RMB

A division of FirstRand Bank Limited

Traditional values. Innovative ideas.

WHERE TO INVEST IN AFRICA 2020

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RMB firmly believes that Africa is home to vast business opportunities despite the many challenges facing our continent. What we need most to unlock Africa's potential is partnerships that can transform these challenges into opportunities. RMB is the financial services partner you need to facilitate trade and investment flows across the continent and on to the rest of the world.

Our presence in Africa

Over the years we have expanded our business across key jurisdictions in Africa and currently have a presence in 12 countries. Our corporate and investment banking offering is delivered in ten of these jurisdictions through RMB subsidiaries in South Africa, Nigeria, Namibia and Botswana. In Ghana, Lesotho, Mozambique, Eswatini, Tanzania and Zambia, our offering is branded FNB to meet and comply with legal and regulatory requirements. Our Kenyan and Angolan offices trade as representative offices of the FirstRand Group.

Africa – a big deal for RMB

Our deal footprint spans across 35 African jurisdictions and range from the funding of key infrastructure and resource finance projects to mergers and acquisitions, ICT projects, mining, oil and gas, telecoms and renewable energy developments.

Global corridors

RMB is the gateway to corporate and investment banking in Africa and part of one of the largest financial services groups (by market capitalisation) in Africa – FirstRand Bank Limited.

Indo-Africa corridor

FirstRand Bank is the first bank from Africa to be granted a full-scale commercial banking licence in India.

Our India branch, based in Mumbai, primarily focuses on investment banking, fixed income, currency and commodity products, trade finance, as well as debt capital markets and other structured products.

Since 1990, bilateral trade between India and Africa has flourished – particularly in the sub-Saharan African (SSA) region. Countries like Nigeria, Angola, the DRC, Tanzania, Mauritius and Kenya continue to enjoy very strong export and import trade volumes with India.

China, East Asia and South-East Asia corridor

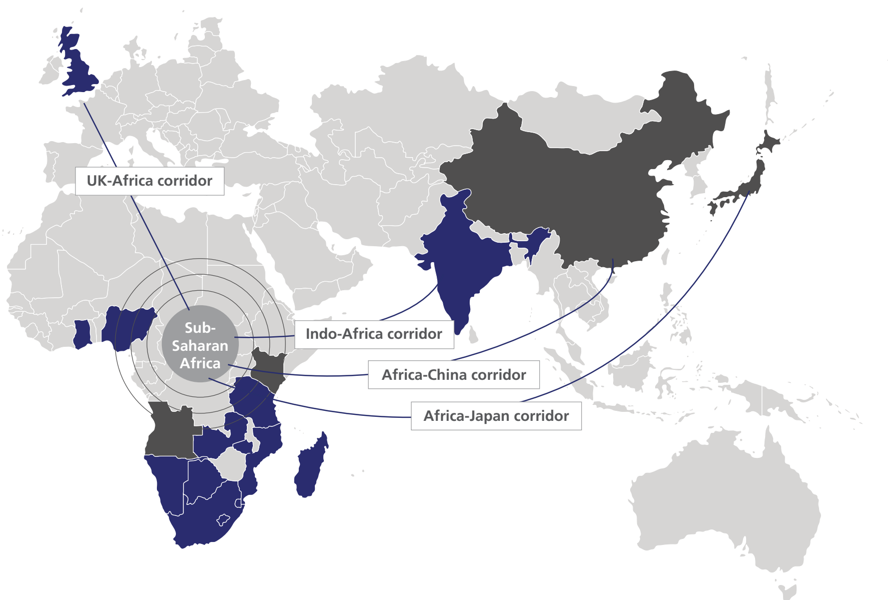
China is strategically important to Africa's growth story. Managed by RMB, our Shanghai representative office plays a leading role in facilitating trade flows between China and Africa.

Our partnership with China Construction Bank; the China Africa Development Bank; China Export & Import Bank and Sinosure furthermore enable us to support our clients on either side of the China-Africa corridor.

Across the rest of East Asia, as well as South-East Asia, we are also well positioned (for example through our strategic co-operation agreement with Bank of Tokyo Mitsubishi and others) to support clients on both sides of the corridor with the ever-increasing trade and investments in Africa.

UK-Africa corridor

RMB London is a branch of FirstRand Bank Ltd in the UK. The branch operates predominantly as an origination and distribution platform to service European and international companies and investors with business interests and investments in Africa.



Where to invest in Africa

This year, RMB Global Markets Research is returning *Where to Invest in Africa* to its roots — the sectors we believe are key to releasing the continent's growth potential.

Exploring Africa's mining resources

Africa is home to more than half the world's reserves of gold, chrome and platinum, and a significant proportion of the world's diamond reserves. RMB has offered corporate and investment banking solutions to the mining and resources sector since opening our doors in 1977. Our sector experts with their wealth of knowledge offer innovative solutions ranging from early stage equity; project finance; advisory services; asset-backed finance; and currency and commodity services to structured trade finance, and equity and debt capital instruments.

Buying power for the retail sector

Consumer demand and sales volumes have peaked in the developed world, and emerging economies are the next big thing in global spending and consumption over the next few decades, especially as African economic growth rates recover. Although the pace in the growth of the middle class has been slower than expected for reasons unique to each country's economic profile, the continent's demographic landscape remains attractive.

RMB offers banking solutions across the retail value chain, including merchant services, foreign exchange, trade and working capital and corporate finance.

Financing Africa's full potential

Financial services play a critical role in securing Africa's future. Without sustainable funding and commercial credit, project development in key areas such as infrastructure, healthcare, and energy projects remain concepts rather than reality. Regulatory reforms, the emergence of an urban middle class and technological advancements allow financial institutions access to funding mechanisms to mitigate risk and maximise returns.

ICT/TMT connecting Africa's digital dots

Technology and telecommunications are connecting our continent and the world. This sector is growing with emerging technologies. Our experienced telecommunications, media and technology (TMT) team offers corporate banking, investment banking and financial risk solutions to clients in the sector. Our strong focus and jurisdictional expertise make us the preferred financing partner for our clients seeking to invest in the ICT/TMT sector in SSA.

Manufacturing for the future

The manufacturing sector has become highly competitive, with many additional countries becoming more appealing. This makes it even more important to have the right partner when competing. RMB has the financial backing and capabilities to help you expand and export to new markets across the continent. Our highly skilled, experienced teams develop dynamic, sophisticated banking solutions to optimise our clients' working capital cycles and simplify their banking processes.

Constructing a forward-looking continent

Infrastructure is a key constraint to inclusive growth. While Africa's infrastructure shortage is undeniable, it provides abundant investment opportunities – particularly for the construction sector. RMB has facilitated several infrastructure projects across the continent over the past couple of years, ranging from real estate developments and pipeline projects to roads, bridges, airports and harbours to increase intra-African trade and FDI into the continent.

RMB is a proudly African bank, with our roots firmly embedded in African soil. Join us on our journey as we realise untapped value in Africa.

Video: Where to Invest in Africa 2020 overview

(Scan the QR code to watch the video)

Egypt maintains its apex spot in our rankings as Morocco emphasises North Africa's dominance by displacing South Africa in the number two position. Tanzania's fall from grace has reshuffled the top ten investment destinations, with Tunisia returning to the fold at number ten while Côte d'Ivoire and Ghana edge ever-closer to the top five.

RMB INVESTMENT ATTRACTIVENESS RANKINGS

01

BEST COUNTRIES TO INVEST IN

Egypt

Morocco

South Africa

HIGHEST FORECAST GROWTH RATES (2019-2024)

SENEGAL **8.2%**

RWANDA **7.9%**

ETHIOPIA **7.2%**

TOP 3 COUNTRIES BY MARKET SIZE

EGYPT
US$1.4trn

NIGERIA
US$1.2trn

SOUTH AFRICA
US$813bn

BIGGEST CLIMBERS

UP **10** — **DJIBOUTI** (from 44 to 34)

UP **8** — **MOZAMBIQUE** (from 30 to 22)

UP **7** — **GUINEA** (from 33 to 26)

TOP 3 COUNTRIES BY OPERATING ENVIRONMENT

Mauritius

Rwanda

Botswana

The purpose of *Where to Invest in Africa* is to provide easily digestible data and analysis to firms considering investing in Africa, and to point out new opportunities to those already vested in the continent. We begin by assessing each African economy's investment potential. The RMB Investment Attractiveness Rankings does this by overlaying macroeconomic fundamentals with the practicalities of doing business on the continent.

RMB Investment Attractiveness Rankings

After nine years of publishing our rankings, we never fail to be both pleased and surprised by the extent of improvement in countries that are not necessarily perceived as strong investment destinations. Guinea, Mozambique and Djibouti recorded the strongest gains, with notable advancements in certain aspects of their operating environments. The rankings are as instructive on the downside, identifying countries that have either stagnated or outright deteriorated in one or all aspects of our methodology. South Africa, Ethiopia and Tanzania are among the more prominent countries to have moved downward. A deterioration in the ease of doing business has contributed to their relative underperformance, and South Africa is also enduring a cyclical downturn. Tanzania's fall from grace has shuffled the top ten investment destinations, with Tunisia returning to the fold at number ten while Côte d'Ivoire and Ghana edge close to the top five. North Africa remains dominant, with Morocco displacing South Africa in the rankings, placing second to Egypt. Aspects like simplifying the process of registering a business, improving electronic submissions and processing of export documents, as well as increasing the efficiency of the customs service have helped Morocco move into second place.

There is an even split of countries from the east and west within our top ten rankings, with only South Africa representing the southern tip of the continent — once again demonstrating its dominance in terms of market size.

Table 1.1: RMB Investment Attractiveness Rankings

	Rank		Change in ranking between 2018 and 2019	
	2019	2018		
Egypt	1	1	→	0
Morocco	2	3	↑	1
South Africa	3	2	↓	-1
Kenya	4	5	↑	1
Rwanda	5	6	↑	1
Ghana	6	9	↑	3
Côte d'Ivoire	7	10	↑	3
Nigeria	8	8	→	0
Ethiopia	9	4	↓	-5
Tunisia	10	11	↑	1

	Rank		Change in ranking between 2018 and 2019	
	2019	2018		
Mauritius	11	12	↑	1
Senegal	12	16	↑	4
Botswana	13	13	→	0
Uganda	14	14	→	0
Tanzania	15	7	↓	-8
Algeria	16	15	↓	-1
Zambia	17	17	→	0
Cameroon	18	18	→	0
Burkina Faso	19	19	→	0
Mali	20	21	↑	1
Angola	21	20	↓	-1
Mozambique	22	30	↑	8
Benin	23	23	→	0
Namibia	24	22	↓	-2
Malawi	25	27	↑	2
Guinea	26	33	↑	7
Niger	27	32	↑	5
Seychelles	28	29	↑	1
Madagascar	29	24	↓	-5
Cabo Verde	30	31	↑	1
DRC	31	28	↓	-3
Mauritania	32	37	↑	5
Gabon	33	26	↓	-7
Djibouti	34	44	↑	10
Togo	35	40	↑	5
Sudan	36	25	↓	-11
Zimbabwe	37	34	↓	-3
Chad	38	38	→	0
Sierra Leone	39	35	↓	-4
Gambia	40	42	↑	2
Lesotho	41	39	↓	-2
Eswatini	42	41	↓	-1

	Rank			
	2019	2018	Change in ranking between 2018 and 2019	
São Tomé and Príncipe	43	45	↑	2
Libya	44	36	↓	-8
Guinea-Bissau	45	47	↑	2
CAR	46	49	↑	3
Eritrea	47	46	↓	-1
Comoros	48	48	→	0
Congo	49	51	↑	2
South Sudan	50	53	↑	3
Liberia	51	43	↓	-8
Burundi	52	50	↓	-2
Somalia	53			-
Equatorial Guinea	54	52	↓	-2

Note: Somalia was not ranked in previous years due to insufficient data

Source: IMF, WEF, Heritage Foundation, World Bank, Transparency International, RMB Global Markets

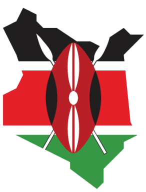
Context is important when assessing the top ten countries. As such, we provide a breakdown of the factors underlying each country's investment attractiveness and its associated risks in Table 1.2.

Table 1.2: Cake toppers — Africa's top ten favourable factors and risks

1		
Country	**Favourable factors**	**Risks**
Egypt 	The enormity of the market size (which ranks second to Nigeria in nominal terms) paired with a sophisticated business sector relative to neighbouring countries, makes Egypt the most attractive investment destination in Africa. The improvement in Egypt's business sector is evident in the country's eight-place leap in the World Bank's Ease of Doing Business rankings, facilitated through government programmes like the white cab initiative which subsidises the financing of new taxis to reduce CO_2 emissions.	Goods, labour and financial markets require additional structural reform to enhance Egypt's competitiveness relative to peer economies.

2		
Country	**Favourable factors**	**Risks**
Morocco 	Morocco is Africa's fifth-largest market, with an expected growth rate of 4% over the medium term. A greatly-enhanced operating environment has served Morocco well since the Arab Spring. Its reintegration into the African Union (AU) and accession to the Economic Community of West African States (ECOWAS) have enhanced its investment appeal.	Morocco will remain dependent on Europe, through tourism, foreign direct investment (FDI) and remittance inflows. However, there are no immediate threats to its position in our rankings.

3		
Country	**Favourable factors**	**Risks**
South Africa 	South Africa has slipped another place in this year's ranking, stymied by depressed levels of growth and a lack of structural reform. Yet it remains Africa's hotspot for portfolio investment. With many African nations facing severe liquidity constraints, South Africa's financial markets and level of financial inclusion are still a cut above the rest. The eradication of graft at an executive level and improvement of governance at SOEs has shored up market confidence and should translate into higher levels of domestic investment.	South Africa's presence in our top ten has never been questioned, though the underpinnings of its top three spot are scrutinised to assess whether it can retain a top five spot over the next five years, especially as levels of corruption and the eradication thereof at an executive level are being questioned. The sustainability of SOEs, particularly Eskom, poses substantial risk to the government's balance sheet and sovereign rating but we believe that with sufficient reform efforts, the country will maintain a place within our top five.

4		
Country	**Favourable factors**	**Risks**
Kenya 	The above 5% expected growth rates, helped by favourable weather and political reconciliation after 2017's disputed elections, has propelled Kenya one spot higher. The economy benefits from diversity as well as a sustained expansion in consumer demand, urbanisation, East African Community (EAC) integration, structural reforms and investment in infrastructure, including an oil pipeline, railways, ports and power generation.	There are no significant risks to Kenya's top ten position. Structural constraints, such as infrastructure deficiencies, will continue to weigh on the economy, although new projects will boost logistical capacity.

5		
Country	**Favourable factors**	**Risks**
Rwanda 	Rwanda has the second-best business environment in Africa. According to the World Bank's operating environment scoring, the country has more than doubled the efficiency of its business environment in less than a decade. The government has also invested heavily into its domestic industries, while FDI has increased over the same period. This has pushed Rwanda to being one of the five fastest-growing economies on the continent.	The market is very small and, with a population of only 12 million, the opportunities for expanding a business are less than in larger markets. The biggest risk to Rwanda's stability is external, particularly a spillover of political instability from neighbouring Burundi and the DRC.

6		
Country	**Favourable factors**	**Risks**
Ghana 	The growth outlook is strong, concentrated around the oil and gas sector. Non-oil growth will pick up again, supported by pro-business reforms and a steady improvement in power supply. Political stability will remain underpinned by Ghana's strong democratic credentials. Regardless of a recent deterioration in its operating environment rankings, Ghana remains one of the easier business environments in Africa.	Ghana's large public debt burden (and public arrears in the local power sector) requires considerable fiscal consolidation to correct. The country's commodity dependency is increasing, with oil, gold and cocoa being the main exports, which leaves Ghana heavily exposed to international price trends.

7		
Country	**Favourable factors**	**Risks**
Côte d'Ivoire 	Côte d'Ivoire is one of the more diversified economies in francophone Africa. Its strong growth rates are supported by the government's pro-business reforms and a relatively stable political context. Large infrastructure projects, particularly in transport and energy (financed by foreign investment, aid inflows and the government), also support the country's strong position in our rankings.	The business environment, although improving, is challenging. The export base remains narrow, while rising debt stocks and simmering political tensions continue to weigh on the economy. However, we believe that the country is set to remain in our top 15 for the foreseeable future.

8		
Country	**Favourable factors**	**Risks**
Nigeria 	Nigeria retains its top ten ranking due to improved macroeconomics, supported by recovering oil prices and production. As the largest economy in Africa in nominal terms, the possibility for investment cannot be overlooked. And with the largest population on the continent, domestic demand continues to rise. Resources and favourable demographics are attracting strong flow of FDI. The liquidity crunch has subsided since 2017 as commodity prices have recovered and changes in FX regulations have been implemented.	Growth will be constrained by the weak policy environment and dire infrastructure provision. The medium-term prospects are slightly stronger, with elections out of the way and oil prices strengthening. Essentially, oil will remain Nigeria's largest export earner due to the government failing to undertake structural reform. Nigeria is exposed to falls in global oil prices and disruptions to output resulting from instability in oil-producing regions.

9		
Country	**Favourable factors**	**Risks**
Ethiopia 	Ethiopia — one of Africa's big five economies in market size — is one of the fastest-growing economies on the continent. The government has been successful in nurturing the country's comparative advantage (agriculture and manufacturing). And with almost 100 million people, the demand for goods and services is rising significantly. The prohibition of foreign ownership in key sectors is still a constraint for investment, but this is slowly changing due to Ethiopia's need for more external funding. The government has announced shake-ups across industries, including plans to open up the once-closely-guarded telecommunications and power monopolies.	Private sector growth has been heavily constrained by restrictions on business, evidenced by the country's deterioration in the World Bank's Ease of Doing Business ranking from 107 to 159. Starting and exiting a business has been identified by the country's Investment Commission as onerous, while sustained government involvement in the economy, specifically in utilities, has crowded out the private sector. Export earnings remain vulnerable to adverse changes in commodity prices, resulting in periods of FX illiquidity — a persistent challenge to trade.

10		
Country	**Favourable factors**	**Risks**
Tunisia 	Tunisia re-enters the top ten following Tanzania's departure, supported by a reasonable market size and favourable operating environment. The government's encouragement of foreign investment, through its new simplified investment code, has made the country increasingly attractive to multinational manufacturers.	Significant industry-specific and country risks, such as underdeveloped regulation and the instability of the Tunisian dinar, will continue to restrict multinational investment.

Source: RMB Global Markets

Other movers and shakers

Table 1.3: Meaningful movements outside of the top ten between 2018 and 2019

Senegal

↑ From 16 to 12

For better

The establishment of well-entrenched democratic institutions and strong support of leadership, particularly after improvements to infrastructure over the last few years, have contributed to political stability. The government continues to deepen foreign relations, maintaining its traditional relationship with France while fostering inter-regional communication. An extension of an unfunded IMF programme to guide macroeconomic reform will enhance the government's policy credibility.

Real GDP growth is expected to be strong throughout the 2019-2024 forecast period (IMF estimates of 8.2%). High private investment, particularly in oil, energy, transport, agriculture, tourism, textiles and information technology, will continue to underpin economic expansion. Commerce and industry will receive a further boost from much-improved electricity supply — a primary concern for investors.

Mozambique

↑ From 30 to 22

For better

Mozambique's improvement might seem misplaced given the devastation arising from Hurricanes Idai and Kenneth, and the ongoing efforts to re-establish links to the international capital market following the debt crisis in 2016. We accept that the macroeconomic backdrop has deteriorated, and the policy environment will be geared toward supporting the economy; but there are still favourable factors that enhance the country's investment attractiveness over the next five years, especially strong FDI flows into the resources sector. Debt restructuring will also support the fiscal outlook.

Guinea

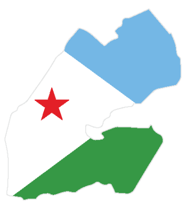
↑ From 33 to 26 | **For better**

Guinea is a hidden gem in West Africa, boasting one of the highest rates of forecasted growth on the continent of roughly 6% in 2019. Its mining potential, embedded in bauxite and gold, is attracting a great deal of FDI, particularly from China as part of the Sino-Guinean Framework Agreement. Its historical linkages to France, together with its cooperative agreement with the EU, enables access to the European Development Fund, which assists in the funding of its budget deficit. The government's capital investment programme — which has already yielded infrastructural improvements — paired with higher export growth from newly-established mines, will underpin economic expansion.

With respect to its operating environment, Guinea has made great strides in easing operating constraint, implementing reforms across the whole spectrum of categories measured by the World Bank in its *Doing Business Report*. That isn't to say that the country does not face headwinds. Poor political and economic governance are at the heart of its developmental challenges and will constrain its progress in our rankings if not addressed.

Djibouti

↑ From 44 to 34 | **For better**



Djibouti might seem inconsequential geographically, but it is an important conduit for trade in North and East Africa, serving as Ethiopia's key trade outlet. Though plagued by pockets of political unrest, it has implemented a myriad of business reforms, including in areas of starting a business, property registration, getting credit and enforcing contracts, which have significantly improved its standings in the *Doing Business Report* by a whopping 55 spots. This remarkable improvement underpins the ten-place movement in our core rankings.

An estimated GDP growth rate of more than 4%, supported by capital investment in a new re-export facility and free trade zone, as well as deepening ties with non-traditional investment partners — Egypt and Japan — are further beneficial factors. Affordable logistics and warehousing and renewed interest in salt production in Lac Assal are also potential opportunities for investment.

Gabon

↓ From 26 to 33 | **For worse**

Gabon's operating environment score has declined consistently since 2015, exacerbated by a relatively small market size, resulting in a swift downward move in our overall rankings. The recent volatility in the oil price and growing concerns of it moving lower if a production deficit materialises in 2020, will be a crippling factor given the economy's reliance on oil for fiscal and external revenues.

The risk of social unrest is particularly high due to the rising anti-government sentiment, while skills shortages are a constraint to private-sector employment. Gabon does, however, have some redeeming qualities as it moves to diversify its economy away from oil under the guidance of the IMF.

Paying down outstanding debt commitments, amid years of accumulation, has been prioritised and facilitated through the "Club de Libreville" arrangement, whereby 177 companies will be reimbursed for two-thirds of outstanding debt.

Sudan

↓ From 25 to 36 | **For worse**

Sudan's 11-spot deterioration in our core ranking is among the starkest but is aligned to the reluctance of foreign investors to re-engage despite the lifting of US sanctions in 2017. The political situation has become even more tenuous following the removal of Omar al-Bashir and the establishment of a transitional military council, whose mandate remains unclear. Terrorism and armed conflict are perhaps the most worrisome factors as several disputes remain unresolved.

The impact on international relations has been varied: ties with the US and EU remain strained while those with China, the UAE and Saudi Arabia continue largely unaffected. Sudan's poor operating environment is matched by recessionary conditions, narrowing its overall scoring. It is little surprise that the economy is flailing as the prevailing liquidity crunch and fuel shortages have stalled industrial production. Private investment remains constrained by political uncertainty, currency volatility and lofty inflation. However, conditions might improve if the government's proposed macroeconomic programmes spur investment into the mining sector. Diversification away from hydrocarbons, however, is sorely needed.

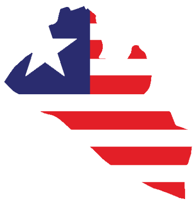
Libya

↓ From 36 to 44 | **For worse**

Libya's international and economic policy environment remains highly constrained by a fractious and disconcerting political backdrop, contributing to its descent in our core ranking. Insecurity, corruption and a lack of access to financing are at the heart of operating difficulties. Alleviating these constraints will only be viable once a peace deal is brokered and a unity government is established that is not challenged by the military. It is assumed that this will occur by 2021 alongside an increase in oil production which will spur economic growth.

Liberia

↓ From 43 to 51 | **For worse**



Liberia is among the worst-ranked countries for doing business in according to the World Bank, ranking 174 out of 190 (where 190 is the worst). It ranks between 170 and 185 in six of the ten categories measured, faring poorly in dealing with construction permits, registering property and protecting minority investors. Liberia's investment attractiveness is further dented by exceptionally low growth rates, impaired by a weak commodity price environment affecting external receipts. Meanwhile, currency volatility perpetuates high inflation, undermining the government's pro-poor agenda. These aspects will need to be improved on for the country's score to justify a move back to the lower forties.

Source: EIU, World Bank, RMB Global Markets

Unpacking our methodology

We briefly discuss the key indicators of our methodology to understand Africa's economic growth environment and the ease of doing business on the continent.

Economic activity

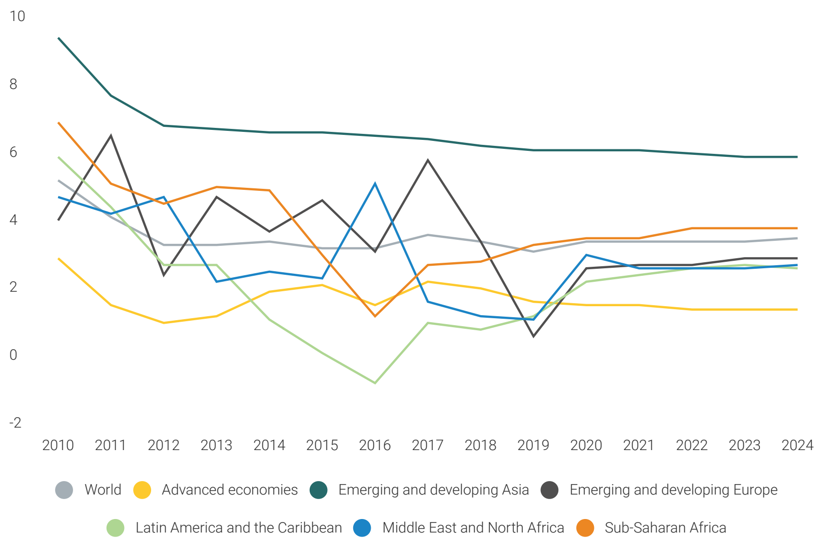
Growth

Africa's growth outlook remains clouded by an uncertain global economy, and consequently commodity prices, but more importantly by persistent structural rigidities. More specifically, high public debt in most economies limits the fiscal space needed for critical social and infrastructure spending. The major challenges facing growth in Africa are:

- Global growth losing momentum
- Overreliance on key commodities
- Over-indebtedness — fiscal restraints
- Lack of structural reform
- Infrastructure deficit
- Rising non-performing loans — financial system strain
- Lack of meaningful business environment reforms
- Election uncertainties

The IMF expects the continent's growth to pick up to 3.5% in 2019 and reach just below 4% over the medium term — or about 5% if two of Africa's largest markets, Nigeria and South Africa's poor growth performances are excluded — which is quicker than the global average anticipated over the short term. This remains below the 6% seen in the previous decade (2000 to 2010). The moderation should be viewed against a backdrop of slowing growth globally. The need to implement structural reforms is not unique to the continent, but it will enhance productivity gains and improve levels of productivity growth over the longer term.

Figure 1.1: Global growth trend (%)



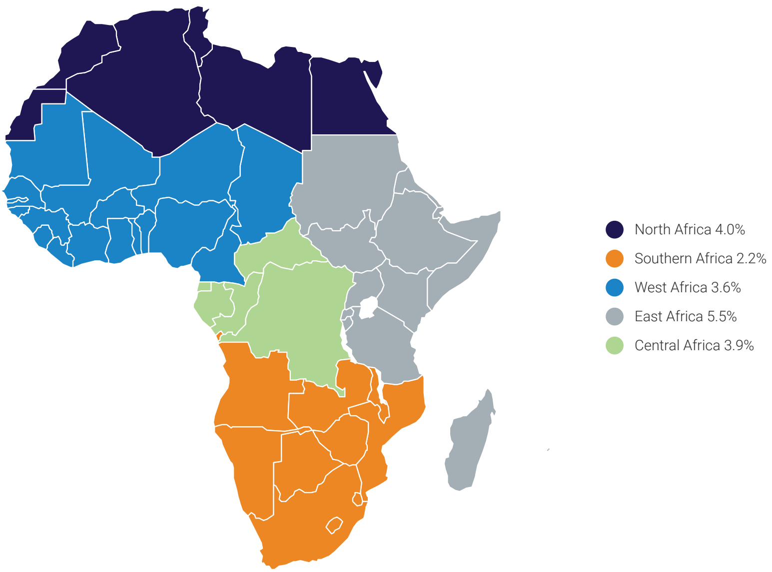
Source: IMF

Africa's **non-resource intensive countries** have been the growth drivers, mainly due to higher levels of public investment. But the IMF warns that these governments need to shift the responsibility from the public to the private sector, as debt levels are increasing too fast. In **resource-driven economies**, fiscal and external accounts had to adjust to lower commodity prices, adding pressure on much-needed capital expenditure as well as currencies.

As the African Development Bank (AfDB) rightly says in its 2019 *African Economic Outlook*, Africa needs to industrialise. But it has, in fact, de-industrialised: structural changes over the past decade were dominated by a rise in the services sector, and only a slow development in manufacturing. Services are dominated by low productivity, informality and a lack of quality jobs. Dr. Akinwumi A. Adesina, President of the AfDB says "to avoid the informality trap and chronic unemployment, Africa needs to industrialise and add value to its abundant agricultural, mineral, and other natural resources".

Regional growth snapshot

Figure 1.2: Africa's regional growth rates (average between 2019 and 2024)



Source: RMB Global Markets, IMF

- **East Africa:** The region's economies represents the strongest growth rates over the forecast period. The ramping up of manufacturing is the key reason for this impetus. It doesn't hurt either that the region has made recent discoveries of oil and gas — the consequent boost in FDI, focussed specifically on infrastructure, supports the region's forecast growth path. Production is expected to come online in the early 2020s across the region.

- **North Africa**: The region's growth rate is supported by its largest market, Egypt, but the trend remains erratic because of Libya's rapidly-changing economic circumstances. There are concerns that social tensions in the region are rising again against lower growth and reform fatigue.

- **Central Africa**: The growth rate of the region has recovered gradually since the commodity price uptick in 2016, and stronger agricultural output supported these gains, but it remains below the average for Africa as a whole. The region is one of the continent's least integrated and diversified, but has the potential to reform and establish greater linkages to the rest of Africa through infrastructure investment.

- **West Africa**: Although growing faster than Southern Africa, West Africa's growth trails the average for Africa as a whole. Its biggest economy, Nigeria, is the main culprit for dragging the regions' prospects down, mainly due to the drop in oil prices and the lack of industrialisation. Countries bucking the downward trend, such as Côte d'Ivoire, Ghana and Senegal, continue to offer positive examples of economic recovery by improving their business environments and placing emphasis on diversifying their economies.

- **Southern Africa**: Economic growth is expected to remain relatively subdued over the next few years mainly due to the economic slowdown in South Africa, the largest regional economy, which has a ripple effect on neighbouring countries.

Individual performances

Economic growth prospects vary markedly across the continent, highlighting the stark differences in the economic make-up of Africa's 54 countries. Thirteen countries are expected to grow above 6% over the next six years, with the top three performers being Senegal, Rwanda and Ethiopia. More than a third of the continent's economies should grow above 4%. Fifteen countries will grow below 3%, where only two of those economies, Equatorial Guinea and Sudan, are expected to contract over this period.

Table 1.4 highlights the fastest- and slowest-growing economies regionally, while Figure 1.3 illustrates each country's expected performance.

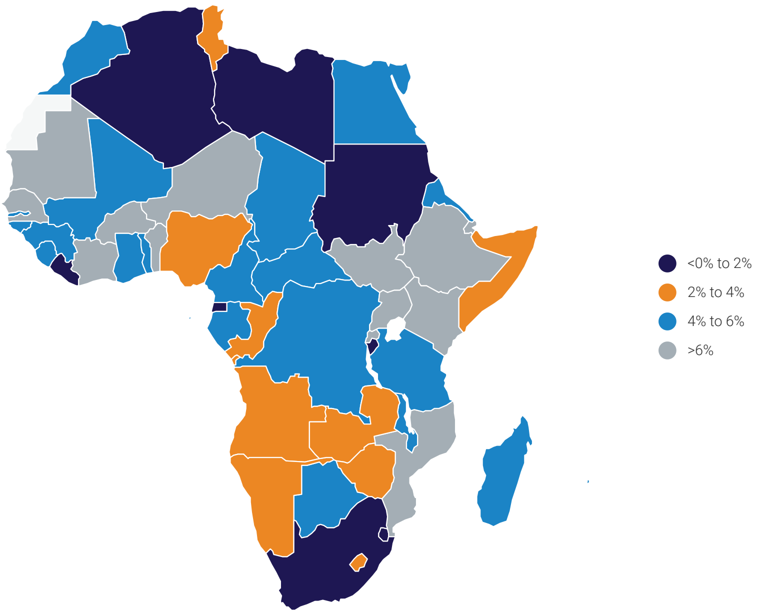
Table 1.4: Africa's regional leaders and laggards board

		Actual growth rate (2018)	Forecasted growth rate (average between 2019 and 2024)	Performance reasons
Rwanda East Africa (leader)		7.8%	7.9%	High public investment into industry. Taking advantage of trade facilitation by improving value chains.
Burundi East Africa (laggard)		0.4%	0.5%	Regardless of a slight uptick in agriculture and mining production, political uncertainty remains high, curbing public and private-sector investment.
Egypt North Africa (leader)		5.4%	5.9%	Return of investor confidence, private consumption, and higher exports (which have benefited from adjustments in the exchange rate).
Algeria North Africa (laggard)		2.3%	0.2%	Political uncertainty, causing lower private-sector investment. Fiscal pressure is weakening the state's ability to overcome oil price shocks.
Senegal West Africa (leader)		6.9%	8.2%	High private-sector investment, particularly in oil, energy, transport infrastructure, agriculture, tourism, textiles and information technology.

		Actual growth rate (2018)	Forecasted growth rate (average between 2019 and 2024)	Performance reasons
Liberia West Africa (laggard)		0.4%	0.9%	Poor macroeconomic fundamentals dampening private-sector consumption. Lower commodity prices, especially iron ore, gold and diamonds.
Mozambique Southern Africa (leader)		4.0%	6.2%	The gas industry is a major driver of growth. Inward investment into auxiliary services and logistics will provide momentum for the wider economy.
South Africa Southern Africa (laggard)		1.0%	1.7%	Flailing mining and construction sectors due to falling investment. Subdued consumption growth. Struggling state-owned enterprises.
CAR Central Africa (leader)		5.0%	5.0%	Increasing diamond exports earnings, but the political situation is extremely fragile.
Equatorial Guinea Central Africa (laggard)		-3.9%	-3.5%	Oil production is declining, while the non-oil sector is too weak to compensate.

Source: IMF, RMB Global Markets

Figure 1.3: Forecasted growth rates for individual African countries (2019-2024 average)



Source: IMF

Long-term growth outlook is brighter than we think

Africa's slow progress with structural reform and industrialisation to support diversification makes it hard to believe that the future for the continent looks bright. But Africa will bear fruit to those willing to take a long-term view. Africa's long-term growth opportunities include:

- Abundant natural resources that can be transformed through beneficiation
- Manufacturing is on the rise
- Strong demographics and skills development can contribute to a productive workforce
- Regional integration

If efficient and participatory, economic integration could be the silver bullet for Africa's growth prospects. It would allow the continent to be more competitive in global trade and value chains, and for industries to develop across borders — creating economies of scale for investors as they look at wider integrated markets.

More diversified economies and those with better logistics and infrastructure will benefit the most from regional programmes. The IMF highlights that for regional trade benefits to be shared by all countries, policymakers should be mindful of the adjustment costs that integration may entail. This includes structural reform in, for example, agriculture-based economies to improve agricultural productivity and competitiveness; or the reallocation of labour and capital; or strengthening safety nets like income support and social grants.

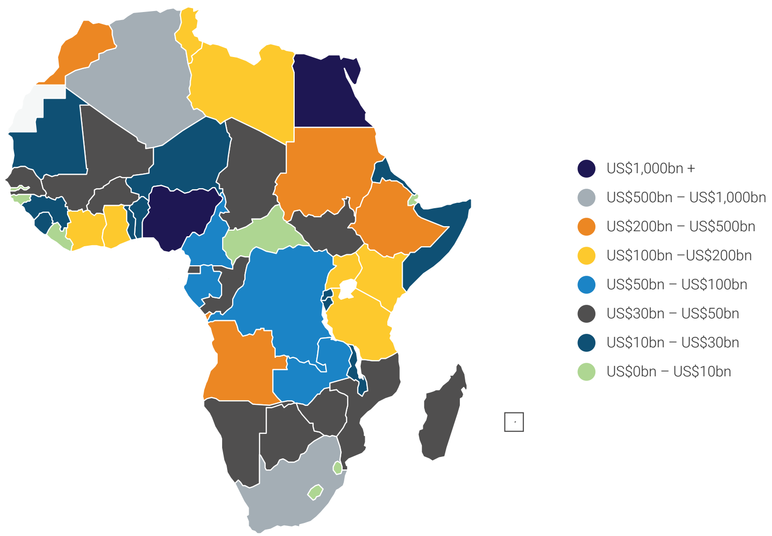
The Institute for Security Studies (ISS) rightly states that the African Continental Free Trade Agreement (AfCFTA) won't start with a bang, but it could boost economic growth more than any other factor in the long term. The ISS found that other drivers such as social grants, agriculture and manufacturing would make the biggest difference in the short term. But by 2040, the AfCFTA would clearly be exerting the greatest impact on GDP per capita and extreme poverty. In numbers, the ISS forecasts the following after the implementation of AfCFTA:

- An increase of US$510 in GDP per capita in lower-middle income Africa by 2040. At that point, low-middle income Africans would comprise 910 million people.
- Sixteen million less extremely poor people (using the US$1.90 extreme poverty line measure) by 2040.
- An increase of US$995 in GDP per capita in upper-middle income Africans by 2040. At that point, upper-middle income Africa would be composed of 143 million people.
- Instead of an average economic growth rate for Africa from 2020 to 2040 of 4.3%, the average growth rate will be 4.7%.

Market size

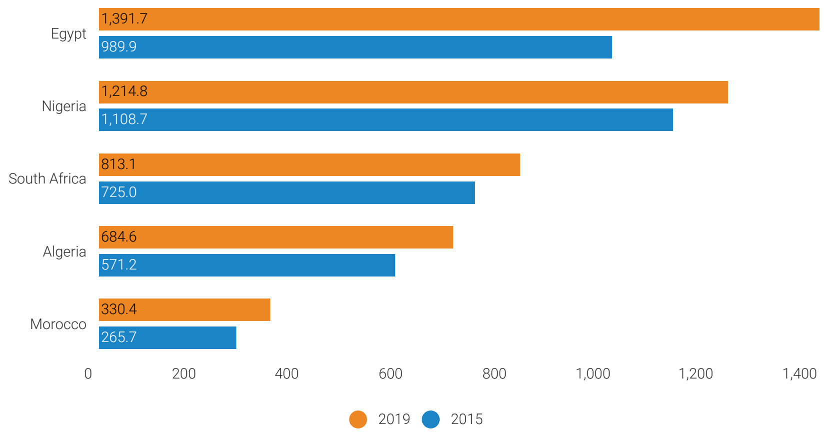
Africa's total market size has grown 22% over the last five years. At US$7.0 trillion, its combined GDP (measured here in US$ PPP terms) is almost 30% greater than that of emerging and developing Europe and accounts for 5% of the world's GDP. The continent's share of the global pie has stayed roughly the same since 2015, reflecting economic stagnation in several key markets.

