

African Union

- **Africa:** Digital companies seem to be exploiting their employees in Africa. Countries such as Nigeria and Kenya are responding appropriately to address this phenomenon.

African governments have been warned of the dangers of capitalism, where digital companies give little back to the places where they are embedded and platform workers are left to fend for themselves. Research by Oxford University, the WEF, the OECD and others point to a bleak future of employment, which cuts across many sectors. Unions must work together to produce an alternative that safeguards the rights of workers. There is no time for excuses because the new structures are being put into place now. Solutions centred around creating bargaining power for digital platform workers. Workers must be paid living wages, have appropriate social and economic protections, and mustn't be saddled with an undue amount of risk. The geographically dispersed nature of digital work platforms has made it extremely hard to regulate. The role of labour regulation should be to help the most vulnerable. Some African countries were taking the initiative, e.g. Nigeria and Kenya. Given what is known about the economic geographies of digital work, we can envision and strive towards alternate and fairer futures for working people in Africa. For more information, read [here](#).

- **CAS View:** The issue of the exploitation of employees in developing countries by multinational companies (MNCs) is a recurring theme in the debate on globalisation. This is not only the case in the digital sectors of the economies, but also in others. One frequently reads about companies that experience labour unrest and bad publicity due to poor working conditions, even when the culprits are their suppliers. It is probably more of a problem with digital companies that have no or very little physical presence in the developing world. MNCs, even the digital companies, would do well to realise that in the multi-connected world of today, any transgressions of acceptable labour standards will not be hidden. It is also unethical and immoral. We do have to accept that what passes for acceptable in one country, will not necessarily be acceptable in others. However, we need to be sensitive as to what should be acceptable given the standards in the respective countries. Offering an acceptable package given the standards in the country, is the right thing to do. Exploiting the employees who are hard-up for jobs just because you can, is not acceptable and will not be a sustainable approach. At some or other time it will come back to haunt you. It does so frequently, not only in the host country, but also in the home country. It is this kind of behaviour that gives capitalism a bad name.
- **Africa:** Africa must shift its focus on aid and humanitarian issues to mutually beneficial partnerships in aspects such as business, strategic development and security.

President Paul Kagame has said that relations and engagement between Africa and the USA must shift from a focus on aid and humanitarian issues to mutually beneficial partnerships in aspects such as business, strategic development and security. He observed that for decades, the USA and other partners had adopted a one-size-fits-all approach when dealing with the continent. There was an opportunity to shape relationships with the USA and other partners regarding Africa's priorities. Reasons include the strong economic growth across Africa, better governance, business friendly reforms, regional integration, growing intra-Africa trade and investments. This had brought forth business opportunities. He added that Africa is looking to future growth shaped by favourable demographics, technological innovations and increasing urbanization. Another reason to change the engagement approach is that Africa is now able to deal with some of its 'internal' affairs, for example how ECOWAS dealt with the crisis in Gambia early this year. The changed political dynamics in the USA and Brexit have caused global

uncertainty, which presents an opportunity to shape Africa's relations with partners based on Africa's priorities and ambitions. For more information, read [here](#).

- **CAS View:** The election of Donald Trump as president of the USA and Brexit have given rise to many articles, seminars and debates on the impact thereof, not only on the developed world, but also on the developing world. A common view is that these events have created considerable uncertainty worldwide. Africa must create a situation where it takes greater responsibility for its own destiny. It cannot sit back and wait on the goodwill and aid from donor countries. It needs to create the investment climate that would attract global investors, irrespective of who governs. These people need policy certainty, political stability and a good economic climate. They also need a pool of well-educated potential employees that are not too expensive. In addition, there needs to be the requisite infrastructure to support the investments, or at least the opportunity to benefit from the investment in these infrastructures, such as roads, rails, ports, and buildings. There are several African countries that are working on these factors, amongst others Rwanda, as indicated in the article. As it is, the numerous infrastructure challenges that Africa presents to its governments, also present investment opportunities to foreign companies, should the investment climate be healthy. Unfortunately, we do see some African countries running afoul of this requirement. To make matters worse, there is a tendency to see Africa as a monolithic giant, and not as 54 separate countries. Africa must educate the world on this, and prospective investors must do their homework properly. They will miss out on good investment opportunities should they not do so.

East Africa

- **Rwanda:** Rwanda is concentrating on engaging in PPPs to obtain the resources and technical expertise for its developmental projects.

Rwanda is in a strong position to engage in PPPs, despite several gaps and challenges that still exist. Lack of capacity building, lack of information, and lack of coordination are major challenges facing Rwanda when it comes to forging investment partnerships between government and the private sector. Rwanda lacks a clear and comprehensive PPP strategy, making it hard to convince investors of the huge potential of the initiative. Experts believe large investment projects require that the government and private sector work together to bring them on line. The World Bank believes government should make projects "investor ready" and develop innovative frameworks to leverage private investment. Even when the government has resources, it may lack technical capacity to execute and operate them efficiently. That's why PPPs can act as a tool to deliver such projects, particularly infrastructure. PPPs can bring greater efficiency and sustainability to the provision of public services such as water, sanitation, energy, transport, telecommunications, healthcare and education. Rwanda has so far managed to put forward 39 PPP projects in different sectors, including energy, water, ICT, mining and manufacturing. Of these 39 projects, only 6 are currently operational, while the remaining ones are yet to be completed. For more information, read [here](#).

