African Union

- **Africa**: Four key players in the African tech space provide their views on what can be expected in 2017.

Four key players in the African tech space are looking forward to certain developments in 2017: **BRCK co-founder Erik Hersman** saw drone activity for specialized uses as interesting, especially in Rwanda for healthcare and in other countries for poaching prevention. Connectivity is going to be an even more important item than in years past, as demand continues to grow, devices are more prevalent and the big international video players are on it. **Project Isizwe founder Alan Knott-Craig** expected the calls for faster, cheaper internet to become louder. **Jumia co-CEO Jeremy Hodara** expects more African reverse innovations to address local challenges that could later be applied on an international level. **Ovum analyst Danson Njue** expects the major developments to be about the launches of new services, especially in the data, mobile financial services and enterprise segments. Njue also expects telecoms and governments to continue to focus on increasing broadband connectivity through the expansion of 3G and 4G networks, as well as fibre networks. For more information, read here.

- **CAS View**: From the article, technology will play a major role in Africa in 2017. From all the respective spheres, such as the political, economics, social, and legislative spheres, the most pronounced drivers of change impacting Africa are bound to come from the world of technology. The WEF’s theme of last year was the 4th Industrial Revolution, with automation the main issue. This year we saw progress on the 4th Industrial Revolution as one of the 5 main issues of the WEF’s meeting at Davos last week. Connectivity, mobile telephony, fintech, and apps in all the fields of industry (agriculture, banking, entertainment, health, transport, etc.) are the talk of the day (actually the next decade!). The cost and availability of broadband are going to be major issues in this broad development. What Africa needs to take care of is to avoid developments that will reduce employment. Jobless growth is a luxury Africa cannot afford.

- **Africa**: A number of factors are impacting on the hospitality industry in Africa.

Air fares, hotel rates, security and accommodation listing platform Airbnb are key factors that will shape the hospitality industry performance in many African markets. A new forecast for travel outlook for 2017 released by Advito, says business fares will rise, but economy fares will remain flat. It adds that Airbnb will gain market share from hotels, while security will be the number one driver for hotel buyers. Last year, international hotel chains opened local hotels that are expected to increase luxurious accommodation services. With few good quality hotels outside the South African market, rates are astronomical in cities such as Accra, Kigali, Luanda and key business centres in Nigeria. High hotel rates reduce the number of tourists and business travellers. But other players in the hospitality sector believe rates could go down with the entry of new hotels in the local market. On airline transportation, Advito predicts economy fares in Africa to range between -1% and 1% on intercontinental routes, while regional fares will remain the same. Meanwhile, Airbnb is gaining popularity in Africa as travellers shun hotels for private homes. For more information, read here.

- **CAS View**: Africa must do all that is possible to encourage tourism into Africa, whether from outside Africa or from within (intra-African tourism). The leverage effect of tourism is massive, with foreign revenues and new jobs significant benefits. Africa must keep on attracting foreign hotel groups in the respective levels of income, as it needs infrastructure development. Airlines should also play their role and improve access to the major centres in Africa. Africa has a beautiful natural environment, with tourist destinations that are very attractive. However, currently we frequently find that the infrastructure and services to support tourism to these areas are less than optimal. Africa
must also be careful not to be seen as an expensive tourist destination, as there are quite a number of attractive destinations in other parts of the world.

- **Africa**: Africa has a number of bright spots, in spite of the economic slowdown. Food retailers are tapping into the growth in the consumer class.

  Africa’s macroeconomic environment has slowed down overall, in spite of several bright spots. It’s also true that the rate of growth of Africa’s middle class consumers is relatively slow. But the absolute numbers will keep rising, and that’s a huge opportunity. McKinsey projects household consumption will grow at an average rate of 3.8% from 2016 to 2025, to reach some $2.1 trillion. Growth will mostly be driven by the continuing urbanization of Africa. Supermarket chains like South Africa’s Shoprite and Kenya’s Nakumatt might be small relative to global players, but the consumer markets they serve are attracting the attention of investors ready to play the long game. It makes sense given the growth potential of the consumer base. In addition, the informal economy of open street markets still dominates 90% of retail in large countries like Nigeria and Kenya, meaning there’s plenty of room to grow. Africa’s top retailer, Shoprite, has continued to expand across Africa and is now looking to become even larger with another merger. Supermarkets are generally a very local business and retail is one of a few industry sectors in which African-owned companies can grow revenue faster than global peers and do so more profitably. For more information, read [here](#).

