

African Union

- **Africa:** “Making Africa Work” is a book addressing solutions to Africa’s challenges. Former Nigerian president Obasanjo warns against alienating and ignoring the aspirations of Africa’s youth.

Former Nigerian president Olusegun Obasanjo says Africa’s leaders are to blame for many of the continent’s economic woes. Speaking at the launch of the book **Making Africa Work**, Obasanjo warned that if leaders continued to fail, the continent’s young people would rise against them, which would be catastrophic. Although the colonial powers did not do it right, many African countries have been independent for almost 60 years. “What have we done? The fault lies with our leaders,” he said. Obasanjo said his greatest fear was increasing unemployment and poverty giving rise to angry and frustrated youth. The anger would know no political, regional, ethnic or religious boundaries. It would cause an “explosion nobody would be able to manage”. “By the year 2050, the population of Africa will be 2 billion. How will we care for their education and health? How are we going to cater for employment and job creation? How are we going to cater for their dignity and fulfilment, their food security and nutrition?” Africa’s leaders must find solutions for the challenges of the youth. For more information, read [here](#).

- **CAS View:** Former President Obasanjo pulls no punches when he states that many African countries have been let down by their leaders. It is hard to fault such a point of view when the Mo Ibrahim Foundation has been unable to award the Ibrahim Prize for Achievement in African Leadership for more than 5 times the last decade. He is also quite correct in his point of view that the phenomenon of an “angry and frustrated youth” will be catastrophic for Africa. I have been speaking of this potential for quite a while. Africa must develop its youth and it must create the opportunities for meaningful work. When the youth forms 60% of the unemployed in Africa, the future looks bleak. I have bought the Kindle edition of the book referred to and cannot wait to start reading it. It will hopefully provide meaningful insights on how to address Africa’s challenges and make a contribution to implementing the UN’s Sustainable Development Goals and Africa’s Agenda 2063. We have moved beyond it being the good thing to do as far as youth development is concerned, to a situation that should we neglect this imperative, Africa will burn.
- **Africa:** AfDB president Akinwumi Adesina makes a case for seeing agriculture as agribusiness. He also makes a case for launching youth programmes and involving the private sector.

India is the perfect place for the African Development Bank to focus on the transformative power of agriculture. India is an inspiration to Africa, in that its Green Revolution took just 3 years. Agriculture must be seen as agribusiness: it’s the best way to create jobs and make money. Africa’s problem is that they have viewed African agriculture through the wrong lens for too many years. Agriculture is not a development activity or a social sector: it’s the biggest money-making business in the world. It’s for young people. That’s why the AfDB launched the ENABLE Youth programme to establish 10,000 youth-run agribusinesses in every country in Africa. Agriculture is the most strategic sector for a country’s economic growth. It is Government’s role to create policy, incentives and infrastructure – the private sector must step up and invest along the length of the agricultural value chain, from producing to processing, from farm to fork. The African future is not based on oil and gas; the future is food. Africa’s food and agriculture markets will be worth US \$1 trillion within 13 years. For more information, read [here](#).

- **CAS View:** This message by the president of the African Development Bank emphasises the importance of the agricultural sector, and the industrialisation thereof. I have previously remarked upon the necessity to expand

activities into the total agricultural value chain. Adesina's perspective that agriculture must be seen as agribusiness, cannot be faulted. His view that it is for young people is equally relevant. The youth must be attracted to the agri-sector, but for this to happen, the agri-sector must be more attractive as far as income generation is concerned. The youth are not likely to be satisfied with living the same struggle lives their parents and grandparents have done on small patches of 2-3 ha farmland. That is why they are flocking to the cities in the hope of finding jobs, hope that is mostly dashed. The prominent role of the private sector is also underscored. Adesina's predecessor, Donald Kaberuka, focused on involving the private sector in addressing Africa's challenges, as he realised that governments did not have the means nor the competence to do so. It is also interesting to see Adesina's view on the role of India in transforming Africa's agriculture. This could support PM Modi's drive to gain African support for a permanent seat for India on the UN's Security Council.

