Africa

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The African Continental Free Trade Area (AfCFTA), signed on Wednesday 21 March 2018 in Kigali, has been described as the next salvation for Africa because it will help Africans meet their needs by trading with each other. Despite expected losses in terms of tariff revenues for African countries, the benefits from the CFTA will be several times higher, especially through lower prices for consumer goods. Apart from being signed by Heads of States and Government, the agreement must be ratified domestically. 44 countries signed the AfCFTA – an agreement that officially made Africa an open single market for all Africans. Moreover, 43 countries also signed the Kigali Declaration, while 27 countries signed the protocol of the free movement of people. However, President Muhammadu Buhari of Nigeria has cancelled his trip to Rwanda and will not sign the AfCFTA. The Nigeria Labour Congress had strongly warned against signing the AfCFTA, saying the decision may affect the nation's manufacturing sector and lead to a loss of jobs. Buhari cancelled the trip "to allow more time for input from Nigerian stakeholders." President Cyril Ramaphosa from South Africa has signed the Kigali Declaration on the establishment of the African Continental Free Trade Agreement, but not the agreement itself. South Africa has some reservations over outstanding issues, saying it was not given enough time to follow Constitutional and internal processes in order to sign the agreement. For more information, read: [http://bit.ly/2pxA9S8](http://bit.ly/2pxA9S8), [http://bit.ly/2FZTHWZ](http://bit.ly/2FZTHWZ), [http://bit.ly/2G2BAzW](http://bit.ly/2G2BAzW) and [http://bit.ly/2pwMVa](http://bit.ly/2pwMVa).

**CAS View:** The CFTA has the potential to increase intra-African trade by as much as 50%! The benefits thereof cannot be denied. I have referred to the CFTA a number of times in the past editions of Friday@Noon. In Issue 137 I gave some background and information on the challenges, benefits and obstacles to the CFTA. CAS also republished articles on the theme of the CFTA. The practical manifestation of the CFTA will not be a short journey. The two largest economies in African have not signed the CFTA, which raises questions. Without Nigeria signing the CFTA, this economic community will be little more than a somewhat jazzed-up TFTA. Looking back, by July 2017 the TFTA had only been ratified by 8 of the 26 countries (although being signed on 10 June 2015), while only 20 of the 26 countries had signed the TFTA Agreement. The CFTA must be ratified by 22 members by January 2019 to come into effect. If the TFTA is anything to go by, it may seem that there is not really a sufficient sense of urgency amongst the leaders of Africa to ratify the CFTA. I am also worried about the inability of various players to subordinate national interest to regional/continental interest. Having said that, there is no denying that the CFTA has tremendous potential for African countries. The potential increase in intra-African trade will give African economies a much needed boost. Putting the CFTA to bed, however, is going to be a difficult endeavour. According to Dr Rafiq Raji, there are still issues to iron out. Member states have yet to agree on tariffs on all goods, for instance, although on services they have successfully closed the book. In order to make a meaningful impact, the CFTA will have to improve the quality, as well as the quantity, of intra-African trade. He also pointed out that negotiations on important issues like intellectual property rights, tariffs for some goods, what constitutes proper competitive behaviour and so on, are still ongoing. In addition, there is the bigger issue of how African countries would extricate themselves from constraining bilateral and multilateral trade agreements with developed economies, which at first glance seemed beneficial to African countries, but on further scrutiny have been found to be ultimately detrimental to their long-term industrial development.

East Africa

- **East Africa:** Wefarm, a farmer-to-farmer digital network currently in Kenya and Uganda, has secured $5 million in additional seed funding. Wefarm is the world’s first crowdsourced peer-to-peer network for offline communities.

Wefarm, a farmer-to-farmer digital network currently in Kenya and Uganda, has secured $5 million in additional seed funding. Wefarm is the world’s first crowdsourced peer-to-peer network for offline communities. Over 500 million small-scale farmers produce over 70% of the world’s food and spend over $400 billion on farm inputs and other services, annually. Wefarm enables the world’s small-scale farmers to connect with one another to solve problems, share ideas, and spread innovation. Through Wefarm,
farmers can ask questions on anything related to agriculture. Wefarm uses machine learning and the power of the crowd to source the very best content and knowledge from a network of over 660,000 farmers, even via SMS. Wefarm’s data models will be able to track and predict key issues, such as disease, ripening periods, shortages, drought, soil conditions, farm characteristics and many other vital supply chain issues. With this data, businesses can improve supply chain management and security, evaluate key trends and challenges, and increase sustainability and transparency. For more information, read: http://bit.ly/2HKGAtq.

CAS View: There is no denying that agriculture in Africa has an important role to play. It employs approximately 60-70% of Africa's people, and contributes about 25% of its GDP. Many (we could say most) of Africa’s farmers are smallholder farmers who frequently lack formal training, both technical and managerial. This initiative is therefore a very timely one, and one that will very definitely benefit the sector tremendously. Farmers with problem situations can learn from other farmers, who would have experienced similar problems, hence knowing exactly what the situation is and how to deal with it. Once again we see Africa using technology (even such as an SMS on feature phones) to deal with challenges on the continent. Other examples would include M-Pesa, M-Kopa and FarmDrive, to name but a few.