Figure 1.4a: Individual market sizes (US$bn PPP 2019)



	Number of countries	
	2015	**2019**
US$1,000bn +	1	2
US$500bn – US$1,000bn	3	2
US$200bn – US$500bn	1	4
US$100bn – US$200bn	8	7
US$50bn – US$100bn	5	4
US$30bn – US$50bn	7	13
US$10bn – US$30bn	16	11
US$0bn – US$10bn	13	11

Figure 1.4b: Africa's largest economies (US$bn PPP)



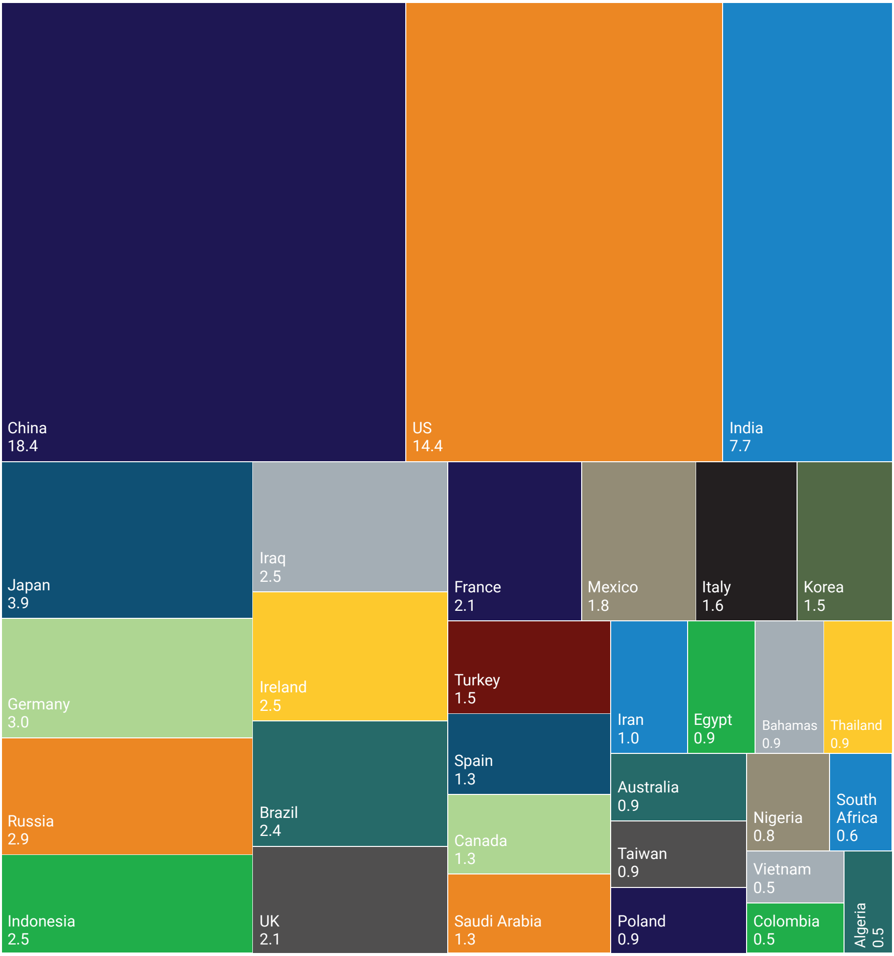
Note: Market size is measured here in purchasing power parity (PPP) terms, which is the rate at which the currency of one country needs to be converted into that of a second country to ensure that a given amount of the first country's currency will purchase the same volume of goods and services in the second country.

Source: IMF, RMB Global Markets

Sixty-three per cent of Africa's GDP is generated by Egypt, Nigeria, South Africa and Algeria. South Africa's position as the third-largest market in PPP terms is at risk of being usurped by Algeria, which increased the size of its economy by 10% in a matter of five years on the back of strong growth rates. The periodic rebasing of countries' national accounts could result in a reordering of Africa's economic hierarchy over the next few years. World Economics asserts a number of changes in the pecking order if countries update their base years to 2013: Egypt could drive Nigeria into second place in nominal terms, Sudan would likely streak past Angola, while Tanzania should just pip Kenya as East Africa's biggest economy.

Progressive integration into the global economy requires that we make international comparisons to assess Africa's level of competitiveness. As far as economic size goes, Africa's four largest economies are among the 38 biggest in the world. Egypt supersedes the Bahamas, Thailand, Australia, Taiwan and Poland before intersecting with its West African counterpart, Nigeria. Though a formidable size on the continent, South Africa pales in comparison to its BRICS peers who are among the ten largest economies in the world and together constitute a whopping 31% of global GDP (Figure 1.5).

Figure 1.5: Percentage contribution to global GDP (in PPP terms)



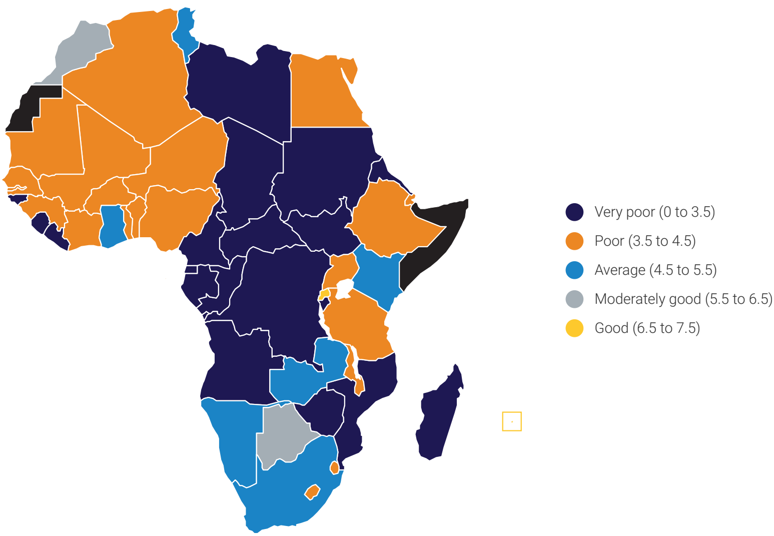
Source: IMF

Operating environment

The most common question that we are asked when presenting on Africa is "how easy is it to do business?" Well-regarded global surveys are often the first port of call to discern the state of regulatory and operational environments, borne out by our own experiences across the continent. Yet, we still require a measurable component. In the absence of a single gauge of business progress, we have constructed a composite operating environment scoring by combining four key independent global assessments:

- The World Bank's *Doing Business Report*
- Transparency International's *Corruption Perceptions Index*
- The Heritage Foundation's *Index of Economic Freedom*
- The World Economic Forum's (WEF) *Global Competitiveness Report*

Figure 1.6: African operating environment scorings (where ten is best)



Note: Not one African country scored within the "very good operating environment" category (above 7.5)

Source: RMB Global Markets

The number of countries illustrating improvements has steadily declined since 2016, with only 19 calculated in 2019 compared to 28 the year before. Djibouti stands out in this respect, having jumped 18 spots in our standings owing to a 55-place advancement in the World Bank's Ease of Doing Business ranking, placing it 99th globally. The country's rigorous execution of its reform programme has cleared a number of bottlenecks, with the most prominent being the time spent on starting a new business and registering a property; access to credit; minority investor protection; enforcing contracts; and resolving insolvency. The continued strengthening of its operating environment has facilitated greater private-sector involvement, thereby contributing to lower levels of unemployment and income inequality.

Of the top ten operating environments listed in Table 1.5, four are located in Southern African, once again bearing testament to the importance of well-developed infrastructure, a healthy and well-educated workforce, an efficient goods market and strong institutions. Mauritius remains our star performer for a ninth consecutive year, characterised by strong business dynamism and lean administrative requirements that enable companies to open and close with relative ease.

Table 1.5: Top ten best and bottom ten operating environments

Top 10	Bottom 10
Mauritius	Chad
Rwanda	CAR
Botswana	Sudan
Seychelles	Guinea-Bissau
Morocco	Congo
South Africa	Equatorial Guinea
Tunisia	Eritrea
Namibia	Somalia
Kenya	Libya
Cabo Verde	South Sudan

Source: RMB Global Markets, WEF, World Bank, Transparency International, Heritage Foundation

The reality is that there are always two sides to a coin. The top ten is matched by a bottom ten, with Eritrea deteriorating the most year-on-year. Plagued by high-levels of refugee outflows due to several human rights violations perpetuated by an oppressive political environment, the country is among the worst to do business in, with high levels of government intervention across the economy.

Most problematic factors for doing business in Africa

According to the WEF's latest *Africa Competitiveness Report*, the most problematic factors for doing business on the continent are, in order:

1. Access to financing
2. Corruption
3. Tax rates
4. Inefficient government bureaucracy
5. Inadequate supply of infrastructure

These factors have been discussed in-depth in previous editions of *Where to Invest in Africa*. Looking at it from another angle, the WEF's *Regional Risks for Doing Business Report* focusses on Africa's, and by implication investors', vulnerability to economic challenges. These challenges include, in order:

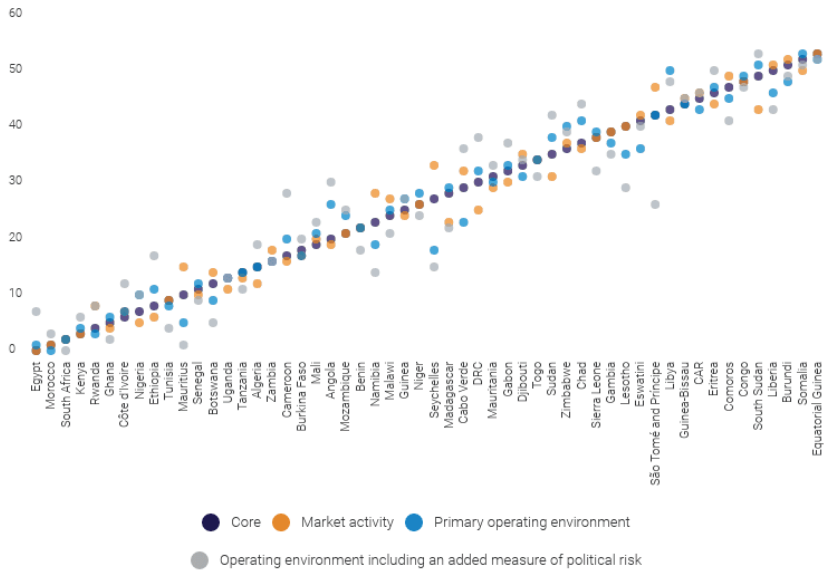
1. Unemployment or underemployment
2. Failure of national governance
3. Energy price shock
4. Failure of critical infrastructure
5. Fiscal crises
6. Failure of financial mechanism or institutions
7. Failure of regional and global governance
8. Water crises
9. Food crises
10. Unmanageable inflation

The first concern of unemployment and underemployment speaks to an insufficient skills base and high levels of working poverty. Failure of critical infrastructure remains at the forefront of businesses concerns, emphasising the need for systematic investment (refer to our *Where to Invest in Africa 2019* edition). Perhaps the most startling risk is the failure of national governance which was ranked in the top five for 20 countries, including Nigeria and South Africa, though the survey would have excluded the most recent political developments in each country. An obvious, yet concerning issue, relates to water which is crucial to the enablement of most, if not all, value-chain processes. The reliability of supply is most questioned in Southern Africa following a prolonged drought in the region.

Alternative rankings

Creators of indices understand their limitations. It is not always possible to include all aspects of the targeted subject matter due to the idiosyncrasies of when, how or even if that data is released. In some cases, the weightings of the various indicators do not align to investors' (or even our) objectives. As a result, we have constructed alternative rankings (based on our core methodology) to offer an array of views that prioritise different aspects of our methodology and include an added measure of political risk when looking at the ease of doing business. See Figure 1.7 for a summary of the alternative rankings.

Figure 1.7: A comparison of core and alternative indices



Source: RMB Global Markets, WEF, World Bank. Transparency International, Heritage Foundation, Freedom House

Variety is the spice of life: Reweighting our core index

We are mindful that investors prioritise different factors when determining relative investment value. To that end, we have amended our principle formula to reflect the variations in outcomes if market size or the operating environment scores are assigned a larger weighting than 50%.

1. Economic activity

Economic activity is often a distortive factor as greater market sizes can claim rapid rates of growth while smaller economies present more stable operating environments. Mauritius, Seychelles and São Tomé and Príncipe stand out in this respect, dropping on average five places in the alterative rankings, despite modest improvements in their overall operating environment scores. The underlying reason for Ghana, Nigeria and Ethiopia's advancement in the top ten rankings is anchored in their respective market sizes. Despite uninspiring rates of growth relative to historical trends, the magnitude of their markets continues to expand, weighting the rankings in their favour.

Table 1.6: Alternative investment ranking, prioritising economic activity

	Ranking			
	Alternative	Core	Change	
Egypt	1	1	→	0
Morocco	2	2	→	0
South Africa	3	3	→	0
Kenya	4	4	→	0
Ghana	5	6	↑	1
Nigeria	6	8	↑	2
Ethiopia	7	9	↑	2
Côte d'Ivoire	8	7	↓	-1
Rwanda	9	5	↓	-4
Tunisia	10	10	→	0
Senegal	11	12	↑	1
Uganda	12	14	↑	2
Algeria	13	16	↑	3
Tanzania	14	15	↑	1
Botswana	15	13	↓	-2
Mauritius	16	11	↓	-5
Cameroon	17	18	↑	1
Burkina Faso	18	19	↑	1
Zambia	19	17	↓	-2
Angola	20	21	↑	1
Mali	21	20	↓	-1
Mozambique	22	22	→	0
Benin	23	23	→	0

	Ranking		
	Alternative	Core	Change
Madagascar	24	29	↑ 5
Guinea	25	26	↑ 1
DRC	26	31	↑ 5
Niger	27	27	→ 0
Malawi	28	25	↓ -3
Namibia	29	24	↓ -5
Mauritania	30	32	↑ 2
Gabon	31	33	↑ 2
Sudan	32	36	↑ 4
Cabo Verde	33	30	↓ -3
Seychelles	34	28	↓ -6
Togo	35	35	→ 0
Djibouti	36	34	↓ -2
Chad	37	38	↑ 1
Zimbabwe	38	37	↓ -1
Sierra Leone	39	39	→ 0
Gambia	40	40	→ 0
Lesotho	41	41	→ 0
Libya	42	44	↑ 2
Eswatini	43	42	↓ -1
South Sudan	44	50	↑ 6
Eritrea	45	47	↑ 2
Guinea-Bissau	46	45	↓ -1
CAR	47	46	↓ -1
São Tomé and Príncipe	48	43	↓ -5
Congo	49	49	→ 0
Comoros	50	48	↓ -2
Somalia	51	53	↑ 2
Liberia	52	51	↓ -1
Burundi	53	52	↓ -1
Equatorial Guinea	54	54	→ 0

Source: IMF, RMB Global Markets

2. Operating environment

The operating environment is a vital component of an investment case as it balances the quantitative macroeconomic view with the practicalities of doing business. By altering our existing methodology to focus on the operating environment, we find that the regional composition of the top ten changes quite dramatically, with two additional Southern African countries entering the fold: Mauritius and Botswana. Nigeria and Ethiopia are heavily impacted by weaker operating environments. Ethiopia faces a number of challenges having fallen progressively in the Doing Business Rankings over the last eight years. Exiting a business is as challenging as starting one, while electricity supply constraints and compliance with tax regulations are further impediments to private-sector growth. Ethiopia's Investment Commission has committed to improving its ranking from the current 159 to 100 within a matter of two years; an ambitious target requiring deliberate structural reforms.

For Nigeria, the problem is centred in its lack of operational progress, having stagnated across three of the four metrics underlying our methodology for the last two years. Electricity shortages, an inadequate transportation network and lack of basic social amenities and infrastructural facilities that aid business development are obvious deterrents to growth, dragging on its alternative scoring.

Table 1.7: Alternative investment ranking, prioritising the operating environment

	Ranking			
	Alternative	Core	Change	
Morocco	1	2	↑	1
Egypt	2	1	↓	-1
South Africa	3	3	→	0
Rwanda	4	5	↑	1
Kenya	5	4	↓	-1
Mauritius	6	11	↑	5
Ghana	7	6	↓	-1
Côte d'Ivoire	8	7	↓	-1
Tunisia	9	10	↑	1
Botswana	10	13	↑	3
Nigeria	11	8	↓	-3
Ethiopia	12	9	↓	-3
Senegal	13	12	↓	-1
Uganda	14	14	→	0
Tanzania	15	15	→	0
Algeria	16	16	→	0

	Ranking		
	Alternative	Core	Change
Zambia	17	17	→ 0
Burkina Faso	18	19	↑ 1
Seychelles	19	28	↑ 9
Namibia	20	24	↑ 4
Cameroon	21	18	↓ -3
Mali	22	20	↓ -2
Benin	23	23	→ 0
Cabo Verde	24	30	↑ 6
Mozambique	25	22	↓ -3
Malawi	26	25	↓ -1
Angola	27	21	↓ -6
Guinea	28	26	↓ -2
Niger	29	27	↓ -2
Madagascar	30	29	↓ -1
Mauritania	31	32	↑ 1
Djibouti	32	34	↑ 2
DRC	33	31	↓ -2
Gabon	34	33	↓ -1
Togo	35	35	→ 0
Lesotho	36	41	↑ 5
Eswatini	37	42	↑ 5
Gambia	38	40	↑ 2
Sudan	39	36	↓ -3
Sierra Leone	40	39	↓ -1
Zimbabwe	41	37	↓ -4
Chad	42	38	↓ -4
São Tomé and Príncipe	43	43	→ 0
CAR	44	46	↑ 2
Guinea-Bissau	45	45	→ 0
Comoros	46	48	↑ 2
Liberia	47	51	↑ 4
Eritrea	48	47	↓ -1

	Ranking		
	Alternative	Core	Change
Burundi	49	52	↑ 3
Congo	50	49	↓ -1
Libya	51	44	↓ -7
South Sudan	52	50	↓ -2
Equatorial Guinea	53	54	↑ 1
Somalia	54	53	↓ -1

Source: RMB Global Markets, WEF, World Bank, Transparency International, Heritage Foundation

Augmenting our methodology with sociopolitical risks

Our methodology, though sound, is based on static datasets. This means that the operating environment scores would not necessarily account for events or risks that arise after the surveyed data has been published. This is certainly true of South Africa, which has dropped a further spot this year, with the assumed inputs not necessarily capturing a stabilisation in political risk following the general elections in May 2019. Though just one consideration when assessing the ease of doing business, a country's prevailing sociopolitical environment is often a determining factor in investment decisions.

This has become more evident in recent times as political risk has resurfaced as a problematic factor for doing business, though not to the same extent as the other business challenges noted in the operating environment section. While various measures of risk and governance have been incorporated in the Global Competitiveness and Doing Business rankings, their significance can easily be lost among the other scorings.

To emphasise the importance of political rights and civil liberties, we have incorporated the scorings of Freedom House's *Freedom in the World Index* to our operating environment scorings by weighting them equally against the standardised scores of the existing surveys. The index looks at the rights and freedoms of individual citizens rather than the track records of their governments.

When aggregating this five-factor operating environment index with the economic activity scores, we observe a striking shift in our top ten. South Africa assumes the number one spot while Mauritius and Ghana leapfrog into second and third. Egypt is relegated to eighth and Rwanda to ninth, while Ethiopia languishes at number 18. The level of progress in São Tomé and Príncipe is astounding, jumping 19 spots into the top 20.

Table 1.8: Alternative investment ranking, prioritising sociopolitical risks

	Ranking		
	Alternative	Core	Change
South Africa	1	3	↑ 2
Mauritius	2	11	↑ 9
Ghana	3	6	↑ 3
Morocco	4	2	↓ -2
Tunisia	5	10	↑ 5
Botswana	6	13	↑ 7
Kenya	7	4	↓ -3
Egypt	8	1	↓ -7
Rwanda	9	5	↓ -4
Senegal	10	12	↑ 2
Nigeria	11	8	↓ -3
Tanzania	12	15	↑ 3
Côte d'Ivoire	13	7	↓ -6
Uganda	14	14	→ 0
Namibia	15	24	↑ 9
Seychelles	16	28	↑ 12
Zambia	17	17	→ 0
Ethiopia	18	9	↓ -9
Benin	19	23	↑ 4
Algeria	20	16	↓ -4
Burkina Faso	21	19	↓ -2
Malawi	22	25	↑ 3
Madagascar	23	29	↑ 6
Mali	24	20	↓ -4
Niger	25	27	↑ 2
Mozambique	26	22	↓ -4
São Tomé and Príncipe	27	43	↑ 16
Guinea	28	26	↓ -2
Cameroon	29	18	↓ -11
Lesotho	30	41	↑ 11

	Ranking		
	Alternative	Core	Change
Angola	31	21	-10
Togo	32	35	3
Sierra Leone	33	39	6
Mauritania	34	32	-2
Djibouti	35	34	-1
Gambia	36	40	4
Cabo Verde	37	30	-7
Gabon	38	33	-5
DRC	39	31	-8
Zimbabwe	40	37	-3
Eswatini	41	42	1
Comoros	42	48	6
Sudan	43	36	-7
Liberia	44	51	7
Chad	45	38	-7
Guinea-Bissau	46	45	-1
CAR	47	46	-1
Congo	48	49	1
Libya	49	44	-5
Burundi	50	52	2
Eritrea	51	47	-4
Somalia	52	53	1
Equatorial Guinea	53	54	1
South Sudan	54	50	-4

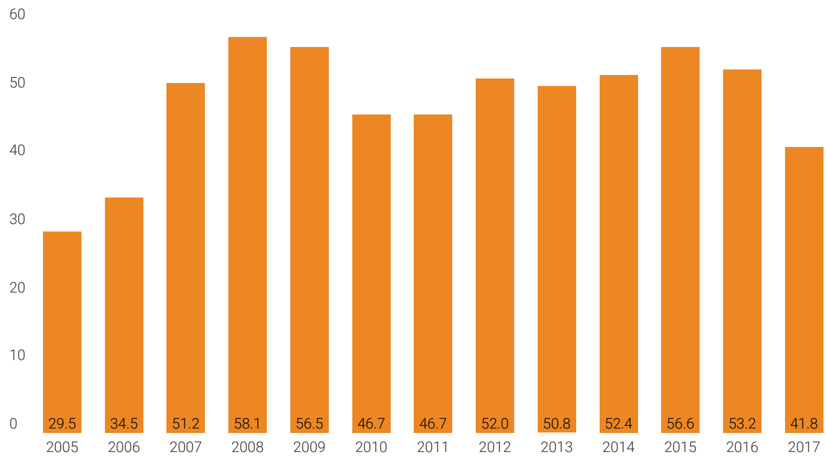
Source: RMB Global Markets, WEF, World Bank, Transparency International, Heritage Foundation, Freedom House

Where is investment going? FDI in Africa

In dollar terms, there has been a decline in Africa's FDI flows since 2015, with the downturn being concentrated in the larger commodity exporters. Countries that received the largest investments flows in 2017 were Egypt, Ethiopia and Nigeria.

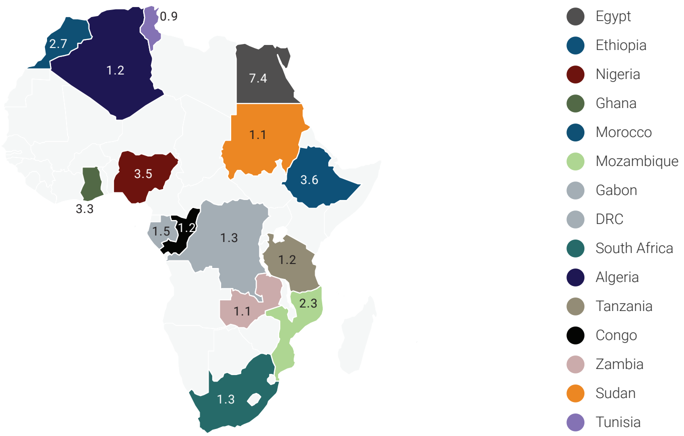
The key contributor to reduced FDI is the lower rates of return in Africa over the past few years (Table 1.9). The drop in commodity prices between 2015 in 2016 is partly to blame for this. But the UN's *World Investment Report* for 2018 highlights that "reduced fiscal and labour cost arbitrage opportunities in international operations may also be at work".

Figure 1.8: FDI flows into Africa (US$bn)



Source: UNCTAD

Figure 1.9: Top 15 FDI recipients in 2017 (US$bn)



Source: UNCTAD

Table 1.9: Inward FDI rates of return (%)

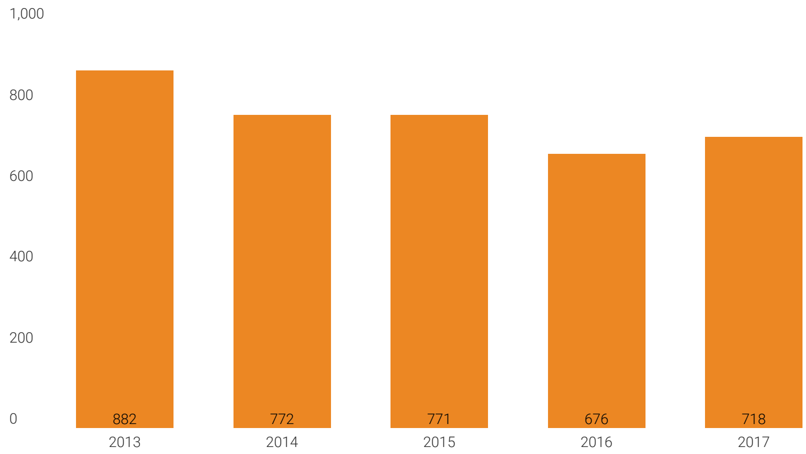
	2012	2013	2014	2015	2016	2017
World	8.1	7.8	7.9	6.8	7.0	6.7
Developed economies	6.7	6.3	6.6	5.4	6.2	5.7
Developing economies	10.0	9.8	9.5	8.5	8.1	8.0
Africa	12.3	12.4	10.6	7.1	5.4	6.3
Asia	10.5	10.8	10.6	9.9	9.5	9.1
East and South-East Asia	11.5	11.8	11.7	11.0	10.3	10.1
South Asia	7.2	6.7	6.1	5.5	6.4	5.7
West Asia	5.5	5.4	4.9	4.6	4.6	3.4
Latin America and the Caribbean	7.9	6.7	6.6	5.2	5.3	5.6
Transition economies	14.4	13.9	10.2	10.2	11.1	11.8

Note: Annual rates of return are measured as annual FDI income for year *t* divided by the average of the end-year FDI position for year *t* and *t*-1 at book values.

Source: UNCTAD, IMF

While the value of FDI has fallen, the number of FDI projects in Africa is rising again, according to EY's latest *Africa Attractiveness* report, driven predominantly by a modest recovery in commodity prices since 2016, and consequently Africa's growth rates. Table 1.10 highlights the top 15 countries that had the most projects on the go in 2017.

Figure 1.10: FDI into Africa (number of projects)



Source: EY, fDi Markets

Table 1.10: Top 15 countries by number of FDI projects (2017)

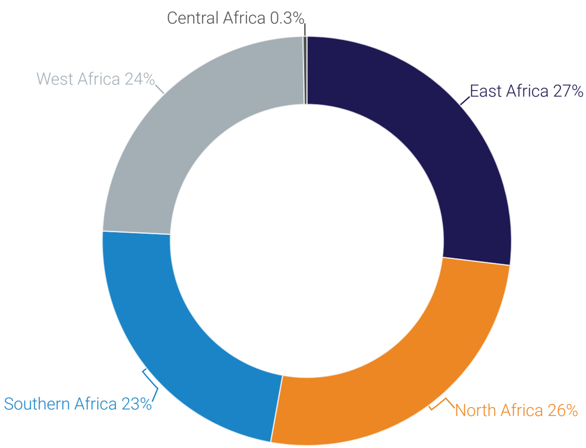
	2016	2017	Change in rank vs. 2016	% share (2017)	% change	Jobs share (%)
South Africa	139	96	-	13	-31	3
Morocco	81	96	+1	13	19	21
Kenya	40	67	+3	9	68	4
Nigeria	51	64	+1	9	25	12
Ethiopia	16	62	+7	9	288	16
Egypt	79	56	-2	8	-29	6
Ghana	28	43	+1	6	54	4
Tanzania	22	35	+1	5	59	3
Algeria	17	24	+2	3	41	12
Côte d'Ivoire	34	23	-3	3	-32	1

	2016	2017	Change in rank vs. 2016	% share (2017)	% change	Jobs share (%)
Uganda	9	14	+6	2	56	2
Zimbabwe	7	13	+7	2	86	1
Rwanda	11	12	+2	2	9	0
Mozambique	15	11	-1	2	-27	3
Zambia	13	11	-	2	-15	1

Source: EY, IBM, fDi Markets

EY shows that four of the five regions in Africa are now on equal footing when comparing the share of the continent's FDI projects, proving that other markets — apart from the resource-rich economies — are becoming attractive investment destination due to stronger growth rates, and having alternative sectors like ICT and manufacturing to invest in. East Africa now benefits the most due to improving business environments, regional integration initiatives and the discovery of oil and gas.

Figure 1.11: FDI projects by region (% share)



Source: EY, IBM, fDi Markets

The US, UK and France take the top three positions as leading investors in terms of number of projects in Africa, while the Netherlands' investment grew the most between 2016 and 2017, according to EY's latest analysis.

Table 1.11: FDI projects by source country (2017)

	FDI projects				Jobs created from FDI	
	Change in rank vs. 2016	2017	Proportionate share (%)	% y/y change	Proportionate share (%)	Jobs per project
US	-	130	18	43	12	105,000
UK	+2	72	10	76	5	76,000
France	+1	61	9	-25	13	244,000
China	-1	54	8	-18	15	309,000
Germany	+5	39	5	105	5	138,000
Switzerland	+1	30	4	11	3	111,000
South Africa	-1	29	4	0	1	54,000
Netherlands	+8	22	3	175	2	88,000
UAE	-4	19	3	-46	1	74,000
Italy	-1	17	2	-15	2	140,000

Source: EY, IBM, fDi Markets

The UN's *World Investment Report* for 2019 predicts that FDI inflows into Africa will increase by 20% in the 2018 numbers due to a continued (yet modest) recovery in commodity prices during that time and stronger macroeconomic fundamentals. Furthermore, interregional cooperation should boost FDI in the coming years, especially through the signing of the AfCFTA. However, Africa's high dependence on commodities will cause FDI to remain cyclical.

Performances of sectors in Africa

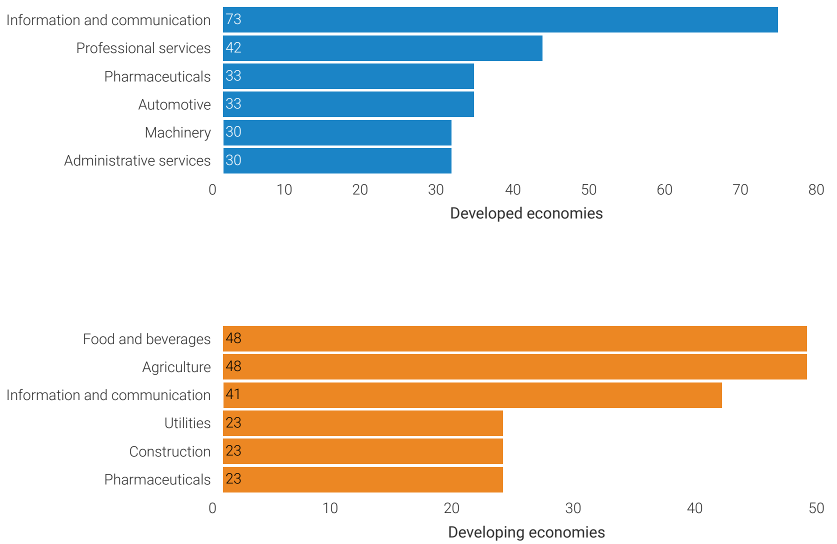
EY highlights the shift in the sector focus of FDI projects from the dominant extractive industry to more consumer-facing industries like retail, financial services, and technology, media and telecommunications over the past few years. But in 2017, manufacturing, infrastructure and power generation received the most attention.

Figure 1.12: Evolution of sector investment over the past decade

Source: EY

In a survey to investment promotion agencies (IPAs) globally, the UN asked which sectors in their economies will receive the most investment over the next few years. The findings show that developing economies should see most investment directed to the food and beverages industries and agribusiness firms, followed by information and communication multinational enterprises (includes both tech and telecom corporations). There is also the expectation that utilities and construction investors will help bridge the infrastructure gaps.

Figure 1.13: Most promising industries for attracting FDI by region (% of respondents)



Source: UNCTAD

Having understood the driving forces of growth and those influencing respective business environments, *Where to Invest in Africa 2020* delves deeper into the traditional and alternative sectors underpinning economies to give a broader understanding of what makes each economy tick. The chapters that follow focus on the following sectors:

- Resources (Mining, Oil and gas, and Agriculture)
- Retail
- Finance
- Information and Communications Technology
- Manufacturing
- Construction and Real estate

Video: RMB Investment Attractiveness Rankings overview

(Scan the QR code to watch the video)

Africa is home to 30% of the world's mineral reserves. Mining opportunities abound with abundant mineral deposits, low labour costs and high sector growth. Rising populations, industrialisation and rural-to-urban migration patterns highlight Africa's unyielding demand for energy. With a population expected to double by 2050, investment efforts in agriculture will have to double to ensure sustainability and competitiveness.

RESOURCES 02

COUNTRIES WHOSE ECONOMIES ARE MOST DEPENDENT ON MINING

DRC

Guinea

Burkina Faso

TOP 3 COUNTRIES BY VALUE OF THEIR MINING INDUSTRY IN 2019

SOUTH AFRICA
US$32.0bn

DRC
US$8.9bn

GHANA
US$5.9bn

LARGEST PROVEN GAS RESERVES (BCM)

EGYPT
62,942

NIGERIA
5,528

ALGERIA
4,312

TOP REFINERIES BY CAPACITY

ALGERIA
Skikda
(300m bpd)

NIGERIA
Port Harcourt I & II
(210m bpd)

EGYPT
Cairo Refinery Co – Mostrod (145m bpd)

FORECAST TOP AGRIBUSINESS COUNTRIES IN AFRICA 2020-2023

TOP 3 OIL PRODUCERS IN 2019

NIGERIA
1.99m bpd

ANGOLA
1.59m bpd

ALGERIA
1.26m bpd

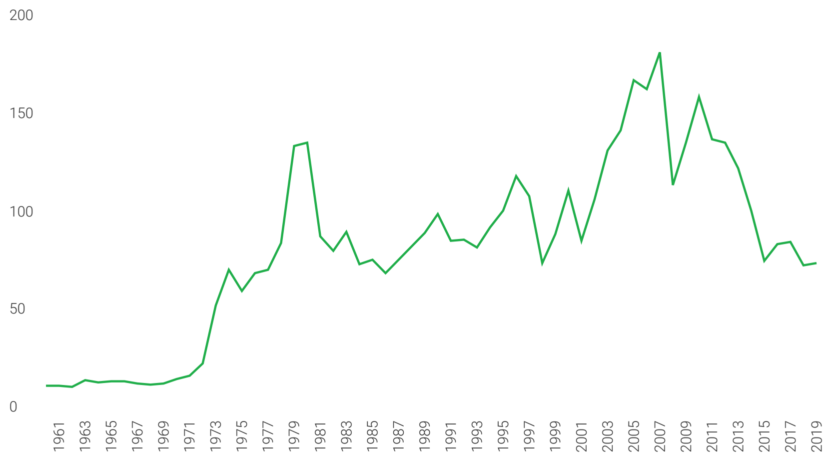
Africa continues to benefit from the global demand for oil, natural gas, minerals and food. The mining sector remains Africa's largest contributor to FX receipts, while new oil and gas discoveries are expected to boost regional growth (especially in East Africa), and the largest employment sector on the continent — agriculture — is benefitting from rising government and private sector interest in agro-processing.

Unfortunately, the slow diversity of most African economies will keep the continent at the mercy of the performances of these sectors. Thus, commodity price dynamics play a major role in economic growth and financial market stability and should be monitored closely.

Waiting for the commodity super cycle to turn

Commodity prices have bounced from their 2016 lows but are still substantially lower than the peak of the super cycle in 2011 (Figure 2.1).

Figure 2.1: Bloomberg Commodity Price Index



Source: Bloomberg

With most African economies still highly dependent on resources for exports, the hope is that the structural cycle will turn, providing a renewed boost to the continent's performance.

Table 2.1: Concentration of goods exports

	Agricultural raw materials	Food	Fuels	Manufactures	Ores and metals
Algeria	0.1	0.1	94.5	4.3	0.2
Benin	50.2	30.7	2.6	15.9	0.6
Botswana	0.1	1.8	0.1	95.4	2.6
Burkina Faso	36.3	36.7	1.3	8.8	16.8
Burundi	0.4	79.9	0.0	12.2	7.6
Cabo Verde	0.0	77.3	0.0	22.7	0.0
Cameroon	21.3	21.8	42.9	9.4	4.5
CAR	12.5	1.4	0.0	65.1	3.8
Congo	0.5	0.3	44.8	53.0	1.4
Côte d'Ivoire	9.6	59.8	13.4	16.3	0.6
Egypt	2.0	18.8	21.3	53.6	4.2
Eswatini	5.6	24.5	1.2	68.5	0.2
Gambia	0.6	77.3	0.0	22.0	0.1
Ghana	2.7	40.3	42.8	11.0	3.2
Kenya	13.8	51.3	1.0	28.3	5.4
Lesotho	6.4	3.8	0.1	89.3	0.4
Madagascar	2.3	46.2	1.7	32.3	17.3
Malawi	1.6	89.7	0.1	8.3	0.2
Mali	23.1	38.4	0.1	37.4	1.0
Mauritania	0.0	50.7	0.0	0.6	48.7
Mauritius	1.2	38.5	1.6	57.3	0.4
Morocco	1.0	20.9	0.9	70.4	6.7
Mozambique	1.4	9.9	52.0	5.9	30.8
Namibia	1.1	36.3	0.5	39.1	22.6
Nigeria	0.2	1.6	95.8	2.2	0.1
São Tomé and Príncipe	0.9	85.4	0.0	10.6	3.2
Senegal	2.1	38.5	17.1	33.3	8.7
Seychelles	0.0	80.8	0.0	17.7	0.3
Sierra Leone	14.0	73.3	0.1	3.3	9.2
South Africa	2.3	11.5	12.6	47.1	25.5

	Agricultural raw materials	Food	Fuels	Manufactures	Ores and metals
Tanzania	6.0	63.2	1.8	25.1	3.8
Togo	12.3	22.4	2.1	51.3	11.8
Tunisia	0.5	10.6	6.0	81.1	1.8
Uganda	5.7	71.0	3.0	19.8	0.5
Zambia	0.8	7.5	1.0	10.4	80.3
Zimbabwe	2.7	37.8	1.0	16.7	41.9

Source: World Development Indicators

Essentially the commodity price outlook is moderately positive. Consensus forecasts are for upward movements in the prices of most key commodities in the period out to 2022, with the notable exception of many energy products such as oil. The key arguments underpinning these hopes is that rapid economic growth in emerging markets will support rising demand, while most prices are already at, or close to, the marginal costs of production.

Within the commodity basket there have been, and expected to be, divergences between product types:

Table 2.2: Divergences between commodity prices

Metal and minerals	The bias is for a long-term upward trend in metal and mineral — or "hards" — prices, where supply is contained by limited resources in the ground.
Oil	The price of oil is most at risk of trending lower relative to all other commodities. The US shale revolution has boosted supply at a time when environmental concerns have limited demand. Black gold will not be quite the money spinner it used to be for those lucky enough to find it in abundance.
Soft commodities	Agriculture, or "softs", prices have been on a downward trend as technology boosts yields. However, with population growth and rising standards of living in the developing world, the expectation is that the next five years will again see rising prices in this space.

Commodity prices will remain dependent on the global economy's performance. Downturns in prices can last a year or more, and a positive long-term outlook for these prices is of no help to Africa when temporary lower export revenues filter through into a weaker economy and fiscal stresses. With many African countries having built up heavy debt levels, history could repeat itself through struggling economic growth and debt defaults.

Mining

Mining remains a significant contributor to Africa's GDP and revenue earnings. The sector is still an attractive one to invest in due to the continent's significant deposits. Africa hosts 30% of the world's mineral reserves, and these minerals will continue to be a beneficial trade globally — not just for their traditional uses like jewellery, automobile parts or electrical conductors, but also for modern electronics such as smartphones. Although opportunities for investment are abundant, the mining landscape in Africa is still riddled with challenges.

Opportunities

- Abundant mineral deposits
- Low labour costs
- Higher mining sector value growth compared to other regions in the world

Challenges

- Regulatory uncertainty
- Weak governance and inconsistent application of civil and tax law
- Weak supply chains to connect mines with points to market
- Underdeveloped infrastructure

The outlook for mining commodity prices is stable. According to the Bloomberg consensus forecast, almost all commodities are on a slow upward trajectory through to 2022, but steel and iron ore will experience a slight downward trend.

