

Africa

- **Africa:** The World Bank has lauded sub-Saharan Africa as the region with the highest number of reforms and highest rank increase each year since 2012. Research has shown that a country could expect a 40% increase in FDI from a one-point increase in their transparency ranking, while a decrease in transparency rankings translates to lower levels of FDI.

Rwanda's Vision 2020 strives to achieve good governance by preventing and fighting corruption. Consequently, Rwanda's corruption ranking improved from 102 in 2008 to 48 in 2018. This was reflected in FDI, which increased from US\$118.67 million in 2009 to US\$293 million in 2017. Senegal's corruption ranking rose from 85 in 2008 to 67 in 2018. Comparatively, Senegal's FDI grew from US\$350 million in 2007 to US\$532 million in 2017. Cote d'Ivoire significantly increased its ranking from 151 in 2008 to 105 in 2018. Its investment profile also improved dramatically from US\$443 million in 2007 to US\$674 million in 2017. Zimbabwe's policies, in themselves, have however not done much to increase its transparency rankings, which effectively remained stagnant, being 166 in 2008 and 160 in 2018. Zimbabwe's FDI inflows also tell a disappointing story with a decrease from US\$472 million in 2014 to US\$247 million in 2017. For more information, read: <https://bit.ly/2TiSXWV>.

CAS Analysis: This is great news for the reform leaders in Africa. It clearly pays to be honest and transparent. Rwanda, Cote d'Ivoire and Senegal have always been favourites of mine, given the perception of honesty that goes with their leaders. It is unfortunate that Zimbabwe is being hurt by this indicator as it really needs the investments that go along with greater transparency and good governance. The country's people would do well to take note of this article and stop their infighting and start working on getting their country up and running again. Nobody else will do it for them. Unfortunately, it seems that political posturing has taken precedence over getting the country's economy back on track. I have said it countless times, Zimbabwe has great potential and its people deserve better than what their leaders are giving them.

East Africa:

- **Ethiopia:** Smallholder farmers in the Amhara Region of Ethiopia have moved into manufacturing by inaugurating a new cooking oil manufacturing and packaging factory, costing about US\$3.6 million. The factory created jobs for 80 employees and will produce 12,000 litres of cooking oil a day when the factory goes fully operational.

Ownership of the new factory will generate additional income for the farmers, and will also generate hard currency for the country. Smallholder farmers unions and cooperatives have been moving into the agro-processing manufacturing sector over the past few years. Last year, a cooperative union in Oromia with thousands of smallholder farmers members producing barley, bought the state-owned Assela malt factory, investing US\$46 million. Now the farmers are supplying the malt to the growing number of breweries in the country. Farmers' cooperatives and unions in other parts of the country are also moving to processing coffee and packing for direct exports. Regions known for their honey products, like Tigray, have also been processing and packaging their products for both local and export markets. The government has been investing in the construction of specialized agro-processing zones in different parts of the country to boost its revenue from exports and help the farmers get more from their products by adding value. For more information, read: <https://bit.ly/2VqUeJ0>.

CAS Analysis: This is a great development. Value-addition in the agriculture value chain has become a popular rallying cry, and here we see how it is given substance by Ethiopia. The days are gone that farmers could be satisfied by just the selling off of raw products, without adding value. The benefits have always been quite clear as well, i.e. more jobs, greater revenue for the farmers, export revenues for the country and the benefits of import substitution. Some countries have actually made it illegal to export unprocessed agricultural products, such as Rwanda, to name but one. Given the challenge many of the farmers in these countries face as far as financing is concerned, there is no doubt that investors could tap into many of the opportunities that are available.

- **Ethiopia:** Hyundai Motor Co opened a 10,000-a-year vehicle capacity assembly plant in Addis Ababa, its first factory in East Africa. While second-hand vehicles dominate sales in Ethiopia, Hyundai hopes locally-assembled cars could prove attractive given the cost of imports due to high taxes.

Vehicles assembled include passenger hatchback cars and trucks. Some of the cars will be exported to the region. The plant is big enough to assemble for Kenya, Ethiopia, Somalia, Djibouti, Eritrea and Sudan. Ethiopia produces around 10,000 commercial and other vehicles a year for its home market. It imported more than 40,000 cars in 2017. Assemblers in the country include Chinese brands Geely, FAW and BYD, as well as Lifan. Hyundai was drawn by Ethiopia's economic growth, one of Africa's fastest for more than a decade. For more information, read: <https://reut.rs/2TIJ3DQ>.