- **CAS View:** The private sector has an important role to play in Africa's development. This is true as far as both resources and technical capacity is concerned. What is important is to look at who carries the risk. For example, in the case of road infrastructure, if there is a toll road system and the company has miscalculated the costs and it ends up bankrupt, does it carry the risk alone? If this is the case, what is the nature of the relationship? There needs to be very clear guidelines on this. It does seem that Africa understands the contribution the private sector can make towards its development. The previous president of the African Development Bank, Donald Kaberuka, made it one of his strategic pillars to involve the private sector in Africa's development. It is surely no coincidence

that he is a Rwandan citizen, and that we now see this strong emphasis on PPPs developing in Rwanda. It remains important that the government creates a safe environment in order for the private sector to become involved.

- **Djibouti:** Djibouti is setting itself up to be the recipient of factories and industries that had to close in China, given the high cost of labour in the latter.

In the past year, Djibouti has made investments in transport infrastructure – roads, rail, ports and free zones – as well as in the energy sector. Over the last 3 years they've invested US\$2bn, and will invest \$15bn in the next 5 years. Djibouti has 2 free zones, and are developing a new free-trade zone industrial park of 4,800 ha. Djibouti is trying to attract factories and industries from countries where labour costs are rising. In the coming 5 years, 85 million jobs will be delocalised out of China, and many will go to Africa. Djibouti is preparing themselves to attract a large share of these businesses. They are looking at light industries such as assembly lines for vehicles and consumer goods. Although Djibouti is not a big market, it is a gateway to bigger markets. By locating the ports inside the free zones, moving goods from the port to the factory inside the free zone are not subjected to customs duties. There is no forex control in Djibouti and investors can repatriate their profits and dividends without any restraint. Djibouti has an exceptional geographic location at the southern entrance of the Red Sea. Ethiopia's fast-growing economy has a positive impact, as it uses the port of Djibouti for its foreign trade. For more information, read [here](#).

- **CAS View:** Djibouti is a very small country in a somewhat troubled region of Africa, surrounded by a number of countries of which some exhibit severe political problems. It has been hailed as a stable basis of progress and development, in combination with Ethiopia, in the troubled horn of Africa. It has also become quite popular as a location where large powers such as the USA, France and China have either built a military base, or is in the process of doing so. It also acts as the channel to the ocean for Ethiopia, being recently connected with a brand new railway line with Addis Ababa. It does seem Djibouti is starting to punch above its weight. Djibouti does not have a large market nor a large territory. However, its willingness to attract employment opportunities, which currently are in China where an increasingly expensive labour market is bleeding jobs, will enable it to become somewhat like a Singapore. However, to truly emulate Singapore in this regard, it will need to ensure that its citizens are educated and trained to the fullest extent possible. When people in Africa ask me what made Singapore great, my response is always an easy one: its people and its education, which go hand in hand. Djibouti must also ensure that its governance is of the highest quality, and that it develops and maintains transparent and business-enabling policy frameworks.
- **Kenya:** Kenya is aiming at raising the contribution to GDP from mining from the current 1% to 10 % by 2030. They will be helped in this by the recent discovery of gold. They should do their utmost to avoid becoming entangled in the resource curse.

Kenya was not a major player in the commodities boom of the first decade of the millennium. That may be about to change as a multi-million ounce gold seam in western Kenya was recently discovered. The government has realised that Kenya's oil finds have limited potential. Now it's betting big on minerals, commissioning extensive geological surveys to update the current colonial era ones. The government believes Kenya is sitting on significant mineral wealth, including gold, diamonds, iron ore, coal and titanium. The hope is that these could be exploited to shore up an economy heavily dependent on agriculture. At the same time, much-touted oil deposits in the north of Kenya will not be enough to support rising state expenditure. The government's limited resources must contend with servicing a growing population and an expanded, devolved government structure. The estimated \$1.65bn gold deposit find far outmatches the estimated \$670m value of oil deposits. The current contribution to GDP from

mining stands at only 1%. The goal is to raise this to 10% by 2030. The building blocks for a robust mining sector are slowly coming into place. For more information, read [here](#).

- **CAS View:** East Africa as a region seems to be a late entry into the mining sector, with new findings of minerals, gas and oil. This has paradoxically stood them in good stead as their economies have done well, given that they were primarily, but not exclusively, focused on non-commodity factors. While Nigeria and Angola, whose government revenues were driven by oil exports, were suffering from the slump in the oil price, East African countries such as Kenya, Ethiopia, Rwanda and Uganda were experiencing very good economic growth and were benefitting from a low oil price. This has happened to the extent that some commentators are referring to an “Africa Tilting” (from west to east) instead of an “Africa Rising.” This discovery of gold, as well as the potential discovery of other minerals, will be great for the Kenyan economy, as highlighted in the article. Kenya must, however, ensure that the revenues are spent on pro-poor projects, to boost inclusive economic growth. In addition, to have a sustainable impact that will withstand the shocks of international commodity price volatility, Kenya must ensure that maximum value is added before these commodities are exported. This will also increase the level of employment in Kenya in a meaningful manner, as well as the demand for higher skilled employees. Kenya must take care to not fall into the resource curse trap that has plagued some of the West African countries.

