Africa Digest : Trends and issues in business Vol. 10

Burger, Johan

2019

Burger, J. (2019). Africa Digest : Trends and issues in business Vol. 10. Africa Digest, 10.
doi:10.32655/AfricaDigest.2019.10

<https://hdl.handle.net/10356/142775>

<https://doi.org/10.32655/AfricaDigest.2019.10>

This work is licensed under a Creative Commons Attribution-NonCommercial 4.0
International License (CC BY-NC 4.0).

Downloaded on 26 Apr 2023 20:31:35 SGT

**NANYANG
TECHNOLOGICAL
UNIVERSITY**
SINGAPORE

NTU-SBF
Centre for African Studies
Nanyang Business School

Africa Digest

Trends and Issues in Business

Vol. 2019 - 10

Contents

1. Trends of China in Africa	2
2. Trends in Financial Services	5
3. Trends in Investments and Economics in Africa.....	9
4. Trends of Japan in Africa	13
5. Southeast Asia in Africa	16

1. Trends of China in Africa

This month's scans of events related to China reveal continuing trends and highlight several new angles. We see China and India heating up their competition on the African continent. Notably, China continues to target the continent with its low cost smart phone.

AFRICA FOCUSED FOR RISK DIVERSIFICATION

As part of reducing its risk exposure due to its trade war with the USA, China is expanding its influence on the African continent through increased investments. China now gives more attention to the services sector. Sectors involved include retail, financial, telecoms, media and technology, business and leisure. According to EY, during the period between 2014 and 2018, China invested more than US\$72 billion as foreign direct investment in Africa, significantly more than the USA and France combined. France invested US\$34.17 billion, followed by the USA (US\$30.85 billion), the United Arab Emirates (US\$25.27 billion) and the UK (US\$17.68 billion). During this period, India invested US\$5.4 billion, placing ninth among the top ten investors.

According to the Brookings Institute, China positions North African countries to play an integral role in its Belt and Road Initiative connecting Asia, Africa, and Europe. It has been growing its footprint in Egypt, Algeria, and Morocco. These North African countries are at the intersection linking three key regions—the Middle East, Africa, and the Mediterranean. Industries targeted by China include trade, infrastructure development, ports, shipping, financial cooperation, tourism, and manufacturing.¹

A delegation from the Shandong Province of China visited Ghana in July 2019 to explore investment opportunities in several industries. The targets include rubber, tyres, textiles, construction materials and baby products. The past two years saw a number of visits between Ghana and high-ranking officials of the Shandong Province, indicating the increasing importance of this relationship. Trade volume between Shandong Province and African countries grew by 23.6%. Projects from Shandong in Ghana itself include the Motor King Assembly Plant, a truck assembly plant, a package factory, a paper mill, and an agricultural project. These projects are in addition to massive infrastructure construction projects in the country. As Shandong shifts to new growth drivers, Ghana sees an opportunity to expand its cooperation and attract more investment from the Province.²

PRIVATE SECTOR INVESTMENT

China recently announced plans to increase investment in Lagos, as Chinese private sector investors were keen to invest in trade in the state. This collaboration offers the additional benefits of growing the number of private enterprises, increasing the number of jobs and creating the opportunity for the transfer of knowledge, all contributing to the growth of the Nigerian economy. The governor of Lagos State also wanted this collaboration to expose the youth in the State to training opportunities in various areas, including technology, agriculture, manufacturing, construction and cultural exchange.³

ENERGY INVESTMENTS

The China National Offshore Oil Corporation will take a stake in the oil pipeline under construction to export Uganda's crude oil. The lack of appropriate infrastructure is one of the reasons why Uganda has not yet initiated commercial exploitation its oil reserves, 13 years after the discovery of its oil reserves. CNOOC jointly owns the oil reserves in partnership with Total (France) and Tullow (UK). The US\$3.5 billion pipeline project will connect Uganda to the port of Tanga in Tanzania. The company also plans to produce gas to sell to the national grid. CNOOC will allocate a portion to generate 42 MW of electricity for its use.⁴

A Chinese firm agreed to invest US\$2.5 billion in a pipeline project for the Nigeria National Petroleum Corporation (NNPC). The pipeline project will deliver 3,600 MW of electricity and supply 2 billion

standard cubic feet of gas. The NNPC secured 15% equity financing from the Chinese firm at US\$430 million, and anticipates receiving an additional US\$2.5 billion for the remaining 85%.⁵

MOBILE PHONE INVESTMENTS

The big names in Chinese mobile phone technology include Huawei and Xiaomi. However, Africa seems quite thrilled with a little-known Chinese smartphone brand called Transsion. Transsion, known as the "Cellphone King" of Africa, provides a range of related products and services, including hardware, software and after-sales service. Its mobile phone brands include Tecno, Itel and Infinix.

Shenzhen-based Transsion also owns digital accessories line Oramo, electronics and appliances brand Syinix, and after-sales service company Caricare. The firm developed mobile operating systems and apps that cater to local needs. For example, Boom player is now Africa's largest music-streaming platform with over 300,000 hits from 4,200 African artists.

The firm's mainstream brands provide standardised phone specifications across markets. Transsion's products are said to address the pain points of African consumers, improving their user experience, and providing features to distinguish them from the rest. For example, Transsion's phones employ night time photography settings designed to bring out darker skin tones, and some models have multiple SIM card slots that enable users to switch between wireless networks to save money. Other features include heat protection for mobile products that have a large battery capacity. Affordable hardware prices also serve as a major attraction.⁶

COMPETITION BETWEEN CHINA AND INDIA

It should not be news to anyone that China and India actively compete for influence in Africa, with Rwanda being one of the more recent bouts. The country, having received substantial investments from both China and India, recently hosted both President Xi Jinping and Prime Minister Narendra Modi. India seems to hold a stronger position due to its historical connections and larger expat population. However, China is rapidly closing the gap. Chinese construction companies and Chinese banks are becoming increasingly visible in Rwanda.

At President Xi Jinping's recent visit, Rwanda's President Paul Kagame agreed to participate in China's Belt and Road Initiative, while President Jinping pledged US\$126 million worth of infrastructure and other investments. According to CNN, China has over the past decade invested US\$400 billion in more than 60 projects and joint ventures in Rwanda. Some of these projects include roads, a general hospital in Kigali, and condominium projects.

India in turn has, during Prime Minister Modi's recent visit, promised loans of US\$200 million, focusing the investments on the power grid, the agriculture sector, industrial complexes and the information and communications technology sector.⁷

INFRASTRUCTURE CONSTRUCTION

China's CITIC Construction will build 35,000 housing units in four provinces in Mozambique. These affordable houses are meant for young people and workers in public administration. The project will launch in 2020 and will take five years to complete. Each house will cost between US\$30,000 and US\$40,000 depending on the size, repayable over quite a number of years. In addition to the houses, the project includes the construction of roads, electricity, water and other utilities.

Housing affordability in Mozambique is severely constrained. According to the Centre for Affordable Housing Finance in Africa, construction costs are estimated to be 30% higher than in neighbouring South Africa, as a result of higher material costs, low labour productivity and high financing costs.⁸

China has provided a grant of ~US\$95 million for building a new parliament for Zimbabwe. The development of infrastructure has become the foundation of the China-Zimbabwe relationship. China is also the foremost contributor to foreign direct investment (FDI) in various sectors of the Zimbabwean economy. The Belt and Road Initiative (BRI) plays a major role in assisting Zimbabwe to attain its goal

of middle income status by 2030. Within the framework of the Beijing-based Forum on China-Africa Cooperation (FOCAC), Zimbabwe has so far received US\$3 billion from the fund.⁹

POINTS OF INTEREST

- China's focus on North Africa is strategic. Morocco and Egypt both position themselves as gateways to Africa. Both are successful in attracting investment, then using it to develop their economies. Rand Merchant Bank from South Africa ranks Egypt as number 1 and Morocco as number 2 on its list of the most attractive investment destinations in Africa. Morocco grew its auto manufacturing industry, attracting various European brands to create a manufacturing presence. Egypt, Algeria and Morocco are the three largest economies in North Africa. They are also, respectively, the third, fourth and fifth largest economies in Africa. China gains access to strategically important world markets via these countries. At the same time, it is investing in good and attractive investment destinations.
- China's increasing private sector involvement in Africa is far from news. China's high profile G2G involvement leads many to assume that most of China's involvement in Africa is driven by government. However, of the 10,000 Chinese companies reported as involved in Africa, 9,000 are from the private sector. Africa's governments will welcome the Chinese private sector as long as it creates additional jobs for Africa's youth and stimulates economic growth. This might result either in manufacturing value added products for both local consumption and exports, or the growth of local services such as tourism.
- The battle for Africa's phone market intensifies. China's low cost mobile phone products in Africa serve a large market segment that are gaining access to the internet and platforms such as e-commerce companies via their mobile phones. Costs have always been a challenge to the bottom of the pyramid segment. Transsion addresses these pain points and gain requirements. They will compete with the products from Rwanda's Mara Corporation, maker of Africa's first locally designed and built phones. Apparently, Transsion's products are priced considerably lower than are those of Mara. Transsion's smart phones retailed in Africa in 2018 for as low as US\$69, while its feature phones sold for US\$9.80. Mara's X model retails for US\$130, while its Z model sells for US\$190. Relative to Transsion, Mara appears to be an aspirational brand. However, iPhones and upper-end Samsungs do not appear to be realistic buys for the vast majority of people in Africa.
- Competition between China and India in Africa is on the rise. The two compete for influence not only in Rwanda, but also in other African countries. India, after refusing to join China's BRI, sponsored research for the Asia-Africa Growth Corridor (AAGC), then launched it as an alternative to the BRI in 2017. However, the AAGC remains only an intention. Meanwhile, Chinese initiatives gain ground globally, not just in Africa. At least 138 countries are involved in the BRI, according to RSIS of Nanyang Technological University in Singapore. The BRI generates a combined gross domestic product of US\$23 trillion and includes some 4.4 billion people. These figures exclude a number of large corporations that are involved in the BRI.