Table 2.3: Bloomberg consensus forecast for commodity prices as at July 2019

	2019	2020	2021	2022	Trajectory
Gold US$/oz	1,320.00	1,370.94	1,325.00	1,331.22	↑
Silver US$/oz	5.67	16.40	16.25	17.55	↑
Platinum US$/oz	867.50	910.00	940.00	950.00	↑
Palladium US$/oz	1,310.11	1,138.13	1,250.00	1,240.00	↑
Aluminium US$/mt	1,933.50	2,000.00	2,079.06	2,138.47	↑

	2019	2020	2021	2022	Trajectory
Copper US$/mt	6,325.00	6,500.00	6,825.00	7,000.00	↑
Nickel US$/mt	12,742.07	13,200.00	13,600.00	15,000.00	↑
Zinc US$/mt	2,725.00	2,600.00	2,625.00	2,700.00	↑
Lead US$/mt	1,995.42	2,050.00	2,110.00	2,214.57	↑
Steel-Hot R. US$/ST	653.00	607.50	612.50	600.00	↓
Tin US$/mt	20,400.00	20,314.88	21,000.00	21,750.00	↑
Cobalt US$/lb	15.10	18.14	20.87	-	↑
Rhodium US$/oz	2,640.00	2,350.00	2,450.00	-	↑
Iron Ore 62% Fe spot US$/mt	80.60	68.56	60.63	62.38	↓

Source: Bloomberg

The following sections will focus on Africa's continued dependence on the mining sector by highlighting countries that are most vulnerable to price shocks; the value of each country's mining sector; and the mining regulatory environment.

Africa's dependence on the mining sector

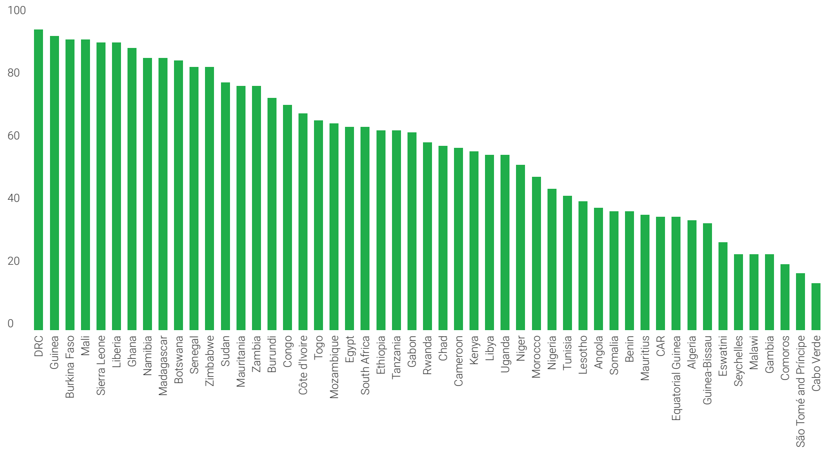
The International Council on Mining and Metals' 2018 *Mining Contribution Index* (MCI) looks at four major aspects to assess the mining sector's contribution to national economies.

- **Mineral and metal export contribution in 2016** — provides a measure for the scale of mining in relation to other productive activities.
- **Increase/decrease in mineral and metal export contribution between 2011 and 2016** — serves as an indication of whether the importance of mining as an economic activity is growing or falling over time.
- **Mineral production value expressed as a percentage of GDP in 2016** — gives a sense of the value of the economy (this is not the contribution of mining to GDP — on average around a third of production value represents value addition to the national economy).
- **Mineral rents as a percentage of GDP** — production values minus normal costs*, which provides a clearer indication of tax and profit above normal profits* from mining.

Note: * Normal costs: Costs to products based on the materials, labour and overhead used to produce them. Normal profit: Total revenues are equal to its total costs.

The Council highlights that the index is a not a measure of success in the industry — it measures the dependence of an economy on the mining sector. The quality of governance and investor-friendly regulations would be the ultimate overlays to assess the success of each economy's mining sector.

Figure 2.2: 2018 Mining Contribution Index (MCI)

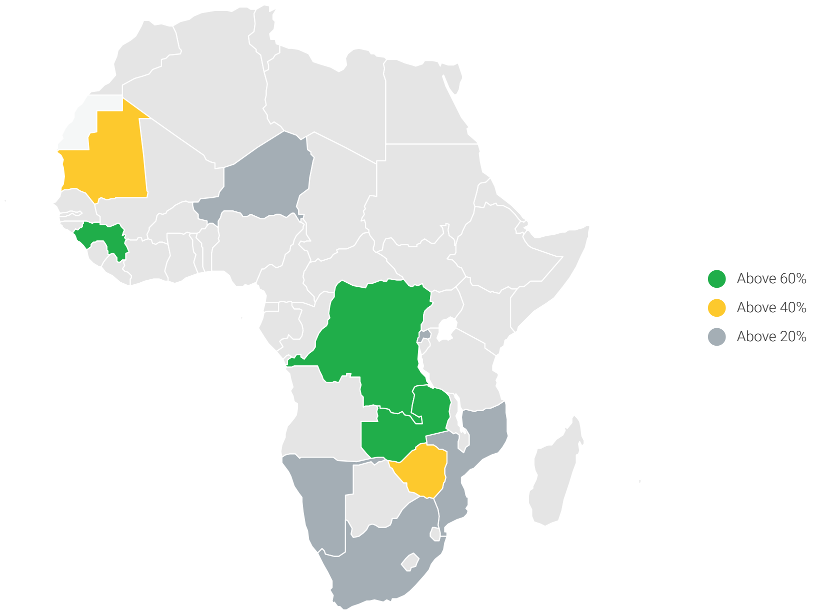


Note: Although the data is for 2016, the structure of African economies does not change significantly in a short period of time, therefore we expect the 2017/18 data to show a similar trend once it has been released.

Source: International Council on Mining and Metals

When looking at the MCI from a global perspective, the upper-middle to high-income economies that feature high in the index are placed there due to the high monetary value of metals and minerals production. Low-income economies that rank high, such as the DRC, Guinea and Burkina Faso, are driven mostly by the component that looks at mineral and metal export contributions — highlighting the vulnerability of African economies to a downturn in commodity prices, and the overall lack of export diversification. Lower levels of mining production or prices threaten Africa's balance of payments and justify weaker currencies. We highlight the countries that are potentially at most risk of a downturn in production and lower ores and metals prices.

Figure 2.3: Ores and metals exports (% of merchandise exports)



	Ores and metals exports (% of merchandise exports)
Algeria	0.17
Angola	3.32
Benin	0.60
Botswana	2.59
Burkina Faso	16.81
Burundi	7.56
Cabo Verde	0.00
Cameroon	4.53
CAR	3.76
Chad	-
Comoros	0.01
Congo	1.39
Côte d'Ivoire	0.57

	Ores and metals exports (% of merchandise exports)
Djibouti	-
DRC	70.00
Egypt	4.20
Equatorial Guinea	-
Eritrea	-
Eswatini	0.21
Ethiopia	0.70
Gabon	3.00
Gambia	0.08
Ghana	3.23
Guinea	61.20
Guinea-Bissau	0.60
Kenya	5.38
Lesotho	0.38
Liberia	-
Libya	-
Madagascar	17.29
Malawi	0.20
Mali	1.04
Mauritania	48.67
Mauritius	0.38
Morocco	6.74
Mozambique	30.82
Namibia	22.59
Niger	33.54
Nigeria	0.14
Rwanda	27.90
São Tomé and Príncipe	3.16
Senegal	8.69
Seychelles	0.27

	Ores and metals exports (% of merchandise exports)
Sierra Leone	9.24
Somalia	-
South Africa	25.52
South Sudan	-
Sudan	-
Tanzania	3.76
Togo	11.83
Tunisia	1.82
Uganda	0.46
Zambia	80.32
Zimbabwe	41.87

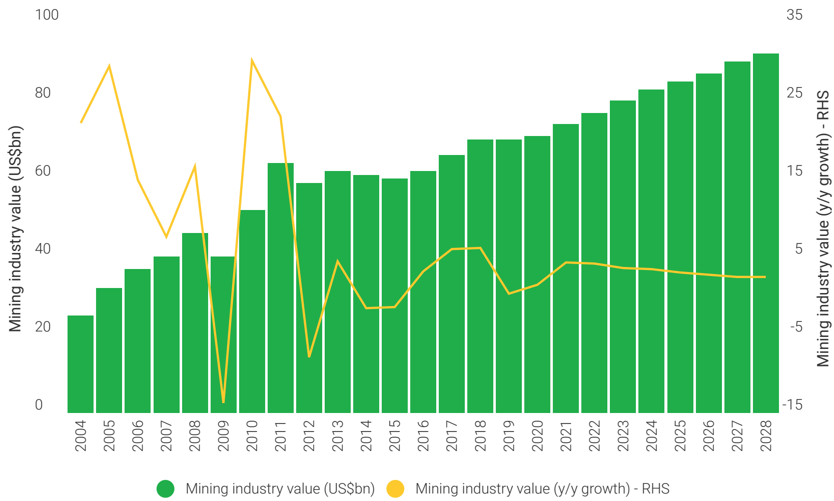
Note: Latest available data

Source: World Bank

Is there still value in the industry?

The value of Africa's mining industry is set to increase robustly from 2019 to 2022 as key projects come online across the continent, and it will grow gradually by an average of 3% until 2028 (Figure 2.4). In dollar terms, the industry's total value is still small at US$70bn, just less than half of North America's US$130bn, but the year-on-year growth in value is set to outperform other regions globally (Figure 2.5).

Figure 2.4: SSA mining industry value and growth (US$bn and % y/y)



Source: Fitch Solutions

Figure 2.5: Mining industry value growth per region (% y/y)

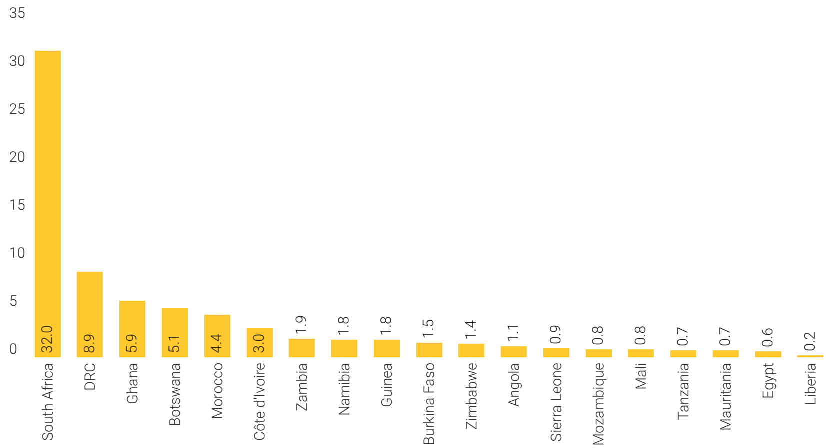
Source: Fitch Solutions

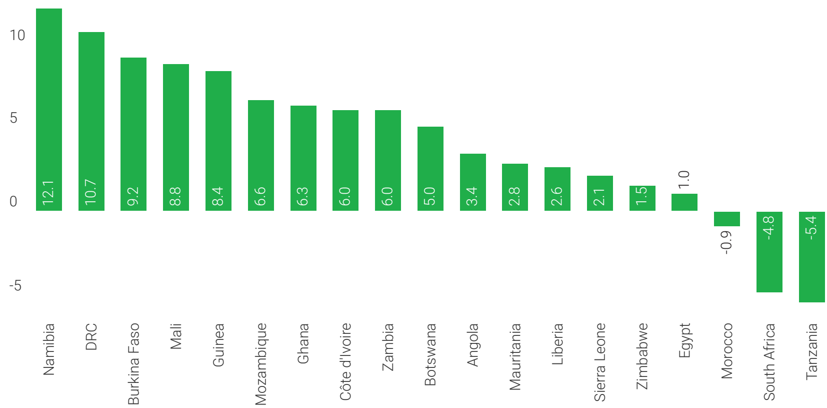
A number of countries outperform in mining industry value terms:

- **The DRC**: Glencore's Katanga mine is set to reach full production in 2019. The sector is also helped by rising demand for cobalt from the electric vehicle market.
- **Namibia**: Uranium production at the Husab mine is expected to ramp up in 2019.
- **Burkina Faso**: There has been an influx of investment into the gold sector. Some key projects in the advanced stages are the Wahgnion, Sanbrado and Komboré mines.

Although South Africa still hosts the largest mining sector in dollar terms, at US$32bn, its value is expected to contract over the next two years due to a lack of high project investment.

Figure 2.6: Individual country's mining industry value (US$bn and % y/y growth) – 2019





Note: These figures represents the mining gross value added (GVA). GVA measures the contribution to the industry of each individual producer. It is the total of all revenues from final sales and (net) subsidies, which are incomes into businesses. In practical terms, those incomes are then used to cover expenses (wages and salaries, dividends), savings (profits, depreciation), and (indirect) taxes. More important than the absolute number, the growth rate of the global (and regional and country/territory) industry value figures will give an indication of where/when we see growth in the mining sector.

Source: Fitch Solutions

From a regional perspective, the mining sector in West Africa has the most promising long-term outlook in Africa, especially if demand from China holds. Most of the region's economies have vast untapped mineral reserves and a positive foreign investment outlook, although this will be moderated by inadequate infrastructure and political instability.

Opportunities for investment in the West African mining sector

- Some of the world's largest untapped mineral deposits, particularly in iron ore and gold.
- The majority of iron ore deposits are high grade, averaging about 40%-60%, benefitting company profit margins.
- Low production costs across the region will incentivise further investment.
- Positive infrastructure investment outlook as China's investment in West Africa will contribute to new roads, railways and ports to move mined minerals to market.

Investment challenges in the West African mining sector

- Inadequate infrastructure to meet all the demands of the mining sector (especially electricity and transport routes).
- Political instability remains an elevated risk in the region.
- Mining deposits are not very diversified (iron ore and gold dominate), making the region's mining sector more vulnerable to commodity price volatility.
- A re-emergence of the Ebola virus could affect the region and halt mining operations.

As highlighted, the future value in Africa's mining sector will be driven by increased project investment. So where is this investment going? Below are the largest mining projects by capex in SSA.

Table 2.4: Largest mining projects by capex in SSA

	Commodities	Mine	Company	Capex (US$m)	Notes
Cameroon	Bauxite	Ngaoundal & Minim-Martap	Hindalco (45%), Hydromine (10%), Dubai Aluminum (DUBAL) (45%)	6,000	Expected production: 8.5m tonnes per year
Cameroon	Iron ore	Mbalam-Nabeba	Sundance Resources	4,700	Expected production: 40m tonnes per year. Probable reserves: 517m tonnes. Mine life: 27 years
Congo	Iron ore	Zanaga	Zanaga Iron Ore Company (50%), Glencore (50%)	4,700	Estimated production: 30m tonnes per year. Proved reserves: 770m tonnes. Mine life: 30 years
Liberia	Iron ore	Putu	Government of Liberia	3,500	Estimated production: 20m tonnes per year
DRC	Copper	Kamoa-Kakula	Ivanhoe Mines (39.6%) Crystal River Global (0.8%), (20%), Zijin Mining Group Co (39.6%)	2,992	Expected production: 215kt per year. Mine life: 24 years
South Africa	Platinum, palladium	Platreef	Ivanhoe Mines (64%)	1,962	Reserves: 17.6m oz. Expected production: 214koz per year. Mine life: 32 years

	Commodities	Mine	Company	Capex (US$m)	Notes
South Africa	Platinum, palladium, gold	Waterberg	Platinum Group Metals (37.07%), Impala Platinum (15%), Mnombo Wethu Consultants (26%), Japan Oil Gas and Metals National Corporation (JOGMEC) (21.95%)	1,825	Probable reserves: 3.7m oz. Mine life: 18 years. Expected production: 222koz per year
Guinea	Bauxite	Koumbia	Alliance Mining Commodities Limited (AMC) (90%), Government of Guinea (10%)	1,000	Measured and indicated resources: 305m tonnes. Expected production: 10,000kt per year
Guinea	Iron ore	Kalia	Bellzone Mining	865	Reserves: 59.8m tonnes. Estimated production: 7m tonnes per year. Mine life: 10 years
Cameroon	Nickel	Nkamouna-Mada	Jiangxi Rare Metals (60.5%)	839	Reserves: 68.1m tonnes. Mine life: 11 years
South Africa	Nickel	Zebediela	Uru Metals	708	Indicated and inferred resources: 1,500m tonnes. Estimated production: 20kt per year. Mine life: 25 years

	Commodities	Mine	Company	Capex (US$m)	Notes
Eritrea	Copper, zinc, gold	Asmara	Sichuan Road & Bridge Mining Investment Development Corp. (60%), Eritrean National Mining Corporation (ENAMCO) (40%)	666	Reserves: 56.6m tonnes. Mine life: 16 years
Algeria	Lead, zinc	Oued Amizour	Western Mediterranean Zinc Spa - WMZ	579	Measured resources: 30.6m tonnes
Nigeria	Iron ore	Agbaja	Kogi Iron Limited	497	Estimated production: 5m tonnes per year. Probable reserves: 205m tonnes. Mine life: 21 years
Tanzania	Nickel	Ntaka Hill	Indiana Resources (70%), Fig Tree (30%)	450	Measured and indicated resources: 20.3m tonnes. Estimated production: 9.1kt per year. Mine life: 14 years
Ghana	Gold	Namdini	Cardinal Resources	447	Indicated resources: 6.5m oz. Estimated production: 159k oz per year. Mine life: 27 years

	Commodities	Mine	Company	Capex (US$m)	Notes
DRC	Copper	Musonoi	Jinchuan Group (75%), Gecamines (25%)	440	Resources: 31.7m tonnes. Estimated production: 31kt per year. Mine life: 20 years
Zambia	Copper	Kitumba	Intrepid Mines	433	Reserves: 21.9m tonnes. Estimated production: 37kt per year. Mine life: 13 years
Ghana	Gold	Subika	Newmont Mining	380	Estimated production: 1.8m oz Mine life: 11 years
Côte d`Ivoire	Nickel	Touba-Biankouma (Sipilou)	Nickel de l'Ouest Côte d'Ivoire (NOCI)	365	Reserves: 60m tonnes

Source: Fitch Solutions

Africa's mining policy and regulatory environment

Mining sector investors face significant policy and regulatory risks as local governments demand a larger share of mineral resource wealth, damaging investor sentiment in the region. Although with a small sample of ten African countries, Fraser Institute's *Policy Perception Index* (PPI) measures the overall policy attractiveness deducted from the surveying of mining companies across the world. Botswana ranks the highest due to political stability and security, low trade barriers, and investor certainty regarding protected areas. Interestingly, Zambia and Tanzania show an improvement in the policy environment between 2017 and 2018, however, we believe this perception could change in the next survey: Zambia had since increased mineral royalty rates and duties on exports and imports, while Tanzania's unresolved fine between the government and Barrick's Acacia mine has caused a drop in investor sentiment. Other key highlights include:

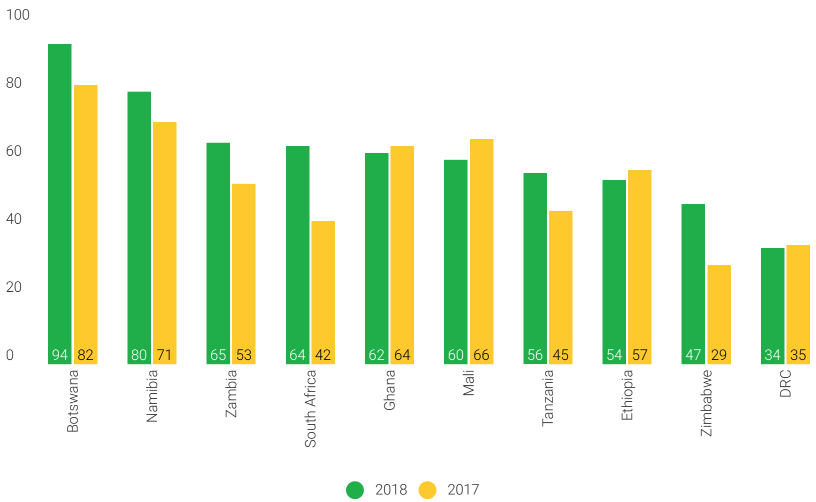
- **The DRC**: In 2018, the government raised royalties for copper and cobalt, and increased its stake in mining projects.

- **South Africa**: Regardless of the revised mining code draft being less restrictive than the original, it will increase compliance costs for miners. Also, a legal challenge against the new code will fuel ongoing policy uncertainty in the sector.

- **Mali**: The government announced that it may alter its mining code to increase mining royalties.

- **Zimbabwe**: The government changed its indigenisation law to limit majority ownership by state entities to only diamond and platinum subsectors and not the entire mining sector as provided in the previous legislation.

Figure 2.7: Policy Perception Index



Note: Policy factors examined include uncertainty concerning the administration of current regulations, environmental regulations, regulatory duplication, the legal system and taxation regime, uncertainty concerning protected areas and disputed land claims, infrastructure, socioeconomic and community development conditions, trade barriers, political stability, labour regulations, quality of the geological database, security, and labour and skills availability.

Source: Fraser Institute

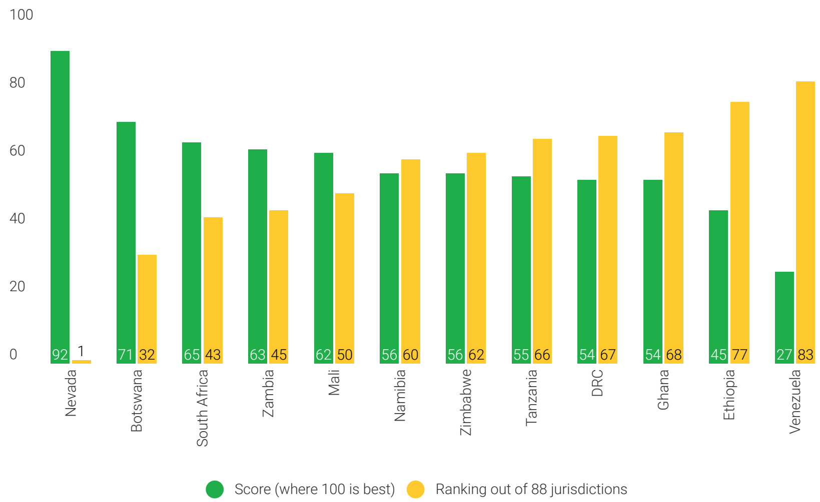
EY provides a comprehensive summary of mining and metals tax rates globally, which includes the corporate income tax for mining companies, royalties and government equity stakes. Visit their website for more details: https://www.ey.com/gl/en/services/tax/worldwide-corporate-tax-guide---country-list

Combining sector value with regulation — where are the most investable mining environments in Africa?

It is crucial to combine the value of the mining sector with the regulatory environment to assess which jurisdictions are the most attractive for investment. As an example, the DRC shows strength in its mining industry value growth, however, the country's mining sector still battles with stringent and unpredictable regulations. On the flip side, South Africa's regulatory environment is more conducive to investment than most other African nations, but it underperforms on an industry value growth perspective.

We use the Fraser Institute's *Investment Attractiveness Index*, which combines policy factors such as regulation, taxes and infrastructure with the pure mineral potential of a jurisdiction, to understand what drives mining companies' investment decisions. The survey found that 40% of mining companies' investment decisions are determined by policy factors, while 60% are based on their assessment of a jurisdiction's mineral potential. The survey is limited to ten African countries out of 83 jurisdictions globally. Botswana again made the top ranking for Africa due to its vast mineral deposits as well as easy regulatory environment. It ranked 32 out of the 83 jurisdictions (where Nevada in the US is ranked the most attractive globally, and Venezuela the worst).

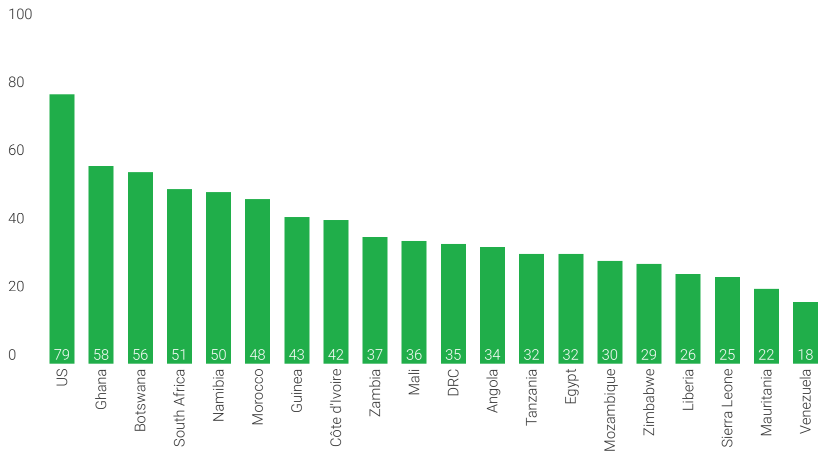
Figure 2.8: Fraser Institute's Investment Attractiveness Index



Source: Fraser Institute

We have also looked at Fitch Solution's *Mining Risk/Reward Index* (RRI) which assesses potential returns on investment, both in terms of industry size and forecast growth and broader country characteristics like the regulatory environment. Countries with relatively stable political and economic environments, specifically Ghana, Botswana and South Africa, ranked highest in the RRI. Mauritania ranked the weakest on the continent and was only slightly ahead of the world's worst-performing country in the index, Venezuela.

Figure 2.9: Mining Risk/Reward Index



Source: Fitch Solutions

Oil and gas

Energy needs across the African continent continue to grow unabated, bolstered by a rising population, industrialisation and extensive rural-to-urban migration. Despite the increased focus on cleaner forms of energy such as solar or wind, the major sources of energy globally remain oil and gas. It's a simple matter of price, access and infrastructure that has allowed these two forms of energy to be prevalent — this is clearly visible in the automotive industry where the bulk of the value chain relies on fuel from refined oil.

As the industry evolves, it seems that the 2020s might be characterised by significant shifts in household and business energy sources as cleaner forms of fuel gain momentum. As renewables prices are slated to come down over time, players like BP Energy believe that by 2040, the main energy supply in Africa will stem from renewables. This scenario, however, still excludes the transportation sector, which is likely to remain heavily reliant on fuel. Therefore, oil exports remain critical for various African countries, and price developments therein will set the tone for investment in the sector. On the gas front, the continued increase in global demand for gas, and the consequent investment into the sector could catapult total production on the continent. Table 2.5 shows the favourable price increases in gas that should bolster production efforts over the next few years.

Table 2.5: Bloomberg consensus forecast for oil and gas

	2019	2020	2021	2022
NYMEX WTI US$/bbl	58.37	55.65	53.94	53.39
ICE Brent US$/bbl	64.91	61.60	60.22	59.79
ICE Gasoil US$/tonne	588.05	574.19	565.14	563.45
UK NBP Nat Gas US$/mbtu	38.49	47.33	48.54	48.10
NYMEX Heating Oil US$/gallon	1.94	1.90	1.87	1.85

Source: Bloomberg

Oil outlook: Growth to soften in Africa

The crude oil and condensates production growth outlook for Africa remains soft over the next few years. It is expected to come in at under 2% (according to Fitch Solutions) based on various projects currently in the pipeline and on future demand. The sector is facing numerous price pressures as increased supply, particularly from the US, lowers the market equilibrium. Additionally, fears of a global economic slowdown over the next few years have meant that prices have remained sticky around the US$60/bbl level.

Currently, 8.1% of global oil production stems from Africa, with Egypt, Libya and Algeria fortifying production from Nigeria and Angola. Unfortunately, Africa's top two producers, Nigeria and Angola, have failed to garner momentum since the massive price slump experienced from 2014 through to 2017. This period was not only characterised by lower oil prices but also significant production cuts by the Organization of the Petroleum Exporting Countries (OPEC) at the above-mentioned jurisdictions.

Table 2.6: Top oil producers in Africa in 2019

	Average annual oil production ('000 bpd)
Nigeria	1,989.2
Angola	1,593.0
Algeria	1,258.7
Libya	1,039.0
Egypt	638.9
Congo	340.5
Gabon	195.8

	Average annual oil production ('000 bpd)
Ghana	172.8
Chad	132.0
South Sudan	125.9
Sudan	95.0

Source: US Energy Information Administration

Additional output after exploration successes in Angolan waters (where Italian major Eni has been accumulating oil discoveries within offshore Block 15/06) should boost production levels in the country over the long term. However, OPEC's production cuts coupled with a fragile policy environment will keep production numbers at bay in the short term. Nigeria seems to be facing similar production concerns in the short run as increased security risks along the Niger Delta suppress investments. Despite this, prior investments by both Shell and Total should lead to an additional 300,000bpd upon completion of both projects by 2023.

Meanwhile, oil production in Libya recovered strongly in 2017 after internal conflict severely affected the sector's output. The country's leadership plans to double production to 2.1m bpd by 2023 through a US$60bn injection into the sector. The supply disruptions have been limited since 2017, despite the continued fighting between Field Marshal Khalifa Haftar's supporters and the UN-backed Tripoli government. But the tensions will invariably have a long-term impact on the sector, and the country will battle to reach its goal by 2020, let alone the 3m bpd output seen in the 1970s.

Table 2.7 and 2.8 show Africa's top oil producers, and their forecast production and consumption levels.

Table 2.7: Forecast oil production by African countries ('000 bpd)

	2020	2021	2022	2023	Average growth (%)
Nigeria	2,098	2,081	2,160	2,292	3.0
Angola	1,511	1,446	1,398	1,344	-3.8
Algeria	1,503	1,498	1,474	1,443	-1.3
Libya	1,244	1,294	1,345	1,398	4.0
Egypt	695	699	700	694	-0.0
Congo	308	296	284	273	-3.9
Ghana	230	226	271	340	14.5

	2020	2021	2022	2023	Average growth (%)
South Sudan	225	252	277	279	7.5
Gabon	195	188	180	173	-3.9
Equatorial Guinea	193	208	223	217	4.1
Chad	124	120	117	113	-3.0
South Africa	119	122	123	124	1.4
Sudan	110	109	106	103	-2.2
Cameroon	66	64	62	66	0.1
Tunisia	44	43	42	42	-1.5
Côte d'Ivoire	30	30	29	28	-2.3
DRC	18	17	17	17	-1.9
Kenya	2	2	12	46	261.1
Mozambique	1	2	2	2	33.3
Africa	8,716	8,697	8,884	9,146	1.6

Source: Fitch Solutions, EIA

A few key production highlights from Table 2.7 are:

- Ghana's production is expected to ramp up based on plans by British oil and gas firm, Tullow Oil, to drill and complete new wells across the TEN and Jubilee fields.
- While still in its infant stages, Mozambique's oil sector is expected to grow over the next few years as Sasol boosts production numbers in an oil field situated close to the Temane natural gas field.
- Kenya's oil production should ramp up, pending final investment decisions by Tullow Oil. According to Tullow, oil from the Lokichar Basin is expected to cost US$25/bbl to extract and transport, however, the aspect of transportation is yet to be resolved, making their estimates questionable. A study by the Oxford Business Group indicates that there is a relatively high wax content in the oil, which could put a dampener on the final production price — likely to trade less than the global benchmark of Brent crude. A study by NGO Oxfam International pegged the breakeven price for Lokichar oil at US$42/bbl.

Table 2.8: Forecast oil consumption in Africa ('000 bpd)

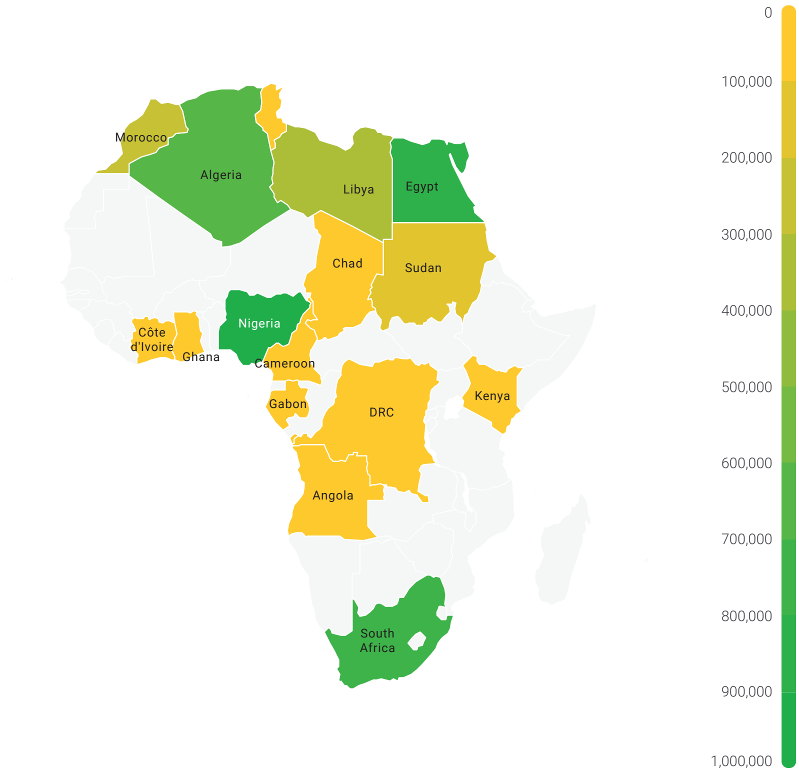
	2020	2021	2022	2023	Average growth (%)
Egypt	728	743	758	773	2.0
South Africa	712	726	741	753	1.9
Nigeria	571	597	620	645	4.2
Algeria	436	445	455	465	2.1
Morocco	333	346	359	372	3.8
Libya	303	318	334	347	4.7
Kenya	133	141	149	158	6.1
Sudan	112	114	116	120	2.3
Tunisia	110	115	119	123	3.7
Angola	108	113	118	123	4.3
Tanzania	87	92	96	102	5.3
Ghana	85	82	84	85	0.0
Ethiopia	85	89	93	97	4.7
Cameroon	55	57	60	63	5.0
Côte d'Ivoire	38	40	42	44	4.7
Uganda	34	35	37	39	5.0
Mozambique	29	31	33	38	9.2
DRC	26	27	29	30	4.3
Gabon	23	24	25	26	3.3
Congo	18	19	19	19	1.6
Mauritania	16	17	17	18	3.0
South Sudan	13	13	14	15	5.7
Equatorial Guinea	6	6	6	6	0.6
Chad	3	3	3	3	4.9
Africa	4,063	4,192	4,327	4,462	3.2

Source: Fitch Solutions, EIA

Refinery in Africa

Refinery has become crucial in Africa to ensure that the full value chain of production is captured within the continent. This, however, does not imply that the continent is close to its full potential. While several countries are making strides in this area, opportunity still exists to do more.

Figure 2.10. Africa's refinery capacity forecast by 2023 (million bpd)



Source: Fitch Solutions, EIA

The largest refineries are in Nigeria, South Africa, Egypt and Algeria. Nigerian businessman Aliko Dangote is set to finalise a US$15bn oil refinery investment by 2020, which would be the world's largest refinery. The timing, however, might be off given the numerous issues facing the project, these include construction delays, security issues and bureaucratic processes.

Table 2.9: Top African refineries

Location	Refinery name	Type	Operator	Capacity (million bpd)
Algeria				
	Algiers Refinery	Simple	Sonatrach	60
	Arzew Refinery	Simple	Sonatrach	60
	Hassi Messaoud Refinery	Simple	Sonatrach	30
	Skikda Refinery	Simple	Sonatrach	300
Egypt				
	Amerya Refinery	Simple	Egyptian General Petroleum Corporation	47
	Asyut Oil Refinery	Simple	Egyptian General Petroleum Corporation	78
	Cairo Refinery Co – Mostrod	Simple	Egyptian General Petroleum Corporation	145
	Cairo Refinery Co – Tanta	Simple	Egyptian General Petroleum Corporation	35
	El Mex Refinery	Simple	Egyptian General Petroleum Corporation	100
	El Suez Refinery	Complex	Egyptian General Petroleum Corporation	99
	Suez Petroleum Processing Co Ref	Simple	Egyptian General Petroleum Corporation	66
	MIDOR Refinery	Complex	Middle East Oil Refinery Company, Alexandria	100
	Wadi Feran Refinery	Simple	Egyptian General Petroleum Corporation	7
Nigeria				
	Kaduna Refinery	Complex	Nigerian National Petroleum Company	110
	Port Harcourt I & II	Complex	Nigerian National Petroleum Company	210
	Warri Refinery	Complex	Nigerian National Petroleum Company	125

Location	Refinery name	Type	Operator	Capacity (million bpd)
South Africa				
	Calref	Complex	Chevron – Texaco	110
	Engen Refinery	Complex	Petronas, Worldwide African Investment Holdings (Pty) Ltd	105
	Natref	Complex	Sasol Ltd, TOTAL South Africa (Pty) Ltd	109
	Sapref	Complex	Shell and BP South African Petroleum Refineries (Pty) Ltd	165

Source: Mbendi

Gas to pave the way for growth in the energy sector

After renewable energy investment, gas investment, production and consumption are expected to grow the fastest in the energy sector in Africa over the next 30 years. The largest proven gas reserves on the continent are in Egypt, Nigeria and Algeria, according to Fitch Solutions.

Table 2.10: Gas reserves in Africa in billion cubic meters (bcm)

	Gas proven reserves (bcm)
Egypt	62,942.2
Nigeria	5,528.1
Algeria	4,312.2
Sudan	3,000.0
Mozambique	2,925.9
Tanzania	2,448.8
Libya	1,476.1
Equatorial Guinea	1,298.6
Cote d`Ivoire	995.5
Ghana	796.1
Angola	297.0
Cameroon	133.0

	Gas proven reserves (bcm)
Congo-Brazzaville	89.1
Tunisia	59.9
Mauritania	28.3
South Africa	26.3
Gabon	25.9
Ethiopia	24.9
Uganda	14.2
Morocco	0.2

Source: Fitch Solution, EIA

From a production perspective, BP expects natural gas output to increase by 50% across Africa by 2040. This production is, however, contingent on the development of gas reserves in East Africa.

Tanzania expects construction of its LNG export project to begin in 2022. The US$30bn project is to be constructed in the Lindi region by Norway-based Equinor, Royal Dutch Shell, Exxon Mobil, Ophir Energy and Pavilion Energy, in collaboration with Tanzania Petroleum Development Corporation.

In Kenya, Tullow indicated that it is continuing to explore additional gas reserves in the country. This comes after the discoveries made in early 2012 and 2013 which suggested that Kenya's gas reserves could be the largest deposit in the region. The discoveries have meant that companies like Tullow and Zarara Oil and Gas (Mauritian firm) have been able to extensively explore the country with positive outcomes. While the sector remains in its infancy in Kenya compared to Tanzania, politics could easily push Kenya to the top of the East African ranks in gas production (and potentially oil as well) over the next decade.