- **Africa:** India is supporting Africa's development initiatives in the field of renewable energy.

Three countries, Ivory Coast, Somalia and Ghana, signed up for the International Solar Alliance, on the sidelines of the African Development Bank's annual meeting held in Gandhinagar, taking the total number of signatories to 31. It was floated as PM Modi's initiative to orchestrate the switch to renewable energy at the Paris climate change conference. India has also set aside \$2 billion for solar projects in Africa. The alliance aims at efficiently using their abundant solar energy to reduce dependence on fossil fuels. 25 countries across Africa, the Pacific, South America and Asia, including Ethiopia, Burkina Faso, Brazil, Tuvalu, Cambodia and Bangladesh have so far signed the framework agreement. The ISA framework agreement has further secured six ratifications. The ISA has already welcomed new signatories from Africa, including Djibouti, Ghana and Comoros. India here is looking towards African countries numerical strength in immediately operationalizing the Agreement. Mauritius and Pacific island states, including Nauru and Fiji, are further expected to deposit their instruments of ratification soon. India further plans to allocate 20% of its concessional line of credit for Africa to solar projects. For more information, read [here](#).

- **CAS View:** Here we see 2 issues: India's support for Africa and Africa's commitment to renewable energy. An investment of \$2 billion for solar projects in Africa will go a long way to help address Africa's need for electricity. As it is, Africa needs an annual investment of between \$35-40 billion in its energy infrastructure. This must be seen in the light of an annual requirement of \$93 billion in infrastructure in general. 640 million people in Africa do not have access to electricity. The UN (through its SDGs), the AU (through its Agenda 2063) and the AfDB (through its High 5 Priorities) all, directly and indirectly, advocate lighting up Africa. Doing so using fossil fuel could contribute immensely to global warming, something that Africa cannot afford. Africa is expected to do the correct thing by curbing its carbon emissions, this while global warming and climate change is happening to it, and not because of it. One could say this is not fair to Africa, but unfortunately for Africa, given the negatives of climate change for Africa, it cannot join other global polluters to its own detriment. Its focus on developing renewable energy sources is therefore laudable.
- **Africa:** Africa's urbanisation trend is creating problems in various fields, such as unemployment and lack of services. Urban development must be planned comprehensively.

Much has been said about Africa's urban dividends—the increased prosperity and sustained socio-economic development resulting from the expansion and industrialization of African cities. According to the 2017 UN Economic Report on Africa (ERA), such dividends can be derived only from governments' deliberate planning and management of cities. 50% of Africa's people will live in cities in 18 years, relative to the current 40%, driven by rural dwellers' migration to the cities in search of better economic opportunities and access to essential services.

However, these population movements are rarely properly managed, and cities are often unable to provide residents with such public amenities as housing, water, electricity, health, education, sanitation and jobs, to name a few. Some governments have responded to urban population pressures by building new cities, such as Diamniadio in Senegal, or rehabilitating older cities, such as Kigali in Rwanda. Governments must plan “urban and industrial development through deliberate policies and investments as a priority for the sustainability of both cities and industries.” From a positive perspective, population growth could lead to a rise in the middle class population, which in turn would trigger new consumption patterns, leading to an increase in demand for processed goods. For more information, read [here](#).

- **CAS View:** Africa’s population is urbanising, something which cannot be denied. The expectation of a large concentrated market of middle class people waiting to purchase middle class goods and services, has led to MNEs developing city strategies, rather than country strategies. This expectation is not necessarily a valid one, as urbanisation is not managed nor controlled. It mostly just happens, leading to urban sprawl. We frequently find that squatter camps and informal housing are arising, with no services (health, electricity, water, and sanitation) and no jobs. When developing cities, master plans must not only address the provision of housing and services, but also the provision of jobs. Industrial parks must form part of the planning of cities. I have previously commented on both the Senegal and Rwandan examples. Africa must learn from this. This is where companies such as Singapore’s Surbana Jurong can make a meaningful contribution in Africa, given its expertise in city development and maintenance. Africa’s governments must embrace the opportunity as urbanisation is a reality and will happen, whether Africa is prepared for it or not. However, Africa must not only address the development of its cities, but must also create a strategy for the development of its rural areas. Denuding the rural areas of Africa cannot be good for Africa’s development.