West Africa

- **Ghana:** Mr. Yaw Osafo Marfo, Senior Minister, has hinted at plans by government to halt the export of raw materials from Ghana to enrich other economies.

Mr. Yaw Osafo Marfo, Senior Minister, has hinted at plans by government to halt the export of raw materials from Ghana to enrich other economies. “There will be no export of raw materials from this country. Government is determined that we are going to have value addition to our raw materials to create employment for our own people,” he said. According to him, observing the effects that the exported raw materials has had on Ghana, Ghana cannot have a situation in which their raw materials are used to create employment for people elsewhere whilst their own people live in poverty. Ghana was in search of jobs for its people as unemployment was the biggest problem in Ghana. Exporting unprocessed raw materials created jobs elsewhere, thereby creating revenue outside of the country. The Ghanaian government has therefore resolved that it won’t allow the export of these materials without adding value to them in Ghana. For more information, read: http://bit.ly/2GJl4FW.

CAS View: Ghana is now a member of a growing group of African countries that have legislated the beneficiation of raw materials before exports. This obviously entails moving down the value chain, with all the concomitant benefits. These include more jobs at higher skills levels, greater revenues and import substitution. Since President Nana Akufo-Addo won the election in December 2016, Ghana has gone from strength to strength. Its economic growth rate more than doubled from 3.7% in December 2016 to 7.9% in December 2017, with a projected growth rate of 8.3% for 2018, the highest in the world. This beneficiation policy has the potential to provide additional impetus to this growth rate. Beneficiation in general has a potentially powerful impact. During the FOCAC of 2015 in Johannesburg, South Africa, President Xi Jinping from China undertook to support beneficiation at source to help African countries develop and industrialise their economies.

- **Ghana:** At least three banks are set to commence the issuing of electronic money that will allow customers to transfer money on a virtual platform. According to the Bank of Ghana, the development forms part of efforts to reduce the use of cash and switch to a more cash-lite economy.

At least three banks are set to commence the issuing of electronic money that will allow customers to transfer money on a virtual platform. According to the Bank of Ghana, the development forms part of efforts to reduce the use of cash and switch to a more cash-lite economy. This development is likely to impact competition among telcos, fintechs and other players within the digital ecosystem. Banks will have their own wallet and their own agents who will accept monies and digitally transfer the equivalent into the customer’s wallet so he or she could go ahead with his or her transactions. Some international organizations have also expressed interest in entering the market and issue their own electronic money. Currently, three telcos, i.e. MTN, Airtel Tigo and Vodafone are issuing their own electronic money. For some, the coming on board of the three banks in issuing their own electronic money, means intense
competition for the already existing platforms. Others have also viewed this as an opportunity to leap unto the 2020 cashless economy target by the government. For more information, read: http://bit.ly/2GHOFRP.

CAS View: The above case study is a mirror study of the Kenyan experience where we saw the likes of M-Pesa (a development of Safaricom, a telco in Kenya) initially taking on the banks. The latter later on responded with their PesaLink. As far as the situation in Ghana is concerned, the increase in competition can only be good for the Ghanaian consumers. It does seem that the banks in Ghana have not made the same mistake as those in Kenya, namely waiting too long before responding appropriately, thereby giving the telcos sufficient time to entrench themselves. As it is, Ecobank has identified a trend suggesting that fintech innovation in Africa will be picking up speed in 2018, buoyed by a new generation of Africans who are ‘digital natives’.

- **Guinea**: China’s EximBank has approved $1.3 billion in financing for a utility-scale hydroelectric plant in Guinea.

China’s EximBank has approved $1.3 billion in financing for a utility-scale hydroelectric plant in Guinea. The 450MW plant is expected to produce sufficient capacity to export to Guinea’s neighbouring countries. The China Water Electric (CWE) began building the dam in December 2015, with construction expected to take about 5 years. The loan will be reimbursed through electricity sales to neighbouring countries by a joint venture between the Guinean state and CWE. Despite substantial hydroelectric potential in Guinea from its 12 major rivers, only about a quarter of the total population has access to electricity due to failing infrastructure and mismanagement of the sector. Guinea sits on about a third of the world’s bauxite and has seen production of the aluminium ore surge in the past few years. However, Guineans regularly complain that mineral wealth has not translated into improved living standards. For more information, read: http://bit.ly/2GJBbmW.