Table 2.11: Gas production in Africa (bcm)

	2020	2021	2022	2023	2024	2025	Average annual growth (%)
Mozambique	5.6	5.4	6.8	10.1	19.6	33.4	38.7
South Africa	1.2	1.6	1.6	1.6	1.5	1.5	21.2
Cameroon	2.2	2.1	2.1	2.8	4.0	3.9	12.3

	2020	2021	2022	2023	2024	2025	Average annual growth (%)
Tunisia	2.1	2.0	2.0	1.9	1.8	1.8	7.8
Congo	1.7	1.8	1.9	2.0	2.1	2.2	5.5
Equatorial Guinea	5.4	6.3	7.1	7.4	7.2	7.0	4.1
Libya	13.9	14.6	15.1	15.5	15.8	16.2	3.3
Tanzania	1.7	1.8	2.0	1.9	1.9	1.8	3.3
Angola	5.9	6.1	6.2	6.3	6.3	6.4	2.3
Nigeria	50.8	52.2	52.7	53.7	55.0	55.5	2.0
Ghana	3.2	3.3	3.3	3.3	3.3	3.3	1.6
Côte d'Ivoire	2.3	2.3	2.3	2.3	2.3	2.3	0.0
Morocco	0.1	0.1	0.1	0.1	0.1	0.1	0.0
Egypt	83.2	80.6	79.8	78.2	75.8	73.4	-0.9
Gabon	0.6	0.6	0.6	0.5	0.5	0.5	-2.8
Algeria	101.0	99.5	95.2	90.1	85.3	80.7	-3.2

Source: Fitch Solutions, EIA

A few key production growth numbers in Table 2.11 are worth highlighting:

- Cameroon has become a net LNG exporter in 2018 with the start-up of the Kribi fields and the Hilli Episeyo floating LNG facility.
- Congo's numbers err on the side of optimism after the government announced increased licensing for untapped gas fields.
- Algeria's production growth remains conservative and does not include Sonatrach's efforts to ramp up production through new technologies as tentative figures are yet to be provided.
- Mozambique's gas reserves are also estimated to be among the largest in Africa. The government approved the development of the Eni and Exxon Mobil led Rovuma LNG project that is expected to generate US$46bn. The final investment decision (FID) is set to be taken before the end of 2019. In June 2019, Anadarko reached FID on the development of one of the offshore LNG fields in Area 1 of the Rovuma Basin. The project involves the construction of a gas liquefication and export terminal and is worth US$25bn.

Table 2.12: Gas consumption in Africa (bcm)

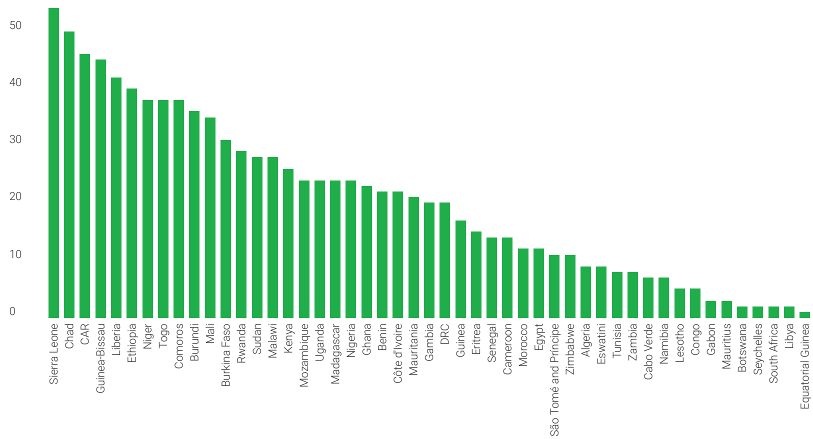
	2020	2021	2022	2023	2024	2025	Average annual growth (%)
Algeria	42.6	43.8	45.1	46.4	47.8	49.2	2.9
Angola	0.9	1.0	1.1	1.2	1.3	1.4	9.2
Cameroon	0.6	0.6	0.6	0.6	0.8	0.9	9.2
Congo	1.6	1.7	1.8	1.9	2.0	2.1	5.6
Côte d'Ivoire	2.2	2.8	3.3	3.5	3.7	3.8	11.9
Egypt	69.0	72.6	74.7	77.0	78.5	80.1	3.0
Equatorial Guinea	1.3	1.3	1.4	1.4	1.4	1.4	1.5
Gabon	0.6	0.6	0.6	0.5	0.5	0.5	-3.3
Ghana	3.9	4.5	5.0	5.3	5.6	5.8	8.3
Libya	8.6	9.0	9.5	10.0	10.5	11.0	5.0
Morocco	1.4	1.4	1.5	1.6	1.6	1.7	4.0
Mozambique	2.5	2.5	2.6	2.7	3.0	3.3	5.8
Nigeria	16.3	16.8	17.0	17.9	18.5	19.0	3.1
South Africa	4.5	4.7	4.8	5.0	5.2	5.4	3.7
Tanzania	1.7	1.8	2.0	2.1	2.2	2.3	6.3
Tunisia	5.5	5.6	5.7	5.9	6.0	6.1	2.1

Source: Fitch Solutions

Agriculture

Africa's population is expected to almost double by the year 2050, with a high population growth rate of 2.7% per annum. To secure the basic need of food over this horizon, African nations are expected to double their investment efforts into the agricultural sector. On average, the sector contributes over 15% to Africa's GDP and serves as a pivotal export earner. It has managed to grow comfortably over the past few years due to renewed government policies across the continent that prioritise the sector to ensure that it remains competitive and sustainable.

Figure 2.11: Contribution of agriculture to GDP (% average over last ten years)



Source: Regional Strategic Analyst and Support System

A few key agricultural statistics show that the most arable land in Africa as a percentage of the country's land mass is found in Togo, Burundi and Rwanda. As a percentage of total exports, the larger economies where agriculture features prominently are CAR, Malawi and Zimbabwe. (see Table 2.13 for individual country statistics).

Table 2.13: Key agriculture indicators across Africa

	Arable land (% land area)	Annual growth of sector (%)	Agriculture (% of GDP)	Agriculture (% of exports)	Main agricultural export
Algeria	3.11	1.40	12.02	0.60	Sugarcane
Angola	3.93	2.18	9.66	0.02	Timber
Benin	23.94	8.45	22.85	22.00	Coconuts
Botswana	0.46	1.88	2.06	7.00	Livestock
Burkina Faso	21.93	2.90	29.57	7.70	Cotton
Burundi	46.73	4.38	30.66	23.00	Coffee
Cabo Verde	12.41	-14.27	6.86	0.11	Pepper, dried legumes and cloves
Cameroon	13.12	3.63	14.49	14.00	Sawn wood
CAR	2.89	3.79	32.14	43.00	Timber
Chad	3.89	0.37	47.49	0.02	Cotton
Comoros	34.93	0.95	29.87	56.00	Cloves
Congo	1.61	1.76	7.00	2.60	Wood
Côte d'Ivoire	9.12	7.63	21.63	37.00	Cocoa, coffee
Djibouti	0.09	4.63	2.05	33.00	Coffee
DRC	3.13	2.11	18.95	0.74	Coffee, timber
Egypt	2.80	3.15	11.47	2.22	Citrus
Eritrea	6.83	n/a	n/a	0.30	Pepper, dried legumes and cloves
Eswatini	10.17	-1.90	8.89	5.03	Sugarcane
Ethiopia	15.12	4.71	33.85	32.00	Coffee
Gabon	1.26	11.92	4.85	6.10	Timber
Gambia	43.48	-1.94	23.85	51.00	Rough wood
Ghana	20.66	4.51	20.31	10.00	Cocoa beans

	Arable land (% land area)	Annual growth of sector (%)	Agriculture (% of GDP)	Agriculture (% of exports)	Main agricultural export
Guinea	12.62	5.43	17.93	1.10	Coffee
Guinea-Bissau	10.67	1.89	47.44	92.00	Coconut, Brazil nuts, cashew nuts
Kenya	10.19	4.31	32.57	22.00	Tea
Lesotho	11.59	12.63	5.65	5.30	Wool
Liberia	5.19	-8.06	36.54	15.20	Rubber, cocoa
Libya	0.98	n/a	n/a	0.02	Wheat
Madagascar	6.02	0.27	21.62	26.00	Vanilla
Malawi	40.31	1.33	26.50	71.00	Tobacco
Mali	5.25	6.07	38.24	4.70	Bovine
Mauritania	0.44	4.54	24.20	2.20	Oils
Mauritius	36.95	0.71	3.05	10.00	Sugarcane
Morocco	18.22	1.13	12.25	3.30	Fruits
Mozambique	7.18	3.48	22.06	4.70	Tobacco
Namibia	0.97	4.48	6.54	7.00	Livestock
Niger	13.26	8.35	38.26	15.00	Oily seeds
Nigeria	37.33	3.22	20.92	14.00	Cocoa
Rwanda	46.68	5.44	29.33	27.00	Tea, coffee
São Tomé and Príncipe	9.06	1.17	11.83	60.00	Cocoa
Senegal	16.62	8.70	15.32	3.30	Soups, broth
Seychelles	0.33	2.12	2.00	0.00	Cinnamon bark
Sierra Leone	21.95	4.40	59.05	8.60	Cocoa
Somalia	1.75	n/a	n/a	44.00	Livestock
South Africa	10.30	2.04	2.18	1.60	Citrus
South Sudan	n/a	-15.00	11.76	0.01	Timber
Sudan	n/a	2.05	31.14	10.00	Livestock
Tanzania	15.24	5.36	27.64	12.00	Coconuts, Brazil nuts
Togo	48.72	3.20	28.33	4.60	Cotton, coffee
Tunisia	18.67	1.08	9.76	2.50	Olive oil

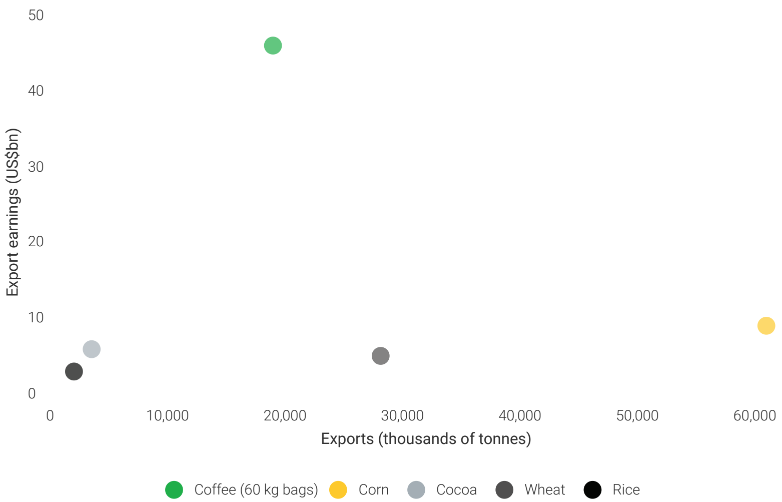
	Arable land (% land area)	Annual growth of sector (%)	Agriculture (% of GDP)	Agriculture (% of exports)	Main agricultural export
Uganda	34.41	2.74	24.10	20.00	Coffee
Zambia	5.11	-2.56	4.45	2.00	Tobacco
Zimbabwe	10.34	8.14	9.48	51.00	Tobacco

Source: World Bank, OEC World

Africa's top-earning agricultural products

Africa has a rich offering of various agricultural products. The top products in terms of value and earnings are coffee, cocoa, wheat and maize (Figure 2.12).

Figure 2.12: Top agricultural products in Africa



Source: Fitch Solutions

Table 2.14: The price and production outlook for Africa's top agricultural products

Cocoa		
Main producers	**Production outlook**	**Price outlook**
Ghana	Production has increased by over 70% over the past five years, and it is expected to remain on an upward trend due to: 1. Niche cocoa doubling production capacity to 60,000 tonnes; and 2. AfDB loan worth US$600m to increase production and storage capacity.	Ghana and Côte d'Ivoire are effectively hoping to set a price floor that will ensure that prices don't dip below US$2,600/t. Prices are, however, expected to dip below US$2,400 in 2020, especially if the price floor doesn't take effect.
Côte d'Ivoire	Production is bound to increase by over 14% over the next few years as the Abidjan Declaration ensures price discoverability and keeps the sector's growth free from massive swings over the horizon. Also, the SACO plant is expected to increase its production capacity by 40% by 2020.	

Maize		
Main producers	**Production outlook**	**Price outlook**
Nigeria	Conducive rains have ensured that maize production remains favourable in 2019, with 10.3m tonnes expected during the year.	Trade wars had an impact on 2019 prices, not to mention the breakout of African Swine fever which brought volatility to commodity prices globally (not only the poultry sector). Prices are, however, expected to grow by 7% between 2019 and 2023 as consumption deficits persist.
South Africa	The drought in several regions in South Africa has resulted in poor harvests over the past three years. However, 2020 is expected to see an increase of over 20%, backed by government proposals to increase exports from all grain-based products and as weather conditions normalise.	

Coffee

Main producers	Production outlook	Price outlook
Ethiopia	Production numbers are under risk as farmers shift towards Khat production versus coffee. Government-based protectionist policies should secure production growth of 1.4% over the next few years.	Prices are expected to pick up by between 20% and 25% over the short term as Brazil cuts production — this is despite steady declines since 2016 due to oversupply in the market.
Uganda	The government is on a strong drive to increase production from 3% to 15% of total global trade. The Uganda Coffee Development Authority has introduced new initiatives that have ramped up production of 60kg bags of Arabica by 10% to 800,000 over the 2019/20 period.	

Tea

Main producers	Production outlook	Price outlook
Kenya	Production is expected to rise by 20% as replanting gains momentum since the poor harvest of 2016. The government's increased advertising of small-scale tea farmers in international markets has bolstered the current production outlook.	Tea prices are expected to moderate from US$2.39/kg to US$2.03/kg between 2019 and 2023 as supply picks up in China.

Source: Fitch Solutions, Bloomberg, FAO

Several other products are key for Africa's development, both on a subsistence and commercial level. Table 2.15 highlights the forecasts of some of these product prices.

Table 2.15: Bloomberg consensus forecasts for selected agricultural products

	2019	2020	2021	2022
Corn cents/bu	409.90	438.93	428.10	427.73
Wheat cents/bu	492.76	549.12	563.08	n/a
Rice US$/cwt	11.16	11.63	n/a	n/a
Coffee (KC) c/lb	105.91	125.26	135.79	141.80
Sugar c/lb	12.66	13.78	14.35	14.58
Cocoa US$/mt	2,384.61	2,483.00	2,489.20	n/a
Cotton cents/lb	68.09	68.48	68.70	68.64
Soybeans c/bsh	884.46	941.13	957.46	944.47
Soybean Oil c/lb	28.25	29.77	31.30	31.62
Soybean meal US$/ST	306.34	323.97	328.53	328.30
Palm oil RM/mt	2,017.64	2,308.05	2,428.90	2,436.00

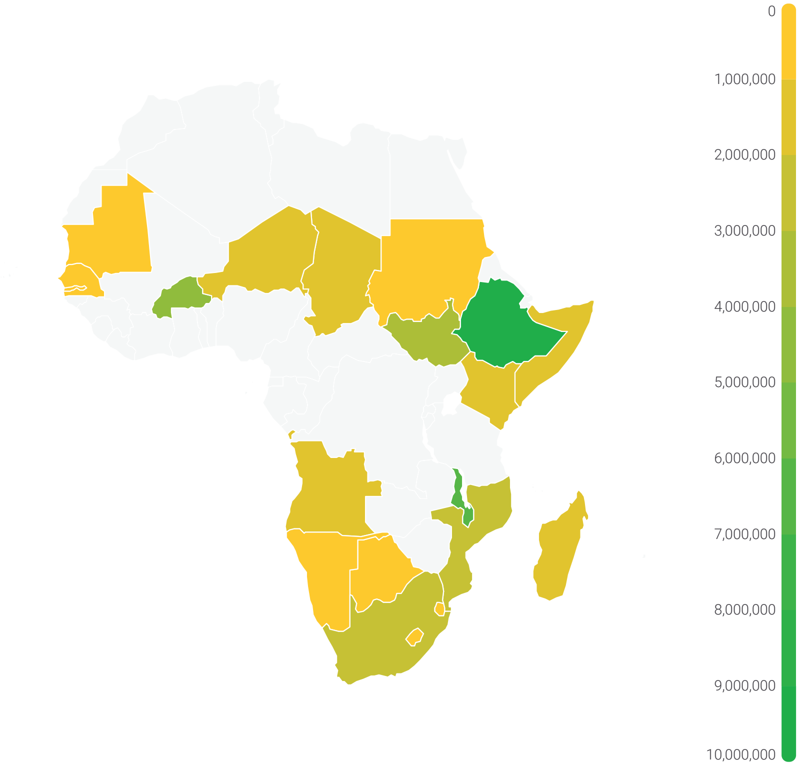
Source: Bloomberg

It's getting a little dry

Despite Africa's growth prospects, climate change poses a serious challenge. Sporadic rainfall patterns have greatly influenced output from the agricultural sector since 2015. Some countries have faced either full-blown droughts or subpar rainfall over the past few years — these factors have greatly dampened potential output in most jurisdictions.

In the southern region, poor rainfall has led to lower maize production across South Africa, Namibia and Zambia, while devastating cyclones have impacted production in Malawi, Zimbabwe and Mozambique. Meanwhile in North Africa, desertification and poor rainfall threaten production. In East Africa, the risks are even more pronounced as 20% of the region's GDP relies on rain-fed agricultural output, putting economies at the mercy of precarious weather patterns. In the past five years, there have been more incidences of drought-related problems compared to ten years ago as climate change takes its toll. These changes will force countries to adopt new technologies in agricultural production if they want to remain relevant and competitive.

Figure 2.13: Drought-affected areas over the past five years (number of affected people)



Note: Number of affected people: People requiring immediate assistance during a period of emergency, i.e. requiring basic survival needs such as food, water, shelter, sanitation and immediate medical assistance.

Source: Emergency Events Database

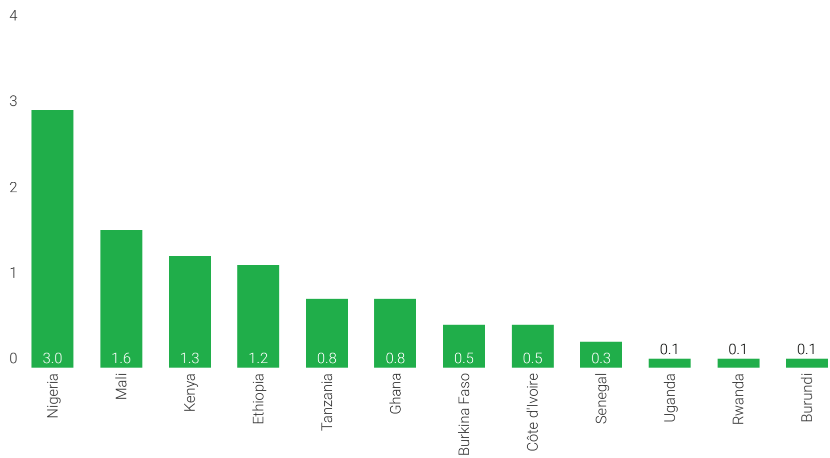
Fertilisation

Fertiliser spend and use has increased significantly in various jurisdictions. While fertiliser subsidies in countries like Zambia and Malawi have been criticised for being overly expensive and unsustainable, Ethiopia's recent successes have been celebrated. The use of chemical fertilisers has more than doubled over the past decade as Ethiopia aimed to renew soil fertility after several years of low productivity. The major challenge in Africa has been the manner in which fertilisation is administered.

In Ethiopia, fertilisation was introduced in stages over a long period of time to allow for better infusion into the soil (further preventing over-fertilisation) and the fact that the subsidised fertilisers were mainly used to ensure the commercial viability of crops.

The drive for increased fertiliser use is, however, shadowed by slow and inefficient processes. According to Fitch Solutions, the cost of fertiliser is skewed by high transport costs and taxes, resulting in inflated prices in Africa versus other jurisdictions across the world. The agency says that, for example, farmers in Kenya's inland pay double as much for fertilisers compared to farmers in Europe. The high cost and inadequate facilities to manage the full value chain implies that the use of fertilisers will garner momentum only once structural issues have been addressed.

Figure 2.14: Fertiliser usage in Africa (million tonnes)



Source: Africafertilizer.org

Sector under transformation

Structural changes in the agricultural sector need to take place as growth in global food demand tapers, attributed to slower population growth compared to a decade ago. Furthermore, changing diets have meant that the mix of products demanded in the global space has changed, with less cereal-based carbohydrates featuring across European and Asian markets. Figure 2.15 shows the overall change in a basket of food prices globally.

Figure 2.15: Food and Agricultural Organisation (FAO) Food Index (% change)

Source: FAO

The commitment by several African economies to increase spending in the agriculture sector remains the overarching policy for development. The AU's 2014 Malabo Declaration on Agriculture that targets an end to hunger in Africa by 2025 has created a drive for increased inter-country trade, expansion of agricultural output, and increased efficiencies in production.

From an investment perspective, the Comprehensive African Agricultural Development Programme (CAADP) is leading the charge in ensuring sustainable investment into African agriculture. Although there are many opportunities for the future success of the sector's performance, the CAADP outlined certain key challenges that need to be addressed for Africa to become more relevant in the discussion of food security and sustainability.

Opportunities in the agricultural sector

- Large areas of arable land
- Increase use of technology
- Massive youth dividend
- Increased government involvement

Challenges facing the agricultural sector

- Underinvestment relative to global peers
- Erratic rainfall pattern
- Slow adoption of fertiliser use

Who is ready for the future?

Global demand for food will largely be driven by consumption from Asia and Africa, thus, these two continents will need to ensure that investment is centred towards food security. Countries that seem to be transforming this industry at a rapid pace in preparation for the future are Rwanda, Mali and Ethiopia based on advances in implementing the CAADP within their terrains i.e. these countries are well on track with executing the Malabo Declaration in their respective jurisdictions.

Figure 2.16: Top-performing African countries in terms of implementing the Malabo Declaration on Agriculture transformation

Rwanda	• 100% CAADP process completion • 100% inclusive institutionalised institutions • 52% of farmers have access to advisory services • 91% of women have access to productive assets in agriculture • Agricultural commodity value chains have been established
Ethiopia	• 100% CAADP process completion • 86% inclusive institutionalised institutions • 89% of farmers have access to advisory services • 17% share of agriculture in the economy • 55% of farms already resilient to climate change
Mali	• 88% of CAADP process completion • 100% achievement of evidenced based policies and supportive institutions • Growth of 8% per annum in agriculture • Triple increase in size of irrigated firms over the past decade • 19% increase in yield from crop

Note: Institutionalised institutions refers to the implementation of introducing mechanisms for mutual accountability and peer reviews for the purposes of achieving the targets set out under the Malabo Declaration.

Source: NEPAD

While the efforts propagated through the CAADP are gradually bringing about positive change in the sector, the future of agriculture remains in the balance as global demand slows and dietary needs evolve. The FAO forecasts that most African countries' net agricultural export positions will worsen if rapid efforts aren't made to upscale and process agricultural produce from the continent. Several African countries still have severe problems of hunger or undernourishment. Coupled with rapid rural to urban migration, Africa will have to be aggressive in its drive to industrialise agriculture to remain globally competitive. Table 2.17 highlights those countries that are leading the charge.

Table 2.17: Top agribusiness countries in Africa (US$bn)

	2020	2021	2022	2023
Nigeria	36.5	38.7	41.2	43.2
Egypt	26.3	26.8	27.3	27.6
Algeria	25.9	26.4	26.9	27.1
Ethiopia	19.6	21.0	22.1	22.9
South Africa	20.1	20.8	21.7	22.5
Morocco	11.1	12.4	12.4	12.6
Kenya	9.7	11.4	12.0	12.5
Cameroon	9.5	9.9	10.6	11.3
Côte d'Ivoire	7.9	7.8	8.1	8.4
Tanzania	4.7	5.1	5.5	5.8
Tunisia	5.0	4.8	4.7	4.7
Ghana	3.6	3.7	3.8	4.0
Angola	3.1	3.3	3.4	3.6
Mozambique	2.7	2.8	3.1	3.3
Zambia	2.5	2.6	2.8	3.0
Botswana	0.3	0.4	0.5	0.6
Namibia	0.3	0.3	0.3	0.4

Source: Fitch Solutions, FAO

Video: Resources sector overview

(Scan the QR code to watch the video)

Retail in Africa is all about playing the long game. While the middle class is not growing as fast as expected, the potential is still evident in the numbers. The current 350-million-strong middle class is expected to grow to just under one billion by 2040. And with little competition, Africa's highly-unsaturated market is waiting to be serviced.

RETAIL 03

MOST ATTRACTIVE COUNTRIES TO INVEST IN RETAIL

Nigeria

Angola

Uganda

WHAT DO AFRICANS SPEND THEIR MONEY ON?

- Food, beverages and tobacco
- Clothing and footwear
- Household cleaners

CITIES WITH THE MOST TOP EARNERS IN 2029

- **Cairo**, Egypt
- **Johannesburg**, South Africa
- **Lagos**, Nigeria

TOP RETAIL SALES

NIGERIA

US$135.0bn

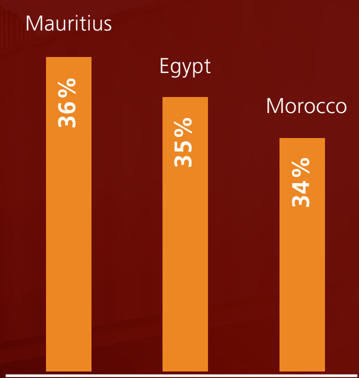
EGYPT

US$54.3bn

ALGERIA

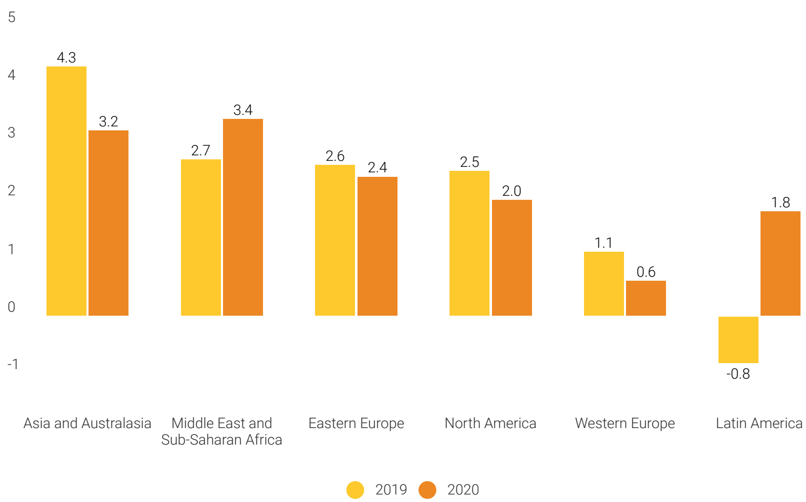
US$45.2bn

COUNTRIES THAT SPEND THE MOST ON NON-ESSENTIAL GOODS (% OF HOUSEHOLD SPENDING)



Consumer demand and sales volumes have peaked in the developed world, and developing economies are set to account for the bulk of growth in global spending and consumption over the next few decades, especially as African economic growth rates recover.

Figure 3.1: Retail sales growth (annual % change)



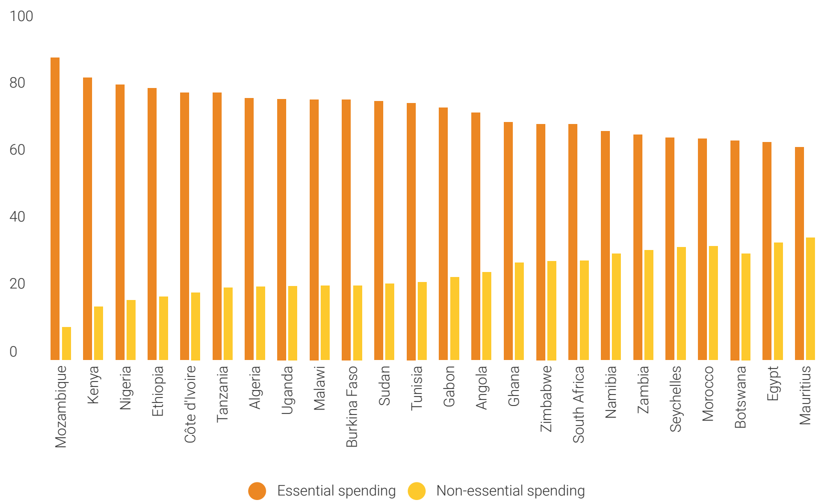
Source: EIU

Africa's demographic landscape remains attractive. However, the pace in the growth of the middle class has been slower than expected. This is due mainly to domestic idiosyncrasies, including the lack of economic diversification, structural skills and labour-market issues, and the lack of access to basic services such as healthcare and education that damps inclusive growth (growth that is distributed fairly across society and creates opportunity for all). But the AfDB believes the potential is still alive and well, expecting the current 350-million-strong middle class to grow to just under one billion by 2040. This growth is already contributing to the modernisation of the retail sector, and many African economies continue to transition to consumption-driven markets. In the same breath, the market remains highly unsaturated, with little competition in most countries. Investors need to remember that although the short- and medium-term returns are unlikely to inspire, the long-term potential for retail is truly exciting.

Essential goods to remain the main target of consumption

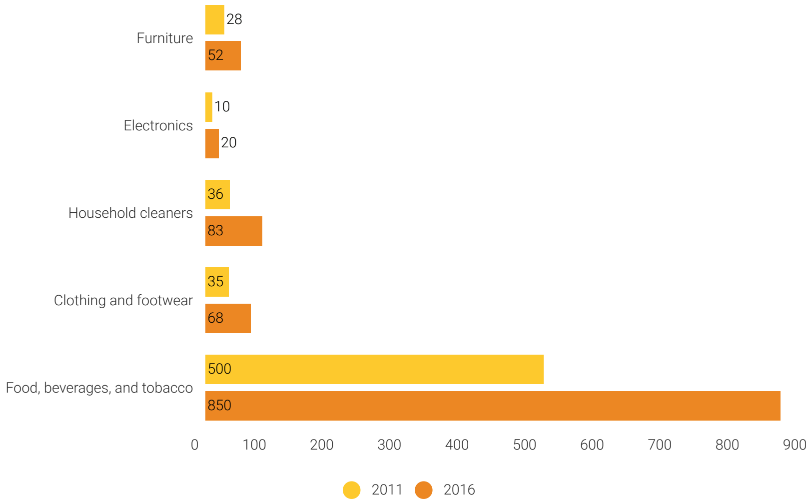
Due to Africa's low-income levels, essential goods make up the bulk of consumer spending (Figure 3.2), with food, beverages and tobacco dominating this consumption landscape (Figure 3.3). The growth in spending in this category is expected to increase due to the steady expansion of distribution services.

Figure 3.2: Essential and non-essential spending patterns for selected African countries (% of total household spending)



Source: Fitch Solutions

Figure 3.3: African consumer expenditure in major retail sub-sectors (US$bn)



Source: EIU

Luxury-goods-spending growth, however, will be slow. Although improving, Africa's low-income-level status will not change drastically anytime soon, and luxury companies favour stable service economies, rather than volatile commodity exporters. Only a few households in Africa will exceed the US$75,000 per annum income threshold, the level at which Fitch Solutions sees luxury spending taking off over the next few years. South Africa continues to be the premier destination for luxury-goods investment and will maintain this status over the next few years. And, though the country is facing a struggling economic growth environment, income should pick up again — 2.2% of South African households are projected to reach disposable income levels of US$75,000 and higher by 2021.

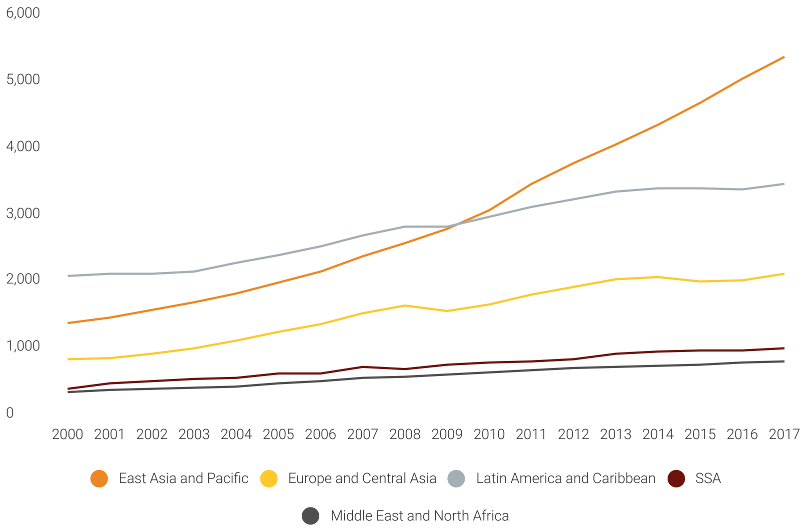
Key macroeconomic variables pertinent to retailers

Consumer spending

The Brookings Institute's latest analysis on trends and drivers of the African consumer market shows that consumer expenditure has grown at a compound annual rate of 3.9% since 2010 and reached US$1.4 trillion in 2015. This figure is expected to increase to US$2.5 trillion by 2030. The share of Africa's consumer spending, and hence the largest consumer markets, is dominated by Nigeria (~25%), Egypt (~16%) and South Africa (~13%).

Unfortunately, in relative US-dollar terms, Africa's household spending remains small compared to other regions globally (Figure 3.4). However, it is important to note that household consumption is measured in terms of revenues of formal retail markets, while most consumer spending in Africa takes place in informal markets, which means that it is overlooked by traditional retail investment.

Figure 3.4: Household spending across the world's developing regions



Source: World Development Indicators

Income distribution

Income distribution is key for any retailer researching market expansion options. Tables 3.1 and 3.2 highlight Africa's population size in different income classes in 2019 and 2029, and how that income is distributed within (selected) cities with populations of above 500,000. It is important to bear in mind that annual household incomes of above US$5,000 represent the point at which individuals begin spending more than half their disposable income on items other than food.

Table 3.1: Africa's income brackets split in 2019 and 2029

		2019					
			Income brackets — percentage of individuals with household consumption				
	City	Population	<US$1,000	US$1,001-US$3,000	US$3,001-US$5,000	US$5,001-US$10,000	>US$10,001
Egypt	Alexandria	5,132, 997	0.9	54.3	31.2	10.9	2.6
Egypt	Cairo	20,211,055	0.5	34.0	43.1	18.5	3.9
Egypt	Port Said	720,191	2.0	68.8	22.3	5.2	1.6
Egypt	Suez	624,943	1.4	62.8	26.9	6.9	2.1
Morocco	Agadir	587,627	3.8	51.1	26.3	14.0	4.9
Morocco	Casablanca	3,681,341	2.7	44.4	29.1	17.9	5.9
Morocco	Fes	1,277,638	13.6	61.7	16.1	6.0	2.5
Morocco	Marrakech	1,272,263	11.6	61.0	17.7	6.9	2.8
Morocco	Meknes	796,408	7.2	58.7	20.4	10.2	3.5
Morocco	Rabat	2,129,193	5.8	57.2	21.5	11.5	3.9
Morocco	Tangier	1,117,726	5.0	56.0	22.4	12.5	4.2
South Africa	Emfuleni	1,196,379	26.2	38.5	15.1	8.1	12.1
South Africa	Johannesburg	10,202 ,052	13.5	42.0	13.5	14.3	16.4
South Africa	Pretoria	2,303,558	4.9	35.2	17.4	18.5	23.1
South Africa	Durban	2,974,104	16.3	42.4	12.4	13.1	15.6
South Africa	Port Elizabeth	1,215,814	17.4	42.5	12.0	12.6	15.3
South Africa	Cape Town	3,821,248	7.3	39.0	16.8	17.8	18.6

			2019				
			Income brackets — percentage of individuals with household consumption				
	City	Population	<US$1,000	US$1,001-US$3,000	US$3,001-US$5,000	US$5,001-US$10,000	>US$10,001
Kenya	Mombasa	1,275,529	42.8	43.7	8.2	3.6	1.8
Kenya	Nairobi	4,600,467	19.2	52.5	15.7	8.7	3.9
Rwanda	Kigali	1,430,401	61.7	31.2	3.1	2.5	1.5
Ghana	Accra	2,460,965	16.1	51.7	18.5	11.1	2.6
Ghana	Kumasi	3,068,585	13.1	51.4	19.9	12.5	3.1
Ghana	Sekondi Takoradi	855,771	8.5	49.0	23.3	14.8	4.5
Côte d'Ivoire	Abidjan	5,560,167	28.9	52.6	12.2	4.9	1.3
Côte d'Ivoire	Bouake	864,267	52.8	40.1	4.7	2.1	0.3
Nigeria	Lagos	15,488,963	12.2	48.2	22.7	12.9	4.0
Nigeria	Kano	4,026, 813	40.8	45.4	9.3	3.6	0.8
Nigeria	Port Harcourt	2,859,452	4.7	40.4	24.1	22.6	8.1
Nigeria	Warri	809,984	12.9	49.1	21.9	12.4	3.7
Nigeria	Abuja	2,812,111	13.5	49.9	21.1	12.0	3.5
Nigeria	Ibadan	3,564,325	11.5	47.1	23.7	13.3	4.3
Ethiopia	Addis Ababa	3,640,564	96.3	3.5	0.1	0.0	0.0
Tunisia	Safaqis	777,910	4.4	46.2	29.8	16.2	3.3
Tunisia	Tunis	2,069,996	0.9	16.0	27.0	38.4	17.6

	City	Population	2029 Income brackets — percentage of individuals with household consumption				
			<US$1,000	US$1,001-US$3,000	US$3,001-US$5,000	US$5,001-US$10,000	>US$10,001
Egypt	Alexandria	6,193,961	0.3	19.6	44.8	29.5	5.7
Egypt	Cairo	24,078,696	0.2	7.5	38.4	44.7	9.2
Egypt	Port Said	886,212	0.5	36.0	42.9	16.9	3.7
Egypt	Suez	769,371	0.4	27.5	43.9	23.6	4.6
Morocco	Agadir	685,111	1.7	34.0	31.0	25.0	8.2
Morocco	Casablanca	4,301,658	1.3	27.5	32.8	27.3	11.1
Morocco	Fes	1,535,486	5.0	55.9	22.4	12.5	4.2
Morocco	Marrakech	1,548,024	4.3	53.6	24.2	13.3	4.6
Morocco	Meknes	970,037	2.9	45.7	29.0	16.7	5.7
Morocco	Rabat	2,537,640	2.5	42.1	29.4	19.7	6.3
Morocco	Tangier	1,370,013	2.2	39.4	29.7	21.8	6.9
South Africa	Emfuleni	1,353,533	23.3	39.7	14.0	9.7	13.3
South Africa	Johannesburg	11,469,215	10.8	41.7	14.6	15.4	17.2
South Africa	Pretoria	2,671,256	4.2	31.9	18.1	19.2	25.4
South Africa	Durban	3,313,257	13.8	42.1	13.4	14.2	16.3
South Africa	Port Elizabeth	1,372,897	15.6	42.3	12.7	13.4	15.8
South Africa	Cape Town	4,276,549	6.4	37.8	17.5	18.6	19.1
Kenya	Mombasa	1,900,303	26.7	53.4	11.3	5.6	3.0
Kenya	Nairobi	6,878,542	10.0	48.8	22.0	13.2	6.0

		2029					
			Income brackets — percentage of individuals with household consumption				
	City	Population	<US$1,000	US$1,001-US$3,000	US$3,001-US$5,000	US$5,001-US$10,000	>US$10,001
Rwanda	Kigali	2,182,184	34.7	50.1	8.7	3.6	2.9
Ghana	Accra	3,183,316	9.0	50.0	22.2	14.5	4.2
Ghana	Kumasi	4,113,852	7.5	46.8	24.7	15.9	5.0
Ghana	Sekondi Takoradi	1,167,077	5.3	40.6	25.2	21.8	7.2
Côte d'Ivoire	Abidjan	7,561,491	16.7	51.6	18.1	10.7	2.8
Côte d'Ivoire	Bouake	1,183,936	35.0	49.7	10.5	3.8	0.9
Nigeria	Lagos	23,388,565	13.2	49.4	21.6	12.1	3.7
Nigeria	Kano	5,976,628	41.3	45.3	9.1	3.6	0.8
Nigeria	Port Harcourt	4,399,424	5.2	41.1	24.6	21.5	7.6
Nigeria	Warri	1,251,258	12.6	48.7	22.3	12.6	3.9
Nigeria	Abuja	3,507,416	12.9	49.1	21.9	12.4	3.8
Nigeria	Ibadan	5,302,461	11.5	47.0	23.8	13.3	4.3
Ethiopia	Addis Ababa	5,612,764	90.5	8.8	0.6	0.1	0.0
Tunisia	Safaqis	901, 413	1.8	30.6	31.4	28.3	7.9
Tunisia	Tunis	2,322,558	0.5	7.9	17.6	41.5	32.4

Note: The table highlights selected African countries and their cities, specifically the top performers in the RMB Investment Attractiveness Rankings.

Source: Canback Dangel

Population, GDP per capita, urbanisation levels and population density

The size of a population, its density, the increase in urbanisation levels and wealth are naturally key macroeconomic indicators that retailers or exporters of consumer goods look at to choose favourable investment destinations.