2. Trends in Financial Services

Companies expanding into Africa often have to form banking relationships with institutions on the continent. Their home country banks frequently appear hesitant to support their expansion drives into Africa. On the continent itself, some struggling banks have become acquisition targets. Stronger local banks, by acquiring their weaker peers, are emerging as pan-African banks.

GROWING THE JAPANESE PRESENCE IN THE FINANCIAL SERVICES SECTOR OF AFRICA

Japan's top three banks recently formed collaboration agreements with various African financial services providers, paving the way for greater Japanese corporate investment in Africa. The banks are Sumitomo Mitsui Banking Corp (using SMBC), the Mizuho Financial Group (using Mizuho Bank) and the Mitsubishi UFJ Financial Group (using MUFG Bank). These groups will respectively partner, amongst others, with Kenya Commercial Bank, Standard Bank of South Africa, and the Africa Trade Insurance Agency.

Japan is interested in Africa for many reasons, including its potential for resource and infrastructure projects and its growing consumer markets. However, Japan's banks have yet to develop a meaningful footprint on the continent. The new agreements noted above should help Japanese businesses open accounts and acquire financing in local currencies, including letters of credit. These capabilities should make it easier for Japanese and African companies to do business. They will now be able to obtain financing across Africa. Banks from Japan had provided credit to African countries amounting to US\$15.5 billion by the end of March 2019, twice the amount from a decade earlier.

It is interesting that no Japanese bank has opened a branch or a local subsidiary in an African market. In addition, final approvals on Japanese bank loans to Africa are made in Europe or the Middle East.¹⁰

DEVELOPING THE LEASING MARKET

The National Bank of Ethiopia issued the first license to a foreign-owned entity to Ethio Lease, which is a subsidiary of Africa Asset Finance Company, a US-based finance firm. According to Ethio Lease, leasing equipment is becoming more popular in Ethiopia, and they have received a number of requests from companies to lease equipment. The company officially launched in August 2019 in Addis Ababa.

Leasing was introduced in Ethiopia for various reasons, such as addressing equipment and forex shortages and providing easy access to needed equipment. Sectors that will be targeted include manufacturing, agriculture, healthcare, energy and food processing.¹¹

GROWTH OF PAN-AFRICAN BANKS (PABs)

According to Moin Siddiqi, African Review's economist, cross-border banking in Africa shows significant growth. Growth was led by indigenous banking groups, thus stimulating Africa's growth potential. Ten indigenous groups reportedly dominate banking in Africa. The largest representation is from Nigeria (nine); Kenya (seven); South Africa (four); Morocco (three); and two each from Togo, Mauritius, Angola and Cameroon, respectively.

Siddiqi identified two factors that drive PAB growth. First, new technology enables regional banks to operate on a continental scale. Products are designed and data is processed centrally, with services delivered over digital networks. Second, rising intra-African trade and clients doing business beyond borders into new markets in Africa motivated banks to follow their clients into Africa.

Siddiqi believes PABs are now far more important in sub-Saharan Africa than European and US banks. They have expanded mainly through acquisitions of existing banks. The number of regional subsidiaries of African banks has more than tripled.¹²

MERGERS AND ACQUISITIONS

The Central Bank of Kenya (CBK) granted approval to the KCB Group to acquire the cash-strapped National Bank of Kenya (NBK). This move went against a directive by the country's legislators, who proposed an alternative recovery plan. According to the CBK, the combined bank will be able to leverage the respective strengths of the two banks. KCB will now be the largest bank in East Africa in terms of customers and assets. NBK will operate as a subsidiary of KCB Group for two years.¹³

Equity Bank from Kenya intends to acquire a controlling stake in Banque Commerciale du Congo; the second-largest bank in the DRC. The DRC government has a 25% ownership stake in BCDC. This move follows Equity's strategy to expand across Africa, and to deliver on its vision of becoming sub-Saharan Africa's premier financial institution.

Equity Bank has grown significantly over the last 15 years and is now Kenya's biggest bank by market value and Africa's largest bank by customer numbers. It has acquired a number of other banks since 2015, such as the ProCredit Bank Congo and Atlas Mara's banking operations in Rwanda, Zambia, Mozambique, and Tanzania. It now has a footprint in eight African countries.^{14 15}

POLITICAL INTERVENTION IN BANKING OPERATIONS

In 2016, the Kenyan parliament imposed a cap on interest rates. This was an attempt to regulate the interest rates as parliament was concerned about the high loan costs. The move was not popular with the Treasury, as they stated it had constricted private-sector credit growth as banks reduced their exposure to customers deemed risky, including small and medium-sized businesses. The Central Bank also stated that the cap had reduced economic growth in 2017 by as much as 0.4%.

In March 2019, the High Court ruled that the section of the law capping rates was unconstitutional and gave parliament a year to amend it. In spite of resistance from the Treasury, parliament was adamant to retain the cap. Parliament's finance committee had blocked the Treasury's move to scrap the cap, and is changing the act's language to make it clearer.¹⁶

GOING DIGITAL

Kuda, a digital bank operating in Nigeria, recently obtained US\$1.6 million funding in a pre-seed round. According to Kuda, stakeholders in the funding round, in addition to unnamed investors, included Startupbootcamp, Haresh Aswani of the Tolaram Group and Ragnar Meitern. Nigeria's Central Bank issued a banking license to Kuda in 2018. Kuda recently opened its beta testing phase to the public in preparation for a full launch in the last quarter of this year.

Kuda aims to build a next-generation digital bank that provides a genuine alternative low-cost choice to Africa's consumers. Its digital financial offering includes consumer savings, rewards and peer-to-peer payments. In order to increase the access to their banking facilities, Kuda also has partnerships with Access Bank, GTBank and Zenith Bank.

According to Tolaram's Haresh Aswani, Kuda's vision to make financial services easily accessible and affordable to all Africans aligns with his philosophy on transforming industries and creating value.¹⁷

The Central Bank of Nigeria (CBN) recently granted approval to three institutions to operate as Payment Service Banks (PSBs). Two of these are owned by two of the leading telecoms companies (telcos). Telcos are subsequently well positioned to drive CBN's financial inclusion policy, supported by their widespread infrastructure and large subscriber base.

Globacom owns Money Master PSB, while 9mobile owns 9PSB. The telcos moving into mobile banking is an indication of their willingness to participate in the drive for financial inclusion in Nigeria. According to a stakeholder, as the cashless initiative all over the world is telco-led, the CBN should consider granting more telecoms companies the opportunity to drive cashless economy in Nigeria. Other telcos applied for licenses, including MTN and Airtel. The CBN decision to grant licences to the telcos was driven by their desire to test the capabilities of these telcos, and verify their claims that their pervasive telecoms infrastructure could drive financial inclusion.

The PSBs will mostly operate in the rural areas and unbanked locations, where they will target financially excluded people.¹⁸

EXPANDING INTO CHINA

Africa's banking sector is growing strongly, driven by the high growth of the African middle-class. South Africa's banks have been the leaders in the sector for quite a time. Global banks have reached out and obtained stakes in two of the largest South African banks, i.e. Barclays Bank obtaining a majority stake in Absa, and ICBC obtaining a 20% in Standard Bank.

A number of Africa's largest banks are expanding their international presence beyond the continent. Absa reportedly intends to expand its corporate and investment banking unit, starting with a new office in China. It will also target other parts of Asia and the Middle East. Absa is likely to open the office in Beijing. To boost revenue from Asia, Absa will target global giants such as Huawei.

They are not the only South African banks eyeing China. Other banks from South Africa intending to expand into China, or who already have a presence there, include Standard Bank, Rand Merchant Bank and Nedbank.