- **CAS View**: This is an issue I have written about frequently. Africa’s consumer class is growing nicely, and presents “yuge” opportunities for investors. In this article, we see food retailers expanding into Africa to tap into this opportunity. As said before, they will need to tap into local value chains for supplies to shorten their supply chains and bring down the costs. Those companies that abstain from doing that will suffer. In spite of the claim by the article that African-owned companies will be better off, we are finding that global companies are buying into African-owned companies, such as Massmart, to tap into the opportunities presented by a growing consumer class. Kellogg bought 50% of Tolaram-owned Multipro. Carrefour, Walmart, and Tesco are others that have identified Africa as a destination. Their size also means they can source at lower prices, given their scale. The bottom line is that Africa cannot afford to rest on its laurels in the misguided belief that local knowledge will be a safeguard against foreign penetration.

**East Africa**

- **Kenya**: A new mobile app supports irrigation in Kenya.

  Kenya has not had enough rain in the past few months, and it has also been unevenly distributed. Dealing with unpredictable and irregular rainfall is a challenge for many farmers, one made worse by water-wasting, inefficient irrigation systems. Scientists from Kenya's Meru University of Science and Technology have developed a mobile app that monitors the need for water in fields and controls irrigation equipment to deliver just what is needed. Traditional ways are inefficient. The app uses sensors placed throughout a field to determine the moisture levels of the soil. If it's too dry, a control unit uses solar panels to open the valve of a water tank, then close it again when the soil is damp enough. The combined app and irrigation system cost $480 per quarter of an acre, including solar panels and two drip irrigation lines. Despite the high upfront cost of the system, it will curb water waste and save labour costs as it does not require farmers to physically monitor it. The use of the system has reduced harvest loses due to dry weather from 70% to 10%. For more information, read [here](#).
• **CAS View:** Agriculture is of the utmost importance to Africa. Feeding Africa is a massive challenge. As it is, agriculture also is the main employment sector on the continent. Industrialising agriculture has also become a major drive for institutions such as the African Development Bank. It is good to see the world of technology and agriculture meeting up. What makes this initiative more laudable, is the use of renewable energy to drive the water valves. It makes it more sustainable as the sun’s energy is free. Africa’s innovations in this regard are heartening and will stand it in good stead. What we now need to see is the equivalent of M-Kopa (used by East Africans to pay for their solar energy on the M-Pesa platform), for transforming the high upfront capital costs of the system into a monthly operational cost.

**West Africa**

• **Nigeria:** The Nigerian government has developed the Economic Recovery and Growth Plan to boost the Nigerian economy.

Asset divestment, stable oil production and expansion of economic infrastructure are parts of the strategic plans of the Nigerian government to haul the troubled economy out of recession and restore growth. Nigeria’s Economic Recovery and Growth Plan, ERGP, 2017-2020, was recently unveiled in Abuja. The ERGP was designed to combat the current economic crisis, restore growth and ensure sustained inclusive growth. To implement the ERGP, the government has prioritised 12 strategies, though 59 strategies have been developed. The priority strategies are: privatization of ‘selected’ public asset; cutting costs of governance; restoration of crude oil production to 2.2 million barrels per day (mbpd), targeting 2.5mbpd by 2020; investment in critical infrastructure, especially electricity, roads, and railways to support investments; and revamping the country’s refineries. Others are: expansion of social investment programmes; improving the ease of doing business in the country; accelerated implementation of the National Industrial Revolution Plan; exports promotion; agricultural transformation; improving skills, and enhancing growth. Nigeria is apparently also making efforts to secure funds from multilateral agencies and China to address its economic challenges. For more information, read [here](#).

• **CAS View:** It is good to see the Nigerian government developing plans to address the state of the Nigerian economy. It needs a tweak here and there. With inflation at more than 18%, the CBN bank rate at 14%, the naira at more than 480 naira to the dollar, the dollar not freely available, infrastructure problems constraining the economy at large, the oil price under pressure, and oil production problematic with the NDA attacking pipelines, sensible strategies are in high demand. Having said that, none of these are really new problems. One would have thought the government of President Buhari would have had these strategies in place a long time ago. Still, hopefully these priorities will succeed in addressing the problems of the Nigerian economy. Africa needs a well-functioning Nigerian economy, firing on all pistons.

