prevalence of relative peace, etc. This is in spite of the political instability we witnessed during 2016.

Ethiopia is attracting foreign investors, based on the prevalence of peace, smooth business transaction, and a conducive custom and tax system. In addition, development of infrastructure such as roads, railways and energy is playing a crucial role in encouraging investment flows. Among the investors are Chinese, Indian and Turkish industries. Investments from these nations are gaining momentum. Ethiopia has consistently registered high economic growth. As the second most populous country in Africa, Ethiopia provides investors the necessary facilities like labour, land and infrastructure. Industrial parks have been built with customs and banking services, electricity, energy and water services and sewage systems. The availability of air transport, cheap labour and tax holidays provided to investors have made the country attractive for foreign investment. As a result, job opportunities are being created for hundreds of thousands of people. As a developing country, Ethiopia exports agricultural products and imports capital goods for its industrialization process. The nation needs foreign currency to meet its development ambitions, and for that, hard currency is mobilised from various sources. For more information, read [here](#).

- **CAS View:** Ethiopia has managed to convince foreign investors of the stability of the investment environment, in spite of recent political volatility in the country. This country should serve as an example for many other African governments as to how they should position themselves to attract foreign investments. There is clearly a well-developed strategy that is being implemented in a meticulous manner. I have been concerned about political stability, given the violence towards the second half of 2016. However, it seems the Ethiopian government has managed to deal with this phenomenon in a satisfactory manner. I have recently referred to the growth and progress in the textile industry of Ethiopia. Large global chains such as H&M are sourcing products from Ethiopia, for the reasons alluded to in the article above.

Southern Africa

- **Namibia:** Namibia's president Hage Geingob is also looking at the expropriation of land to transfer 43% of land to previously disadvantaged black people by 2020.

Namibia's president Hage Geingob recently said the government was considering radical land expropriation to spur the transfer of property to the country's black majority. The current redistribution process has been slow. To achieve further economic growth and maintaining peace, would mean they needed to refer back to Namibia's constitution, which allows for the expropriation of land with fair compensation and also look at foreign ownership of land, especially absentee land owners. Namibia wants to transfer 43%, or 15-million hectares of its arable agricultural land, to previously disadvantaged blacks by 2020. By the end of 2015, 27% was redistributed. In SA, President Jacob Zuma last month called for a review of laws to allow expropriation of land without compensation.

Zimbabwe's economy nearly collapsed after President Robert Mugabe's land expropriation policy saw most white farmers forced off their land without compensation. The country, once Africa's breadbasket, never recovered. For more information, read [here](#).

- **CAS View:** Hage Geingob seems to be under pressure to obtain a greater degree of black land ownership. President Zuma in South Africa is also propagating a change in the South African Constitution in order to be able to expropriate land without compensation. Both these heads of state should look towards Zimbabwe for the results of such a strategy, should it not be dealt with in a logical and coherent manner. Expropriating land without compensation will not be a comforting idea for foreign investors. While I have no problem with giving previously disadvantaged individuals access to land in any country, care must be taken to ensure these new farmers get the necessary support in whatever form is required to "guarantee" their success. Neither Namibia nor South Africa can afford its food production activities to be under pressure due to land redistribution. As it is, they are both net food importers.
- **South Africa:** Sanlam has expanded meaningfully in Kenya, where it has bought the East African business of PineBridge. It now has extensive coverage of the African continent.

Sanlam recently agreed to buy the East African business of PineBridge, the leading global multi-asset class asset manager. Sanlam Emerging Markets CEO Junior Ngulube said the acquisition of the company with operations in Kenya and Uganda, would enable the group "to build a leading position in institutional, affluent and retail investment management across East Africa". The Sanlam Group has operations in 34 African countries. Anthony King, regional chief executive at PineBridge Investments, said the company had sought a partner in Africa "with a strong local heritage" to maximise future business growth, as well as to honour fiduciary, client and employee agreements. Ngulube said the transaction was expected to unlock synergies beyond asset management, as it will provide opportunities to expand geographically and develop other investment products. For more information, read [here](#).

- **CAS View:** Sanlam has chosen to expand into emerging markets rather than trying to compete in developed countries. This includes expanding into India and Malaysia, as well as into 34 African countries. With the exception of Uganda, where Sanlam initially used a greenfields approach, all of its expansion has been via partnerships and acquisitions. They have frequently been quite happy with obtaining less than 50% of the shareholding. Their primary contribution has been to provide critical back office support and specialist knowledge, such as actuarial functions. Sanlam is currently the clear leader in Africa as far as insurance companies are concerned, in terms of geographic exposure. Sanlam is also quite happy with the growth in revenue they are obtaining from their interests in Africa. They have been compelled to move into Africa, given the deep penetration South Africa exhibits in terms of insurance products taken up by the market. The rest of Africa presents an enormous opportunity.
- **South Africa:** Zuma has ordered Finance Minister Pravin Gordhan to return home and cancel his week-long roadshow in the UK and the USA. Fears exist that Zuma could be on the verge of reshuffling his cabinet.

South African Finance Minister Pravin Gordhan plans to return home after President Jacob Zuma ordered him to pull out of a roadshow with investors and ratings agencies in London, heightening concern that he's preparing to change his cabinet. The rand plunged after Zuma told Gordhan and his deputy, Mcebisi Jonas, to cancel the week-long roadshow in the U.K. and the U.S. Zuma's order came a day after Gordhan left South Africa on Sunday to lead a delegation that included business executives and labour union representatives. While Gordhan has led efforts to keep spending in check and fend off a junk credit rating, Zuma wants to embark on "radical economic

transformation” to tackle racial inequality and widespread poverty. The rand weakened 2.6% against the dollar in Johannesburg. If Gordhan or Jonas are fired, “the selloff will be vigorous,” said Jonathan Hertz, CEO of Peregrine Holdings. The recall “is not a positive omen and raises the level of policy uncertainty,” said Raymond Parsons, a professor at the North West University. The recall shows that tensions clearly exist in the cabinet. For more information, read [here](#).

- **CAS View:** South Africa is again on tenterhooks, with a lot of uncertainty as to the political future of Finance Minister Pravin Gordhan and his deputy. Every time the president seems to be positioning himself to get rid of Gordhan, the market sends a clear message it does not like the idea. There has been speculation that Zuma would not be averse to replace Gordhan with Brian Molefe, previous CEO of Escom. My guess is that this would not be something the market would be happy about, and that there would be a serious weakening of the Rand against the US\$. Zuma is struggling to regain the support of moderate middle class black people in South Africa. He has recently suggested that the South African Constitution be changed to allow for the expropriation of land without compensation. This could be seen as an attempt to gain support from the right wing of the ANC and the landless (and frequently unemployed) masses. Should we see both a replacement of Gordhan with Molefe, and a change in the Constitution, it would be somewhat of a disaster for South Africa, with a downgrade of South African bonds to junk status a mere formality. I am not sure Zuma would be overly concerned with this negative outcome, as long as he can improve his standing in the ANC and ensure the next president of South Africa is someone beholden to him.