POINTS OF INTEREST

- Japan, as one of the proponents of the AAGC, has a strong interest in Africa. It has been supporting the private sector initiatives of the BRI as well. Seeing their banks getting involved in Africa is a clear sign that the country is keen to increase its footprint on the continent. In this regard, they have clearly adopted a different strategy than a number of other banks in Asia. For example, very few, if any, of the mainstream Singapore banks seek to target Africa. This requires Singapore companies that do business in Africa to reach out to other financial institutions for financing their acquisitions and operating capital requirements in Africa. What is interesting is that no Japanese bank has a physical presence in Africa. It seems that although these banks are comfortable dealing with the risks of financing African acquisitions and operations, they are not comfortable living on the continent.
- As noted in the introduction, Africa is developing indigenous mega banks. Although still insignificant relative to the global giants such as Citi, HSBC, etc., these African giants are becoming large enough to take on significant risks and exposure in Africa. As such they are *en route* to becoming credible alternatives to foreign multinational banks. Given the high level of risk averseness on the part of most foreign banks, this is a welcome development.
- The propensity of the Kenyan parliament to interfere in the banking sector has not been good to the economy or even SME's in the country. Banks have become risk averse as they could not price for risk, and subsequently refused to provide loans to SMEs. An earlier African Digest referred to the South African president signing into law the debt cancellation of heavily indebted people earning below a certain level. This kind of interference should be avoided.
- Absa's intention to expand into China is not new. Absa served China from Hong Kong in the 1990's and early 2000's. Absa had a branch office in Shanghai, while another South African bank (Nedbank) had a branch in Beijing. Poor strategic decisions led to Absa closing down its international banking division, and its Hong Kong branch. According to industry observers, Absa sold its Shanghai office to another South African bank, First National Bank. Returning to China two decades after its withdrawal leaves the bank to do a lot of catching up. It will be interesting to see how former Absa clients in the region react to its return to China. Absa will in all probability focus on supporting the activities of its South African clients in China.
- The increasing trend to go digital by banks in Africa, is also an attempt to deal with the mobile money players, such as the telecommunication companies. It is obviously also a reaction to the role of technology. There are a number of consequences that are creating some problems, such as the closing down of bricks and mortar branches, and the subsequent loss of jobs.

Technology is acting as a serious driver of change, disrupting the world of banking, as once we knew it.

3. Trends in Investments and Economics in Africa

Investments in Africa continue to emerge, with various countries outside the continent targeting countries in Africa such as Egypt, Nigeria and South Africa. In spite of the perceived risks, FDI into Africa continues at a brisk rate. Various factors are supporting this phenomenon. Unfortunately, it does seem some factors are moving a number of the oil majors to look elsewhere for revenue growth.

FACTORS DRIVING INVESTMENT IN AFRICA

The annual Africa Risk-Reward Index identified several trends that impact investment strategies in Africa. Firstly, while elections in Africa often generate tensions and raise investment concerns, elections increasingly serve to stabilise Africa's developing political landscape by ending prolonged uncertainty, providing legitimacy, and empowering existing or new African leaders to push forward with reform or counter-reform agendas.

Secondly, the African Continental Free Trade Area (AfCFTA) has huge potential impact, and can shift the balance of power. Other regional economic blocs, such as the East African Community, are making significant progress.

Thirdly, while Africa's economic giants Nigeria, South Africa Angola, and Egypt are recovering, it is in East Africa where the largest rewards are to be found, with their expanding services and infrastructure development boosting demand and improving business environments.

Fourthly, Africa is not targeted only by the USA and China (with the USA playing catch-up), but by other geopolitical players including Russia, the Gulf states, Turkey, and India increasing their footprint on the continent. The increasing flow of development finance that finds its way to Africa creates opportunities for the private sector.

Various factors make Africa an attractive investment destination, such as a young and increasingly urban demographic, a wealth of natural resources, and a proven ability to leapfrog technologies in areas such as telecommunications or finance.

A circular reasoning is visible in Africa, with "the growing competition for investment in the region helping to promote reform, which in turn encourages greater investment."¹⁹ Should this trend continue, it will form a self-reinforcing virtuous circle that will drive investment and development in Africa.

In early October 2019, at the 25th Nigerian Economic Summit, Nigeria's President Muhammadu Buhari announced that government would collaborate with the private sector to support Nigeria's sustained and inclusive economic growth. Target sectors include agriculture, manufacturing, ICT, the creative sector and extractive industry. Capital will be provided to exploit the various opportunities. President Buhari also stressed the need to find "made in Nigeria" solutions.

To stimulate economic development, policies have been adopted that will enhance security, eliminate corruption in the public sector, support sectors that will create employment opportunities, and promote socially focused interventions to support the poor and vulnerable people of Nigeria.

President Buhari emphasised the need to focus economic and social policies on promoting inclusivity and collective prosperity. This required a need to replace competitive free markets that focus on wealth creation alone with policies that propagate the creation of inclusive markets.

With Nigeria looking at a population of about 400 million people by 2050, he saw a strong need for investments in education, health care, infrastructure, security and to enhance and entrench the rule of law.²⁰

In Uganda, a report released in June 2019 identified a number of investment opportunities. The country has significant energy potential, having recently discovered 3.5 billion barrels of oil. In addition to pumping crude oil, the country also seeks to build an oil refinery. This oil potential is driving significant levels of FDI into Uganda.

The construction sector is set to benefit from the oil finds in Uganda, as well as from a stronger focus on tourism. Hotels, housing, office space and restaurants in general are in short supply. Road infrastructure investment will also boost the construction sector.

Investments in food, healthcare and other basic services are necessary to support the growth in labour for the projects required to address the above needs. The agriculture sector therefore will require greater investment. Fisheries are in short supply, but Uganda reportedly has good potential to develop a successful aquaculture sector. The need for food and other services will also be driven by Uganda's population growth and increased levels of urbanisation.²¹

TOURISM OPPORTUNITIES

The tourism sector in Zambia has the potential to turn around the country's economy by enhancing opportunities for income-generation and job creation. Growing this sector will allow Zambia to reduce its dependency on the copper mining sector. Unfortunately, tourism still lacks the requisite investment to be a meaningful revenue generator and job creator. To address this situation, the Zambian government has been adopting the necessary policies to attract investors. It had already in 2016 formulated the objective to be among the top five tourist destinations of choice in sub-Saharan Africa by 2030. In spite of this, marketing efforts to achieve this, has fallen far short of conveying the message of Zambia as an ideal tourism destination. In addition to the Victoria Falls, Zambia also has great game reserves and many species of flora. The government called upon the private sector to partner with it to develop Zambia's tourism potential.²²

PRIVATE EQUITY ACTIVITY IN AFRICA

Private equity (PE) firms exiting East African investments have been registering excellent returns in the recent past. The attraction of East Africa is demonstrated clearly by returns of between 17% and 23% in dollar terms. PE activity in the region has grown significantly in the past decade. According to a joint report by I&M Burbidge Capital and the East Africa Venture Capital Association (EAVCA), the number of PE funds actively investing in East Africa increased from about 36 in 2014 to 117 in 2018.

PE funds have reportedly become the preferred option to raise funds in recent years, as it is a much easier method to raise funds than via an IPO. The exit strategies of the majority of the PE funds consist of offloading their shareholding to fellow funds.

Kenya accounted for 33 exits in the five-year-period, while Uganda and Tanzania had five and two respectively.²³

DISINVESTMENT BY OIL MAJORS

Chevron, Exxon Mobile and Royal Dutch Shell apparently intend to sell off several of their Nigerian oilfields to reduce their exposure to the country. Chevron is reshaping its global portfolio to focus on growing its U.S. shale output. As such, it is looking to sell a number of its onshore and shallow offshore fields. It also seems the political and security instability in Nigeria of recent years has played a role in the decision of these three oil majors to reduce their footprint in the country.

According to its website, in Nigeria in 2018, Chevron produced 194,000 barrels of crude oil per day, 233 million cubic feet of natural gas per day and 6,000 barrels of liquefied petroleum gas (LPG) per day.²⁴

FACTORS DRIVING ETHIOPIA'S ATTRACTION

The World Economic Forum identified five reasons why global stakeholders should investigate Ethiopia as an investment destination. This is in addition to an economic growth rate of 10% over the last 15 years and a population of 105 million.