- **Current and forecast population size:** Most retail companies prioritise the countries with the highest optimal population relevant to their business. Population growth means demand for more goods and services, like food, beverages, access to healthcare services, and education.
- **Current and forecast GDP per capita growth:** These are often used as measures of people's material well-being or standard of living.
- **Forecast urbanisation rates:** Countries that experience high levels of migration from rural to urban areas tend to exhibit greater gains in consumer spending.
- **Population density:** The higher the population density, the higher the levels of retail activity that can be expected. This will allow businesses to choose a location that is accessible to the largest amount of people.

Table 3.2 summarises these demographic indicators, and we compare Africa with selected developing, emerging and developed economies.

Table 3.2: Drivers of consumption

	GDP/capita (US$bn)	Average annual GDP/capita growth rate	Population (m)	Average annual population growth rate (%)	Average annual urbanisation growth rate (%)	Population density (per km²)
	2018	(2019-2024)	2018	(2019-2024)	(2020-2025)	2019
Africa						
Algeria	4,237.5	0.5	42.6	1.7	0.7	17.7
Angola	3,668.9	1.8	29.3	3.0	0.9	24.7
Benin	915.4	5.8	11.4	2.5	1.1	102.0
Botswana	8,137.2	2.7	2.3	1.9	0.9	3.9
Burkina Faso	728.7	6.0	19.5	2.7	2.0	72.4
Burundi	307.0	2.3	11.2	3.0	2.5	401.5
Cabo Verde	3,562.7	6.5	0.6	1.2	0.6	134.8
Cameroon	1,548.0	4.8	24.9	2.5	1.0	53.0
CAR	430.1	6.6	5.1	2.0	1.1	7.5
Chad	874.2	5.8	12.5	2.5	1.3	12.1
Comoros	873.5	3.5	0.8	2.7	0.9	447.0
Congo	2,510.6	-1.6	4.5	2.5	0.7	15.3
Côte d'Ivoire	1,680.4	6.3	25.6	2.6	0.9	77.7
Djibouti	2,084.9	5.7	1.0	2.8	0.2	41.3
DRC	448.7	2.4	95.0	3.0	1.3	35.9
Egypt	2,573.3	3.5	97.0	2.5	0.3	98.2
Equatorial Guinea	10,452.9	-2.8	1.3	3.2	0.6	46.7
Eritrea	1,111.5	12.1	6.0	1.6	1.5	29.4
Eswatini	4,250.2	3.5	1.1	0.7	0.9	65.4
Ethiopia	852.8	7.0	94.1	1.6	2.2	98.9
Gabon	8,297.4	5.6	2.1	1.2	0.3	7.9

	GDP/capita (US$bn)	Average annual GDP/capita growth rate	Population (m)	Average annual population growth rate (%)	Average annual urbanisation growth rate (%)	Population density (per km²)
	2018	(2019-2024)	2018	(2019-2024)	(2020-2025)	2019
Gambia	745.2	3.2	2.2	3.2	1.0	213.3
Ghana	2,205.8	5.0	29.6	2.3	1.1	124.8
Guinea	883.0	4.8	13.3	2.5	1.1	50.5
Guinea-Bissau	839.8	6.2	1.7	2.2	0.9	51.9
Kenya	1,857.2	6.2	48.0	2.7	1.8	88.6
Lesotho	1,357.8	3.3	2.0	1.1	1.6	69.5
Liberia	728.0	0.4	4.5	2.5	0.9	43.3
Libya	6,692.4	12.5	6.5	1.0	0.4	3.8
Madagascar	459.3	4.4	26.3	2.7	1.7	44.7
Malawi	351.1	3.7	19.7	2.9	1.7	153.1
Mali	926.9	4.6	18.5	3.0	1.6	15.4
Mauritania	1,142.5	4.9	4.5	2.8	1.4	4.3
Mauritius	11,280.7	6.3	1.3	-0.0	0.1	621.2
Morocco	3,359.1	5.5	35.2	1.0	0.8	80.7
Mozambique	475.6	6.1	30.3	2.7	1.5	36.8
Namibia	5,726.7	3.6	2.4	1.9	1.7	3.0
Niger	477.1	6.4	19.3	3.1	0.9	17.7
Nigeria	2,049.1	8.2	193.3	2.8	1.4	212.0
Rwanda	791.3	6.7	12.0	2.3	1.0	467.1
São Tomé and Príncipe	2,063.2	8.2	0.2	2.2	0.9	218.9
Senegal	1,473.8	7.8	16.3	2.8	1.0	80.6
Seychelles	16,472.1	4.4	0.1	1.0	0.7	214.8
Sierra Leone	515.9	3.9	7.6	2.2	1.1	106.6
Somalia	-	-	-	-	1.3	23.5
South Africa	6,377.3	2.7	57.7	1.6	0.7	47.3

	GDP/capita (US$bn)	Average annual GDP/capita growth rate	Population (m)	Average annual population growth rate (%)	Average annual urbanisation growth rate (%)	Population density (per km^2)
	2018	(2019-2024)	2018	(2019-2024)	(2020-2025)	2019
South Sudan	302.8	3.3	13.0	3.5	1.7	17.7
Sudan	807.5	-2.2	42.0	2.6	1.1	22.2
Tanzania	1,133.5	4.6	51.0	2.0	2.0	59.6
Togo	670.3	6.6	8.0	2.5	1.3	138.9
Tunisia	3,423.2	4.1	11.7	0.9	0.5	70.7
Uganda	724.4	6.3	38.8	3.0	2.3	176.9
Zambia	1,416.7	1.4	17.8	3.0	1.2	23.1
Zimbabwe	1,711.8	7.1	15.3	2.6	0.4	37.0
Developed economies						
Germany	48,264.0	4.4	82.9	-0.1	0.2	232.8
Japan	39,305.8	6.2	126.5	-0.4	0.1	336.6
UK	42,558.0	3.2	66.5	0.5	0.3	276.4
US	62,605.6	3.1	327.4	0.7	0.3	34.9
Emerging Asia						
China	9,608.4	8.3	1,395.4	0.2	1.6	147.1
Hong Kong	48,517.4	4.5	7.5	0.7	0.0	6,677.3
India	2,036.2	8.3	1,334.2	1.3	1.4	411.4
Indonesia	3,870.6	6.7	264.2	1.1	1.1	140.5
Malaysia	10,941.7	6.3	32.4	1.3	0.6	95.3
Pakistan	1,555.4	-	201.0	1.9	0.8	240.6
Philippines	3,103.6	7.4	106.6	2.0	0.6	311.5

	GDP/capita (US$bn)	Average annual GDP/capita growth rate	Population (m)	Average annual population growth rate (%)	Average annual urbanisation growth rate (%)	Population density (per km²)
	2018	(2019-2024)	2018	(2019-2024)	(2020-2025)	2019
Singapore	64,041.4	4.3	5.6	0.7	0.0	8,109.2
South Korea	31,345.6	4.9	51.7	0.4	0.0	510.6
Taiwan	24,971.4	5.8	23.6	0.1	0.5	655.6
Thailand	7,187.2	5.5	67.8	0.1	1.4	135.3
Vietnam	2,551.1	7.6	94.6	0.9	1.8	288.5
Emerging Europe and Middle East						
Bulgaria	9,267.4	7.1	7.0	-0.6	0.4	63.6
Czech Republic	22,850.3	4.9	10.6	0.1	0.2	135.2
Hungary	15,923.8	5.3	9.8	-0.2	0.4	104.4
Israel	41,644.1	3.7	8.9	1.9	0.1	403.5
Poland	15,430.9	8.4	38.0	-0.1	0.1	121.3
Romania	12,285.2	7.0	19.5	-0.0	0.3	81.8
Russia	11,326.8	3.7	144.0	-0.1	0.3	8.5
Turkey	9,346.2	8.2	82.0	1.2	0.6	105.1
Emerging Latin America						
Argentina	11,626.9	5.9	44.6	1.1	0.1	16.0
Brazil	8,967.7	4.1	208.3	0.6	0.3	24.6
Chile	16,078.7	4.2	18.5	1.0	0.1	24.8
Colombia	6,684.4	4.5	49.8	0.9	0.4	43.5
Mexico	9,807.4	3.9	124.7	0.9	0.3	64.2
Peru	7,002.1	4.6	32.2	1.0	0.3	24.9

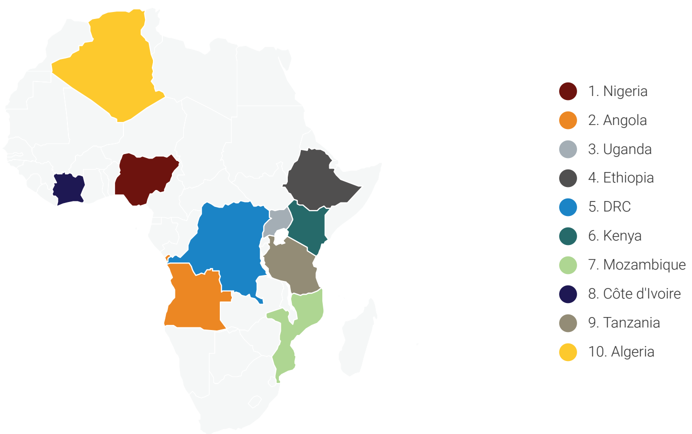
Source: IMF, UNCTAD, World Population Review

Mixing macroeconomic strength with retail-market intricacies

Macroeconomic indicators alone do not give investors a holistic view of how attractive a retail market is or will be. Therefore, we have combined specific demographic and macroeconomic variables (discussed in the previous section) with the intricacies of the retail market (below) into a single measure to highlight countries ripe for retail-sector investment over the next few years:

- **Domestic competition:** The intensity of local market competition (1 = not intense at all; 100 = extremely intense).
- **Household consumption:** The amount of final consumption expenditure made by households to meet their everyday needs, such as food, clothing and durable goods.

Figure 3.5: Retail attractiveness rankings



Note:
Macroeconomic indicators used in the rankings:

GDP/capita (US$bn for 2018 and average annual GDP/capita growth rate between 2019 and 2024).
1. Population (actual for 2018 and average annual population growth rate between 2019 and 2024).
2. Average annual urbanisation growth rate between 2020 and 2025.
3. The rankings do not include the ease of doing business in these economies (please refer to our operating environment rankings in Chapter 1: Overview).

The methodology and calculations are explained in the Appendix. Data unavailable for CAR, Comoros, Congo, Djibouti, Equatorial Guinea, Eritrea, Gabon, Guinea-Bissau, Libya, Madagascar, Niger, São Tomé and Príncipe, Somalia, South Sudan, Sudan and Togo.

Source: RMB Global Markets, AT Kearney, IMF, World Bank, WEF, Oxford Business Group, Fitch Solutions

1. **Nigeria:** The slowdown in the Nigerian economy has not detracted from the vast opportunities that its burgeoning middle class is creating for retail development. Nigeria has continued to transition from informal market trading to more modern retail formats.

2. **Angola:** Angola's growth rates in fast-moving consumer goods (FMCG) were the highest in all of Africa between 2011 and 2015. The slowdown in subsequent years was, however, driven by a lower oil price and consequently, struggling economic growth rates. With a recovering economy and a steadily-growing middle class, the demand for products like food and beverages, as well as non-essential items, is expected to increase rapidly.

3. **Uganda:** Uganda is showing great potential from a demographic and income perspective. With a population of 40 million, there is an expectation that its low GDP per capita levels of US$724 will grow by an annual average rate of 6% between 2019 and 2024 and, in the same period, the population and the urban population are set to grow by 3% and 2.3% annually.

4. **Ethiopia:** Ethiopia is one of the fastest-growing economies in the world, with the fourth-largest population in Africa, which goes hand in hand with a strong increase in consumer demand. While Ethiopia appears a lucrative prospective for retailers, foreign investment is not currently permitted.

5. **DRC:** The DRC has a massive population and a highly untapped retail market. Regional supermarkets, for instance, have yet to establish themselves in the country. However, the operating environment remains a key hurdle for investment growth.

6. **Kenya:** Although the competition for retailers is highest in Kenya, its volume of consumer spending is the largest in East Africa, due especially to improvements in distributions systems, supported by innovative ICT initiatives. Establishing relationships with local partners will connect investors to the rest of the EAC.

7. **Mozambique:** Despite economic headwinds, Mozambique's retail sector has continued to show steady growth over the last few years, driven by the expansion of the middle class and the development of formal retail spaces (which had been lacking).

8. **Côte d'Ivoire:** Household consumption spending has shown double-digit annual growth since the civil war ended in 2011, spurring retail sales to align with GDP growth. Positively, an increasing number of retailers are reporting stronger consumer spending.

9. **Tanzania:** While still in its nascent stages, formal retail development holds considerable potential for long-term expansion. Strong demand for FMCG supports the sector. However, there are several structural challenges, like high distribution costs, rising taxes and inflation that are driving up overheads and reducing consumer purchasing power.

10. **Algeria:** The informal retail sector is still dominant in Algeria. However, the expanding middle class, relatively young population and steady economic growth stand to shift consumer tastes. Although slow, a series of modern retail developments has emerged over the last decade.

Table 3.3: Retail attractiveness in numbers (Top ten)

	GDP/capita (US$bn)	Population (m)	Average annual GDP/ capita growth rate	Average annual population growth rate (%)	Average annual urbanisation growth rate (%)	Domestic competition (1-100)	Households final consumption expenditure (current US$bn)
	2018	2018	(2019-2024)	(2019-2024)	(2020-2025)	2018	2017
Nigeria	2,049.1	193.9	8.2	2.8	1.4	48.5	300.2
Angola	3,668.9	29.3	1.8	3.0	0.9	26.8	69.8
Uganda	724.4	38.8	6.3	3.0	2.3	41.6	19.6
Ethiopia	852.8	94.1	7.0	1.6	2.2	42.1	54.4
DRC	448.7	95.0	2.4	3.0	1.3	37.8	27.7
Kenya	1,857.2	48.0	6.2	2.7	1.8	53.8	64.3
Mozambique	475.6	30.3	6.1	2.7	1.5	38.4	8.5
Côte d'Ivoire	1,680.4	25.6	6.3	2.6	0.9	46.1	25.0
Tanzania	1,133.5	51.0	4.6	2.0	2.0	46.7	31.7
Algeria	4,237.5	42.6	0.5	1.7	0.7	44.5	72.4

Source: RMB Global Markets, AT Kearney, IMF, World Bank, WEF, Oxford Business Group, Fitch Solutions

In an ideal world, we would have liked to include retail sales data as part of our rankings. In reality, this data is hard to come by. In Figure 3.6a and b, we have highlighted the retail-sales statistics for economies with the available data. Where Nigeria, Egypt and South Africa dominate the sales in dollar terms, countries like Zimbabwe, Mauritius and Egypt's sales are expected to grow healthily over the forecast period (2019 to 2022).

Figure 3.6a: Retail sales growth (% average between 2019 and 2020)

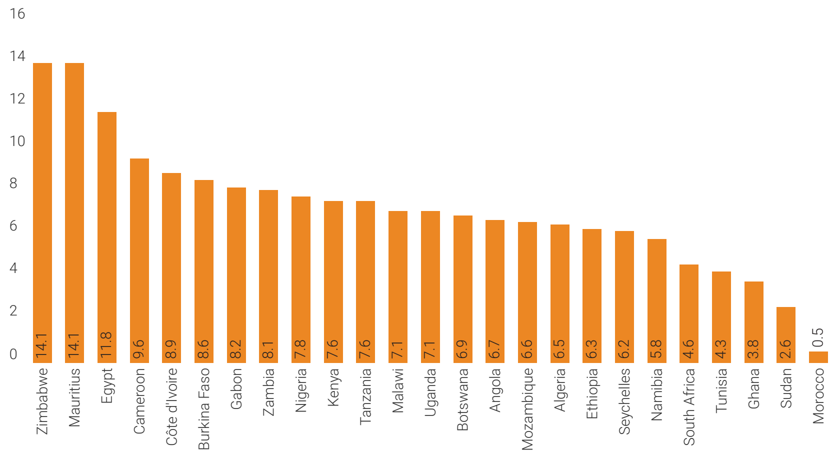
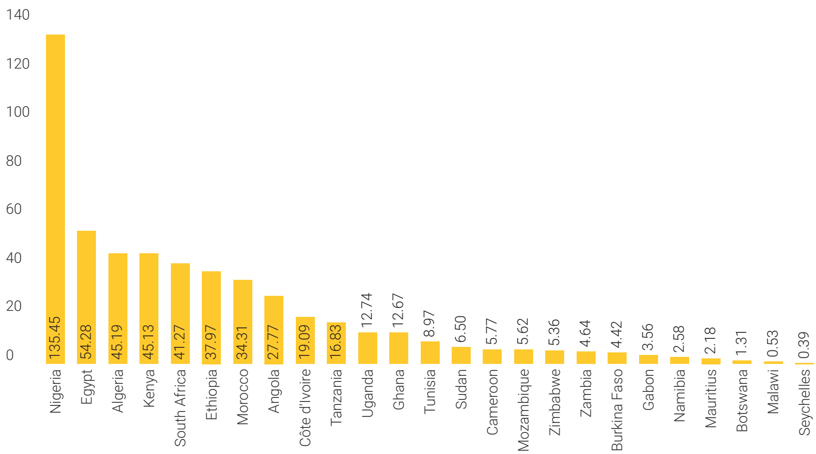


Figure 3.6b: Retail sales 2019 (US$bn)



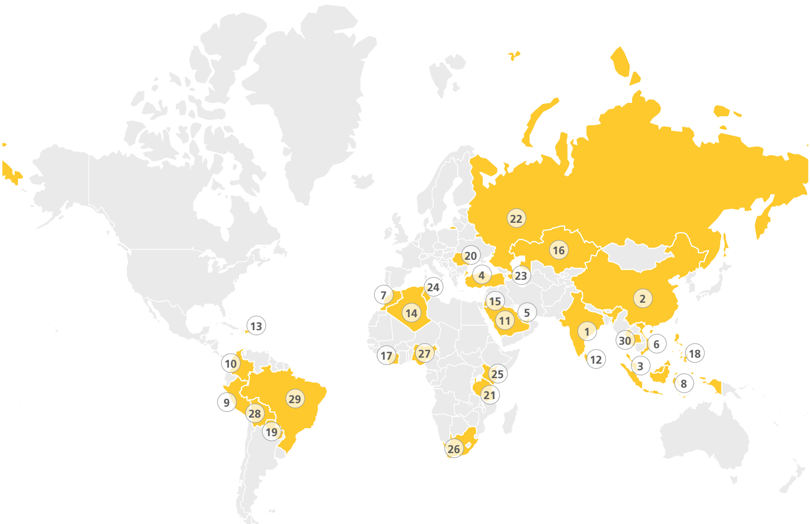
Note: Due to the difficulty in retrieving retail-sales data in Africa, we have combined household spending on the following categories as a proxy: food and non-alcoholic drinks, alcoholic drinks and tobacco, clothing and footwear, furnishing and home, and communications.

Source: RMB Global Markets, Fitch Solutions

Ranking developing economies on a global scale

As a counterpart to our findings (of our top retail destinations), AT Kearney's 2017 *Global Retail Development Index* (RDI) ranks the top 30 developing countries for retail investment by identifying markets that were not only attractive then, but also those that had the best potential for future investment. It measures market attractiveness; country and business risk; market saturation; and time pressure to enter or expand in the market. The index is limited to eight African countries. The top three economies in the overall RDI are India, China and Malaysia. The only African country that made the top ten rankings is Morocco, in seventh position, and was followed by Algeria in the top 20, at number 14. Countries like Côte d'Ivoire, Tanzania and Kenya emerged as some of the continent's fastest-growing retail economies due to relatively low market saturation. Nigeria has been at the forefront of e-commerce growth in Africa, but it has been battling with lower economic growth and security threats, which have overshadowed rapid retail growth. South Africa's market remains saturated with strong local players.

Figure 3.7: Global Retail Development Index 2017



1	India	**2**	China
3	Malaysia	**4**	Turkey
5	UAE	**6**	Vietnam
7	Morocco	**8**	Indonesia
9	Peru	**10**	Columbia
11	Saudi Arabia	**12**	Sri Lanka
13	Dominican Republic	**14**	Algeria
15	Jordan	**16**	Kazakhstan
17	Côte d'Ivoire	**18**	Philippines
19	Paraguay	**20**	Romania
21	Tanzania	**22**	Russia
23	Azerbaijan	**24**	Tunisia
25	Kenya	**26**	South Africa
27	Nigeria	**28**	Bolivia
29	Brazil	**30**	Thailand

Source: AT Kearney

The challenges for retail investment remain high

Admittedly, it has been a tough few years for the formal retail sector in Africa due to lower GDP growth, high inflation and interest rates, and dwindling credit extension. These challenges are cyclical, but Africa's business environment remains the biggest, and constant, cause for concern. A myriad of difficulties includes logistical bottlenecks, limited investment into distribution systems and challenging regulatory environments.

Apart from the practicalities of doing business in African markets, there is also the global challenge of changing consumer needs, which can only be overcome by companies that make regular adjustments to their business models through agile strategies, operations and execution. Nielsen, a retail data analytics company, highlights that business priorities need to shift to improve growth prospects, and that "changing (market and consumer) conditions require a strong focus on differentiation, innovation and optimisation". Table 3.4 summarises the changes in retail fundamentals over the past few years and illustrates that route to market (or distribution) is still the top focus, but four additional priorities have emerged in the past four years.

Table 3.4: The evolution of the top five retailer priorities

Priority	2015	2017	2018	
1	Route to market (distribution)	Route to market (distribution)	Route to market (distribution)	Remains the biggest business priority for retailers.
2	Retail execution	Consumer demand	Consumer demand	Need comprehensive knowledge of consumer circumstances and needs to establish, generate and meet demand.
3	Supply chain	Supply chain	Product innovation	In SSA, the main drivers of product choice are trust, affordability and availability, but brand success factors and differentiators extend beyond these attributes.
4	Insights and metrics	Growth forecast	Marketing and media	Awareness, consideration and trust are important product basics required to engender a culture of trial and repeat, especially for new products in increasingly competitive brand environments.

Priority	2015	2017	2018	
5	Stock management	Product innovation	Operational optimisation	With tough trading conditions and volatile currencies, streamlined production processes can achieve cost savings, enabling vital, lower product price points.

Source: Nielsen

With challenges, comes innovative thinking

With the many challenges that hinder stronger consumer growth in Africa, retailers need to adopt alternative approaches to leverage the strong demand for consumer goods.

Figure 3.8: Innovative responses to challenges in the retail sector

Challenge		Solution
Weak infrastructure	→	Sourcing alternative distribution
Limited consumer access to financing	→	Alternative digital payment methods
Insufficient knowlege of the markets	→	Finding local partners
Protective regulations	→	Free Trade Agreement
Traditional market entry	→	Mobile shopping

Source: RMB Global Markets, Nielsen, Fitch Solutions

Property space for retailers

Regardless of moderating economic growth in Africa in recent years, the formal retail-property space continues to grow, albeit at a slower pace. Figure 3.9 indicates the status of some key retail-property markets in Africa.

Figure 3.9: The status of retail property space of selected African economies

Algeria

A series of modern retail developments has emerged over the last decade. The first of these was Sidar's Al Qods in Chéraga, which has since been joined by SCCA's Centre Commercial Bab Ezzouar, Arcofina's Ardis-Medina Center and Chaïbi/Asicom's City Center. These shopping centres are all performing well in terms of occupancy and footfall, but Algeria's recent economic challenges have slowed further development. Carrefour has recently re-entered Algeria, but the requirement to form a joint venture with local partners inhibits other international retailers from entering the market.

Angola

Luanda's retail sector remains at a nascent stage of development, with the majority of activity being either informal trading or in stand-alone units. International retailers, who were testing the market in 2013/14, have all but disappeared. However, local investors have promoted the expansion of the mall operator, Xyami, which is rolling out retail centres in Luanda and other cities in Angola. There are currently 14 shopping centres in greater Luanda, mainly concentrated downtown and in Talatona, where many expatriates live. There has been a lack of open-market transactions, but anecdotal evidence suggests that rents have fallen by around 50% since 2014.

Botswana

The retail sector continues to see new developments, but demand for space has waned, with a few new entrants and existing businesses downsizing in response to weak consumer spending. Historically, mall developers have targeted South African chains, which obtained exemptions to legislation that limits the granting of certain trading licences to local businesses. However, the government has hardened its stance and South African retailers have been unable to get exemptions since 2016. If this situation persists, it will deter the development of new malls, and landlords will have to target Botswana-based tenants, who generally occupy smaller shops of less than 200m^2.

Cameroon

There is a very small number of international retailers present in Cameroon and most of these, such as Casino and City Sport, are operated as franchises. Until recent years, there were no malls in Cameroon, but Douala has seen the opening of L'Atrium, anchored by Spar, and Kadji Square, which has a Super U hypermarket. The construction of Douala Grand Mall and Business Park is underway and will have a Carrefour supermarket. Yaoundé mostly has supermarkets or general stores such as Casino, Mahima and DOVV.

Chad

There are no international retailers in N'Djamena, and the formal retail market comprises largely small supermarkets selling imported products. Supermarket brands include Modern Market, Alimentation Générale and Alimentation La Tchadienne. The most significant retail and commercial street in the city is Avenue Charles de Gaulle. In early 2016, N'Djamena's first mall opened opposite the Cité Internationale des Affaires, anchored by a 2,600m^2 modern market. However, this is still a fairly basic development by international standards, as it is essentially ground-floor space under apartments.

Côte d'Ivoire

The opening of CFAO/Carrefour's PlaYce Marcory in December 2015 gave Abidjan its first investment-grade mall, along with a variety of new and mainly French retail brands. The same group developed a second mall to the north of the lagoon, known as PlaYce Palmeraie, which opened in 2017. The nearby Abidjan Mall opened in August 2016, adding to the recent rapid growth of Abidjan's mall sector, which is now significantly ahead of other markets in Francophone Africa. In the immediate future, any further construction activity is likely to comprise the upgrading of older centres and new developments in more peripheral locations such as Yopougon.

DRC

The Kinshasa retail market has shown limited progress in recent years. The 10,000m^2 Le Premier Shopping Mall opened on Avenue de la Justice in 2016, while Conimmo has plans to build the 32,000m^2 City Mall in Gombe. However, the massive and unfinished Gare Centrale mixed-use development provides a reminder of the difficulties of developing in Kinshasa. Shoprite is the only major international retailer in Kinshasa, with a supermarket on Avenue de l'OUA. Rents for ground floor retail space are at a similar level to office rents, highlighting the immaturity of the sector, as a higher value is attached to ground-floor retail units in more advanced markets.

Egypt

The floating of the local currency has caused additional issues for retailers. They have not only seen rents rise in local-currency terms; the cost of imported goods has also increased. The opening of the massive Mall of Egypt (165,000m^2 GLA) was in 2017. Prime rents for small retail units can be in excess of US$100/$m^2$/month, but rates for larger units are typically in the order of US$50-US$70/m^2/month.

Equatorial Guinea

The retail market in Equatorial Guinea is limited in size, reflecting the country's small population, much of whom live in extreme poverty with wealth concentrated in the hands of a very small minority. There are medium-sized supermarkets alongside local markets and street trading. Supermarkets used by expatriates in Malabo include EGTC, Martínez Hermanos, Supermercado Santy and Supermercado Muankaban. These stores are well-stocked with international goods but are very expensive, as almost everything is imported. There are plans for the construction of larger retail developments, including the 12,000m^2 Sipopo Mall.

Ethiopia

The Ethiopian retail market has significant growth potential, but its development is fundamentally restricted by the fact that foreign investment is not permitted in this sector. Modern retailing in Addis Ababa is still in its early stages compared with other countries in the region. The most prominent supermarkets, such as Shoa and Bambis, are local companies operating from medium-sized stores. Addis Ababa has several small and medium-sized malls, including Zefmesh Grand Mall, Medhanealem Mall and Friendship City Centre, all of which operate at generally around 100% occupancy.

Gabon

While Gabon's retail market is dominated by small-scale, informal retailing, more modern and larger operations are gaining traction. There are few international retailers in Libreville, although a franchise of the French supermarket Géant Casino operates at Centre Commercial Mbolo. The main market in Libreville, Marché de Mont-Bouët, is due to be replaced by the Grand Marché de Libreville, which will provide better quality market stalls alongside more modern retail units. Work on the new facility, however, has not yet commenced. Gabon is among eight African countries identified as targets for development by CFAO/Carrefour.

Ghana

While the Ghanaian retail sector is predominantly still informal, there are some major malls, particularly in Accra. A number of international retailers, largely from South Africa, have a presence in the market. Accra's first Grade A shopping centre was the 20,000m^2 Accra Mall, which is now over ten years old. Subsequent openings have included West Hills Mall (27,000m^2) and The Junction Shopping Centre (11,500m^2), while pipeline projects include Actis/Mabani's The Exchange. There are concerns that the Accra retail market is close to saturation, and new developments will be opening in a challenging economic environment. In the short to medium term, retail development is likely to focus on secondary cities such as Takoradi and Kumasi.

Kenya

Approximately 100,000m² of formal retail space was delivered to the market in 2016, up from about 50,000m² in 2015. As a result, sites are standing unoccupied for longer, and prime rents have stagnated. Retailers from outside Africa are taking a growing interest in Kenya, with the highest-profile recent market entrant being the French supermarket chain Carrefour, which has stores at both The Hub and Two Rivers Mall. However, the sudden rise in supply has stretched the capacity of local retailers to occupy the new space.

Madagascar

The retail sector is largely informal, and Antananarivo is home to markets including the Andravoahangy craft market, the Petite Vitesse food market and the Analakely covered market. The areas around Avenue de L'Independence are the main focus for retail activity. As a relatively poor country, Madagascar offers limited opportunities for formal retailing, although there are supermarket chains including Shoprite, Jumbo Score and Leader Price. The most modern shopping centre in Antananarivo is the Shoprite-anchored La City, which opened in Ivandry in 2012, while development projects include Filatex's Alhambra Gallery. Many international brands, including Gap, Ralph Lauren and Zara, manufacture clothing in Madagascar; this could open up opportunities for other international retailers to enter the market. The island's location and history would suggest that these would most probably come from South Africa or France.

Malawi

Demand for high quality retail space is tapering off due to the low purchasing power of consumers. The Gateway Mall in Lilongwe opened in December 2014, but it is still not yet fully occupied. The mall was developed by MPICO Limited and is anchored by Shoprite. Lilongwe now has two large modern shopping malls and Blantyre has one, although several smaller malls have opened in the past few years. Generally, the traditional high-street retailers continue to thrive.

Mali

The continued high security risk has hindered the development of the Bamako retail market. Mali has fallen well behind other West African countries such as Côte d'Ivoire, Ghana and Senegal, in terms of the development of modern retail. Retail activity in Bamako continues to be generally informal and based around street trading, with the Marché Rose and Street Market in the city centre being key locations. The most modern retail provision is to the west at ACI 2000, where there are also a number of showrooms.

Mauritania

As a sparsely-populated country of around four million people, Mauritania is not an obvious target for international retailers. However, a large ATAC supermarket, a brand of the French retail group Auchan, opened in 2015, operating under franchise. The main shopping malls in Nouakchott are at the Al Khaima Center and Mauricenter, but these are relatively small and basic. Other supermarkets around the city include Sky Rim and Salam. The large supermarket unit fronting the Ribat Al Bahr development to the north of the city has never been occupied. The prime high-street retail location is Avenue du General de Gaulle, while the largest market for local shopping is the busy Marché Capitale.

Mauritius

Mauritius has a well-developed retail market, which includes both small local strip malls and larger regional malls. These include Grand Baie La Croisette, Cascavelle Shopping Mall, Trianon Shopping Park and Phoenix Les Halles. The largest shopping mall is the Bagatelle Mall of Mauritius, which is located south of Port Louis on the M1 near Ebene and is anchored by Monoprix, Intermart, Woolworths and Food Lovers Market. Since opening in 2011, it has expanded from 130 to 155 stores; the mall also includes a hotel and cinema.

Morocco

There was practically no modern retail space in the country until the opening of the Morocco Mall (70,000m^2) in 2011, and AnfaPlace Shopping Center (31,000m^2) in 2013. A significant number of international brands have since entered the market, including H&M, McDonald's and Marks & Spencer. IKEA opened its first Moroccan store in 2016, at Zenata on the outskirts of Casablanca. The development pipeline includes Aksal's planned Mall of Rabat at Wessal Bouregreg. To support further retail development, the European Bank for Reconstruction and Development has invested €45m in Vecteur LV, the real estate vehicle of Label'Vie, which operates the Carrefour franchise in Morocco.

Mozambique

In 2016, the Portuguese retail group, Sonae, in partnership with private fund Satya Capital, bought the Extra supermarket chain, which had been owned by South Africa's Pick n Pay until 2013. Pipeline developments include Novare Matola Mall (19,500m^2, phase one) and Marginal Mall (30,500m^2), which will expand the site of the existing Game store on Avenida da Marginal into a fully-fledged shopping centre. Demand for retail space is stable and well-located units are usually readily leased at prime rents in the region of US$28/m^2/month.

Namibia

Despite having a relatively small population of just over 300,000, Windhoek has a significant volume of modern mall space. The largest shopping centres are Grove Mall (52,000m^2), Maerua Mall (51,000m^2) and Wernhil Park (38,000m^2). With Windhoek being well-supplied for retail space, developers have been encouraged to build large-scale malls in other towns: for example, Safari Development's Platz Am Meer (27,000m^2) opened in Swakopmund in 2016, while Atterbury's Dunes Mall (25,000m^2) in Walvis Bay opened in 2017. Demand for larger retail units stems primarily from South African chains such as Spar, Pick n Pay, Edgars and Foschini, while the most prominent Namibian-owned supermarket operator is Woermann Brock.

Nigeria

Major developments built and planned include Eko Mall within Eko Atlantic, and Actis' proposed Twin Lakes Mall (50,000m^2). The latter is rumoured to have Carrefour as its anchor tenant, thus breaking Shoprite's near monopoly on the anchoring of Nigeria's modern malls. Developers have also targeted second-tier cities, with locations such as Onitsha, Ibadan and Warri seeing recent mall developments.

Rwanda

The retail industry in Rwanda is currently dominated by local retailers, with the presence of a small number of regional chains from Kenya and South Africa — most notably Nakumatt and Mr Price. Retail businesses in Kigali are mostly found in destination locations that are not necessarily convenient for the majority of consumers. These environments tend to lack aesthetic appeal, public access and leisure and entertainment facilities that would increase dwell times and revenues. However, Kigali's retail landscape is evolving, with the advent of developments such as Union Trade Centre, Kigali City Tower, MTN Centre, CHIC Complex and M-Peace Plaza; consumer habits are starting to change.

Senegal

The Dakar retail market is relatively undersupplied, with only two major upscale developments, Sea Plaza and Dakar City. These malls are both anchored by Casino, and between them, offer a total of around 20,000m^2 GLA. International brands with a presence in Dakar include Benetton, Mango and Guess. There are small supermarkets throughout the city, the most ubiquitous being those of the Spanish group, Citydia. Additionally, the city has some boutique shopping, centred historically on Rue Jules Ferry in Plateau. Retail rents are relatively flat and have fallen well behind those of the other large Francophone West African markets of Côte d'Ivoire and Cameroon.

South Africa

The Mall of Africa (131,000m^2) opened in 2016 as part of the ambitious Waterfall City development, located between Johannesburg and Pretoria. Moreover, a significant volume of additional new retail space is in the pipeline, which will contribute to South Africa's existing mall stock of more than 23 million m^2. Although there are some concerns of retail oversupply, the sector has generally performed well. The next few years may see a shift in developers' focus towards smaller neighbourhood shopping centres, rather than large regional malls. International brands such as H&M, Zara, Cotton On and Forever 21 have expanded their South African presence in recent years, providing increased competition to domestic retailers.

Tanzania

Small-scale retail outlets compete with ad-hoc street trading known locally as "Wamachinga", which can sometimes be found on a massive scale in areas such as Kariakoo and Manzese. There are a number of large-scale modern retail malls located in areas such as the city centre, Oyster Bay, Msasani, Mbezi Beach and Mikocheni, with several larger retail schemes planned. Rock City Mall, in the city of Mwanza, is now also open. However, some large retailers have closed their Tanzanian operations, including the Kenyan supermarket chain Uchumi and South Africa's Shoprite. The Kenyan retailer Nakumatt, which took over Shoprite stores in Tanzania, is reported to be struggling to gain local traction.

Tunisia

There has been limited new retail development in Tunis, with the exception of the Tunisia Mall in Les Berges du Lac II, which opened in 2015. This 80-unit centre features several foreign brands including Massimo Dutti, Zara, Mango and Pull & Bear. An extension known as Tunisia Mall 2, which connects to the original centre by a tunnel, was recently opened. Despite difficult economic conditions and inflationary pressures, retail-market sentiment is generally positive and chains such as Carrefour Market, Monoprix and MG Maxi have continued to expand across Tunisia.

Uganda

Since 2016, increased footfall has been recorded in a number of leading malls and many shops continue to trade well, particularly international brands targeting middle-to-upper-income consumers. New shopping centres include the Imperial Mall, which opened in Entebbe in December 2016 and the Arena Mall, a 15,000m^2 centre on Nsambya Road in Kampala, which opened in 2018. The 42,000m^2 development in the capital's CBD, Kingdom Kampala, opened its doors in 2019. This has the potential to revitalise the Kampala CBD, following the recent trend for retail activity to drift towards suburban locations.

Zambia

Over 90% of Zambia's modern shopping mall space is either in Lusaka or the towns of the Copperbelt, with approximately 250,000m^2 of existing retail space in these locations. As a result, there are opportunities to develop formal retail centres in expanding towns around the rest of the country. The recently-opened Kafue Shopping Mall, anchored by Pick n Pay, shows the demand for niche malls in other towns, from both shoppers and retailers. Competition for customers and retailers is expected to intensify between the shopping malls in Lusaka, however, Zambia's fast-developing property market is proving to be a resilient and risk-tolerant long-term investment destination.

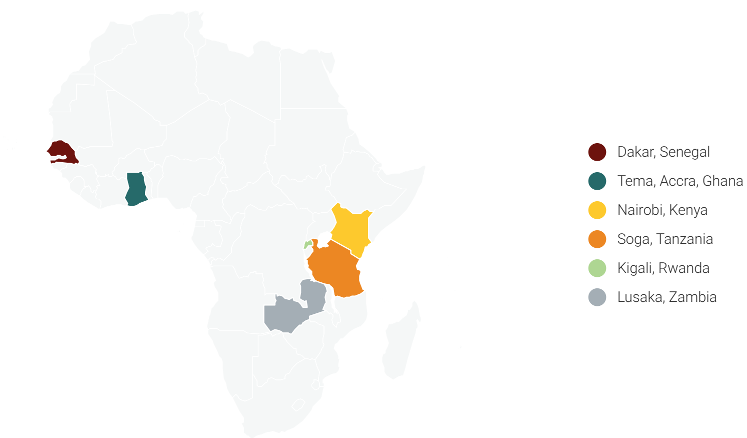
Zimbabwe

Retailers face stiff competition from street vendors who sell their goods from shop pavements and are able to undercut brick-and-mortar pricing due to low overheads. The construction of new suburban shopping malls such as the Mall of Zimbabwe and the Gunhill Mall has been shelved in light of the country's poor economic outlook. Regarding existing malls, investors are holding on to their retail investments, with Riverside Walk being the only suburban shopping mall that has been sold since 2015. Prime rents are currently higher for suburban retail space, at US$25/m^2/month, compared with US$20/m^2/month in the CBD.

Source: Knight Frank

What will also support growth in Africa's retail sector is the focus on developing modern logistics spaces, supported by the demand for high-quality space from retailers and consumer-goods manufacturers seeking to expand their African operations. See examples of some of the latest initiatives across Africa in Figure 3.10.

Figure 3.10: Selected logistics-development projects



Source: Knight Frank

Dakar Free Zone (Dakar, Senegal)

DP World has agreed with the Senegalese government to develop a logistics-free zone at the new Blaise Diagne International Airport on the outskirts of Senegal. The group already operates the Port of Dakar Container Terminal.