CAS View: Guinea has a population of 12.4 million, with a GDP per capita of US$1215 (2016 figures). As such it is a relatively poor country. Its primary exports are pearls, precious stones, metals and coins (40%) and ores slag and ash (37%). Bauxite is one of these metals. The Winning International Group is actively involved in transporting the bauxite to China. It has also contributed extensively to the development of infrastructure in Guinea, such as the port, roads, housing and solar energy facilities for the local community. When the above hydro project is completed and the energy generation kicks in, it will have a substantial impact on the industry in Guinea. Hopefully the government will use the revenue generated thereby to improve the living standards of the local communities.

**Southern Africa**

- **South Africa**: The executive chairperson of mining company African Rainbow Minerals, Patrice Motsepe, last Friday expressed the firm conviction that South Africa was reinforcing its position as a competitive mining destination through a positive Mining Charter outcome and widespread consensus on the manner in which the crucial issue of land expropriation is tackled.

The executive chairperson of mining company African Rainbow Minerals, Patrice Motsepe, last Friday expressed the firm conviction that South Africa was reinforcing its position as a competitive mining destination through a positive Mining Charter outcome and widespread consensus on the manner in which the crucial issue of land expropriation is tackled. Motsepe was absolutely confident that current Mining Charter discussions under way would ensure South Africa's position as a competitive global mining destination for investment. He urged the private sector to enter mainstream South Africa's political discussions on the expropriation of land without compensation. “The private sector must be a credible committed partner,” he said. Business has to influence and engage with government. He expressed the conviction that black landlessness and exclusion would be dealt with in a manner that was legally compliant and constitutional and that its outcome would not be negative for investor confidence. A commitment to meaningful, significant black ownership and black farming was necessary, as was dedication to economic growth to expand employment of urban blacks. Great sensitivity needed to be shown to the insecurity of white farmers and the country's duty to all South Africans must be acknowledged. For more information, read: http://bit.ly/2IDaoCf.
CAS View: There are two serious issues addressed in this article, namely the Mining Charter of South Africa and the issue of land expropriation without compensation. The Mining Charter has created a lot of uncertainty and dissatisfaction amongst the mining community members, to the extent that the version set to be enforced by the previous Minister of Mineral Resources, Mosebenzi Zwane, was suspended pending a legal review. The new minister, Gwede Mantashe, undertook to complete a new Mining Charter within 3 months. This is an ambitious target and it is hoped that the new charter will be acceptable and create the necessary productive policy environment that will satisfy all the relevant stakeholders. The issue of land expropriation has created a lot of uncertainty amongst farmers and investors in South Africa. Both these issues have the potential of severely disrupting the South African economy if not dealt with appropriately. Given the uncertainty created by the announcements by President Cyril Ramaphosa and the subsequent decisions by the South African Parliament regarding the expropriation of land without compensation, it is imperative that a framework of how the country intends to deal with the land issue be created as soon as possible. Uncertainty regarding land is not something South Africa can afford. It is undeniable that the present situation regarding land ownership is not in the best interest of the country. It is interesting to see Patrice Motsepe commenting on these issues. He is the brother-in-law of the South African president. This, in addition to being a prominent business tycoon in South Africa, would make him a credible commentator on South African issues. His empathy towards all stakeholders is a good starting point towards the gaining of their trust. Let’s hope for South Africa’s sake that his convictions will stand the test of time.

North Africa

- **Sudan**: The Minister of Finance and Economic Planning Dr. Mohamed Osman Al-Rikabi, has stressed the depth of the developed economic relations between Sudan and the UAE, pointing to the UAE’s continued support to Sudan, urging support for Arab food security projects.

The Minister of Finance and Economic Planning Dr. Mohamed Osman Al-Rikabi, has stressed the depth of the developed economic relations between Sudan and the UAE, pointing to the UAE’s continued support to Sudan, urging support for Arab food security projects. He emphasised the provision of all facilities to the UAE investments in Sudan in all fields. The UAE ambassador in Khartoum in turn praised the Sudanese efforts, including the private sector and banks, towards the investments of the UAE in Sudan. In another development, as Sudan struggles to tackle an acute foreign exchange crisis, the UAE has offered $1.4 billion to Sudan's Central Bank. This aid comes just days after the Central Bank had agreed to a $2 billion loan from Turkish conglomerate Ozturk to help Sudan purchase petroleum products and wheat. For more information, read: [http://bit.ly/2G626f0](http://bit.ly/2G626f0) and [http://bit.ly/2u3Hy1F](http://bit.ly/2u3Hy1F).

CAS View: This is the third week in a row that I have had the opportunity to report on foreign activity in Sudan. We have seen Russia, Britain, Turkey, Qatar and now the UAE becoming active in Sudan. The question is whether this is a short-term phenomenon or are we seeing a trend that will grow into the future? As it is, China is Sudan's biggest trade partner, importing oil from Sudan while exporting low cost items as well as armaments to Sudan. China's footprint in Sudan has grown exponentially the past 20 years. The USA's sanctions against Sudan means a zero US-footprint in the country, while it gave China the gap to increase its presence substantially. It will be interesting to see how the future unfolds for this country.