1. Ethiopia has over the past few years become increasingly open and democratic. Its local progress towards democratisation has been accompanied by a policy of peace and reconciliation towards its neighbours Djibouti, Eritrea and Somalia.
2. The country has a demographic dividend with a strong focus on developing its youth. They are supported by an improved education environment and focus on STEM training.
3. Ethiopia's policy of privatising some of its state-owned enterprises will attract investments and boost the Ethiopian economy. Plans have been announced to offer minority stakes in its airline, power and telecoms sectors to global investors. Various industrial parks have also been created to attract investments and create employment opportunities.
4. There is great potential to boost the Ethiopian start-up ecosystem. In spite of a number of challenges, opportunities will be increased as the government is in the process of unlocking two of the most heavily regulated sectors, i.e. banking and telecoms.
5. Ethiopia is increasingly becoming an important destination for manufacturing, especially in the ready-made garment (RMG) sector. With its strategic location and low-cost labour, Ethiopia is well positioned to succeed in the textile manufacturing space, provided they can deliver on the required quality.²⁵

POINTS OF INTEREST

- The drivers of investment in the continent are many and varied. Most key factors speak for themselves. Unfortunately, a number of factors are driving away investment. Given the dire need for investments in Africa, governments should take care to address these negative factors. It unfortunately at times seems that multinationals in Africa are targeted as sources of income for governments struggling with revenue sources. Given the size of their investments in Africa, most of these multinationals face exit barriers and are therefore soft targets. This is a dangerous strategy on Africa's part as it deters future investment. However, where multinationals are in the wrong, obviously they should be made to pay up and toe the line.
- Several governments have adopted a number of reforms to make it easier to do business in Africa, and therefore to enhance the investment potential of their countries. There is clear evidence that improvements on the Ease of Doing Business rankings do lead to higher investments from foreign companies.
- Over the period 2017 to 2020, on the Ease of Doing Business rankings of the World Bank, a number of countries considerably improved their cumulative rankings. These include the following, with cumulative improvements in rankings in parentheses: Djibouti (+59), Togo (+57), Nigeria (+38), Kenya (+36), Mauritius (+36), Cote d'Ivoire (+32), Malawi (+24), Senegal (+24), Zimbabwe (+21), Rwanda (+18), Niger (+18) and Morocco (+15). While many of these countries have small economies, this does not detract from their performance. And then there is Nigeria, Africa's largest economy, with its largest population. The reforms have had a major impact in this country, which bodes well for its future investment attraction. It still has a number of issues to fix, of which the perception of corruption is the most salient.
- Unfortunately, a number of countries slipped significantly on these rankings as well: Lesotho (-22), Botswana (-16), Sierra Leone (-15), South Africa (-10), Ghana (-10), Eswatini (-10), Gambia (-10) and Tanzania (-9). Of these, South Africa's history is a bit more extreme. It is Africa's second largest economy and reportedly its most sophisticated. In 2006, it ranked 28th. They then slipped one position to 29th in 2007, and from there it went from bad to worse, to its current ranking at 84th. Its major slip came between 2015 (43rd) and 2016 (73rd), and thereafter into the 80's. Possible reasons for this situation are the corruption and inefficiencies now ascribed to the disastrous Zuma administration. The road ahead for President Ramaphosa is indeed steep.
- Ethiopia's prime minister won the Nobel Peace Prize for 2019. He has adopted various policies that transformed the political and economic environment of not only his own country, but that

of the region. However, it seems that loosening the political situation and the increase in democracy in Ethiopia have created some severe tensions, leading to ethnic violence. The Ethiopians have the opportunity to build upon the impetus created by the reforms. To degenerate into a morass of violence and lawlessness would be a tragic outcome.

- While some global oil majors seek to sell off some of their assets in Nigeria, a number of local oil companies are in turn looking to increase their footprint in Nigeria. China also has invested US\$16 billion in Nigeria's oil sector. It was reported in February 2019 that Nigeria ordered foreign oil and gas companies in Nigeria to pay close to US\$20 billion in taxes they were said to owe to local state governments. Reuters reported in October 2019 that Nigeria is seeking US\$62 billion from the oil companies under regulations that allow the Nigerian government to revisit revenue-sharing deals on petroleum sales if crude prices exceed US\$20 a barrel. Although this latest development would not explain why oil majors are looking to reduce their exposure in Nigeria, it could contribute to a general situation of unease.

4. Trends of Japan in Africa

Japan realizes they were very slow to get involved in Africa. Once they made the decision to invest, they intend to stay and to be in the continent for the long haul. Japan's involvement in Africa is not new, however. Japan's government launched the Tokyo International Conference of African Development (TICAD) in 1993. Its mission is to promote Africa's development, peace and security, through strengthening of relations in multilateral cooperation and partnership with Japan. In recent years, it is clear that Japanese companies are becoming more prominent in Africa.

JAPAN PLAYING CATCH-UP

By its own admission, Japan took its time before it started to invest in Africa, but now aims to recover what it calls "lost opportunities" on the continent. The Japan External Trade Organization (JETRO) wants to seize an opportunity through TICAD to expand Japanese business in Africa. As part of this, boosting private sector investment will be a key strategy, with partnerships between Japanese and African companies a major focus.

Japan increasingly views African countries as business partners rather than aid recipients. However, Japan's exports to Africa decreased by 27.3% over a decade at the same time the world's exports to the continent rose by 17.2%.

JETRO is focusing on four areas, i.e. encouraging small and midsize companies to make inroads into the African market, boosting cooperation with entities in third-party countries, connecting African start-ups with Japanese companies and improving business environments.

Despite the potential, Africa presents a number of challenges Japan needs to address. These challenges include conflicts, trade facilitation hurdles such as infrastructure and logistics, fierce competition, China's BRI, and corruption. JETRO will focus on utilising Japan's strengths, such as health care, agriculture and environment, to solve social problems in Africa through business.²⁶

SUPPORT FOR INCREASING FOOD PRODUCTION

The Japanese International Cooperation Agency (JICA) will cooperate with the Sasakawa Association to help double Africa's rice production to 50 million tons by 2030. Japan's technology will play a key role in this initiative. The Nippon Foundation wants to help change the mindsets of farmers from focusing on "production-to-eat" to "production-to-sell." The youth would also be targeted to become more involved in agriculture. In addition, Japan will support initiatives to address the impact of climate change.²⁷

ENERGY INVESTMENTS BY JAPAN

In August 2019, Mozambique received a loan of US\$44 million from Japan for the Maputo Thermoelectric Power Plant (CTM) project. The loan will fund a long-term maintenance contract and enable proper management by verifying correct cycle measurements, the supply of spare parts and transfer of technologies through joint work at the plant.

This loan is in addition to the US\$167 million loan for the construction of the Maputo Thermal Power Plant, budgeted at US\$180 million, granted by JICA with a payment period of 40 years. It left the Mozambican Government to provide the remaining US\$13 million. Japan will also provide for the training of staff in operations and maintenance, as well as six years of maintenance services to be conducted by the equipment manufacturer.²⁸

RETAIL IN AFRICA

Miniso, a Japanese global designer department store chain, officially launched operations in September to serve the Ghana market. The company holds licenses and rights to manufacture branded products

based on characters from Disney, Hello Kitty, Sponge Bob and Marvel Entertainment. Commenting ahead of its grand opening in the Ghanaian market, the Franchise and Merchandising Manager, I-Hsin Chen, said, “Miniso is not just a brand, but a way of life.”

Miniso will provide Ghanaians with access to a wide range of products, including health and beauty, digital, sports, travel accessories, bags and fashion items, home tools, food and beverages, textiles, toys, writing devices and gifts. The company will first establish itself in Accra, and later on expand to other regional capitals.²⁹

SUPPORT FOR GHANA INDUSTRY AND AGRICULTURE

Japan will provide credit facilities to Ghanaian farmers to procure machines for processing and value addition of their produce. The programme will be anchored on the government's Planting for Food and Jobs programme, which seeks to increase production and improve the livelihoods of farmers.

Japan's support for the agriculture sector is a key component of its support to countries. The focus of the agriculture support for Ghana will be on increasing rice production. Japan will also be expanding cooperation with Ghana in the health sector to prevent the spread of diseases, as well as providing technical and vocational training to Ghanaians to build their skills to increase their productivity.

Japanese investors are reportedly interested in investing in Ghana in the areas of automobile, medical and nutrition products, energy, oil, and natural gas exploration and electricity generation.³⁰

SUPPORT FOR AUTOMOBILE AND ENERGY SECTORS

The Toyota Group announced it intends to invest in several sectors in Nigeria, in addition to the automobile sector. Target sectors include energy and healthcare. Toyota aims to build an advanced medical diagnostics centre to persuade Nigerians to seek medical care in Nigeria. The Japan Bank for International Cooperation has indicated it was willing to support projects that involve Japanese companies in Nigeria, including oil and gas and infrastructure. President Buhari of Nigeria is keen on Japan building a car assembling plant in Nigeria, which will boost job employment for both skilled and unskilled Nigerians.³¹

Toyota will also build vehicle assembly plants in Ghana and Cote d'Ivoire. It will start assembling its vehicles in Ghana from August 2020. The process for establishing the auto plant in Cote d'Ivoire will be launched before the end of 2019. Toyota is of the opinion that the favourable economic climate in Ghana supported the decision to set up in the country. The Ghanaian President Nana Akufo-Addo sees Toyota's involvement in line with the vision of making Ghana an automotive hub for West Africa and the larger African market.³²

DEVELOPING THE CONSTRUCTION EQUIPMENT SECTOR

As part of its expansion drive in Africa, Japanese construction machinery maker Komatsu intends to build a plant by June 2020 in Johannesburg, South Africa (where it already operates a factory) that will refurbish construction and mining equipment. It aims to boost the sales of high-margin mining machinery in Africa in its competition with companies such as the Sany Group from China and Caterpillar of the USA. According to Komatsu, Africa has strong growth potential as a result of the heavy demand for new infrastructure.