Agility Distribution Park (Tema, Accra, Ghana)

In October 2016, Agility opened the first phase of a logistics park built on a 45-acre site at Tema Free Zone, east of Accra. When fully built, the park is expected to have 100,000m^2 of warehouse space.

Africa Logistics Properties (Nairobi, Kenya)

Africa Logistics Properties — an investment vehicle backed by the East African group, Maris — is seeking to raise US$65m-US$70m, including a proposed investment from the World Bank's IFC, to develop logistics parks around Nairobi.

CoastDryport (Soga, Tanzania)

The US-based BlackIvy Group has plans to build a dry port and intermodal logistics park at the Soga village, west of Dar es Salaam. The 500-acre site will be served by two dedicated rail lines.

Kigali Logistics Platform (Kigali, Rwanda)

DP World has been granted a concession to develop and operate a new logistics center in Kigali. The first phase will be built on 90,000m2 of land and will comprise a 12,000m2 container yard and a 19,600m2 warehousing facility.

Tatu Industrial Park (Nairobi, Kenya)

The Park comprises 450 acres of serviced land suitable for light industrial, warehouse and logistics uses. Unilever has signed an agreement to acquire 70 acres of land at the park.

York Commercial Park (Lusaka, Zambia)

Actis, in conjunction with the South African developer Improvon, is developing a modern logistics park in the south of Lusaka. The park's first phase was completed in early 2016.

Video: Retail sector overview

(Scan the QR code to watch the video)

Financial services play a critical role in securing Africa's future. Without sustainable funding and commercial credit, project development in key areas such as infrastructure, healthcare, and energy remain concepts rather than reality. Regulatory reforms, the emergence of an urban middle-class and technological advancements allow financial institutions access to funding mechanisms to mitigate risk and maximise returns.

FINANCE 04

BIGGEST CLIMBERS IN FINANCIAL SYSTEM RANKINGS

Rwanda

The Gambia

Senegal

WHERE IS FDI GOING

- Energy
- Financial services
- Water, sanitation and hygiene

MOBILE MONEY

21%
of adults in SSA have a mobile money account

73%
of adults in Kenya have a mobile money account

50%
of adults in Uganda and Zimbabwe have a mobile money account

BANK ACCOUNT OWNERSHIP IN 2017

OVER **70%**
of Kenyans have some kind of bank account

OVER **65%**
of South Africans have some kind of bank account

OVER **60%**
of Gabonese have some kind of bank account

BIGGEST FALLS IN FINANCIAL SYSTEM RANKINGS

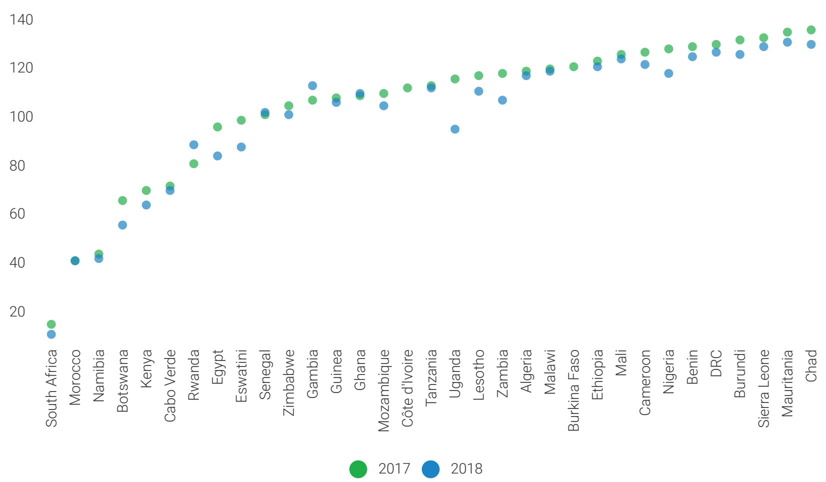
- UGANDA
- EGYPT
- ZAMBIA AND ESWATINI

Impact investment — beyond the traditional

In past editions, we focused on the traditional means by which to access funding mechanisms to mitigate risk and maximise returns, such as loan structures or venture capital funding. But financial innovation in Africa has brought with it changes to financial systems that have led to the provision of diversified services in the banking sector and the assimilation of instruments into capital markets that assist in reducing investment risk.

That isn't to say that the development of traditional finance has been uniform. In terms of the level of progress measured by the annual *Global Competitiveness Report*, which evaluates financial systems across a broad spectrum of countries, 26 of the 34 African countries surveyed fell in the overall rankings between 2017 and 2018, with the most distinct being South Africa (four places), Botswana (12 places), Kenya (six places) and Egypt (11 places) (Figure 4.1).

Figure 4.1: Africa's standing in global financial systems (rank out of 140 countries)

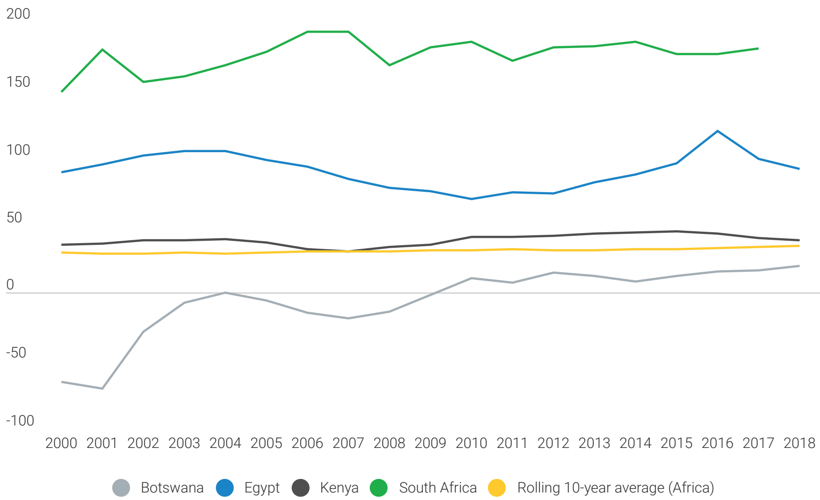


Source: WEF

The decline in rankings reflects a slower pace of reform rather than an outright deterioration: Egypt is closing its credit-to-GDP gap and Kenya is cutting its percentage of non-performing bank loans. Aside from Botswana, the other three countries are still perceived to have relatively deep financial markets when comparing 2018 private-credit-to-GDP stats to the long-term average for Africa (Figure 4.2).

According to the World Bank, the latter serves as a reliable proxy for financial development as it has a strong statistical link to long-term economic growth and is closely related to poverty reduction.

Figure 4.2: Private credit to GDP as a measure of financial depth



Note: The 2018 figure for South Africa was not captured by the World Bank at the time of publication
Source: World Bank

The 2018 *Absa Africa Financial Markets Index* produced by OMFIF ranks South Africa, Botswana and Kenya among the top three countries to display progress and potential across six critical areas: depth; access to foreign exchange; market transparency; tax and regulatory environment; macroeconomic opportunity; and the legality and enforceability of standard financial markets master agreements (Table 4.1). Egypt, despite making strides in improving its foreign-exchange environment, languishes at number 16, due to challenges in enforcing contracts, which is also reflected in its low global ranking (87) in the Financial Systems Pillar of the *Global Competitiveness Report*.

Table 4.1 Absa Africa Financial Markets Index

2018	2017	Country	Score[1]	Comments
1	1	**South Africa**	93	Deep and liquid financial markets but shows weaker macroeconomic outlook
2	3	**Botswana**	65	Stable performance across pillars, with efforts made to improve local investor base
3	5	**Kenya**	65	Top place for access to foreign exchange but limited product diversity
4	2	**Mauritius**	62	Strong regulatory and legal framework but shallow foreign-exchange market
5	6	**Nigeria**	61	Improvements in administrative efficiency and tax incentives boost regulatory environment
6	4	**Namibia**	57	Strong local investor base but low liquidity in domestic market
7	7	**Ghana**	55	Markets benefit from regulatory reforms but have weak insolvency framework
8	9	**Zambia**	53	Relaxation of capital controls supports growth of foreign-exchange market
9	12	**Morocco**	50	Broad improvements across all pillars, especially on local investor base
10	10	**Uganda**	50	Stable performance with good foreign-exchange access but low local investor capacity
11	8	**Rwanda**	49	Discrepancies between strong official rules on transparency and reality of implementation
12	16	**Seychelles**	45	Liberalisation of capital account boosts foreign investment opportunities
13	13	**Côte d'Ivoire**	44	Improving reporting standards but weak foreign participation in the market
14	-	**Senegal**	44	Regional exchange provides opportunities for growth but legal framework lags behind peers

2018	2017	Country	Score[1]	Comments
15	11	**Tanzania**	43	Mining-sector regulations help market deepen but local investors continue to lack capacity
16	14	**Egypt**	42	Improving foreign-exchange environment but problems with contract enforcing
17	-	**Cameroon**	41	Low market depth and weak legal framework
18	15	**Mozambique**	36	Improved reporting standard but poor access to foreign exchange
19	-	**Angola**	34	Move to more flexible exchange rate encourages foreign investment but capital controls still in place
20	17	**Ethiopia**	26	Underdeveloped financial system lacking security exchange and corporate bond market

Note:
1. Score across all pillars, max = 100
2. Three more countries (Angola, Cameroon and Senegal) appear in the second edition of the index. The scope for direct comparison of countries' positions in the index between 2017 and 2018 is therefore limited.
Source: OMFIF

While progress in terms of both depth and sophistication varies across markets has been made, there is a distinct move away from traditional forms of finance to enable access to capital. In this edition, we focus on an emerging stream of finance that is complementary to the realisation of the Common African Position of the AfDB[1] — impact investment.

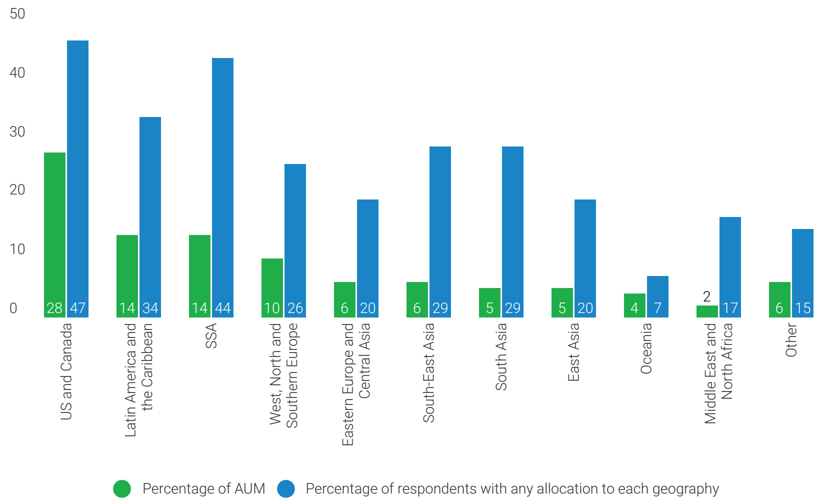
Making a difference one project at a time

Alternative funding is assuming a more fundamental role in enhancing economic growth across the continent through impact investment, defined by the Global Impact Investing Network (GIIN) as investments that are made to generate a measurable social and environmental impact, alongside financial returns.

1. The CAP identified the issues of importance to Africa within the post-2015 Sustainable Development Goals and aimed to engage with the post-2015 Development Agenda with one unified voice.

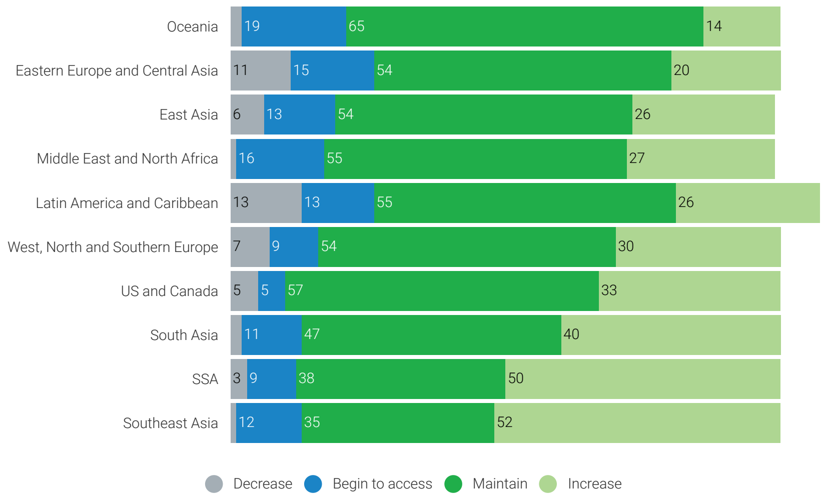
The impact investing industry has grown in prominence since the early 2000s, owing to both impact and financial factors. Investors globally have developed a substantial interest in SSA, as evidenced by the GIIN 2019 Annual Investor Survey, which showed that 44% of respondents apportion 14% of their assets under management (AUM) to the region — greater than any other emerging market — while 88% plan to maintain or increase their allocation to the region in 2019 (Figures 4.3 and 4.4).

Figure 4.3: Geographic allocations by AUM and number of respondents



Note: Percentage of AUM, excluding three outliers (sample of 259 resondents with combined assets totalling US$131bn); percentage of respondents with any allocation to each geography (sample of 266 respondents); respondents may allocate to multiple geographies
Source: Global Impact Investing Network

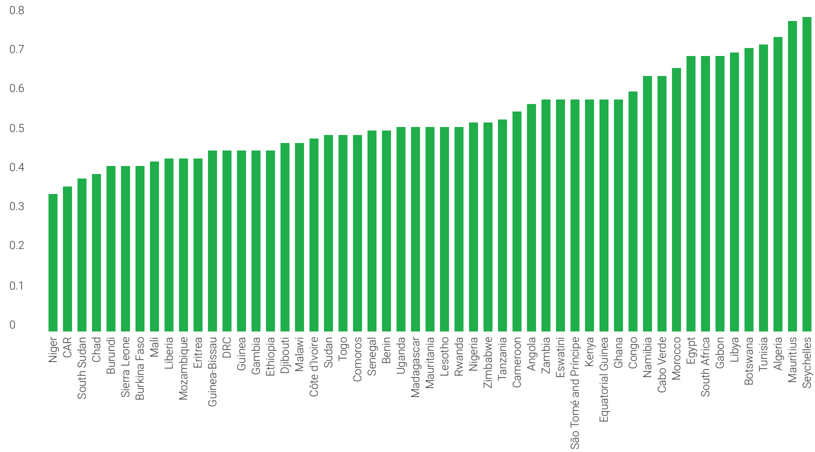
Figure 4.4: Planned geographic allocation changes for 2019 (% of respondents)



Source: Global Impact Investing Network

Prospects for African investment are ripe, considering that a vast number of countries are well below the long-term global-average score for human development which is 0.8 (Figure 4.5). Moreover, declining levels of official development assistance, which has been a popular means by which to complement low domestic savings, increase the relevance of impact investing to address development priorities.

Figure 4.5: Human Development Index scores 2017 (0-1, where 1 is best)



Source: Human Development Index

There are ample opportunities to support initiatives offering both financial and social/environmental returns. According to the Bertha Centre for Social Innovation and Entrepreneurship, the key is to partner with entrepreneurs who understand the underlying issues in communities and have found innovative business models to meet the demand for quality services and products. The International Finance Corporation (IFC) and Bertha Institute offer examples of exceptional impact investment across a multitude of sectors:

Healthcare, water and sanitation — Living Goods was established in 2007 to sell essential healthcare products through a door-to-door operating approach. Today there are more than 1,000 Living Goods community health promoters working in Uganda and Kenya through a micro-franchise model. Living Goods initially received grant capital from foundations, which was followed by investment capital from investors including the Omidyar Network, and the company reached breakeven in 2011.

Education — Bridge International Academies (BIA) is re-engineering the business model of delivering basic education by operating an ultra-low-cost private school (US$6.5/month) in East Africa. Launched in 2009, it has become the world's largest chain of primary and pre-primary schools, with 359 academies and over 100,000 students. BIA received early investment from impact investors including the Bill & Melinda Gates Foundation and the UK Department for International Development and then secured growth capital from larger financial institutions, such as the IFC.

Agriculture and food security — Sekaf is a Ghanaian sustainable social enterprise that processes shea nuts and improves farmers' likelihood of getting a fair price. Through an investment from Injaro Fund, Sekaf now employs over 250 women and buys shea nuts and shea butter from approximately 2,500 women. By helping these women with loans, training and quality control expertise, it has directly increased the productivity and quality of products for which producers receive a fair price. In turn, this provides employment security and economic empowerment for cooperative members.

Housing — International Housing Solutions is an institutional real-estate manager investing in the acquisition and development of residential and supporting commercial real estate in South Africa. Through its South Africa Workforce Housing Fund, 35 investments involving approximately 30,000 units of affordable for-sale and rental housing have been built since 2008. The fund is fully invested, having raised US$154m of limited partner capital from five different investors, with an additional participating debt commitment of US$80m from the Overseas Private Investment Corporation (OPIC).

Renewable energy and clean technology — M-KOPA offers a low-cost alternative that provides clean, reliable energy for lighting and powering homes. To date, M-KOPA has raised US$45m in total equity funding and debt financing. Lenders included the Bill & Melinda Gates Foundation, LGT Ventrue Philanthropy, Imprint Capital and the Netri Foundation.

Players, purpose and profit

Appetite for investing in SSA is almost evenly split between private equity and debt (with a propensity toward senior and subordinated debt). Collectively, these two subsets of investors allotted US$20bn in capital to the region in 2018. The most common players in Africa in terms of proportion of capital allocated are development finance institutions (DFIs).

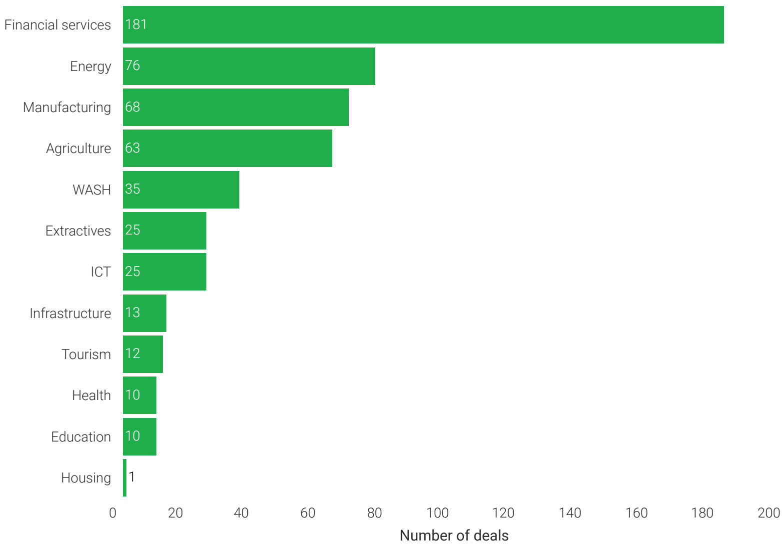
Table 4.2: Types of impact investors

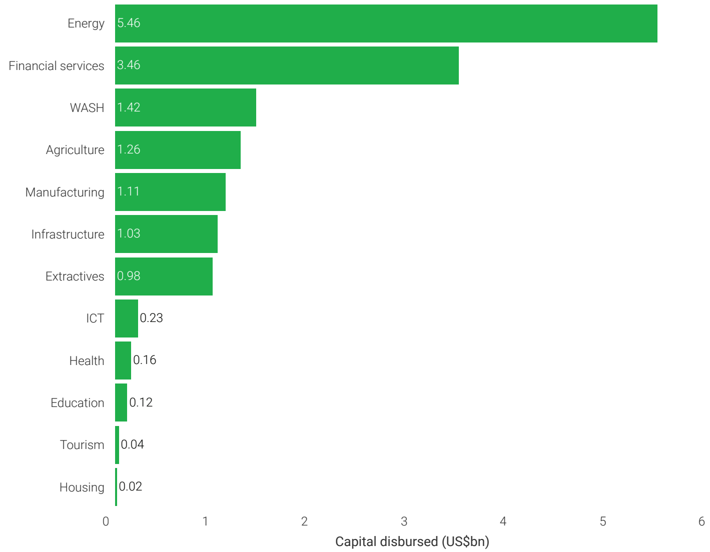
Investor type	Typical financial products	Typical sector focus in Africa	Average deal size range	Examples
Development finance institutions	Equity, debt, mezzanine, quasi-equity, guarantees and grants for technical assistance.	Infrastructure, financial services, agriculture, energy.	US$5m-over US$50m	IFC, CDC, SIFEM, AfDB, FMO, Proparco.
Fund managers	Grants for relatively early stage enterprises. Equity, debt, quasi-equity, inventory finance. Equity for enterprises in the growth stage.	Infrastructure projects, agriculture, telecommunication, retail, financial services. Access to basic services (food, health, education, water, energy) and social/human development.	Early stage finance: less than US$500,000-US$1m	Abraaj Africa, The Phatisa Group, Ariya Capital, Harith, Acumen Fund, LGT Philanthropy, Root Capital, Bamboo Finance.
Public and private foundations	Equity, debt, grants, quasi-equity for seed stage and market building.	Access to basic services (food, health, education, water, energy), social/human development and market-creating initiatives (i.e. associations, accelerators, competitions, networks).	US$500,000-US$5m	Gatsby Charitable Foundation, Omidyar Network, Shell Foundation, Africa Enterprise, Challenge Fund, Bill & Melinda Gates Foundation, Tony Elumelu Foundation.
Institutional investors	Direct investment: providing co-investments through debt (banks) or investing in funds (pension and insurance funds).	Projects (i.e. agriculture energy, water, transportation, telecommunication) and growth stage of financial services, retail and real estate.	—	Government Employees Pension Fund of South Africa, TIAA CREF, Equity Bank, J.P. Morgan.

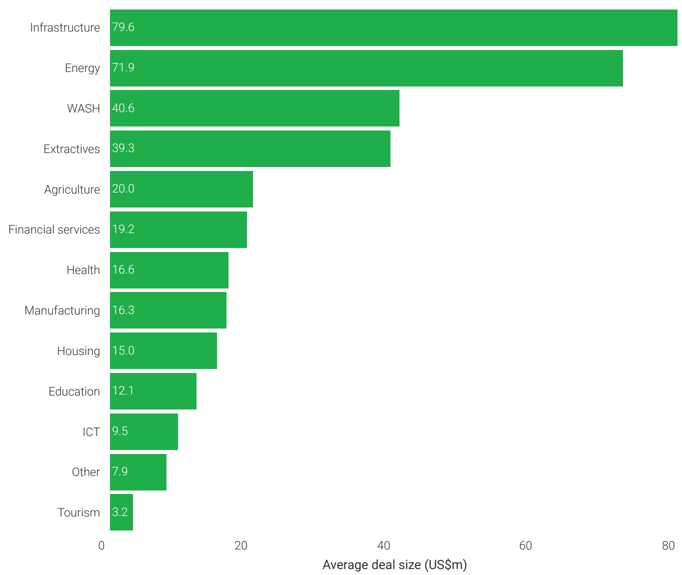
Source: UNDP

Honing in on Southern Africa, which is a hotbed for impact investment given South Africa's market size, socioeconomic needs and rising interest by local financiers, we find that by 2016, DFI and non-DFI activity had accelerated quite significantly, with a large proportion of deals conducted across the region's financial and agricultural sectors (Figures 4.6 and 4.7). The average sizes of deals have and continue to vary between US$1m and US$10m in the case of non-DFIs, and US$5m to more than US$50m for DFIs.

Figure 4.6: DFI direct investment by sector



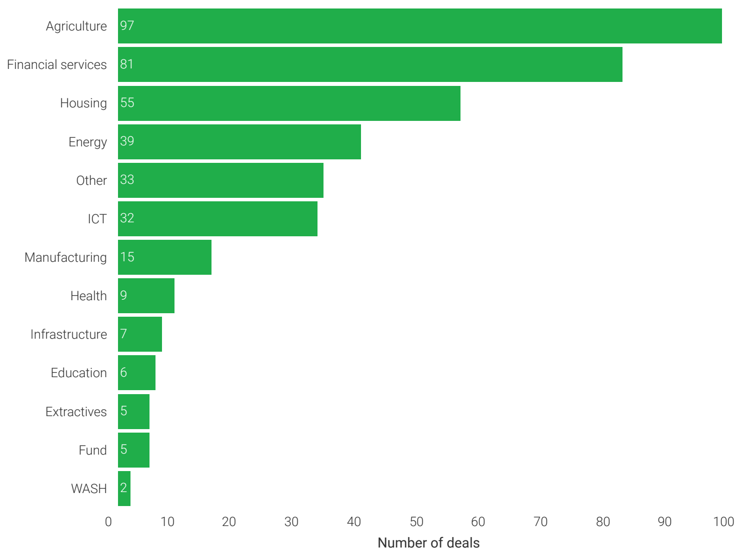


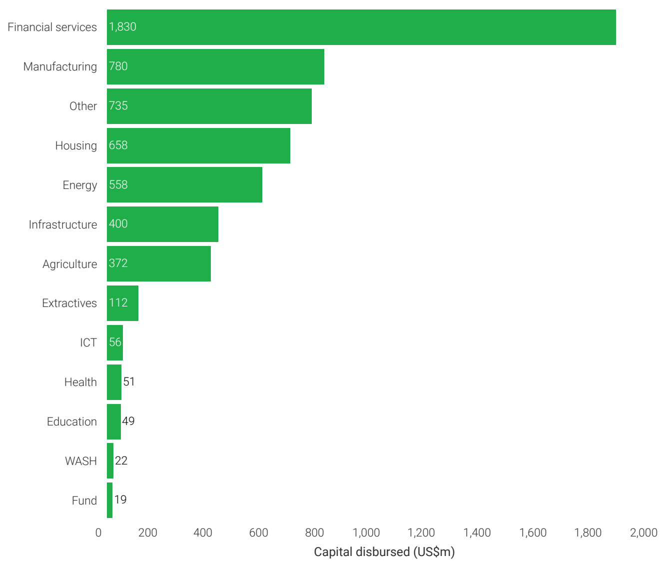


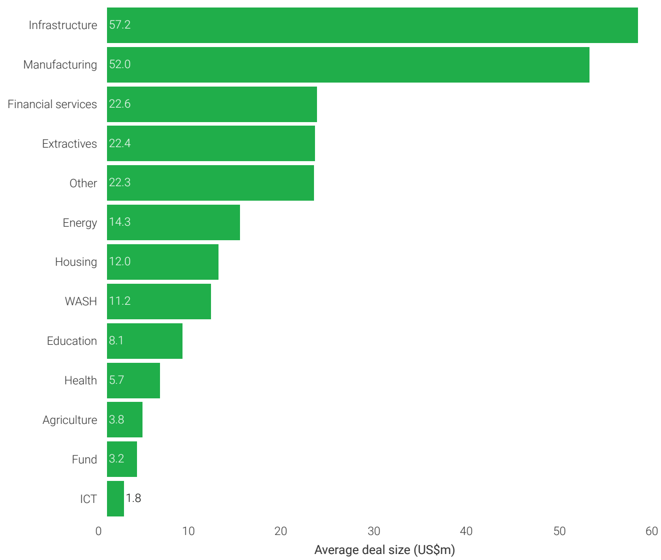
Note: Average deal sizes may not equal displayed capital disbursed divided by deal sizes. Capital disbursed rounded to nearest million, except where less than US$1m (rounded to nearest 100,000). Average deal sizes rounded to nearest 100,000. Excludes US$83m in capital where sector is unknown. Excludes domestic South African DFIs due to limited data. WASH refers to water, sanitation and hygiene

Source: Global Impact Investing Network

Figure 4.7: Non-DFI direct investment by sector





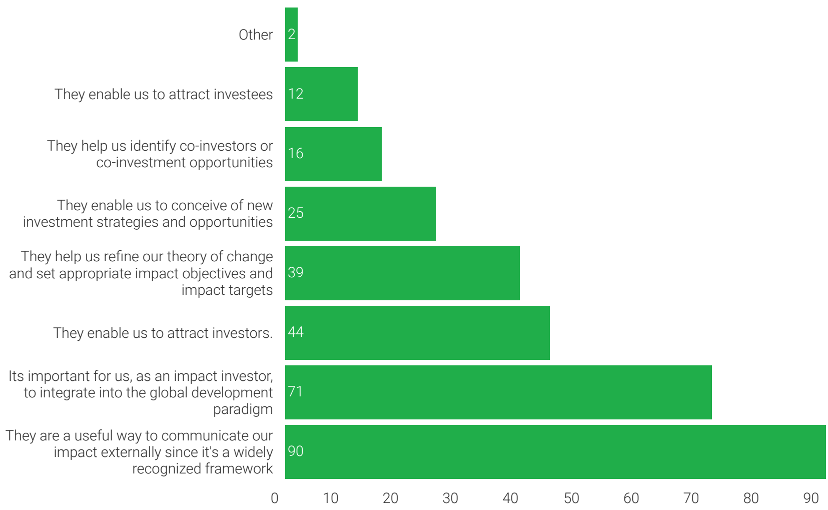


Notes: Average deal sizes may not equal displayed capital disbursed divided by deal sizes. Capital disbursed rounded to nearest million, except where less than US$1m (rounded to nearest 100,000). Average deal sizes rounded to nearest 100,000. Excludes US$4m in capital where sector is unknown. WASH refers to water, sanitation and hygiene.

Source: Global Impact Investing Network

Regardless of the investment type, investors are driven by the need to be responsible in their capital spend and show intent through their respective allocations (Figure 4.8).

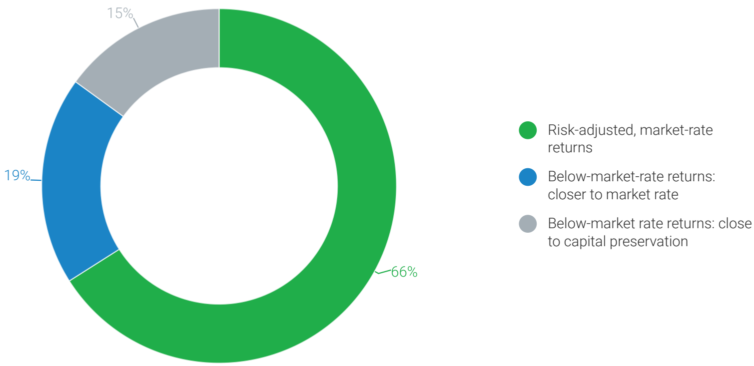
Figure 4.8: Reasons for tracking performance against the Sustainable Development Goals (% of respondents)



Source: Global Impact Investing Network

Though motivated by the change that their monies can effect, investors still actively target financial returns, with most pursuing risk-adjusted market rates (Figure 4.9). For SSA, the target is slightly different due to the composition of the investor base, with private-debt houses tracking below-market returns that are either close to the prevailing market rate or nearer to a level for capital preservation.

Figure 4.9: Targeted financial returns principally sought



Source: Global Impact Investing Network

Impediments to impact investment

Impact funding, though beneficial, is not without challenges. The Bertha Institute finds that the regional African market for impact investment is relatively immature, with underdeveloped market infrastructure narrowing the opportunity for efficient capital distribution across asset classes. Some of the primary concerns, not unique to Africa, include the mismatch in expectations between investors and entrepreneurs with respect to pricing, the type of capital required and the longevity of investment. Investors also highlight legal and regulatory barriers that pose additional challenges to capital outlays.

Measuring impact investment is crucial to assessing whether capital can, and has been, allocated efficiently. The Sustainable Development Goals provide a benchmark against which a growing number of investors are evaluating their performance: 90% of respondents to the GIIN Survey define it as a means to communicate their impact externally or to integrate into the global development paradigm. However, the challenge for investors is in quantifying and verifying both the social/environmental and financial impacts due to a lack of a universally-accepted measurement standard, resulting in inconsistent tracking across sectors, which affects project viability.

The IFC is more intentional in identifying the challenges. They include:

- Difficulty sourcing viable investments that meet both financial and social/environmental objectives as a result of the limited capacity of sustainable social enterprises;
- Limited innovative fund and deal structures;
- Difficulty exiting investments;
- Poor visibility and credibility of sustainable social enterprises in the absence of a sustainable social enterprise “label”;
- Limited capital supply across the risk/return spectrum;
- Unclear regulatory environment;
- Poor linkages between sustainable social enterprises, entrepreneurs, investors and innovation networks; and
- Poor and inconsistent impact-measurement practice.

Be the change you want to see

As with any development activity, interested parties subscribe to a common vision. In the case of impact investment, the IFC recommends:

- Strengthening the pipeline of viable impact investment prospects that can meet both the financial and social/environmental objectives of impact investors;
- Creating an enabling regulatory and policy environment in which impact investment can thrive;
- Strengthening impact investor capacity and practice;
- Developing and fostering appropriate infrastructure for the impact investment sector; and
- Enhancing and developing impact-measurement practices and standards.

All this is easier said than done considering pipeline development, the existing regulatory and policy environment, industry infrastructure and the lack of standard measurement practices. Therein lies the opportunity, particularly for investors who can optimise social and environmental investments through innovative solutions such as impact bonds — once again raised by the Bertha Institute as an alternative way of paying for outcomes-based contracts.

Investors provide capital to underwrite social projects and reap returns if the predetermined benchmarks that relate economic value added are achieved. A prominent example is the Impact Bond Innovation Fund, a South African outcome-based financing mechanism that seeks to improve early childhood learning and development outcomes in the Western Cape province in South Africa. It is the first of its kind and has piqued interest among prominent local asset managers with social and environmental development funds. If successful, the model will be replicated nationally to other social interventions. This will create a mechanism by which public and private capital can be blended, and crowding-in new funding to underfunded programmes can be achieved.

Video: Finance sector overview

(Scan the QR code to watch the video)

Internet access, long-viewed as a luxury in Africa, is fast becoming crucial to inclusive economic growth. Examples of its innovative use span the continent – from mobile platforms connecting small-scale farmers to markets, to technology unicorns uniting vendors and consumers via sophisticated eCommerce platforms. While vast disparities in access and connectivity exist, falling data charges are spurring myriad new opportunities.

INFORMATION AND COMMUNICATION TECHNOLOGY

05

TOP 3 COUNTRIES BY INTERNET PENETRATION IN 2017

MOROCCO	62%
SOUTH AFRICA	56%
MAURITIUS	56%

MOST EXPENSIVE 1GB OF DATA

Zimbabwe

Equatorial Guinea

Djibouti

COUNTRIES WHERE THE COST OF 1GB OF DATA HAS FALLEN THE MOST BETWEEN 2015-2017

SIERRA LEONE

MALAWI

RWANDA

INTERNET ACCESS

25%

of Africans had access to the internet in 2017

55%

of the rest of the world had access to the internet in 2017

CHEAPEST 1GB OF DATA

Rwanda

Sudan

DRC

Internet access is imperative for the continent

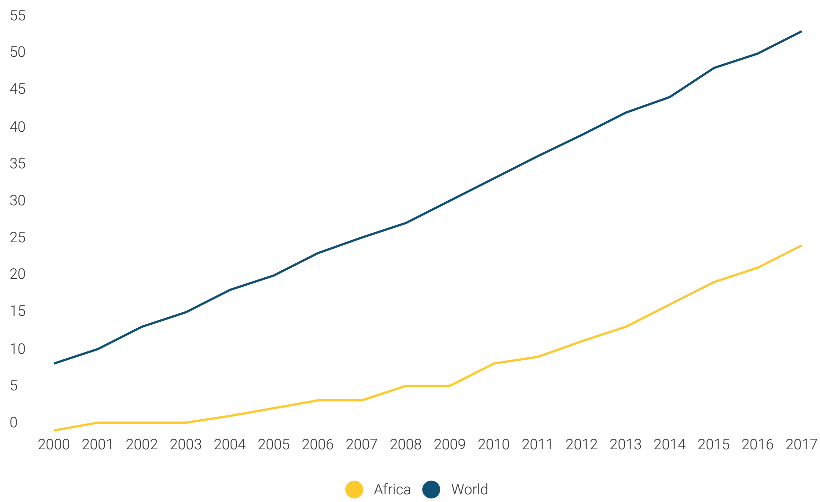
The digital revolution is multi-faceted. We have therefore decided to focus on internet access, long viewed as a luxury across the continent, but a crucial spur to economic growth. For the formal sector, access to the internet has the potential to boost labour productivity and help deliver services faster and in a more efficient manner.

For households, this can mean the difference between access to business opportunities and the ability to grow subsistence/small-scale businesses into emerging organisations. The number of smallholder farmers that are harnessing the power of mobile internet access is growing by the day. One particular example is Twiga Foods, a Kenyan mobile platform that sells bananas and other produce from small-scale farmers to local vendors, giving farmers who were once restricted to selling their produce to those in their local communities access to more consumers. Besides earning more for their crops, farmers can increase the productivity of their farms as they receive technical advice and financial offerings geared to their specific needs. On the other end of the supply chain, vendors benefit from fast, free delivery of produce.

Jumia, Africa's first technology unicorn, is a good example of businesses that are benefitting from rapid growth in digitisation. The *Harvard Business Review* estimates that mobile data traffic is set to increase sevenfold between 2015 and 2022. Jumia boasts four million users from 14 African countries against a backdrop of 122 million active users of mobile financial services in Africa.

While access to the internet has improved gradually since 2000, there is still a vast gap betwen universal internet access standards and those of Africa. The International Telecommunications Union (ITU) notes that 25% of Africans have access to the internet relative to the global average of 55% (Figure 5.1).

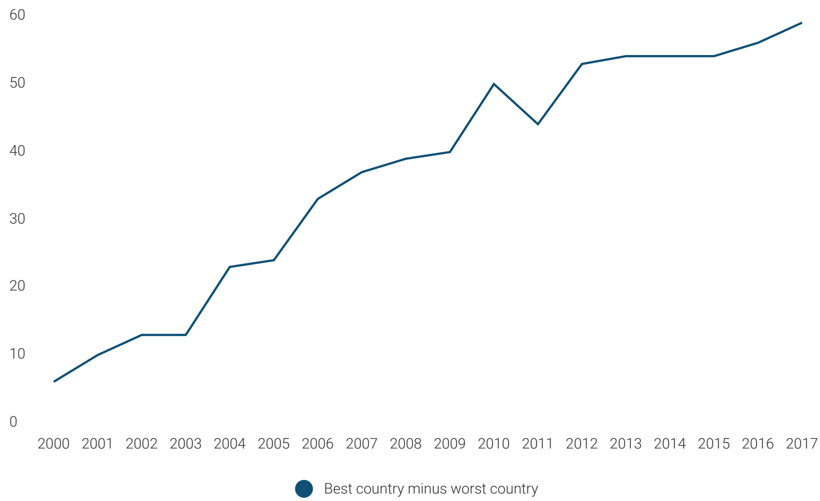
Figure 5.1: Internet access in Africa vs. the rest of the world (% of population)



Source: ITU, RMB Global Markets

Figure 5.2 highlights the difference in internet penetration between the most connected country relative to the least over time. What is evident is that while most countries are on an upward trajectory, there are countries such as Somalia whose internet penetration level has averaged 1% since the turn of the millennium. This is in stark contrast to a country like Morocco whose internet penetration has increased from less than 1% in 2000 to the current 60%.

Figure 5.2: Trends in disparity between African countries (%)

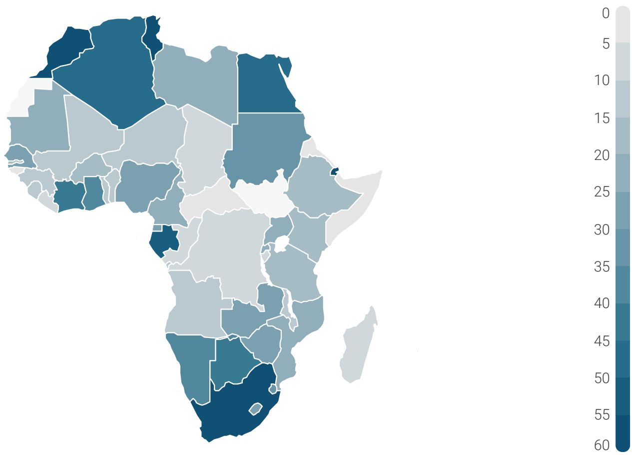


Note: Best and worst countries' change over time

Source: ITU, RMB Global Markets

Internet usage is particularly low in landlocked countries, where the physical infrastructure is costlier, and access is also more dependent on neighbouring countries.