East Africa

- **Rwanda:** Rwanda’s leather industry is now adding value at source, instead of exporting raw hides and skins. This is creating a local leather industry that serves the needs of local consumers, and leading to job creation and import substitution.

The expansion of the local leather industry has provided a lucrative alternative market for local hides and skins traders who previously exported the raw materials. Many traders have been selling hides and skins to neighbouring countries, especially Kenya and Uganda, which caused a scarcity and affected the nascent tanning industry. There are now a number of local factories who will buy these hides and skins. Although there is no major difference in price, the traders will not be incurring huge transport costs when exporting. There was also a region-wide decision to phase out the importation of second-hand clothing and footwear. Among the leading leather-processing factories in Rwanda is Kigali Leather Ltd, which has a capacity of 200 pairs of shoes daily and employs 150 workers. Kigali Leather made an additional investment of \$4 million in 2016, which will see its capacity increase to between 1,000-2,000 pairs of shoes per day, and will employ up to 300 people. The factory plans to process wet blue leather into finished leather and thereby reduce imports. For more information, read [here](#).

- **CAS View:** Exporting raw products has not been a sound long-term strategy for Africa. This was the case in mining products, as well as oil. It did have the benefit of earning a fast buck, but leaves a lot of money on the table. Adding value (beneficiation) has the benefit of creating more jobs and generating higher revenues (higher prices), in addition to the benefits of import substitution. It also stimulates the development of local manufacturing sectors, with all the concomitant benefits. Hopefully we will also see these finished leather goods being exported as well.

West Africa

- **Ghana:** Government institutions in Ghana have been directed to buy foodstuff from local farmers instead of importing it. This is boosting the campaign of buying the “Made at Home” products.

The government has issued a binding directive, instructing all schools, hospitals and other state institutions to mandatorily buy foodstuff from local farmers. They can only import food into the country if local producers indicate they cannot supply such foods. The directive is also aimed at averting a glut from the expected increased yield as a result of the implementation of government’s Planting for Food and Jobs Programme. Some institutions ignore local producers and import foodstuffs, citing better quality and taste. Under the Planting for Food and Jobs Policy, aimed at reviving the agricultural sector to make Ghana food secured, the government will provide agricultural inputs at subsidized prices to farmers and support them with timely, high-quality extension services. The focus is on five major crops for the first year: maize, rice, sorghum, soyabean and vegetables (tomato, onion and chilli pepper). Government will also construct 1,000 metric ton warehouses in every district to provide marketing infrastructure for farmers. The move is aimed at reversing the country’s huge food import bill, which currently stands at \$2.2 billion annually. For more information, read [here](#).

- **CAS View:** Various countries in Africa have embarked upon a programme to stimulate the consumption of locally produced goods and services. Buying “Made at Home” has become a rallying cry to stimulate economic growth and creating jobs, leading to import substitution and benefitting the trade balance. This is very much along the lines of the Nigerian “ban list”, where you can only get foreign currency to import goods not on the list. In Nigeria’s case, it was to protect the naira. As it is, Africa has the potential to feed the world. Yet many countries in Africa are net importers of food. The industrialisation of the agriculture industry will help to improve farming methods, increase yields, and generally create a more lucrative environment that will hopefully help to keep the youth more interested in agriculture.
- **Ghana:** The Ghanaian government has banned the importation of 49 medicines, boosting local production and creating jobs.