The complex will cost US\$73.9 million and will serve as a major operating centre for Komatsu's expansion in Africa. The company hopes to repair about 1,000 units per year. It plans to build additional refurbishing plants in Botswana, Namibia and Mozambique over the next five years.³³

JICA INVOLVEMENT IN RWANDA

At the recent seventh TICAD meeting, a group of 26 Rwandan ICT companies established a connection with their counterparts in Japan. They all returned to Rwanda with either an MoU or other variant of

business agreements. For example, BBOXX, a smart solar company from Rwanda, received an investment of US\$50 million from Mitsubishi Corporation. Volkswagen Rwanda, an assembling plant in Kigali, received an investment from Toyota Tsusho.

The business partnerships have been the culmination of various support actions by JICA. It is also one of the four main targets of JICA ICT Innovation Ecosystem Strengthening Project. The initiative works to promote business relationships between the Rwandan and Japanese ICT sectors, and share innovative development practices borne by the Project to both Rwandan and African stakeholders.

Various institutions in Rwanda have been involved in the project. These include the Ministry of ICT and Innovation, the Rwanda Development Board, the Rwanda Information Society Authority, ICT Chamber and Smart Africa Rwanda³⁴.

POINTS OF INTEREST

- Japan's involvement in Africa spans a broad range of industries, now including the retail industry, a somewhat unfamiliar entry from Japan. The obvious industry involvement comes from the automobile industry, with Toyota, Nissan and Honda being the most visible players involved in Africa.
- Various Japanese agencies are involved in Africa to support Japanese companies on the continent and to help Africa grow and develop. These include TICAD, JETRO and JICA. They are not unique in adopting such a multi-agency approach, as Singapore also boasts Enterprise Singapore (ESG), Singapore Business Federation (SBF) and Singapore Cooperation Enterprise (SCE). These agencies help Singapore businesses to expand abroad and to attract foreign investments to Singapore.
- Japan is one of the two major countries involved in the launch of the AAGC in 2017. In spite of this, it has moved closer to the BRI and has supported private sector investments within the context of the BRI. Still, it targeted Africa and seems to be serious in establishing itself as a credible partner. This would be in addition to its major investments in South Africa, where Toyota has been involved for quite a number of decades.
- Japan's technological competencies and its financial resources make it a valuable partner for investments into Africa. As it is, the partnership between India and Japan in Africa (with the AAGC) is projected as one where India provides the local knowledge and experience of international projects and Japan provides funding sources.
- It remains to be seen to what extent these two countries will be involved in Africa as the AAGC or whether they will continue their investments in Africa on a bilateral basis. While the AAGC was announced in 2017 with much fanfare, after more than two years very little, if anything has been done under the auspices of the AAGC – it remains a paper tiger. The reality is that the BRI in Africa is probably the main challenge to the AAGC, with its first-mover advantage. Africa, given its high levels of trade with China, India and Japan, will in all probability not want to choose between any trade and/or investment body – it cannot afford to lose the entry it has to the markets of any of these three countries.

5. Southeast Asia in Africa

Southeast Asia has been involved in Africa for some time. Although companies from these countries can tap opportunities in ASEAN, some have elected to move further abroad to Africa, despite the perceived risks. ASEAN governments also support investments into Africa. These investments take place over a broad range of industries.

INFRASTRUCTURE DEVELOPMENT

Africa's urbanisation trend placed pressure on infrastructure development in its cities. Various factors boosted this trend, such as the youth leaving the agriculture sector and flocking to the cities in the hope for a job, as well as a growing middle class. Africa's governments seek local entrepreneurs and foreign investors to build new and upgrade existing infrastructure. More specifically, investments are required in housing, healthcare, sanitation and waste management, energy, clean water supply, education and transportation facilities.

A number of Asian companies have exploited this opportunity to establish a strong presence in Africa. Companies such as Surbana Jurong and Meinhardt, both from Singapore, are tapping into their domestic experience to address infrastructure challenges in Africa's cities. Projects by Surbana Jurong include the city planning of Kigali, Rwanda, the sewage treatment system in Nairobi, Kenya, and the master planning of the Lekki township in Lagos, Nigeria.³⁵

Indonesia is another Southeast Asian nation with an increasing footprint in Africa's infrastructure and other sectors. It has had close relations with almost all African countries for several decades, with economic relations growing at a faster pace in recent years. Indonesia has 17 embassies in Africa, a consulate general in Cape Town, South Africa and 16 honorary consuls. This is an indication of how serious Indonesia views Africa.

Indonesia now plans to increase its investments and cooperation in the development of Africa's infrastructure.

In Bali, at the recently hosted Indonesia-Africa Infrastructure Dialogue (IAID) in Bali, Indonesia launched a number of new initiatives for Preferential Trade Agreements (PTAs) with key African countries.

State-owned construction company PT Wijaya Karya, which has projects in Algeria and Niger, is planning to sign ~US\$143 million worth of infrastructure and construction projects in Zanzibar, Senegal and Cote d'Ivoire. Other companies, such as Indofood, Indorama, Wings Group and Sinar Antjol have plants in African countries.³⁶

TRADE

Researchers in Jakarta, Indonesia, believe that Indonesia can tap into the African Free Trade Area (AfCFTA) to do a lot more and faster to exploit the growing economic and business opportunities on offer. They believe a more integrated African economy means more investment opportunities.

President Widodo already appealed to the Indonesian business community in 2017 to take Africa more seriously as a new alternative market and reduce Indonesia's reliance on traditional export markets like Europe, America and East Asia. The government has since taken initiatives to engage more with Africa. It is now up to the business world to take up the challenge.

The inaugural Indonesia-Africa Forum in 2018 saw ~US\$586.56 million in business deals with the prospect of another US\$1.3 billion. Indonesia's trade with Africa reached ~US\$10.38 billion in the first 11 months of 2018, which is higher than that of Malaysia (US\$7.53 billion) and Vietnam (US\$6.6 billion) in 2018.

Typical products sold to Africa by Indonesia include aircraft, palm oil, coconut oil and coffee, while buying crude oil, aluminium, copper and fruits from the continent.

In addition to the large investors mentioned above, Lenywati has opened spa and beauty facilities in Nigeria, Cameroon, Ghana, Senegal and Swaziland, and their cosmetics products are best sellers in many African countries.³⁷

PHARMACEUTICAL INDUSTRY DEVELOPMENT

Indonesia has been a regular supplier of medicines and medical devices to Africa's market, and has deepened its penetration of pharmaceutical products in Africa. This market has been created by the limited access Africa has to medicine and medical devices. It is a market opportunity Indonesia is intent on exploiting, in the process building the Indonesian brand.

A number of Indonesian companies attended the Africa Health Exhibition held in May 2019 in Johannesburg, South Africa. These include PT Biofarma, PT Dexa Medica, PT Phapros and CV. Kurniatama Lestari. These four companies showcased various products for sale in Africa.

The Indonesian delegation met with the South African Health Products and Regulatory Authority and potential partners (distributors and pharmaceutical companies) from Botswana, Mozambique, South Africa and Tanzania. They were interested in establishing cooperation with local stakeholders, including through joint production, joint ventures, or joint research and development.³⁸

COFFEE INDUSTRY DEVELOPMENT

Indonesia promoted and marketed Sumedang coffee at the Coffee and Chocolate Africa Expo 2019 hosted in July 2019 in Johannesburg, South Africa. Sumedang coffee is said to have its own flavour and aroma, as well as the same quality grade as the other Indonesian coffee varieties. Having said that, Sumedang Arabica coffee has yet to gain as much popularity as its country peers, such as Luwak Coffee, Gayo Coffee, and Toraja Coffee.

Through participation in the Coffee and Chocolate Africa Expo, an Indonesian coffee producer PT. Pupuk Kujang is optimistic that the exposure through the exhibition can boost the spirit of MSME entrepreneurs to continue to learn and improve their capabilities to compete. With PT. Pupuk Kujang participating in the expo, several other opportunities have opened, including developing a training and capacity building program for the local South African MSMEs in the coffee industry.³⁹

Olam International has partnered with the International Institute of Tropical Agriculture (IITA) to improve coffee farmer resilience to climate change in Uganda. The goal of this cooperation is to ensure that coffee farmers in Uganda continue to invest in coffee in ways to increase production and quality in the face of climate change. The coffee farmers in Uganda reportedly face three main challenges, i.e. climate risks and weather variability jeopardizing coffee yields; limited adoption of climate smart practices; and supply and quality risk.