Figure 5.3: Internet usage by country (%)



Source: ITU, RMB Global Markets

For businesses whose operations depend on internet connectivity, coastal countries would be more attractive for expansion given the lower cost implications compared to landlocked countries.

However, it is encouraging to note that the cost of data relative to household incomes is dropping as competition among internet service providers (ISPs) intensifies across the continent (Table 5.1).

Table 5.1: Average price of 1GB of data relative to monthly income

	2015 (%)	2017 (%)	Percentage point change	Percentage point difference from global average
Benin	16.60	10.80	-5.80	5.34
Botswana	5.74	2.19	-3.55	3.27
Burkina Faso	15.45	14.16	-1.29	8.70
Cameroon	12.27	6.35	-5.92	0.89
Côte d'Ivoire	7.23	7.01	-0.22	1.55
Egypt	1.19	0.33	-0.86	5.13
Ethiopia	19.63	9.65	-9.98	4.19
Gambia	14.12	15.31	1.19	9.85
Ghana	3.89	3.56	-0.33	1.90
Kenya	9.72	4.01	-5.71	1.45
Malawi	35.96	17.85	-18.11	12.39
Mali	19.37	21.04	1.67	15.58
Mauritius	1.12	1.01	-0.11	4.45
Morocco	2.05	2.21	0.16	3.25
Mozambique	11.94	9.43	-2.51	3.97
Namibia	2.69	4.66	1.97	0.80
Nigeria	6.54	1.59	-4.95	3.87
Rwanda	20.16	3.87	-16.29	1.59
Senegal	10.20	5.23	-4.97	0.23
Sierra Leone	51.89	20.80	-31.09	15.34
South Africa	2.48	2.50	0.02	2.96
Sudan	0.99	4.41	3.42	1.05
Tanzania	8.74	5.83	-2.91	0.37
Tunisia	1.56	1.37	-0.19	4.09
Uganda	27.71	16.20	-11.51	10.74
Zambia	14.94	12.25	-2.69	6.79
Zimbabwe	44.68	32.97	-11.7	27.51
Africa	12.47	8.76	3.71	-3.3
Global average	7.80	5.46	4.56	

Source: Alliance For Affordable Internet (A4AI)

The data in Table 5.1 suggests that affordability is improving across the continent, with a near 3.7ppt drop in the cost of data relative to income. Encouragingly, almost half of the 27 African countries surveyed in this study are below the global average. Some countries such as Zimbabwe and Mali are still significantly above the global average, but the rate of decrease is encouraging.

In 2019's *Where to Invest in Africa*, we focused on infrastructure quality and trends across the continent and we noted that aspects such as power availability were a key enabler for most industries to flourish. This also applies to internet usage as there is a positive relationship between power consumption (kWh/Capita) and internet penetration (Table 5.2).

Regions with significant power projects underway, like in East Africa for instance, are likely to see internet usage rise over time.

Table 5.2: Electricity consumption relative to internet penetration

	Penetration (%)	KWh/capita
Niger	10.22	51.44
Ethiopia	18.62	69.72
Tanzania	16.00	99.17
Benin	14.12	100.23
Congo	8.65	108.58
Nigeria	27.68	144.48
Togo	12.36	152.72
Kenya	17.83	166.74
Sudan	30.87	190.22
Senegal	29.64	223.50
Côte d'Ivoire	43.84	276.15
Cameroon	23.20	280.67
Angola	14.34	312.48
Ghana	37.88	354.71
Mozambique	20.77	462.62
Zimbabwe	27.06	537.00
Zambia	27.85	707.19
Morocco	61.76	901.13
Gabon	50.32	1,172.89
Algeria	47.69	1,356.26

	Penetration (%)	KWh/capita
Tunisia	55.50	1,444.11
Namibia	36.84	1,584.57
Egypt	44.95	1,657.77
Botswana	41.41	1,748.62
Libya	21.76	1,857.16
Mauritius	55.56	2,182.51
South Africa	56.17	4,198.40

Source: ITU, RMB Global Markets

Libya stands out as an anomaly, with high electricity consumption but low internet penetration. This can be partly attributed to the petroleum industry (Libya's main export is oil) which consumes a lot of power, but penetration is low because of what the Freedom House notes as "repeated shutdowns to internet service due to vandalism and politically-motivated attacks on telecommunications infrastructure".

Electricity is merely one of the structural issues identified by the Internet Society (an American non-profit organisation that provides leadership in internet-related standards, education, access, and policy) to promote connectivity and usage. Their recommendations toward a more integrated and advanced internet sector across Africa are:

1. Access infrastructure

Ensure that broadband is available, affordable, and there is sufficient bandwidth for new services. This requires several steps:

- **Liberalisation** of the sector to promote competition. The conditions of liberalisation are important — with licences that offer flexibility — are reasonably priced, and have transparent conditions.
- **Affordable taxation** of mobile internet devices and services, where they are not treated as luxury goods, and balance the need to increase usage while promoting the internet economy.
- **Removal of undue tariff and non-tariff barriers** to importing the equipment needed to operate the networks, to lower the cost and uncertainty involved in deploying infrastructure.

- **Accessible electricity** to enable companies to power their networks and users to power their devices. This can be achieved with a combination of sector reforms and new technologies.

- **Spectrum policies** that allow for sufficient allocations so that companies can use the spectrum in an efficient and flexible manner, at affordable costs.

Policy should promote private investment in access networks. For instance, removing undue restrictions on FDI in telecom operators, while also engaging a country's investment promotion agency to encourage investment in the digital economy.

Where private investment is not likely, other approaches — including support for community networks or public investments — should be considered. These could potentially include public-private partnerships.

2. Content infrastructure

Data centers can benefit from a number of factors similar to the ones detailed above, such as access to affordable and reliable sources of power, lower import taxes, and favorable investment policies. In addition, a number of other factors are important:

- **Trained personnel** to operate the data center, providing for reliability and security, which requires educational opportunities that can begin at universities and vocational training institutions.

- **Access to international resources**, which is often provided by internet equipment vendors.

- **Access to multiple backbone networks** provides for redundancy and resilience for the data center, making it more attractive to customers and thereby presenting a better business case for investment. This can be achieved through the promotion of access networks.

Is the fourth Industrial Revolution a game changer for Africa?

The fourth Industrial Revolution represents a significant shift in the way in which the global community lives, relates and conducts business.

The schematic below presents the timelines and focal points of revolutions past:

Figure 5.4: Industrial Revolutions

First IR: Mechanisation of production → **Second IR:** Mass production → **Third IR:** Computing technologies → **Fourth IR:** Digital revolution

Source: RMB Global Markets

An Industrial Revolution (IR) is an epoch that has been shaped by advancements in technology. The fourth IR is characterised by the scalability of digital and computing power, which has created new industries and reshaped old ones.

Given that Africa had limited success in capitalising on the second and third revolutions, the continent cannot afford to miss the fourth one's bandwagon.

The fourth IR is different in that while earlier revolutions saw technology replacing skilled workers (e.g. artisans in textile factories replaced by power looms) and complementing low-skilled workers (e.g. the steam engine), fourth IR technologies tend to replace lower-skilled workers while complementing higher-skilled workers. For example, in our view, there are three opportunities that Africa can take advantage of:

- **Demand for digital skills is on the rise and Africa's young population can capitalise on this demand.** Programmes such as the Cisco Networking Academy, Telkom Futuremaker, Vodacom Foundation e-Learning, and numerous others are helping in building up Africa's repository of technical skills.

- **Industries and business models are rapidly being destroyed and created, opening up opportunities for innovation.** Uber has become the biggest player in the taxi business without owning taxis, while Airbnb has done the same with hotel accommodation. With the latter, homeowners are now competing directly with major hotels.

- **The combination of Africa's vast mineral wealth overlaid with new and innovative technologies can be powerful tools for African countries** to extract greater value from their resources. For instance, scientists and engineers in Slovania have developed a robot that can navigate a mercury mine (Idrija) which was deemed to be dangerous for traditional labour intensive mining but through the use of advanced robotics, has opened up the possibility of reaching mineral deposits that were previously deemed too remote.

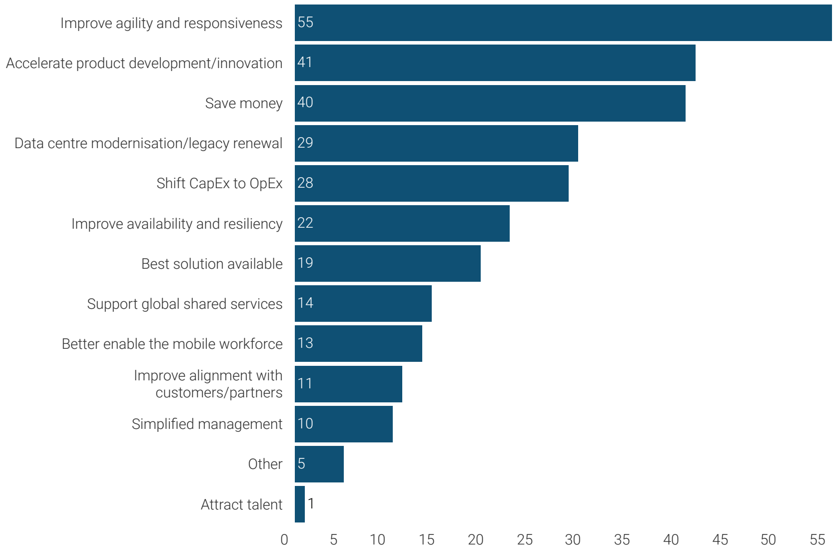
However, some risks are also present

- **New technologies may amplify current inequalities within and between countries.** Driverless vehicles for instance may mean thousands of drivers could lose their jobs. If unemployment rises without the requisite inclusive growth, then the risk of rising social inequalities also increases. Important to note is that new technologies often create new industries, which could absorb resources/labour that would have been made redundant by adopting new technologies. The real risk is whether the labour force can be retrained quickly and adequately enough.

- **Certain African countries, like Ethiopia, could potentially lose their labour cost advantage as technology continues to drive down production costs.** Currently, labour costs in Ethiopia are comparable to those in India and Bangladesh on a PPP basis, making it a potential alternative to Asian countries. As the proliferation of robotic automation continues, the consideration of labour costs by manufacturing companies will get less and less — a case for cloud and data computing in Africa.

The fourth IR and cloud computing seem like a match made in heaven. Cloud technology goes beyond the ability to store data at scale; it encompasses the ability to analyse data flow in real time, prediction and artificial intelligence (AI). No matter what the industry, cloud technology will act as a critical enabler by providing the means for businesses to create new technologies. In a KPMG survey, Journey to the Cloud, the top two reasons for adopting cloud computing are to improve agility and foster innovation (Figure 5.5).

Figure 5.5: Reasons for adopting cloud computing (% of respondents)



Source: KPMG

A notable example of how improved agility and responsiveness is beneficial for organisations is customised ads. Through our preference and search history, companies are better able to narrow down and target users that have shown interests in their product — this has increased the potential of converting advertising revenue budgets into actual sales. Jumia, mentioned earlier, benefits greatly from this.

Despite the potential benefits that come with cloud computing, it is somewhat disconcerting that the largest cloud infrastructure vendors — Amazon Web Services (AWS), Microsoft Azure and Google Cloud — barely have any notable presence on the continent.

Table 5.3: Cloud locations around the world

Microsoft Azure		
Current		
Abu Dhabi	Beijing	Berlin
Busan	California	Canberra
Cardiff	Chennai	Dubai
Frankfurt	Geneva	Illinois
Ireland	**Johannesburg**	London
Magdeburg	Marseille	Mumbai
Netherlands	New South Wales	Osaka
Paris	Pune	Quebec City
São Paulo	Seoul	Shanghai
Singapore	Texas	Tokyo
Toronto	Victoria	Virginia
Washington	Wyoming	Zurich
Planned		
Norway		

Amazon		
Current		
Bahrain	Beijing	Frankfurt
Hong Kong	Ireland	Jakarta
London	Mumbai	Ningxia
Northen Virginia	Northern California	Ohio
Oregon	Paris	São Paulo
Seoul	Singapore	Stockholm
Tokyo		
Planned		
Cape Town	Milan	

Google		
Current		
Belgium	Frankfurt	Hong Kong
Iowa	Las Vegas	London
Los Angeles	Montreal	Mumbai
Netherlands	Northern Virginia	Oregon
Osaka	São Paulo	Singapore
South Carolina	Sydney	Taiwan
Zurich		
Planned		
Jakarta	Los Angeles	Oregon
Seoul		

Source: Amazon, Google, Microsoft Azure

For most countries, low broadband speeds in conjunction with the high cost of data are the biggest constraints for companies to effectively use cloud services. This is part of the reason why only 1% of estimated global public cloud services revenue was generated from Africa in 2018. The preference of some African governments for a more centralised and monitored model of internet usage is a significant constraint as data security and uninterrupted connectivity are key requirements for businesses.

However, things could be changing. Xalam Analytics, a US-based research firm, explored the cloud-readiness of 25 African firms and noted that South Africa is significantly readier than most African countries, with Mauritius, Kenya, Tunisia and Morocco considered at the cusp of cloud-readiness.

According to Xalam Analytics, the cloud market has been growing at a rate of approximately 30% annually over the past three years — more than 25ppt higher than the average GDP growth rate for Africa. Moreover, top-line revenue from cloud services is expected to double over the next five years, to nearly US$4bn. Revenue from African-based public cloud services in particular is projected to triple over the same period. Huawei recently noted that it would launch cloud services in South Africa, following the footsteps of Microsoft's Azure who recently launched in South Africa as well.

The upside potential in this space for Africa is unmistakable. For businesses looking to expand to the rest of the continent, the potential for using cloud-based services is certainly rising.

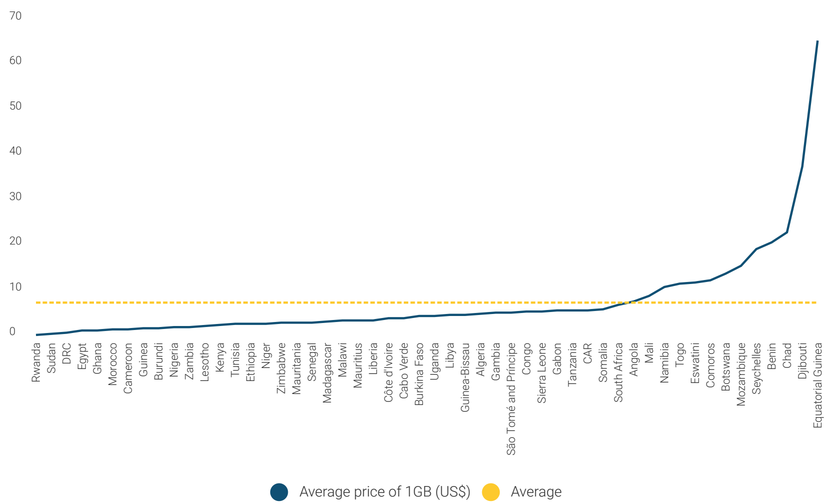
Barriers to entry

As with any budding industry, there are barriers to entry that hinder the rate of progress. We've mentioned affordability as a primary deterrent to internet connectivity, but the challenge is multi-faceted as infrastructural, legislative and literacy hurdles have to be jumped. Granted, there are pockets of success across the continent, with over 50% of Africa's tech hubs located in South Africa, Kenya, Nigeria, Egypt and Morocco. However, this is an exceptionally small grouping. Impediments need to be addressed to enable a larger proportion of countries to achieve the level of international internet connectivity that can enable growth and development.

It's all about the money

Data costs are without question the leading inhibitor to digital access and innovation in Africa. It is evident from Table 5.1 that the cost of mobile data in Africa as a proportion of monthly income is expensive relative to the global average, impacting not only consumers but SMEs. The differences in the average price of 1GB of data (in US dollar terms) is as stark across regions, with the variance between Rwanda and Djibouti, for example, in excess of US$37.00 (Figure 5.6).

Figure 5.6: Average cost of 1GB of mobile data (US$)

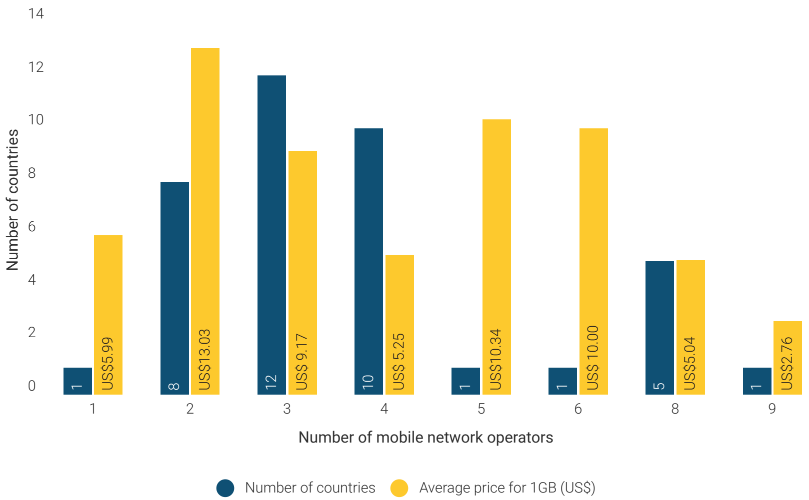


Note: Cost of 1GB in Zimbabwe is calculated in local US dollar terms, which might exaggerate the cost. Euro-linked jurisdictions have been converted to US dollar equivalents

Source: cable.co.za

Why the difference? A lack of competition in mobile network providers has in many cases perpetuated high costs. Apart from Ethio Telecom in Ethiopia where the mobile network operator (MNO) is government-owned and prices are controlled, the proliferation of private MNOs across the continent has challenged conventional structures, resulting in reduced prices. In a recent study, Ecobank revealed that there is an inverse relationship between the number of MNOs in an African country and the average price of a gigabyte of data (Figure 5.7). Despite a few exceptions, where MNOs have maintained higher prices in countries with relatively low-income levels and high proportions of rural consumers, the figures show that for those countries with greater competition among MNOs, prices for mobile data are generally cheaper.

Figure 5.7: Number of MNOs in a country vs. the price of 1GB of mobile data



Source: Ecobank

Low income and affordability are challenges common to both users and non-users. The Mozilla commissioned a study on internet usage barriers and user strategies across four African economies (Kenya, Nigeria, South Africa and Rwanda), and found that there is a trade-off to be made by low-income individuals between buying data and using that money for necessities. Where data is prioritised, short-term data bundles (which are more affordable) are preferred, but those need to be replenished frequently, which often negates the cost-saving incentive of purchasing larger bundles. The problem extends beyond the cost of internet access to include the price of internet-enabled mobile devices. Buying or replacing an existing phone with one that is web-enabled is perceived as costly and onerous for rural users, and non-users and can be restrictive in instances where data is required for activities such as online learning.

Facebook, Google and the Kenyan BRCK — the largest public WiFi network in SSA — provide inexpensive internet access to millions of Africans. There is also much to be said on the importance of fibre-optic cables. Since SEACOM introduced the first private high-speed subsea cable system along the eastern and southern coastlines in 2009, there has been tremendous growth in the provision of undersea networks as the realisation of the inadequacy of one international connection in enabling a digital economy took root. The launch of the South Atlantic Cable System (SACS), which connects Africa with South America, was of particular importance, offering alternative, lower-latency routes to the Americas. The participation of smaller undersea cable initiatives, including Cap Amílcar Cabral, Ceiba-2, METISS, and Ultramar-GE, reflects an evolving market where smaller countries that were excluded from the first wave of undersea cable investments are seeking to connect to larger cable initiatives. Google and Facebook's investments into new cables with multiple landing points across Africa's coastline are not to be overlooked — the projects are expected to increase bandwidth and progressively reduce internet data prices over time. It follows that these types of initiatives need to be extended to enable wider accessibility, necessitating further investment.

More than just cost

The question of limited internet connectivity is not one that is unique to users. It is as important to discern why non-users find little value in the internet. McKinsey identifies four distinct challenges (Table 5.4).

Table 5.4: Barriers facing non-internet users

Incentives	Low income and affordability	User capability	Infrastructure
Barriers directly affecting consumers			
Lack of awareness of internet or relevant use cases	Low income or consumer purchasing power	Lack of digital literacy	Lack of mobile internet coverage or network access
Lack of relevant (e.g. local, localised) content and services	Total cost of ownership for device	Lack of language literacy	Lack of adjacent infrastructure (e.g. grid electricity)
Lack of culture or social acceptance	Cost of data plan		
	Consumer taxes and fees		
Root causes (e.g. providers, government/regulatory, industrial)			
High content provider costs and business model contraints	Challenging national economic environment	Under-resourced educational system	Limited access to international bandwidth
Low awareness or interest from brand and advertisers	High device manufacturer costs and business model constraints		Underdeveloped national core network, backhaul and access infrastructure
Lack of a trusted logistics and payments system	High network operator costs and business model constraints		Limited spectrum availability
Low ease of doing business	High provider taxes and fees		National ICT strategy that doesn't effectively address issue of broadband access
Limited internet freedom and information security	Unfavourable market structure		Under-resources infrastructure development (e.g. FDI limits)

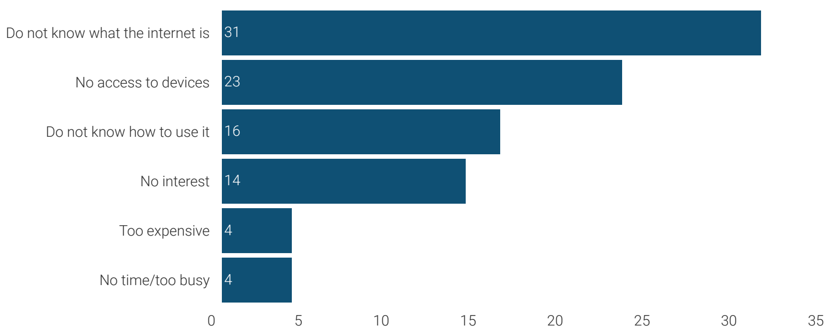
Source: McKinsey

Ironically, many of these barriers are experienced by both users and non-users. In fact, McKinsey's findings regarding incentives and user capability are borne out by the Research ICT Africa's (RIA) *After Access Survey* for 2018, which shows that the low level of internet usage in Africa is largely due to a lack of awareness and education.

Digital (il)literacy

A lack of digital and language literacy is cited as an inhibiting factor across multiple surveys on connectivity globally. A knowledge deficit with respect to accessing and navigating the internet, especially on different devices, is often the leading reason that individuals do not partake in the digital economy. Of the respondents in ten countries (with an average GDP per capita of US$1,340 in nine countries, with the exception of South Africa) surveyed by the RIA, 31% were quoted as not knowing what the internet is, while 16% said that they do not know how to use it (Figure 5.8).

Figure 5.8: Barriers to internet use (% of respondents)



Source: Research ICT Africa

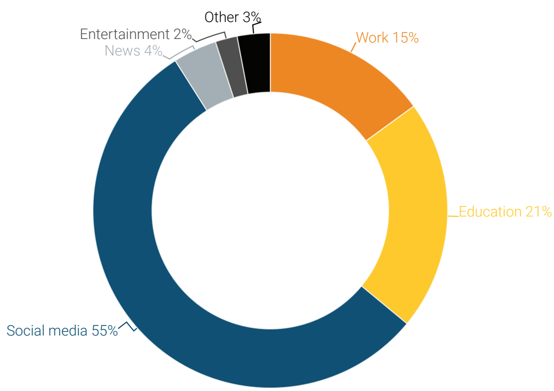
McKinsey advises that "more intuitive mobile applications, services with simple graphical interfaces, and stronger local language support could significantly reduce the language and digital literacy barriers to internet adoption in countries with these issues".

Trust and infrastructure deficits

In addition to affordability and digital literacy, there are concerns regarding content and its appropriateness to users. The ability to offer relevant subject matter in a multitude of languages is appealing to multi-cultural African societies — yet this is often absent, resulting in lower usage. The Internet Society, in its report on *Promoting the African Internet Economy*, believes that there are two distinct keys to enabling relevant content: infrastructure to host it and strong policies to verify how it is regulated.

With respect to content management, internet usage in Africa is driven by the high demand for social media (Figure 5.9). The 2017 *After Access Survey* shows that of the 77 million African internet users counted, 70 million are on social media (Facebook, WhatsApp or Twitter), which represents 90% of internet users.

Figure 5.9: Internet use in selected African countries



Source: RIA

Social media is commonly accepted as a tool for information dissemination, but fake news is a product of the digital age where misleading information can be easily spread to audiences at a rapid pace. Accessibility to private information is as alarming, with physical security, financial fraud, hacking, harassment, slander, stalking and surveillance all cited as disturbing factors by every respondent to the Mozilla study, more so among urban and peri-urban audiences. These factors impact on the right to privacy, especially in instances where there is a high level of legislated surveillance. In South Africa for example, there are legal ramifications for contravening copyright laws, the Consumer Protection Act or for making malicious statements. The strict parameters applied to social media posts can increase the ratio of non-users to users.

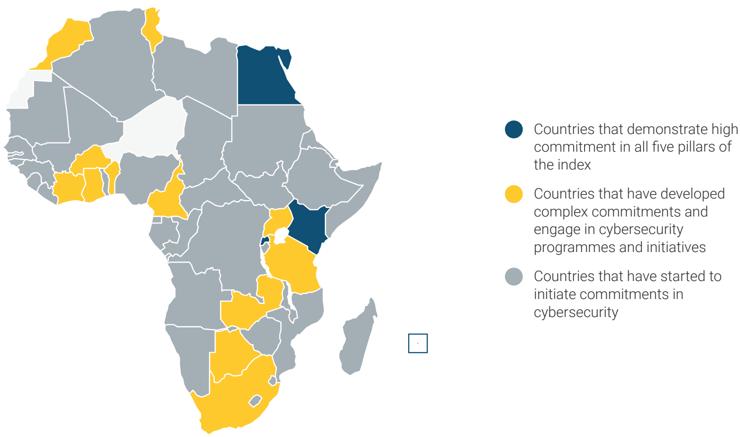
An associated barrier is the cost and speed of content delivery. The absence of reliable data centres and routers throughout the continent undermines distribution as information is often run through internet exchanges located in Europe or North America before being delivered to the country of intent. The benefit of local content is evidenced in Rwanda where there has been increased usage of websites with a Rwandan country code top-level domain (ccTLD). In a case study conducted by the Internet Society on the benefits of hosting local content in Rwanda between 2016 and 2017, it was found that the number of websites using the .rw extension increased by 3.7% over one year from 11.2% to 14.9%, which seems small but is significant considering the low base. Kooba, a data centre in East Africa tasked with hosting and delivering data, is an example of a regional provider that offers savings in latency and cost but still lacks meaningful scale to extend to other regions.

Legislative hurdles

Realising a greater level of integration into the global digital economy requires more than just access and connectivity but a concerted effort to apply meaningful policies which allow public and private-sector participation. The need for government-led cyber strategies is of utmost importance to secure Africa's online ecosystem. But the WEF highlights the continent's vulnerability by noting that a mere 20% of African countries have established a legal framework for cybersecurity, while just 11 countries have adopted substantive laws on cybercrime. Even though 38 of 44 countries measured by the International Telecommunications Union's *Global Cybersecurity Index* (GCI) have cybercrime legislation, the adaption and enforcement thereof often lag the pace of digital advancement.

Only Mauritius, Egypt, Kenya and Rwanda are measured by the 2018/2019 GCI survey to demonstrate the highest level of commitment to legal, technical, organisational, capacity building and cooperative aspects of cybersecurity. Worryingly, 34 African countries are at the other end of the spectrum, displaying low levels of dedication to these pillars.

Figure 5.10: Heatmap of geographical commitment to cybersecurity



Source: International Telecommunication Union

To facilitate a more uniformed approach toward cyber governance, the AU adopted the Convention on Cyber Security and Personal Data Protection in 2014. But this initiative has proved unsuccessful as only nine of the 55 members have signed the accord, reflecting a lack of political will to enforce the convention. Harmonised policies and legal frameworks would certainly assist governments with a low level of commitment to draft national frameworks that encompass good governance, promote an agile regulatory system and protection of online privacy, but this demands pragmatism on the part of African governments.

Video: Information and communication technology sector overview

(Scan the QR code to watch the video)

Many African countries, in their attempts to diversify their economies, have turned to manufacturing to improve economic growth. With its advantage of an abundance of natural resources, the continent is focusing on turning its raw materials into manufactured goods to boost exports and reduce reliance on imports.

MANUFACTURING 06

TOP 3 MANUFACTURERS IN AFRICA

Egypt	3
South Africa	2
Morocco	1

COUNTRIES WITH MORE THAN 10 SPECIAL ECONOMIC ZONES

Egypt	Namibia
Kenya	Nigeria
Madagascar	Zambia
Mauritius	

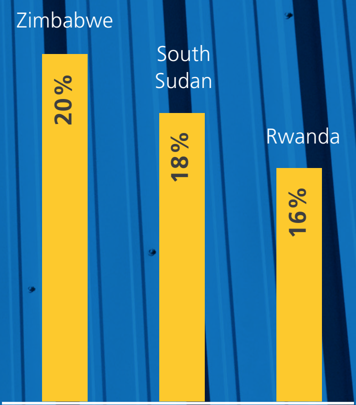
MAJOR SOURCES OF FDI IN AFRICA IN 2016

CHINA
US$36bn

UNITED ARAB EMIRATES
US$11bn

ITALY
US$4bn

TOP 3 COUNTRIES FOR GROSS VALUE ADD GROWTH (2019-2025)



Without a doubt, manufacturing could be the engine for rapid economic growth and development in Africa. Growth in this sector has been witnessed in most developed countries and emerging Asian champions such as China, Vietnam and India. Africa's advantage is that it has an abundance of natural resources that can be converted into products through manufacturing, boosting economic activity. Furthermore, rising wages in China and improvements in policies make certain African nations attractive investment destinations for manufacturing.

Though Figure 6.1 shows that manufacturing value add (MVA) as a percentage of GDP has been declining over time, this trend does not necessarily mean the manufacturing sector has not been growing in the past years. In fact, real production grew by 41% in SSA between 2007 and 2017. The drop in nominal terms is largely due to increased productivity levels translating into faster production and hence lower relative prices — resulting in a smaller value add. According to the *Industrial Development Report* by UNIDO, globally, the quantity of manufactured goods rose faster than that of any other goods and services in the economy, and the same trend is evident in Africa.

Figure 6.1a: MVA (% of GDP)

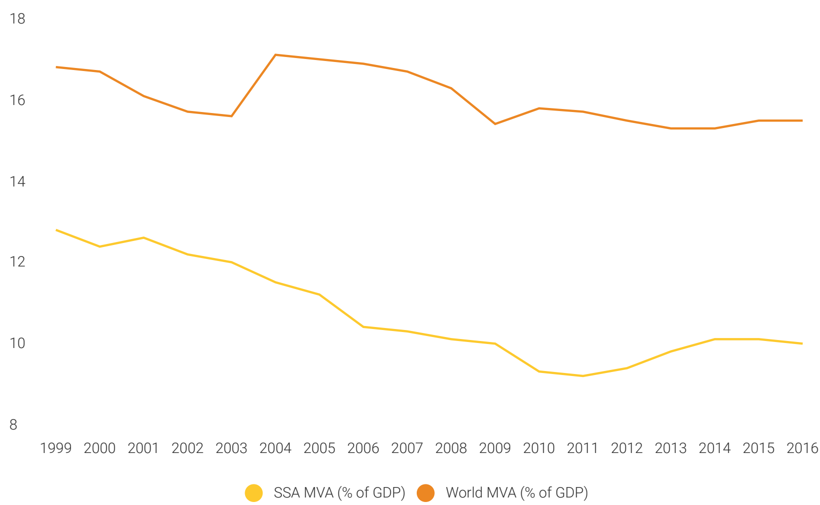
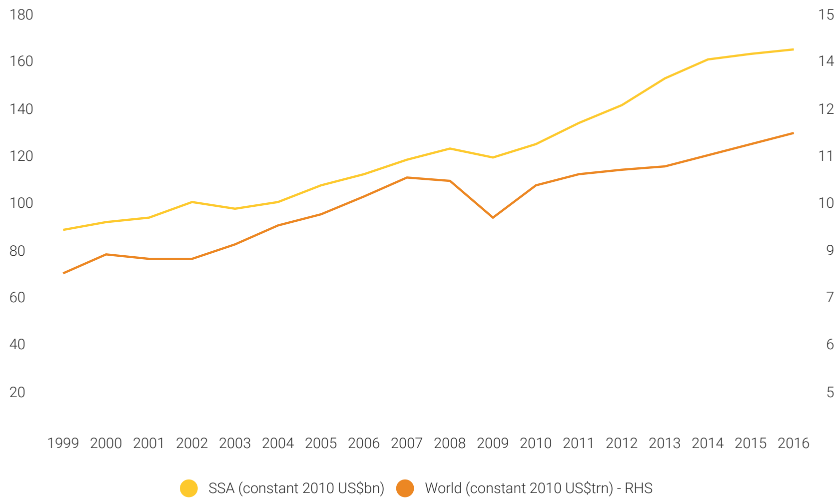


Figure 6.1b: MVA in constant prices



Note: MVA is the net output of a sector after adding up all outputs and subtracting intermediate inputs.

Source: World Development Indicators

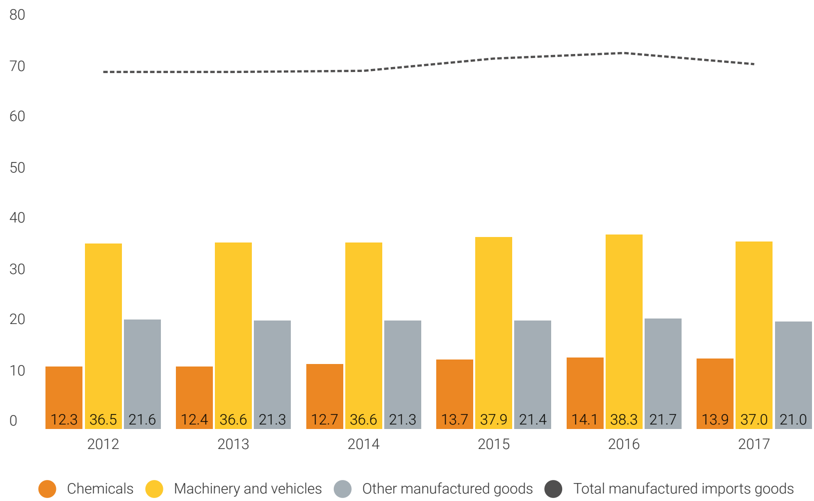
For Africa to realise its full potential, it needs to address some of the challenges it faces, i.e. human capital, infrastructure gaps, policy and regulation failures. For instance, the lack of a skilled workforce hinders investment in more specialised forms of production. And inadequate energy infrastructure, which often results in frequent power outages in many countries across the continent, reduces manufacturing output.

Imports of manufactured goods still outweigh exports

Africa's economic growth has not been sustainable and inclusive because it is driven by exports of unprocessed commodities with insignificant value added. Since 2007, manufactured imports in Africa have remained relatively high — between 70% and 80% of total imports. Positively, the dependence has fallen from 80% in 2007 to 72% in 2017 but remains a stark reminder of Africa's inability to effectively diversify.

Manufactured imports in Africa are still largely dominated by machinery and vehicles, which account for more than 30% of total manufactured products brought into the continent (Figure 6.2). This highlights the need, and opportunity, for the development of the automotive industry in Africa. Egypt seems to have realised the gap and is now aiming to grow its automotive industry by 10% annually by 2030. To expand its market share in the region, Mercedes-Benz announced at the beginning of 2019 that it plans to open a motor vehicle assembly plant in the country. Although no specific timeline has been set, the firm believes Egypt is an attractive and competitive location for production and supporting logistics. This comes after the inauguration of Kia in early December 2018 (assembling specifically the Sorento Sport). Furthermore, the opportunity for investment lies in producing supplies required for the final product. Egypt's current local components only account for 17% of the finished goods. Morocco, for example, has adopted the model of producing components locally, boosting its value chain in the automotive industry.

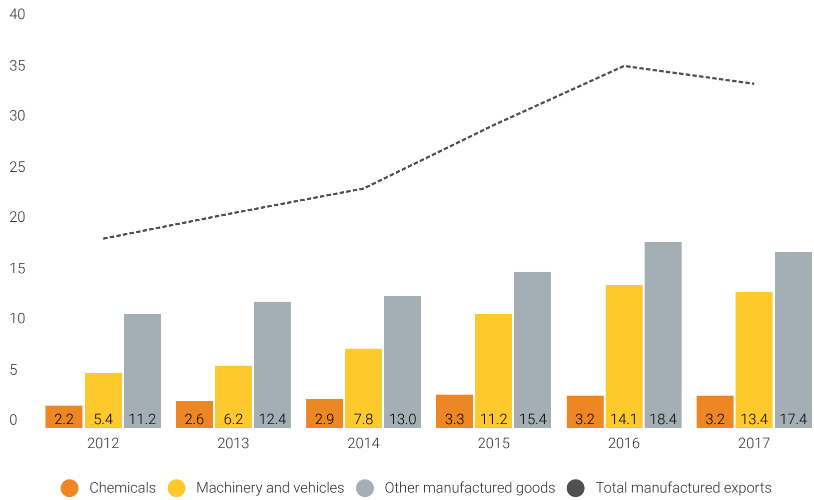
Figure 6.2: Africa manufactured imports (% share of total exports)



Source: Eurostat

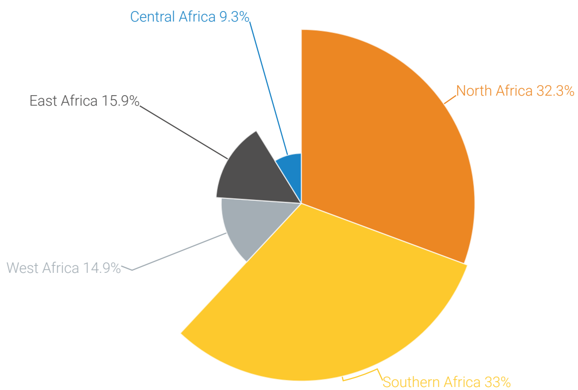
Although the share of total manufactured exports from Africa remains a fragment of what is imported, there have been some significant strides made in changing this dynamic. The share of total exported goods has increased from a low of 18.7% in 2012 to 35.7% in 2017 (Figure 6.3). At a regional level, Southern Africa ranks first, with North Africa lagging by a slight margin (Figure 6.4).

Figure 6.3: Africa manufactured exports (% share of total exports)



Source: Eurostat

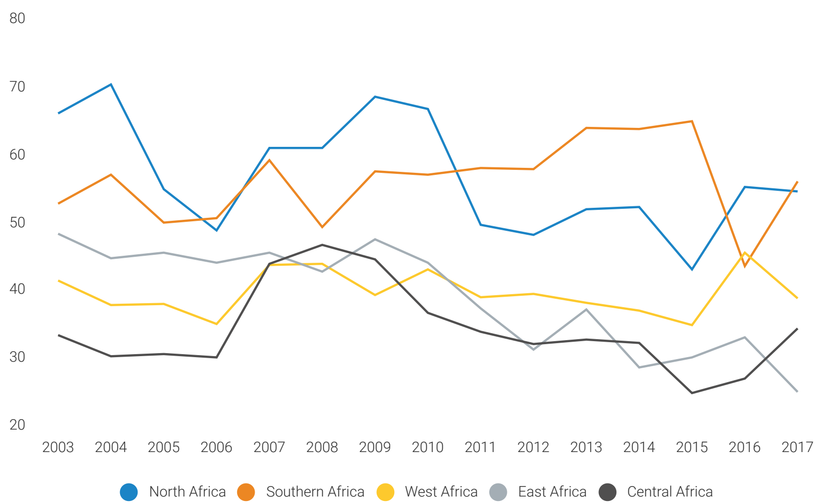
Figure 6.4: Average manufactured exports of total exports per region (2008 to 2017)



Source: World Development Indicators

Positively, the share of manufactured imports has, over time, declined in some regions i.e. East, Central and North Africa (Figure 6.5). The decrease suggests a shift from the reliance on imports to more self-sufficient and export-driven economies.