The local pharmaceutical industry has been boosted by the government’s decision to ban the importation of 49 medicines, which have now been reserved for local manufacturers. New applications for the registration of a medicine on the restricted list would not be accepted. The local pharma industry now has the capacity, both in terms of quality and quantity, to produce a certain category of medicines. The action by the government complies with the AU’s Pharmaceutical Manufacturing Plan for Africa, which aspires to strengthen Africa’s ability to produce high quality and affordable pharmaceuticals across all essential medicines to contribute to improving health outcomes and the realisation of direct and indirect economic benefits. Ghana intended to use the local pharmaceutical industry to secure its medicine-related needs to improve access to essential medicines and create jobs for Ghanaians. Currently, there are 38 pharmaceutical companies in the country, with 210 others purely importing medicines. The move has been described as welcome news that will boost the industry. This will also make medicines cheaper and more available. For more information, read [here](#).

- **CAS View:** This move is aligned with the essence of the previous article about stimulating the consumption of locally produced agri products. These pharma products now being produced in Ghana would typically be generic products. It will have various benefits, such as import substitution, job creation, economic growth, etc. Ghana is not the only one to embark on such a programme. Ethiopia has also done the same. Ethiopia, amongst others, presents a big opportunity for pharmaceutical manufacturing as nearly 85% of the Ethiopian demand is covered

by imports. In 2016, UK-based 54 Capital invested \$42m in Ethiopia's Addis Pharmaceutical Factory, a domestic producer of more than 70 types of medicines. The Ethiopian government is keen on reducing import bills and therefore prioritises and protects local manufacturers, with a target to increase their market share in tenders from about 20% to 50% by 2020 and 60% by 2025. In Ghana, we will probably see a consolidation of the 210 importers once the Ghanaian industry starts producing.

Southern Africa

- **Zambia:** Zambian Breweries have made major investments in developing local brewing capacity. As such, it is also supporting local smallholder farmers when it outsourced the production of input such as cassava.

Zambian Breweries is expected to invest US\$30 million at its Ndola processing plant to increase capacity to grow its clear beer business in Zambia. This will enable ZB to develop a one million hecto-litre packaging line, which will go a long way in expanding the Eagle beer line as well as other clear beers. The company will also expand its brewing capacity, bringing the total capacity to 1.850 million litres from the current 850,000 litres. The company will also build a new warehouse in Ndola. ZB has in the last 5 years invested US\$350 million to build capacity and to enhance the product line. The recent acquisition by ABInBev will also help grow the Zambian business as it sees Nigeria, South Africa and Zambia as important markets and has pledged commitment to expanding the businesses in these three countries. For more information, read [here](#). ZB has also invested US\$ 2.2 million to empower 4,000 small-scale farmers engaged to grow cassava. Recently, ZB recently commissioned a US\$33 million malting plant with an initial production capacity of 15,000 tonnes a year. They are also supporting small-scale farmers to grow sorghum. ZB is working with the Zambia Agriculture Research Institute to develop new varieties for cassava and to invest in the mechanisation of cassava production. For more information, read [here](#).

- **CAS View:** The above investments in the Zambian beer industry is clearly a vote of confidence by ABInBev in the Zambian market's capacity and growth prospects. It will have the normal expected benefits of job creation and economic growth. The way ZB is going about, will also benefit the agricultural industry as it is outsourcing activities such as growing cassava to smallholder farmers. Cassava as such is becoming more prominent in the beer industry. Barley malt used in beer production is normally imported. The substitution thereof with locally-produced cassava flour will have a substantial beneficial impact on the agri-sector. There are some commentators that are concerned with the strong focus by global liquor manufacturers on Africa. As was the case in the tobacco industry, it seems that the likes of ABInBev are targeting the developing markets for their growth potential. Given the vulnerability of certain sectors in the population of these markets, it is not necessarily a good thing. In all fairness to these global giants, they do advocate the responsible use of alcohol.