The cooperation will help Olam to more efficiently match farmer needs and motivations with targeted support, as well as build farmer climate resilience. The aim of this is to create a more sustainable supply of coffee. For IITA, the partnership empowers the private sector with the relevant tools to better scale activities and impact.⁴⁰

DEFENCE COLLABORATION

Vietnam and South Africa share a defence relationship dating to the MoU they signed in 2006. South African Minister of Defence, Nosiviwe Noluthando Mapisa-Nqakula led a defence delegation to Vietnam in late August 2019. During the meetings, the two sides discussed ways to boost defence collaboration on issues such as personnel training and exchanges in aspects such as English, science and technology, and computer science. In addition, they discussed ways to advance cooperation in specific areas, including military medicine, counterterrorism, peacekeeping, and telecommunications research, with the possibility of Vietnam's military-run telecom group Viettel investing in South Africa.⁴¹

PREFERENTIAL TRADE AGREEMENTS

Mozambique and Indonesia recently signed a preferential trade agreement (PTA), which is expected to open opportunities for the business community from both countries. The agreement emphasizes agriculture and textiles as areas of interest for Mozambique, while Indonesia's strength lies in the area of industrialization. Mozambique aims to revitalize their textile industry, and require support to achieve this objective. The country is also looking at support from the Indonesian gas industry.

For Indonesia, this trade agreement was the first they had signed with an African government. The PTA will enable Indonesia to process products and export to different markets, in addition to exploring cooperation with Mozambique in the gas sector.

The PTA between Mozambique and Indonesia is seen as an opportunity for the two countries to consolidate their bilateral trade relations, reducing customs tariffs and trade barriers and diversifying their markets and products.⁴²

TRANSPORTATION

PT Industri Kereta Api Indonesia (Inka), a state-owned train manufacturing company, expects to earn ~US\$506.5 million worth of order contracts this year, including exports of rolling stock to African and Asian countries. Inka will be delivering 30 electro-diesel locomotives worth US\$91.3 million to Zambia. It is also expecting to seal deals at IAID to export rolling stock to African countries like Angola (10 trains for commuters) and Madagascar (freight trains for bauxite transportation).⁴³

POINTS OF INTEREST

- The most obvious countries from Southeast Asia investing in Africa include Indonesia, Malaysia, Singapore, Thailand and Vietnam.
- Africa's pharmaceutical industries present very attractive investment opportunities to foreign investors. Currently, most countries in Africa import approximately 90% of the demand for pharmaceutical products from abroad. Most of this is generic medicine. As stated in previous Digests, this provides ample opportunity for foreign investors to partner with locals to produce generic medication under license.
- Defence collaboration with Southeast Asia also provides South Africa with the opportunity to generate business for its arms manufacturer, Denel. Denel has also been known to visit Indonesia in the search for business. While Denel has good technology and engineering skills, poor management the past two decades has created a situation where the state-owned company nowadays frequently struggles to pay the salaries of its employees.
- Africa's coffee industry creates a large number of job opportunities. Smallholder farmers generate most of its production, and quality is frequently a challenge. Coffee is frequently a major export commodity in countries such as Rwanda. Any attempts to support these farmers to improve the quality and yield of their harvests are therefore quite welcome.

Author: Mr Johan Burger
Editor: Dr. A. Lee Gilbert
Editor-in-chief: Prof. Sam Park

ADDITIONAL READINGS

1. Trends of China in Africa

Anon. 2019. China will invest more in Lagos. *NIPC*. 19 September 2019. Available at https://nipc.gov.ng/2019/09/19/china-will-invest-more-in-lagos/?mc_cid=2034ec68fc&mc_eid=5996ec09d0. Accessed 24 October 2019.

Anon. 2019. NNOC, Chinese lender seal \$2.5bn pipeline deal. *Punch*. 17 September 2019. Available at <https://punchng.com/nnoc-chinese-lender-seal-2-5bn-pipeline-deal/>. Accessed 24 October 2019.

Anon. 2019. Chinese business delegation in Ghana to explore investment opportunities. *Ghanaian Times*. 11 July 2019. Available at <http://www.ghanaiantimes.com.gh/chinese-business-delegation-in-ghana-to-explore-investment-opportunities/>. Accessed 24 October 2019.

Anyanzwa, J. 2019. China injects \$72b in Africa as its continental influence gathers pace. *The East African*. 8 October 2019. Available at https://www.theeastafrican.co.ke/business/China-injects-72b-in-Africa-as-its-influence-gathers-pace/2560-5303134-10sv8vf/index.html?utm_source=newzmate&utm_medium=email&utm_campaign=2318&tqid=06WmdXI4XIQBvB.emP0bosMSGC1IUFqvJI9m6xZykg. Accessed 24 October 2019.

John, F. 2019. Mozambique to build 35,000 affordable housing units. *Construction Review Online*. 25 July 2019. Available at <https://constructionreviewonline.com/2019/07/mozambique-to-build-35000-affordable-housing-units/>. Accessed 24 October 2019.

Jonas, N. 2019. Zimbabwe reaps benefits of China's flagship BRI. *IOL Business Report*. 12 July 2019. Available at <https://www.iol.co.za/business-report/belt-and-road/zimbabwe-reaps-benefits-of-chinas-flagship-bri-29082345>. Accessed 24 October 2019.

Reuters. 2019. China's CNOOC says it aims to take a stake in Ugandan oil pipeline. *African Mining Market*. 26 July 2019. Available at <https://africanminingmarket.com/chinas-cnooc-says-it-aims-to-take-a-stake-in-ugandan-oil-pipeline/4414/>. Accessed 24 October 2019.

Tan, J. 2019. Little-known Chinese phone-maker Transsion is boss in Africa. *Nikkei Asian Review*. 17 October 2019. Available at <https://asia.nikkei.com/Business/China-tech/Little-known-Chinese-phone-maker-Transsion-is-boss-in-Africa>. Accessed 24 October 2019.

Tobita, M. 2019. China and India stage investment showdown in Rwanda. *Nikkei Asian Review*. 24 November 2019. Available at <https://asia.nikkei.com/Economy/China-and-India-stage-investment-showdown-in-Rwanda>. Accessed 24 October 2019.

2. Trends in Financial Services

Anon. 2019. House team blocks move to scrap interest rate cap. *Business Daily Africa*. 18 September 2019. Available at https://www.businessdailyafrica.com/economy/3946234-5278058-116ujsb/index.html?utm_source=traqli&utm_medium=email&utm_campaign=bdafrica_newsletter&tqid=ivDjMmA.XkMBpL.ZGHqp6Zp_oZjHSA6GKcFe03Uh0w. Accessed 26 October 2019.

Anon. 2019. Nigerian digital bank Kuda raises \$1.6m in pre-seed round. *NIPC*. 12 September 2019. Available at https://nipc.gov.ng/2019/09/12/nigerian-digital-bank-kuda-raises-1-6m-in-pre-seed-round/?mc_cid=048a68d1c4&mc_eid=5996ec09d0. Accessed 27 October 2019.

Anon. 2019. Companies submitting request to lease equipment, says CEO Ethio Lease. *FANABC*. 14 August 2019. Available at <https://fanabc.com/english/2019/08/companies-submitting-request-to-lease-equipment-says-ceo-ethio-lease/>. Accessed 25 October 2019.

Anyanzwa, J. 2019. Equity, KCB buyouts: the making of \$15b region's banking giants. *The East African*. 16 September 2019. Available at https://www.theeastafrican.co.ke/business/Equity-KCB-regional-buyout/2560-5274950-aphqv5z/index.html?utm_source=newzmate&utm_medium=email&utm_campaign=2618&tqid=3O64MGo2XkQB.nhiUCrrJJEGZCWdiA.o48behhEKRww. Accessed 25 October 2019.

Mulandi, K. 2019. Kenya's Equity Bank announces deal to buy DR Congo's second-largest bank. *Region Week*. 10 September 2019. Available at <https://regionweek.com/kenyas-equity-bank-announces-deal-to-buy-dr-congos-second-largest-bank/>. Accessed 25 October 2019.

Okonji, E. and Alekhuogie, N. 2019. With two PSB licences, telcos set to deepen CBN's financial inclusion. *This Day*. 8 October 2019. Available at <https://www.thisdaylive.com/index.php/2019/10/08/with-two-psb-licences-telcos-set-to-deepen-cbns-financial-inclusion/>. Accessed 27 October 2019.

Siddiqi, M. 2019. Pan-African banking is changing the region's financial landscape. *African Review*. 23 September 2019. Available at <http://www.africanreview.com/finance/banking-a-finance/pan-african-banking-is-changing-the-region-s-financial-landscape>. Accessed 26 October 2019.

Towett, L. 2019. Top African bank to open office in China as it seeks to expand to Asia. *Weetracker*. 11 October 2019. Available at <https://weetracker.com/2019/10/11/top-african-bank-to-open-office-in-china-as-it-seeks-to-expand-to-asia/>. Accessed 27 October 2019.