CAS Analysis: Africa has clearly become the target of many major automobile manufacturers. Friday@Noon has been reporting regularly about this phenomenon. It is not only Hyundai that is keen towards Ethiopia, but VW has also recently indicated its interest in this country. While the per capita GDP of US\$770 in 2017 is a bit low (benchmark for a thriving auto sector is US\$3000), the population of 105 million makes up for it. Also, many second-hand cars are imported, not only into Ethiopia, but into East Africa and elsewhere on the continent. By assembling in Africa, African countries are creating their own source of second-hand cars. One can therefore indeed say Hyundai (and VW) are positioning themselves for the future. A stable mate of Hyundai, Kia, has already signed an agreement in 2016 to assemble cars in Ethiopia. VW is also targeting Kenya, Rwanda, Ghana and Nigeria as sources of assembly, in addition to South Africa. These are by no means the only global brands assembling in Africa. With a growing population that is becoming wealthier, these auto companies are seriously taking note of Africa's potential. There are various opportunities upstream and downstream in the value chain.

- **Uganda:** A new farming model to overturn peasantry farming in Uganda is coming on board, with agricultural experts establishing an agricultural park in northern Uganda to embrace corporate farming.

The concept of agriculture parks as a strategy for established farming can be used to protect farmland and create access to land for farmers, while also realising a full range of other community and environmental benefits. The target is to attract people who have money to carry out farming as a business initiative but lack the time to be on the farm. As such a team of agriculture experts under their company Gloveg Agri Uganda Ltd (GAL) have acquired ~5,000 acres to establish the Agriculture Park. Huge sums of financial capital are locked up in the corporate world because the people are too busy to engage directly in farming and others fear and view agriculture as a risky initiative. GAL experts will conduct the agriculture initiative on their behalf. The experts comprise of agronomists, extension agriculture service workers and technical staff who will be engaged in ploughing the land using tractors; others will be sowing seed, weeding, harvesting using combined harvesters, packaging and marketing experts. The target crops are currently hybrid cassava varieties, and soybean. For more information, read: <https://bit.ly/2TiSSTe>.

CAS Analysis: This is a great development, one that has already been noticed in Nigeria. FarmCrowdy, which Friday@Noon has reported upon, links investors (urban professionals with disposable income) with farmers (whom they vet before getting them aboard as part of the team), while also organising the market. The farmers get 60% of the income, while the investors and FarmCrowdy get 20% each. Everyone smiles, including the market, given that they get the produce in demand and not what the farmer can produce with his/her poor inputs and lack of financing.

- **Uganda:** Uganda's agriculture seems to be underperforming in comparison to many of the countries that are not as naturally gifted. As of 2018, the GDP stood at US\$25.89 billion. The agriculture sector contributes 24.5% to GDP and employs 71.9% of the labour force, 77% of whom are women, 63% are youth, with the majority in the rural areas.

The productivity levels still remain low due to the continued use of rudimentary practices, and a high engagement in agriculture for subsistence purposes. The youth unemployment rate in Uganda has reached 62%, with universities rolling out as many as 400,000 graduates annually. Only 150,000 jobs are created annually. The agricultural sector can therefore be a potential source of job creation for the growing number of Ugandans. Improvement in agriculture can come in form of modern agricultural practices and better inputs such as irrigation, improved crop varieties, assurance of market for produce and land protection to the farmers. The growth of the agricultural sector has the potential to absorb unemployed youth directly through engagement in farming and indirectly through providing services in agro-based industries. Also, this can provide a remedy to the increasing youth rural to urban migration. Equipping the youth with

technical and operational skills in agriculture is the way to go. For more information, read: <https://bit.ly/2GO8lzp>.