West Africa

- **Nigeria:** Nigeria’s first digital agricultural platform, Farmcrowdy, aims to help smallholder farmers improve their production. It will also help with obtaining financing and market access.

Nigeria’s first digital agricultural platform, Farmcrowdy, aims to help smallholder farmers improve their production. These smallholders struggle to get the financing needed to improve farming methods and boost their yields. Farmcrowdy is trying to fix this by connecting farmers directly with local investors to generate a healthy return for both the investors and the farmer. Most of these small-scale farmers are abandoning their farms and migrating to the cities because they cannot commercialise their operations due to lack of finance, poverty and access to markets. Farmcrowdy encourages Nigerians to participate in agriculture while going about their normal day jobs. Investors select the kind of farms they want to invest in via the firm’s website shop, and then release the funds to Farmcrowdy to set it up. Options for investment include maize, poultry, cassava and tomato farms. Farmcrowdy advertises a 20% return every 6 months. After the investment cycle, investors can choose to cash out or reinvest on the platform. Upon receiving investor funds, Farmcrowdy hires farmers, leases land, and helps source seed or buy animals. The farmer gets 40% of the profit, the investor gets another 40% and Farmcrowdy takes 20%. Farmcrowdy plans to expand into markets in west and east Africa. For more information, read [here](#).

- **CAS View:** Factors that have long been highlighted as constraints to Africa’s farmers, are the lack of financing and a lack of access to markets. This digital agricultural platform is another example of Africa’s ability to step up and create the technology to deal with these and other problems. Necessity is the mother of invention – this has always been true for Africa. Farmcrowdy has developed an exchange business model where it links up the investor on the one hand with the farmer on the other hand. It goes further than just linking up, and ensures that land is leased, and seed and other inputs are procured. By hiring the farmers as well, Farmcrowdy can ensure that competent farmers are selected. It does seem that crowdsourcing will work well in this instance. Making farming a lucrative option by providing the factors of production (land, capital and labour), Farmcrowdy is taking the steps to ensure that hopefully, amongst others, the youth would be willing to take agriculture more seriously. The kind of returns envisaged are not small change at all. This is the kind of approach that Africa needs to bootstrap the

industrialisation of the agricultural sector. All that now remains is that the projects must be transparent and characterised by good governance. The last thing that Africa needs is for this kind of empowering project to run afoul of the law. CAS wishes Farmcrowdy all the best!

North Africa

- **Egypt:** Egypt is experiencing a growth in the development of shopping centres by companies eager to serve Egypt's under-served consumers.

The Mall of Egypt, Egypt's biggest shopping centre, is opening its doors after household spending power was hit by a 50% drop in the pound's value following a decision to lift currency controls to ease a crippling dollar shortage. Companies like the mall's developer, Majid Al Futaim, are doubling down on their commitments to Egypt as they bet on its under-served consumers. Majid Al Futaim will invest \$600 million to build another mega-mall in Cairo and make another shopping centre five times bigger. Retailers and producers, including Nestle SA, Mars and Turkey's BIM, are expanding their business. Saudi developer Fawaz Alhokair Group plans to spend \$441 million to build 3 shopping centres over the next 3 years. Some think Egypt will continue to be considered a high growth engine for multinationals and local companies. There's still risk, such as inflation that is currently at its highest level in 3 decades, fuelling concerns that further economic reforms could trigger social unrest. There are early signs of recovery and some producers expect sales to recover as early as 2018. Demand in Egypt is supported by the 8 million Egyptians abroad who transferred \$4.6 billion to their families at home from July to December last year. For more information, read [here](#).

- **CAS View:** The foreign interest in Egypt is very good news for its economy, and a sure sign these countries are comfortable with the political and economic stability in Egypt. Retail malls and shopping centres are major infrastructure projects, requiring a willingness to invest large amounts of money for the long-term. The investors are effectively saying Egypt's future is a safe bet. There is an acknowledgement, however, that there is still risk in the form of inflation, which could also trigger social unrest. It seems that the investors are comfortable with the low probability of this eventuality. The companies represent not only Arab or Middle East countries, but also countries from Europe. Hopefully the economic growth that will be generated from these investments will create more political stability, which in turn will convince more investors to become involved in Egypt, all of which will create a positive flywheel of progress, in contrast to a doom loop of distress we saw in Nigeria during 2016. Egypt has made the choice to lift currency controls at an early stage to ease the shortage of dollars. One cannot help but to wonder what would have happened had President Buhari from Nigeria not waited that long to free the naira against the US\$. Hopefully the recent attempts to address the problems of the Nigerian economy will have the required effect. Africa needs a Nigeria firing on all cylinders!