Towett, L. 2019. KCB to acquire National Bank of Kenya following CBK approval. *Weetracker*. 3 September 2019. Available at <https://weetracker.com/2019/09/03/kcb-to-acquire-national-bank-of-kenya-following-cbk-approval/>. Accessed 25 October 2019.

Watanabe, J. 2019. Africa beckons as land of deals for Japan's top banks. *Nikkei Asian Review*. 27 August 2019. Available at <https://asia.nikkei.com/Business/Banking-Finance/Africa-beckons-as-land-of-deals-for-Japan-s-top-banks>. Accessed 25 October 2019.

3. Trends in Investments and Economics in Africa

Anon. 2019. Trends shaping the investment landscape in major African economies. *ESI Africa*. 26 September 2019. Available at <https://www.esi-africa.com/industry-sectors/business-and-markets/trends-shaping-the-investment-landscape-in-major-african-economies/>. Accessed 30 October 2019.

Anon. 2019. Let's market tourism. *Zambia Daily Mail*. 7 July 2019. Available at <http://www.daily-mail.co.zm/lets-market-tourism/>. Accessed 30 October 2019.

Davis, K. 2019. Investment opportunities in Uganda. *Africa.com*. 15 June 2019. Available at https://www.africa.com/uganda-top-3-investment-opportunities/?utm_source=Africa.com&utm_campaign=3cb735e714-EMAIL_CAMPAIGN_2018_06_22_02_06_COPY_01&utm_medium=email&utm_term=0_12683c81a6-3cb735e714-29147709. Accessed 31 October 2019.

George, L. and Bouso, R. 2019. Chevron seeks to reduce Nigerian presence with oilfield sales. *Reuters*. 29 October 2019. Available at <https://af.reuters.com/article/idAFKBN1X81KX-OZABS>. Accessed 30 October 2019.

Mwaniki, C. 2019. PE firms make 23pc dollar return in East Africa exits. *Business Daily Africa*. 9 July 2019. Available at https://www.businessdailyafrica.com/markets/marketnews/PE-firms-make-23pc-dollar-return-in-East-Africa-exits/3815534-5189560-6yxfozb/index.html?utm_source=traqli&utm_medium=email&utm_campaign=bdafrica_newsletter&tqid=0P6lZ3Q8E1lBEkl6IKbRTm3q5jk9.luAf5N76a0Diw. Accessed 30 October 2019.

News Agency of Nigeria. 2019. Buhari proposes 'Made in Nigeria Solutions' to nation's challenges. *Pulse*. 10 July 2019. Available at <https://www.pulse.ng/news/local/buhari-proposes-made-in-nigeria-solutions-to-nations-challenges/ztmesr2>. Accessed 31 October 2019.

Raffoul, A. and Raju, V. 2019. Ethiopia is Africa's new growth engine – here's why. *World Economic Forum on Africa*. 6 September 2019. Available at <https://www.weforum.org/agenda/2019/09/5-reasons-why-ethiopia-could-be-the-next-global-economy-to-watch/>. Accessed 30 October 2019.

4. Trends of Japan in Africa

Anon. 2019. 10 fresh deals signed between Rwanda and Japanese tech companies. *The New Times*. 9 October 2019. Available at <https://www.newtimes.co.rw/business/10-fresh-deals-signed-between-rwanda-and-japanese-tech-companies>. Accessed 25 October 2019.

Anon. 2019. Toyota to invest in Nigeria's energy and healthcare as Buhari canvasses for assembling plant. *NIPC*. 31 August 2019. Available at https://nipc.gov.ng/2019/08/31/toyota-to-invest-in-nigerias-energy-and-healthcare-as-buhari-canvasses-for-assembling-plant/?mc_cid=426ebbde78&mc_eid=5996ec09d0. Accessed 24 October 2019.

Anon. 2019. Miniso to open for business in Ghana next month. *Myjoyonline.com*. 30 August 2019. <https://www.myjoyonline.com/business/2019/August-30th/miniso-to-open-for-business-in-ghana-next-month.php>. Accessed 24 October 2019.

Anon. 2019. Japan to support Ghanaian peasant farmers. *PeaceFMOnline*. 30 August 2019. Available at <https://www.peacefmonline.com/pages/business/news/201908/390284.php>. Accessed 24 October 2019.

Gesinde, S. 2019. Toyota to build vehicle assembly plants in Ghana, Ivory Coast. *Nigerian Tribune*. 30 August 2019. Available at <https://tribuneonline.ng.com/toyota-to-build-vehicle-assembly-plants-in-ghana-ivory-coast/>. Accessed 24 October 2019.

Kartit, D. 2019. JETRO to utilize TCAD to recover 'lost opportunities' in Africa. *The Japan News*. 28 August 2019. Available at <https://the-japan-news.com/news/article/0005965727?fp=e69ab5b7ec521750705f9d6ea9e47b5c>. Accessed 24 October 2019.

Macauhub. 2019. Japan lends US\$44 million to Mozambique for Maputo Power Station. *Club of Mozambique*. 27 August 2019. Available at <https://clubofmozambique.com/news/japan-lends-us44-million-to-mozambique-for-maputo-power-station-140257/>. Accessed 24 October 2019.

Nishioka, A. 2019. Komatsu to set up plant in South Africa to battle Chinese rivals. *Nikkei Asian Review*. 19 September 2019. Available at <https://asia.nikkei.com/Business/Companies/Komatsu-to-set-up-plant-in-South-Africa-to-battle-Chinese-rivals>. Accessed 24 October 2019.

PH. 2019. Japan announces plans to double Africa's rice production by 2030. *How Africa*. August 2019. Available at https://howafrica.com/japan-announces-plans-to-double-africas-rice-production-by-2030/?utm_source=feedburner&utm_medium=email&utm_campaign=Feed%3A+howafrica+%28How+Africa+and+More%29. Accessed 24 October 2019.

5. Southeast Asia in Africa

Anjaiah, V. 2019. Indonesia-Africa Infrastructure Dialogue: Indonesia's increasing presence in Africa. *The Jakarta Post*. 20 August 2019. Available at <https://www.thejakartapost.com/news/2019/08/20/indonesia-africa-infrastructure-dialogue-indonesia-s-increasing-presence-africa.html>. Accessed 27 October 2019.

Anon. 2019. Olam helps Ugandan coffee farmers build long-term climate resilience. *Relief Web*. 23 September 2019. Available at <https://reliefweb.int/report/uganda/olam-helps-ugandan-coffee-farmers-build-long-term-climate-resilience>. Accessed 27 October 2019.

Anon. 2019. Mozambique, Indonesia ink preferential trade deal. *Journal du Cameroun.com*. 28 August 2019. Available at <https://www.journalducameroun.com/en/mozambique-indonesia-ink-preferential-trade-deal/>. Accessed 27 October 2019.

Anon. 2019. Inka aims to secure Rp 7 trillion worth of order contracts from African, Asian countries. *The Jakarta Post*. 20 August 2019. Available at <https://www.thejakartapost.com/news/2019/08/20/inka-aims-to-secure-rp-7-trillion-worth-of-order-contracts-from-african-asian-countries.html>. Accessed 27 October 2019.

Anon. 2019. Indonesia to augment sales of medicines, medical devices in Africa. *Antara News*. 31 May 2019. Available at <https://en.antaranews.com/news/126512/indonesia-to-augment-sales-of-medicines-medical-devices-in-africa>. Accessed 27 October 2019.

Arosanyin, K. 2019. Economic opportunities of megacities in sub-Saharan Africa. *Global Trade Magazine*. 18 July 2019. Available at <https://www.globaltrademag.com/economic-opportunities-of-megacities-in-sub-saharan-africa/>. Accessed 27 October 2019.

Parameswaran, P. 2019. What's next for Vietnam-South Africa military ties? *The Diplomat*. 26 August 2019. Available at <https://thediplomat.com/2019/08/whats-next-for-vietnam-south-africa-military-ties/>. Accessed 27 October 2019.

Saiman, A. 2019. Setting sights on 'free trade' Africa. *The Jakarta Post*. 20 August 2019. Available at https://www.defenceweb.co.za/featured/russia-keen-to-manufacture-military-hardware-with-south-africa/?fbclid=IwAR2eudldxCbY66KzB9mpvJh5u_QjxQLas364lbNBovlkNDNbSu3efE4_sfY. Accessed 27 October 2019.

Sinaga, Y.A. Indonesian ambassador promotes Sumedang Coffee in Africa. *Antara News*. 30 July 2019. Available at <https://en.antaranews.com/news/130050/indonesian-ambassador-promotes-sumedang-coffee-in-africa>. Accessed 27 October 2019.