CAS Analysis: The agriculture sector throughout Africa has many of the same challenges we see here indicated for Uganda. Many other countries have the same challenge as far as the youth are concerned. Unemployment and underemployment are at dangerously high levels. Countries are also developing policies and initiatives to increase the productivity of agriculture and its contribution to GDP. This would include Rwanda as well. We have also seen youths in some countries taking control of their own destiny, such as was reported upon a week ago in Friday@Noon. Youth in the agricultural sector of Rwanda are appealing for an incubation hub to help train, develop and support young people in setting up their own businesses in the field. Young farmers believe that an incubation hub would decrease post-harvest losses by bringing innovation for food security and adding value to traditional crops to turn them into cash crops. Value addition for crops requires other additional knowledge that the youth don't have. Young Africans cannot afford some equipment at the moment, or experts to help with business ideas. An incubation centre can have multipurpose equipment for each sub-cluster: food, beverages, cosmetics and input cluster. Such a centre would be helpful for both farmers and youth in agribusiness and can be a place to turn ideas into action. It is high time the various countries learn from each other and not reinvent the wheel.

West Africa

- **Nigeria:** President Buhari was declared the clear winner by securing 56%, or 15.2 million votes. His main opponent, Atiku Abubakar, received 41% or 11.3 million votes. Abubakar, who made campaign promises to "make Nigeria work again," quickly rejected the result of what he called a "sham election" and said next steps would be revealed shortly.

Buhari stated he was "deeply humbled" and regretted the loss of dozens of lives in "mindless" election-related violence. Rejecting the outcome, Abubakar said he would have conceded "within seconds" if the vote had been free and fair. One obvious red flag, he said, was that states in the northeast ravaged by attacks by armed groups generated much higher voter turnouts than peaceful states. At least 67 people were killed during or after Saturday's vote. The opposition's fraud accusations have heightened tensions in Nigeria, but the controversy could also just peter out, as happened recently after a presidential vote in the DRC. Buhari's party rejected Abubakar's allegations of manipulation of results and called on Abubakar to accept his loss gracefully. British Prime Minister Theresa May and the leaders of Kenya, Ghana, Senegal and Niger sent their congratulations to Buhari. For more information, read: <https://bit.ly/2UbGOAi>.

CAS Analysis: This outcome was predictable; indeed, the Centre published an article two weeks before the election stating that Buhari would win. What is becoming a bother, is that the loser always complains he/she had been robbed due to election fraud. It is never a case of the voting public did not like the candidate; it is always "I was robbed, and I therefore demand a re-election." There are undoubtedly cases where election fraud did take place; however, with the exception of Kenya at the end of 2017, re-elections seldom if ever take place. We then find loser candidates having themselves inaugurated as the "people's president", as in Kenya, or where Martin Fayulu in the DRC rejected a court ruling that his rival had won the presidential election and declared himself president in a move that could stoke further unrest. Getting back to Nigeria, many observers are clear that Buhari's election is not good news for the economy of the country. It is also not clear to what extent Buhari has succeeded to increase the level of security by defeating Boko Haram. This group has been quite active as of late.

Southern Africa

- **South Africa:** Growth in the production volumes of blueberries in South Africa has been significant, with some reports indicating a 30% increase per annum since 2008.

Blueberries are a labour-intensive crop. To meet specified export standards, each berry has to be sorted individually according to size and defects, if any. In some export markets, blueberries are often grown in open fields and are therefore more susceptible to the elements, including insects and birds. These berries are even machine picked, resulting in mechanical damage. In South Africa, producers grow blueberries in tunnels where the best berries can be selected and hand-picked to ensure the best possible quality. This has the advantage that the quality of the blueberries is more consistent, requiring less sorting for

defects and blemishes, after harvest. In South Africa, blueberries are still a rapidly growing market, even in neighbouring countries such as Namibia and Zambia. For more information, read: <https://bit.ly/2EBaGk9>.

CAS Analysis: Blueberries have become a popular diversification crop for a number of grape growers and wine estates. Farmers have started to adopt a platform business model by diversifying into wine tasting, restaurants, events and guest houses. This would be in addition to their grapes and wine. Blueberries are chosen given the following: high barrier to entry (R350 000 per ha to establish, relative to the R75 000 per ha for grapes); high yields (some farmers have been able to sell off 95% of their harvests, with the other 5% being used for desserts and smoothies); premium prices, ranging between R125 and R50 per kg (especially since South Africa's crops hit the market about a month before the Chilean blueberries do); a shorter operating cycle relative to premium wines, which could vary between 2 to 5 years, depending on the maturation period of the wine; and control over the entry into the market (getting plants on the one hand and selling to global retailers on the other).

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