**Southern Africa**

• **Mozambique:** Lusophone Africa can make a contribution to Africa’s development. However, it has a few challenges.

Some Portuguese-speaking African countries are expected to be stars of GDP growth on the continent in 2017, while others will continue to be flat. The World Bank assesses the Mozambican economy as the most dynamic in the Portuguese-speaking world, growing 5.2% in 2017 and 6.6% in 2018. China has repeatedly highlighted the unique compatibility of Portuguese-speaking countries with China’s ambitious “Belt and Road” initiative. The An-
gola-China relationship was once so close that it gave rise to the so-called “Angola model” of economic development. Unlike Angola, Mozambique’s foreign debt and accompanying economic problems are the result of Chinese illegal fishing in its waters. By a recent count, 129 out of the 130 vessels operating in Mozambique’s territorial waters were registered in China and the country is losing US$35 million every year to the practice. To stop the bleeding, Mozambique bought several patrol boats, which created problems with international creditors who thought the acquisition too expensive. There is a disconnect between the priorities of Mozambique and China, who is seen to be poaching food resources needed by the local population. African leaders are becoming more dubious of China’s intentions. For more information, read here.

**CAS View:** Lusophone countries in Africa have a powerful contribution to make. The two powerhouses in this grouping, i.e. Angola and Mozambique, have the potential to contribute towards the wealth and welfare of not only their own citizens, but also those of Africa at large. In addition to oil, gas, diamonds, coal and other resources, they also have considerable agriculture potential. Angola can on its own deliver sufficient food to feed Africa, to literally be Africa’s breadbasket. One has, however, to take into consideration the state in which these former Portuguese colonies were left in when Portugal left in the mid-70s, as well as the devastating effect of civil wars in both. Mozambique is still not a model of peaceful co-existence. This was not good for the infrastructure as well. Questionable economic policies, driven by commodity exports instead of value adding, added to the challenges faced currently. If what the article is suggesting about China’s fishing boats poaching fish in the Mozambican waters is true, it is a serious indictment against China. Africa’s economies need honest support and investment. The potential of these two counties is amazing. They need all the support they can get, as well as governments that have the best interests of the country at heart.

**South Africa:** Cape Town has developed a Waste-to-Energy plant in Athlone.

The New Horizons Energy Waste-to-Energy plant (WTE), to be launched in Athlone, Cape Town, will manufacture bio-methane and carbon dioxide by the middle of the year. It is anticipated to generate 80 full-time jobs and numerous hundred indirectly, and will consume 500t of waste daily – approximately 10% of Cape Town’s total. All the compressed gas produced will be vended to Afrox. The bio-methane will be sold as an alternative to LPG and diesel, and the carbon dioxide will be used in agriculture, industries and waste-water treatment. There is a lot of potential for manufacturing products such as plastic bricks and roof tiles. Organic waste for the digester will come from the City of Cape Town, shops, food makers’ restaurants, bakeries, and breweries. The upgraded bio-methane from the New Horizons plant is cleaner burning, with far less production of sulphur and nitrogen by-products, and it will have a far more dependable quality. For more information, read here.

**CAS View:** At last! South Africa should have gotten on the WTE bandwagon ages ago. Reppies in Addis Ababa, Ethiopia, is another development in the WTE sector. Three questions concern me. Firstly, why is the New Horizons WTE plant only using 500 tons of waste, 10% of Cape Town’s waste? Why are they not looking at a much larger scale? Secondly, Reppie WTE in Addis is generating electricity, which they pump into the national grid. They are looking at contributing 185 million Kwh eventually, using 1400 tons of waste daily. Why look at going the gas route? What drove this decision? Thirdly, Johannesburg also has 5000 tons of waste daily. Why haven’t they also started with developments in this regard? Africa’s cities should be copying each other and not reinvent the wheel. As it is, more than 620 million people do not have access to electricity in Africa. This kind of initiative should therefore be highly in demand! Having said that, any initiative that deals with Africa’s waste and that can contribute to providing energy, is to be welcomed.