REFERENCES

1. Trends of China in Africa

- ¹ https://www.theeastafrican.co.ke/business/China-injects-72b-in-Africa-as-its-influence-gathers-pace/2560-5303134-10sv8vf/index.html?utm_source=newsmate&utm_medium=email&utm_campaign=2318&tqid=06WmdXl4XlQBvB.emP0bosMSGC1IUfQvJI9m6xZykq
- ² <http://www.ghanaiantimes.com.gh/chinese-business-delegation-in-ghana-to-explore-investment-opportunities/>
- ³ https://nipc.gov.ng/2019/09/19/china-will-invest-more-in-lagos/?mc_cid=2034ec68fc&mc_eid=5996ec09d0
- ⁴ <https://africanminingmarket.com/chinas-cnooc-says-it-aims-to-take-a-stake-in-ugandan-oil-pipeline/4414/>
- ⁵ <https://punchng.com/nnpcc-chinese-lender-seal-2-5bn-pipeline-deal/>
- ⁶ <https://asia.nikkei.com/Business/China-tech/Little-known-Chinese-phone-maker-Transsion-is-boss-in-Africa>
- ⁷ <https://asia.nikkei.com/Economy/China-and-India-stage-investment-showdown-in-Rwanda>
- ⁸ <https://constructionreviewonline.com/2019/07/mozambique-to-build-35000-affordable-housing-units/>
- ⁹ <https://www.iol.co.za/business-report/belt-and-road/zimbabwe-reaps-benefits-of-chinas-flagship-bri-29082345>

2. Trends in Financial Services

- ¹⁰ <https://asia.nikkei.com/Business/Banking-Finance/Africa-beckons-as-land-of-deals-for-Japan-s-top-banks>
- ¹¹ <https://fanabc.com/english/2019/08/companies-submitting-request-to-lease-equipment-says-ceo-ethio-lease/>
- ¹² <http://www.africanreview.com/finance/banking-a-finance/pan-african-banking-is-changing-the-region-s-financial-landscape>
- ¹³ <https://weetracker.com/2019/09/03/kcb-to-acquire-national-bank-of-kenya-following-cbk-approval/>
- ¹⁴ <https://regionweek.com/kenyas-equity-bank-announces-deal-to-buy-dr-congos-second-largest-bank/>
- ¹⁵ https://www.theeastafrican.co.ke/business/Equity-KCB-regional-buyout/2560-5274950-aphqv5z/index.html?utm_source=newsmate&utm_medium=email&utm_campaign=2618&tqid=3064MGo2XkQBnhiUCrrJJEGZCWdiA.o48behhEKRww
- ¹⁶ https://www.businessdailyafrica.com/economy/3946234-5278058-116ujsb/index.html?utm_source=traqli&utm_medium=email&utm_campaign=bdafrica_newsletter&tqid=ivDjMmA.XkMBpL_ZGHqp6Zp_oZjHSA6GKcFe03Uh0w
- ¹⁷ https://nipc.gov.ng/2019/09/12/nigerian-digital-bank-kuda-raises-1-6m-in-pre-seed-round/?mc_cid=048a68d1c4&mc_eid=5996ec09d0
- ¹⁸ <https://www.thisdaylive.com/index.php/2019/10/08/with-two-psb-licences-telcos-set-to-deepen-cbns-financial-inclusion/>

3. Trends in Investments and Economics in Africa

- ¹⁹ <https://www.esi-africa.com/industry-sectors/business-and-markets/trends-shaping-the-investment-landscape-in-major-african-economies/>
- ²⁰ <https://www.pulse.ng/news/local/buhari-proposes-made-in-nigeria-solutions-to-nations-challenges/zmesr2>
- ²¹ https://www.africa.com/uganda-top-3-investment-opportunities/?utm_source=Africa.com&utm_campaign=3cb735e714-EMAIL_CAMPAIGN_2018_06_22_02_06_COPY_01&utm_medium=email&utm_term=0_12683c81a6-3cb735e714-29147709
- ²² <http://www.daily-mail.co.zm/lets-market-tourism/>
- ²³ https://www.businessdailyafrica.com/markets/marketnews/PE-firms-make-23pc-dollar-return-in-East-Africa-exits/3815534-5189560-6yxfozbz/index.html?utm_source=traqli&utm_medium=email&utm_campaign=bdafrica_newsletter&tqid=0P6I3ZQ8E1IBEkI6IKbRTm3q5jk9.luAf5N76a0Diw
- ²⁴ <https://af.reuters.com/article/idAFKBN1X81KX-OZABS>
- ²⁵ <https://www.weforum.org/agenda/2019/09/5-reasons-why-ethiopia-could-be-the-next-global-economy-to-watch/>

4. Trends of Japan in Africa

- ²⁶ <https://the-japan-news.com/news/article/0005965727?fp=e69ab5b7ec521750705f9d6ea9e47b5c>
- ²⁷ https://howafrica.com/japan-announces-plans-to-double-africas-rice-production-by-2030/?utm_source=feedburner&utm_medium=email&utm_campaign=Feed%3A+howafrica+%28How+Africa+and+More%29
- ²⁸ <https://clubofmozambique.com/news/japan-lends-us44-million-to-mozambique-for-maputo-power-station-140257/>
- ²⁹ <https://www.myjoyonline.com/business/2019/August-30th/miniso-to-open-for-business-in-ghana-next-month.php>
- ³⁰ <https://www.peacefmonline.com/pages/business/news/201908/390284.php>
- ³¹ https://nipc.gov.ng/2019/08/31/toyota-to-invest-in-nigerias-energy-and-healthcare-as-buhari-canvasses-for-assembling-plant/?mc_cid=426ebbde78&mc_eid=5996ec09d0
- ³² <https://tribuneonlineeng.com/toyota-to-build-vehicle-assembly-plants-in-ghana-ivory-coast/>
- ³³ <https://asia.nikkei.com/Business/Companies/Komatsu-to-set-up-plant-in-South-Africa-to-battle-Chinese-rivals>
- ³⁴ <https://www.newtimes.co.rw/business/10-fresh-deals-signed-between-rwanda-and-japanese-tech-companies>

5. Southeast Asia in Africa

- ³⁵ <https://www.globaltrademag.com/economic-opportunities-of-megacities-in-sub-saharan-africa/>
- ³⁶ <https://www.thejakartapost.com/news/2019/08/20/indonesia-africa-infrastructure-dialogue-indonesia-s-increasing-presence-africa.html>
- ³⁷ https://www.defenceweb.co.za/featured/russia-keen-to-manufacture-military-hardware-with-south-africa/?fbclid=IwAR2eudldxCbY66KzB9mpvJh5u_QixQLas364IbNBovIkNDNbSu3efE4_sfY
- ³⁸ <https://en.antaranews.com/news/126512/indonesia-to-augment-sales-of-medicines-medical-devices-in-africa>
- ³⁹ <https://en.antaranews.com/news/130050/indonesian-ambassador-promotes-sumedang-coffee-in-africa>
- ⁴⁰ <https://reliefweb.int/report/uganda/olam-helps-ugandan-coffee-farmers-build-long-term-climate-resilience>

⁴¹ <https://thediplomat.com/2019/08/whats-next-for-vietnam-south-africa-military-ties/>

⁴² <https://www.journalducameroun.com/en/mozambique-indonesia-ink-preferential-trade-deal/>

⁴³ <https://www.thejakartapost.com/news/2019/08/20/inka-aims-to-secure-rp-7-trillion-worth-of-order-contracts-from-african-asian-countries.html>

**NANYANG
TECHNOLOGICAL
UNIVERSITY**
SINGAPORE

NTU-SBF
Centre for African Studies
Nanyang Business School

NTU-SBF Centre for African Studies

The NTU-SBF Centre for African Studies (CAS) is to develop thought leadership and capacity for doing business in Africa. It includes bringing Africa to Southeast Asia and Singapore and helping Singapore to be positioned as the gateway into Southeast Asia. As such, CAS aims to build and expand its local and international profile by means of publications, conferences, seminars and business forums through collaboration with local businesses, other research entities and business schools in Singapore and Africa.
<http://www.nbs.ntu.edu.sg/Research/ResearchCentres/CAS>

**NANYANG
TECHNOLOGICAL
UNIVERSITY**
SINGAPORE

**Nanyang Centre for
Emerging Markets**
Nanyang Business School

Nanyang Centre for Emerging Markets

The Nanyang Centre for Emerging Markets (CEM) is a new initiative by Nanyang Business School to establish global thought leadership on business-related issues in emerging markets. It conducts research on pressing and timely business issues in emerging markets through a global research platform of leading scholars and institutional partners. It closely interacts with corporate partners to identify research topics and manage the research process. Its research outputs include valuable and relevant implications for sustained profitable growth for local and multinational companies in emerging markets. It delivers a variety of research reports and organizes forums, seminars, CEO roundtables, conferences, and executive training programmes for broad dissemination of its research outputs.
<http://www.nbs.ntu.edu.sg/Research/ResearchCentres/CEM>

Partner Organizations

Contact Information:

Que Boxi

Email: cas@ntu.edu.sg

Phone: +65 65138089

Address: S3-B1A-35 Nanyang Business School

Nanyang Technological University

50 Nanyang Avenue Singapore 639798