Figure 6.5: Average manufactured imports by region (% share of total imports)



Source: World Development Indicators

Potential silver bullets for manufacturing growth

Effective Special Economic Zones

Special Economic Zones (SEZs) have become an integral part of the growth and development plans of African governments. The SEZs are developed with the aim of attracting investment by offering favourable benefits to investors, such as reduced customs duties and value-added tax; simplification and centralisation of administrative procedures; reduced factor costs for electricity and telecommunication services; preferential interest rates offered by local banks; and reduced freight rates. Many SEZs, such as those in Kenya, Ethiopia and Zimbabwe, focus mainly on apparel, textile, and agro-processing.

Some examples of traction on the SEZ front:

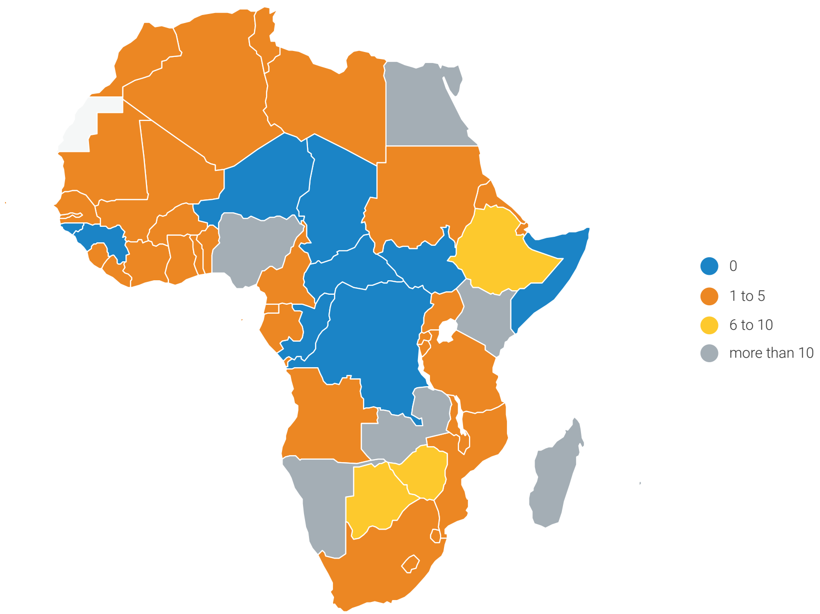
Kenya is at the forefront, with 61 SEZs already legally established. Investors have benefited in SEZs where power interruptions are significantly less frequent and almost 20% of manufacturing employment is located in export-processing zones. The government has also committed to investing in three more SEZs that will focus on textiles. Moreover, Kenya has included deferment on VAT and duty-free imports for firms investing in local SEZs.

Nigeria expects the implementation of SEZs to double manufacturing production by 2025. The government has established a company called Nigeria SEZ Investment with the objective of financing industrial parks in SEZs. The initiative has already seen two Chinese groups, the AfDB, the African Finance Corporation as well as Afreximbank showing interest.

In Tanzania, investments directed towards SEZs reached US$1.3bn in 2018, 21% of which came from India. Investments in Tanzania's SEZs vary from garment manufacturing to high-tech industries.

However, in most African countries, SEZs have been ineffective due to challenges such as coordinating key actors, access to utility services, infrastructure financing and the creation of linkages.

Figure 6.6: Number of SEZs under development and in operation



Source: ILO

Table 6.1 SEZs in cooperation with China

Nigeria	
Name:	lekki Free Zone
Location:	Ibeju-Lekki (60km east of Lagos)
Size:	3,000 ha
Main focus:	Light manufacturing, textiles, logistics and warehousing
Number of companies:	21
Number of jobs:	551

Nigeria	
Name:	Ogun Guangdong Free Trade Zone
Location:	Igbesa, Ogun State, (30km north of Lagos)
Size:	250 ha
Main focus:	Light manufacturing, logistics, warehousing and pharmaceuticals
Number of companies:	16
Number of jobs:	4,250

Zambia	
Name:	Zambia and China Economic and Trade Cooperation Zone
Location:	Chambishi (about 380km north of Lusaka)
Size:	1,158 ha
Main focus:	Copper mining and smelting, mining, equipment and services, construction, vehicles and materials, chemicals, logistics and banking
Number of companies:	38
Number of jobs:	8,735

Zambia	
Name:	Zambia China Economic and Trade Cooperation Zone
Location:	Lusaka
Size:	520 ha
Main focus:	Agriculture, pharmaceuticals, construction, vehicles and materials, logistics
Number of companies:	10
Number of jobs:	125

Egypt	
Name:	Suez Economic and Trade Cooperation Zone
Location:	Ain Sokhna, Suez city (120km south of Cairo)
Size:	600 ha
Main focus:	Textiles, garments, automobile assembly and electronics
Number of companies:	58
Number of jobs:	2,000

Ethiopia	
Name:	Eastern Industrial Zone
Location:	Dukem (35km south east of Addis Ababa)
Size:	200 ha
Main focus:	Leather and leather products, textiles and garments, construction materials
Number of companies:	27
Number of jobs:	4,500

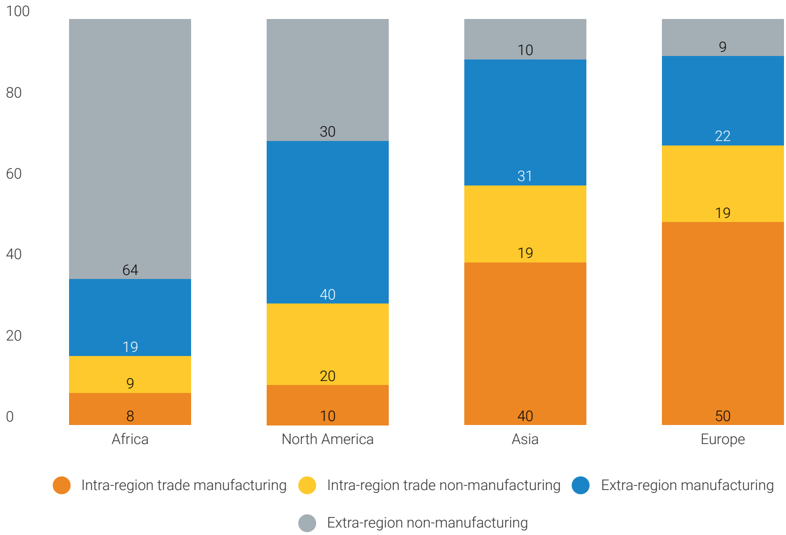
Mauritius	
Name:	JinFei Economic and Trade Cooperation Zone
Location:	Riche Terre (3km north of Port Louis)
Size:	352 ha
Main focus:	Steel production, real estate, hospitality, logistical and commercial services
Number of companies:	n/a
Number of jobs:	n/a

Source: ILO

Intra-regional trade

When comparing continental intra-regional trade, Africa lags far behind Asia and Europe, which record 59% and 69% of their respective total trades. Africa's intra-regional trade is only 17%. Of this 17%, manufactured goods only make up a small share of traded goods — signalling opportunities for rapid growth and development in the manufacturing sector across the region (Figure 6.7).

Figure 6.7: Intra- and extra-regional trade and manufacturing exports (%)



Source: UNCTAD, Foresight Africa

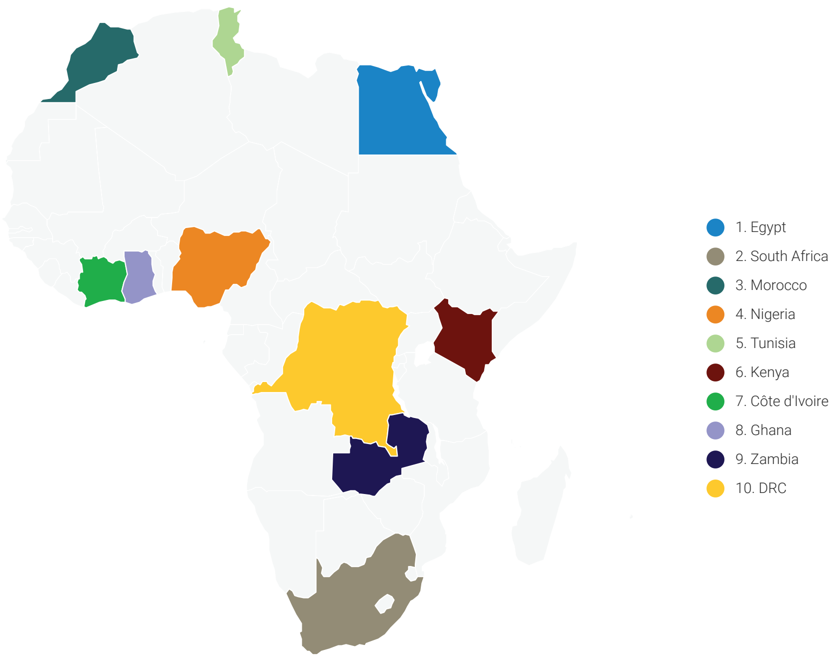
The recent launch of the African Continental Free Trade Agreement (AfCFTA) could be the key to unlocking growth in the manufacturing industry on the continent, and it could solve some of the challenges hindering GDP growth and the effectiveness of SEZs in some countries. The agreement currently has 52 African countries as signatories. The objective is to create a single continental market for goods and services, with free movement of business persons and investments, and eventually an Africa-wide customs union. It aims to unify the existing trade agreements in Africa. However, the agreement is a work in progress and for its full potential to be realised might take up to ten or even 20 years. All members are obligated to reduce tariffs and address non-tariff barriers, with the aim to eventually have free trade on 90% of all trade between the parties.

Africa's largest and fastest-growing players

Largest manufacturing players in Africa

Figure 6.8 compares the market size and the competitiveness of the ten largest manufacturing countries in Africa. The market size in this case refers to the relative size of the manufacturing market in US dollar terms — the threshold for the size of the manufacturing market is drawn at about US$10bn in annual output. Competitiveness is based on the average scores across three indicators: transport infrastructure, quality of electricity supply, and pay and productivity.

Figure 6.8: Top ten manufacturing sectors in Africa (with commentary on selected countries)



Egypt	Large market. High competitiveness.
South Africa	Large market. High competitiveness.
Morocco	Large market. High competitiveness. Morocco is well established in the production of automobile components. And to further promote this subsector of manufacturing, the government has shifted towards offering fiscal and tax incentives in certain free zones.

Nigeria	Large market. Low competitiveness. The automotive industry is growing rapidly, but the problem is that most of the vehicles sold are imported. In addition, there is limited competition in Nigeria's automotive industry, with Toyota owning about 70% of the market. This signals potential for rapid growth that newcomers could benefit from. Investors can also look into food, beverages, cigarettes and textile industries. Furthermore, with the new WHO certification of local manufactures, the pharmaceutical industry is guaranteed to make significant returns.
Tunisia	Small market. High competitiveness.
Kenya	Small market. High competitiveness. Though Kenya has a relatively small market size, it has a strong manufacturing sector compared to countries of similar level of development. The most striking growth is in chemicals, dairy, and fabricated metals.
Côte d'Ivoire	Small market. High competitiveness.
Ghana	Small market. High competitiveness.
Zambia	Small market. Low competitiveness. Between 2009 and 2013, Zambia's manufacturing grew by roughly 30%. Currently, 66% of the manufacturing sector is involved in agro-processing and the production of consumer goods.
DRC	Small market. Low competitiveness.

Source: Brookings

Fastest-growing manufacturing sectors in Africa

Over the past decade, most African countries except The Gambia, Sierra Leone, Lesotho, Somalia and Tunisia have had a positive growth rate in the manufacturing sector, ranging from 0.1% (Mozambique) to 14.6% (South Sudan). Fitch Solutions' forecasted gross value add (GVA) growth from 2019 to 2025 suggests that on average Zimbabwe will take the top spot with an estimated growth of 19.6%, while Rwanda's growth average is expected to almost double from 8.4% to 16% in 2025. GVA refers to the value of production less the value of any intermediate inputs. In Zimbabwe, key infrastructure projects such as improving road networks, construction of rail lines and the improvement of eight regional airports are expected to boost manufacturing. Rwanda has developed policies and strategies such as the National Industrial Policy and the National Export Strategy that is aimed at accelerating industrial and export manufacturing growth.

Table 6.2: Top 15 manufacturing GVA growth

	Current average (2009 to 2018) (%)	Forecasted average (2019 to 2025) (%)
South Sudan	14.6	18.0
Liberia	14.0	13.0
Eritrea	13.9	14.9
Zimbabwe	13.6	19.6
Ethiopia	12.3	10.9
São Tomé and Príncipe	10.7	10.4
Niger	10.0	10.8
Nigeria	9.4	13.0
Rwanda	8.4	16.0
Tanzania	7.9	10.0
Kenya	7.7	8.8
Guinea	7.6	8.9
Burkina Faso	7.4	3.8
Chad	7.3	5.4
Angola	7.3	5.4

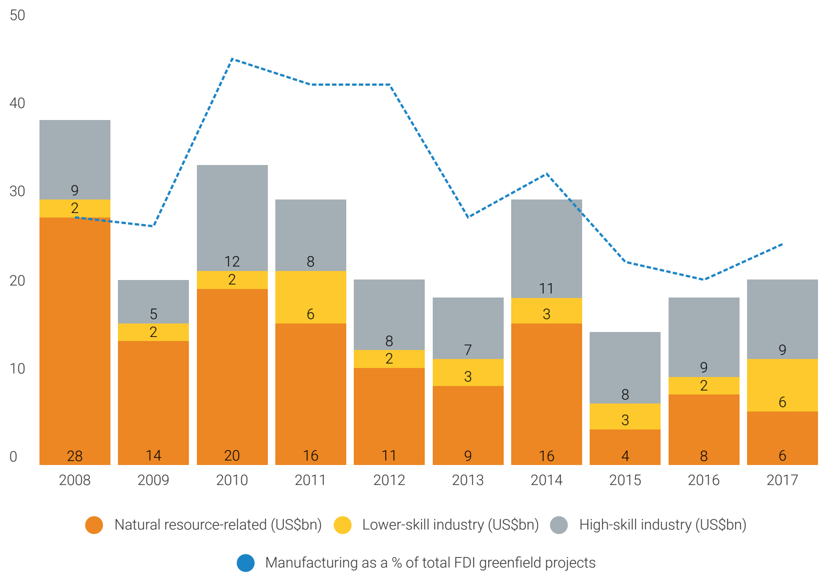
Source: Fitch Solutions

A bright future for Africa's manufacturing sector

The focus of FDI projects in Africa has shifted from the dominant extractive industry to more consumer-facing industries like retail, financial services, and technology, media and telecommunications over the past few years. According to EY, manufacturing (among infrastructure and power generation) received the most attention in 2017, and we expect this trend to continue over the next few years.

The number of greenfield manufacturing projects has been fluctuating in Africa, with the highest and lowest value of announced projects recorded in 2008 and 2015 respectively. Most manufacturing FDI is directed towards natural resources industries. Investment in lower-skill industries, i.e. clothing and textile, only accounts for a small share of total greenfield projects.

Figure 6.9: Value of announced FDI greenfield projects in manufacturing and share of manufacturing in all sectors



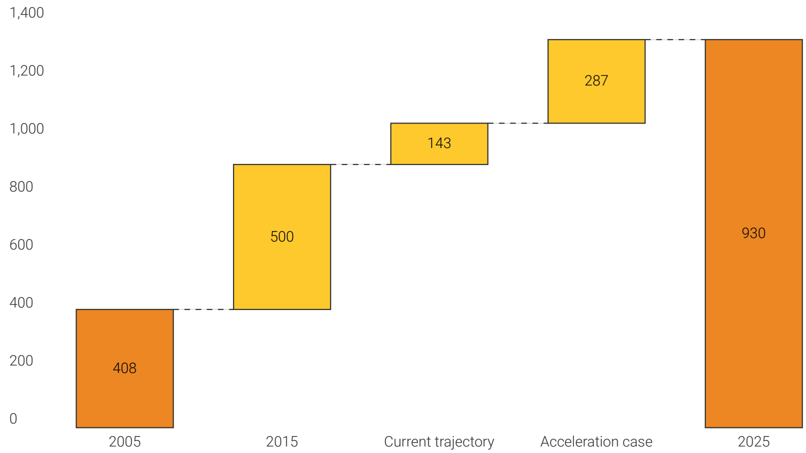
Source: UNCTAD, fDi Markets

According to the analysis by Supporting Economic Transformation, Ethiopia, Kenya, Mozambique, Nigeria and Zambia are five promising countries well positioned to attract manufacturing FDI. Kenya, for instance, enjoys the proximity and preferential access to a growing regional market — the EAC. Ethiopia and Nigeria have the advantage of large domestic market sizes. Mozambique and Zambia offer lower average costs of electricity in relation to Asian and Latin American comparators, thus making them attractive destinations for investment in energy-intensive manufacturing processes.

The continent's ray of hope for growth

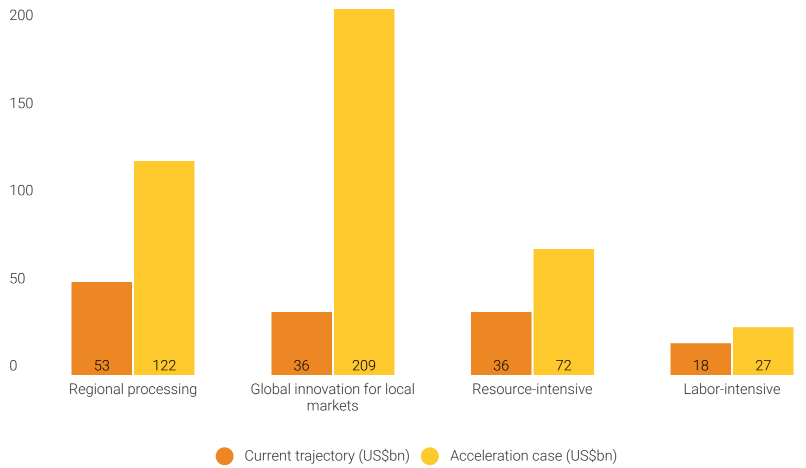
Africa's manufacturing sector has great potential for development and growth. Brookings' *Foresight Africa* report states that if the current growth trajectory continues, Africa's manufacturing revenue output can grow by US$143bn by 2025. Moreover, there is a great opportunity for this number to rise by an additional US$290bn over the same period if industries shift away from China to lower-cost regions, and when the growth in industries like tourism, agro-processing and ICT-based services indirectly support the manufacturing sector (the acceleration case in Figure 6.10). A significant increase is expected in chemicals and automotive industries as well as in processing.

Figure 6.10: Africa manufacturing revenue output (US$bn)



Source: Brookings, IHS World Industry Service, UNCTAD World Trade Data, McKinsey Global Institute, AfDB

Figure 6.11: Extrapolation of current trajectory vs. acceleration case by key sectors



Source: Brookings, IHS World Industry Services, UNCTAD World Trade Data, McKinsey Global Institute analysis, AfDB

Video: Manufacturing sector overview

(Scan the QR code to watch the video)

Construction activity is surging as countries attempt to bridge the funding chasm between what's needed (US$130bn-US$170bn annually according to the AfDB) and what's actually being spent (a paltry US$45bn). But, it is commercial real estate in particular that is proving to be a sound investment as returns outstrip those of developed markets.

CONSTRUCTION AND REAL ESTATE

07

TOP 3 COUNTRIES BY NUMBER OF PROJECTS

Egypt (46)

Kenya (41)

Ethiopia (38)

NUMBER OF CONSTRUCTION PROJECTS UNDERWAY IN 2018

110	Real estate
66	Energy and power
186	Transport

TOP 3 CITIES FOR HIGHEST OFFICE RENTAL YIELDS

Luanda, Angola

Nairobi, Kenya

Antananarivo, Madagascar

TOP 3 COUNTRIES BY VALUE OF PROJECTS

EGYPT

US$79bn

ALGERIA

US$52bn

SOUTH AFRICA

US$50bn

TOP 3 CITIES WITH THE HIGHEST INDUSTRIAL RENTAL YIELD INCREASES
(2008 vs. 2018)

LUANDA, ANGOLA

8% | 14%

NAIROBI, KENYA

14% | 18%

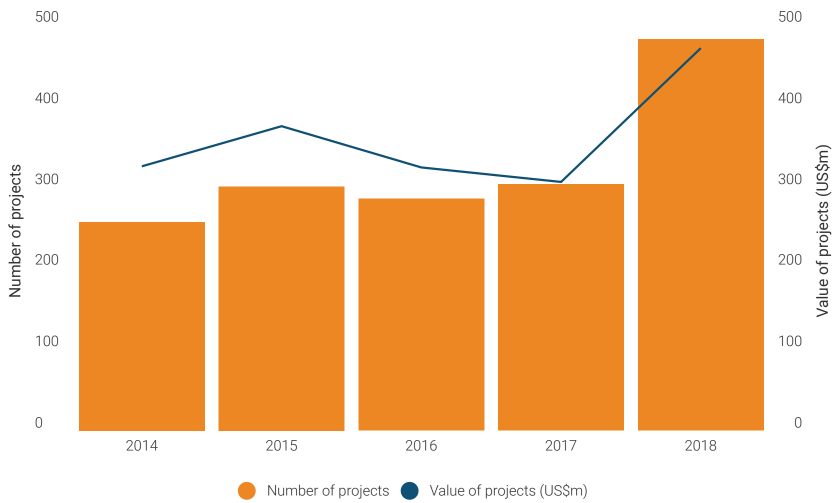
LILONGWE, MALAWI

9% | 13%

Construction activity across the continent

The AfDB noted in 2018 that the infrastructure needs of the continent are between US$130bn and US$170bn annually. Currently, just a fraction of the AfDB's estimate is being spent — US$45bn. While the chasm is wide and daunting, we have seen a general rise in construction activity across the continent as governments and private sector alike realise that there is a need to close this gap if Africa is going to meet its growth needs.

Figure 7.1: Construction activity in Africa over the last five years



Source: Deloitte, RMB Global Markets

Note: The data includes projects that are valued at US$150m and above. The 2018 figures include projects that had broken ground by 1 June 2018. The values are cumulative and not new investments.

The task of fundraising to close this gap is one that has been largely financed by the public sector. Ninety per cent of the projects that are currently underway are financed by public revenues through national governments or municipalities, and the remainder by private funders. The private sector's contribution to infrastructure development has steadily increased over the years, but it remains concerned about weak legal, regulatory and institutional frameworks; inadequate infrastructure planning and project preparation; ineffective governance; and corruption. Consequently, private-sector involvement is likely to remain limited until these structural rigidities are sorted.

In 2018, the growth in construction activity by both value and number of projects spiked largely due to the real estate sector, which saw an 81% increase in the value of projects (Table 7.1).

Table 7.1: Sector split of construction activity in 2018

Sector	Number of projects	Share (%)	Value of projects (US$bn)	Change in value of projects from 2017
Real estate	110	22.8	123.3	81
Energy and power	66	13.7	114.6	47.2
Transport	186	38.6	107	35.3
Mining	32	6.6	29.4	21.6
Shipping and ports	36	7.5	49	12.7
Water	26	5.4	6.3	2.5
Healthcare	13	2.7	1.7	1.3
Social development	3	0.6	0.3	-0.1
Education	2	0.4	0.5	-0.1
Oil and gas	8	1.7	39	-38.4
Total projects	**482**	**100**	**471.1**	

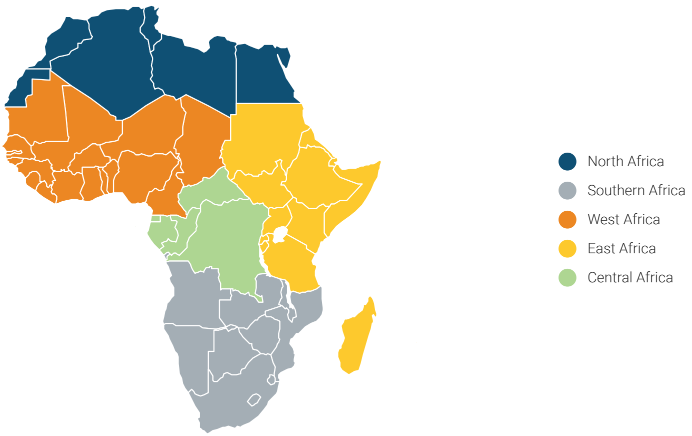
Source: Deloitte

The year-on-year change in the value of the projects potentially infers the return on investment opportunity in these sectors and is yet another marker for investors to consider.

Which regions and countries are leading the construction charge?

East Africa leads the charge in terms of number of projects, accounting for 29% of all construction projects across the continent, but still lags North and Southern Africa by value of projects (Figure 7.2).

Figure 7.2: Value and number of projects across regions



		2014	2015	2016	2017	2018	Africa share (%)
North Africa	Number of projects	8	29	42	40	109	22.6
	Value (US$bn)	9.1	25.8	76.1	77.1	148.3	31.5
East Africa	Number of projects	51	61	43	71	739	28.8
	Value (US$bn)	60.7	57.5	27.4	32.6	87.1	18.5
Southern Africa	Number of projects	119	109	85	93	103	21.4
	Value (US$bn)	144.9	140	93.4	89.7	125.4	26.6
Central Africa	Number of projects	13	23	24	20	26	5.4
	Value (US$bn)	33.2	35.8	7	9.5	26.9	5.7
West Africa	Number of projects	66	79	92	79	105	21.8
	Value (US$bn)	74.8	116.2	119.8	98.3	82.8	17.6

Source: Deloitte, RMB Global Markets

East Africa's commanding share of the number of projects on the go is largely due to the region's ambitions to improve the state of infrastructure development, which has already started to bear fruit by way of higher economic growth rates. Djibouti's efforts for instance, have been guided by the government's Vision Djibouti 2035 plan, which was launched in 2014. This plan aims to transform Djibouti into a logistics and commercial hub for the region by developing new deep-water harbours while simultaneously expanding its existing ports. In addition, a railway and a water pipeline to connect Djibouti and Ethiopia have been constructed.

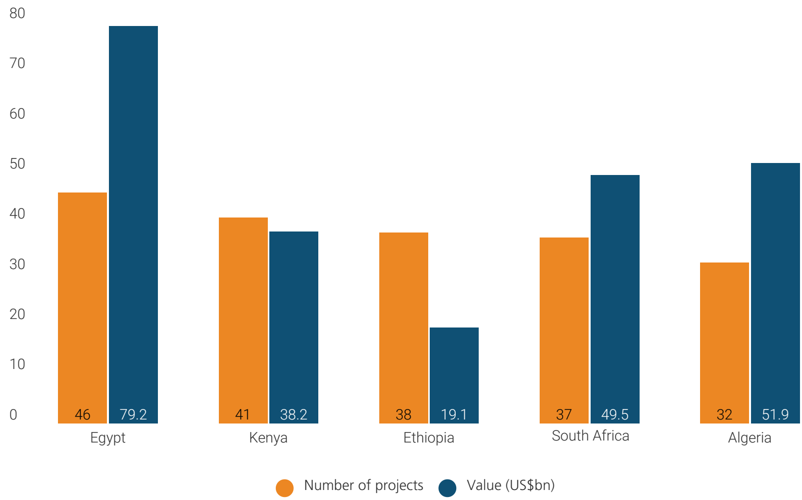
In Ethiopia, infrastructure investments have been a key part of two successive Growth and Transformation Plans (GTP 1 — 2010-2015 and GTP 2 — 2016-2020). In addition to joint projects with Djibouti, Ethiopia has also expanded domestic railroads and launched the construction of Africa's largest dam (the Millennium Dam, sometimes referred to as the Hidase Dam) and a number of large industrial zones.

For Tanzania, another country aiming to become the logistics hub of East Africa, investments are also part of three consecutive five-year development plans under the Tanzania Development Vision (TDV 1 — 2011-2015, TDV 2 — 2016-2020 and TDV 3 — 2021-2025 programmes). They aim to capitalise on Tanzania's comparative advantages, in particular its agricultural and mining potential and its geographical location. Investments include the construction of a railway that connects Dar es Salaam with Mwanza, the Stiegler's Gorge hydropower project, the development and expansion of a number of mines, the expansion of ports, and the planned construction of the oil pipeline that will connect the Ugandan oil fields with the Tanzanian port of Tanga.

In Rwanda, Kenya and Uganda, infrastructure investments are also an essential part of their development strategy. In Kenya, for example, they have resulted in the construction of the US$3.5bn railway connecting the capital to the port of Mombasa. For Uganda, one of the priorities is to develop the necessary infrastructure to extract the country's oil resources.

On a country-by-country basis, Egypt has the most projects by number at 46 (9.5% of projects on the continent) as well as by value at US$79.2bn (17% of the continent's value), edging out South Africa and Nigeria respectively (Figure 7.3).

Figure 7.3: Top five countries by number and value of projects



Source: Deloitte

Construction continues to be the main driver of economic growth in Egypt, with the sector recording gains of 10% in 2018 — almost double the average growth rate of other sectors. The most notable construction projects are the US$3.8bn Mountain View iCity in New Cairo and the US$3.7bn Citadel Refinery in Cairo. A number of other projects have recently been announced, most of which align with the trend of private developers targeting higher-end residential projects:

- Hyde Park Real Estate has launched Park Corner, a US$563.2m residential project in New Cairo. The project, covering 533,000m^2, will have 205 independent villas, townhouses, and twin houses; 1,400 apartments; and 300 duplexes and family villas.

- Egypt-based Wadi Degla Developments, part of Wadi Degla Holding Company, is set to build a US$39m residential project, called Promenade Maadi Compound, in the country's Zahraa Maadi region. Work is expected to take more than five years to complete.

- Egypt-based Palm Hills Development Company has entered an agreement with the New Urban Communities Authority (NUCA) to develop an integrated residential project in eastern Cairo on a revenue-sharing basis. The 2.02km^2 scheme is co-developed with the Ministry of Housing and is expected to attract more than US$4.4bn of investment.

- In April 2016, real estate developer Capital Group Properties launched a US$4.5bn residential scheme called Alburouj, which involves building 30,000 homes on 4.9km^2 between the city of Suez and Ismailia Desert road.

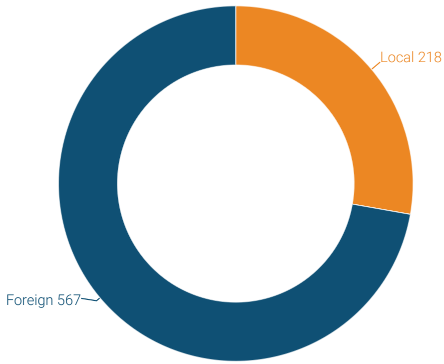
Deconstructing the contractor landscape

The economic value from any construction activity is often felt through contractors long before the completion of a project. The immediate benefit is often seen in employment creation by contractors, which often boosts aggregate demand. The construction of the standard-gauge railway linking Mombasa and Nairobi in Kenya is a good example of this. It is estimated to have created 60 new jobs per kilometre of track or approximately 30,000 jobs, which has led to the construction sector outperforming most sectors in Kenya long before the completion of the railway.

However, in Africa it's not always the case that these contractors are local-based firms that pass on the full benefit of their activities to the local economy. The discovery of oil by Tullow Oil in Kenya is a poignant example of this. The oil giant noted the burgeoning skills gap as the main reason for not including more locals in its workforce. This challenge is most severe for technical and vocational skills like welding, drilling, repair of heavy equipment and pipeline design — all of which are in demand in the oil sector.

The data collected by Fitch Solutions on construction activity in SSA shows that most construction activity across the continent is done by foreign-based contractors (Figure 7.4).

Figure 7.4: Number of local and foreign construction companies active in Africa



Source: Fitch Solutions

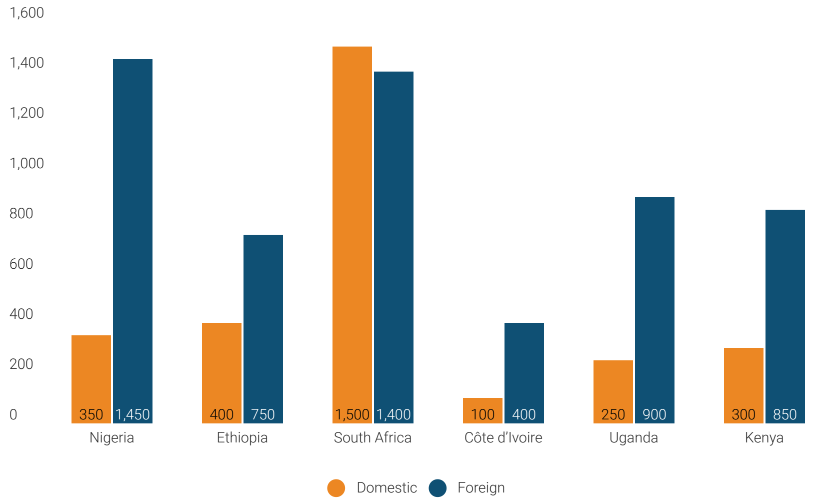
The pervasiveness of foreign contractors in this sector brings with it challenges that are also opportunities for local economies. The first is one of sophistication of the local industry to adequately provide ancillary goods and services that are needed for large construction projects. Sticking with the Kenyan example, the commercialisation of the country's oil deposits required specialised equipment for extraction and production purposes which were unavailable and hence increased the amount of imports, thereby putting pressure on its external accounts.

Secondly, legal frameworks that protect the interests of the local economy in some cases are either not present or not very well thought out. In the case of the former, again using Kenya as an example, the Petroleum (Exploration and Production) Act 1986 includes an obligation for contractors to give preference to locally available goods and services, and that Kenyan nationals be prioritised in employment and training. But the Act doesn't provide for targets, outlining how much local representation is needed. It also doesn't provide for monitoring or reporting.

Zimbabwe's Indigenisation and Economic Empowerment Act 2008 was meant to promote local industry participation in any deal or transaction from foreign firms. The challenge is that the requirements were so restrictive that the law itself reduced FDI inflows; the Act has been amended several times since then to make it more commercially viable for foreign investors.

Foreign contractor participation in local construction projects differs significantly from country to country.

Figure 7.5: Projects by value (US$m)

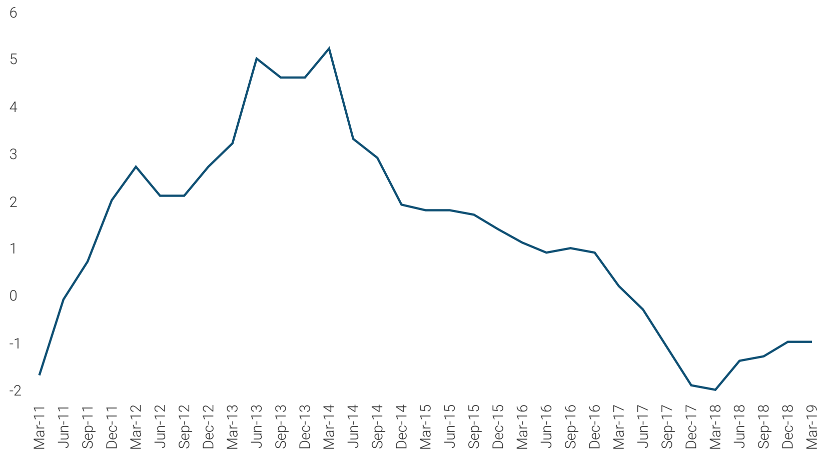


Source: Fitch Solutions

Countries such as Nigeria, Ethiopia and South Africa have relatively high levels of local contractor participation, which counterbalances the hold that foreign firms have on projects.

South Africa is an outlier relative to other African countries in that domestic firms have a larger share of the market relative to foreign firms. The market is relatively sophisticated, with local firms competing aggressively with international companies on domestic projects. However, the sector peaked in March 2014 and since then has been undergoing a significant decline as economic activity slows.

Figure 7.6: Construction growth in South Africa (% y/y)



Source: RMB Global Markets

A few firms have failed in the South African market over the years, such as Basil Read, Esor Construction, Liviero Group, NMC Group and Group Five, while the likes of Aveng and Steffanutti Stocks are facing significant financial pressures. As the market consolidates, this creates an opportunity for foreign firms to expand their reach, further entrenching the dominance of these on the continent.

Zooming in on real estate

Investment returns from real estate in Africa's rapidly expanding economies significantly exceed those achievable in almost all developed markets. PwC's forecast of 20% net annual returns from investing in shopping malls, office blocks or industrial complexes in countries across Africa continues to draw in new investors.

The prospects of this growing asset class are being driven by improving political stability; relatively high growth rates in Africa compared to most developed markets; increased infrastructure developments; and a steady improvement in local financial industries, making access to finance a little easier.

The attractiveness of real estate as a sub-set of construction activity has been growing at a higher rate than most other components of construction (Table 7.2). Demand for housing is unlikely to taper in the medium term as rural to urban migration is set to increase in the years to come.

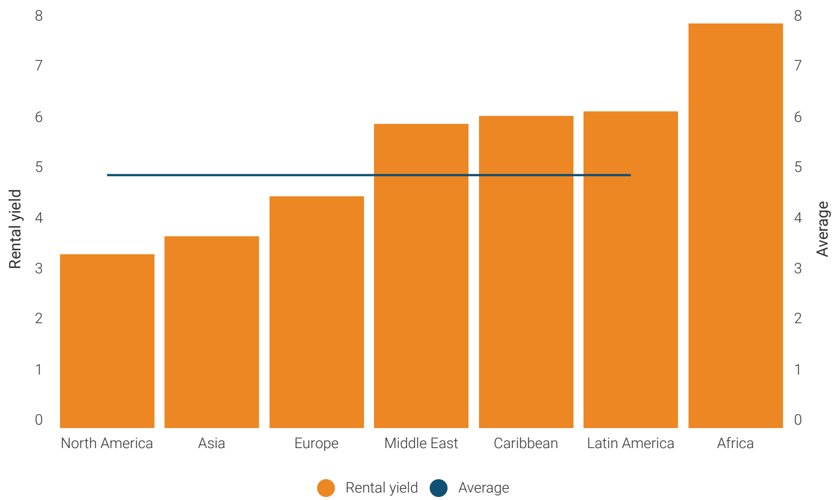
Table 7.2: Top and bottom five cities by gross rental yields across Africa (2018)

Office	Retail	Industrial	Residential
Top 5			
Luanda (Angola) – 14%	Antananarivo (Madagascar) – 13%	Antananarivo (Madagascar) – 18%	Antananarivo (Madagascar) – 12%
Nairobi (Kenya) – 14%	Nairobi (Kenya) – 13%	Nairobi (Kenya) – 18%	Nairobi (Kenya) – 12%
Antananarivo (Madagascar) – 14%	Kinshasa (DRC) - 12%	Bamako (Mali) – 16%	Kinshasa (DRC) – 12%
Kinshasa (DRC) – 12%	Bamako (Mali) – 12 %	Kinshasa (DRC) – 15%	Luanda (Angola) – 11%
Lilongwe (Malawi) – 12%	Kampala (Uganda) – 12%	Nouakchott (Mauritania) – 15%	Bamako (Mali) – 10%
Bottom 5			
Windhoek (Namibia) – 8.5%	Cape Town (South Africa) – 8%	Port Louis (Mauritius) – 10%	Windhoek (Namibia) – 6%
Johannesburg (South Africa) – 8.5%	Gaborone (Botswana) – 8%	Addis Ababa (Ethiopia) – 9%	Gaborone (Botswana) – 6%
Gaborone (Botswana) – 8.3%	Port Louis (Mauritius) – 8%	Johannesburg South Africa) – 9%	Johannesburg (South Africa) – 6%
Harare (Zimbabwe) – 8%	Harare (Zimbabwe) – 7%	Cape Town (South Africa) – 9%	Cape Town (South Africa) – 5%
Addis Ababa (Ethiopia) – 6%	Addis Ababa (Ethiopia) – 6%	Gaborone (Botswana) – 9%	Port Louis (Mauritius) – 4%

Source: Knight Frank

Africa's gross rental yields rank significantly higher than other regions, at an average of 8% compared to a 5% average of other regions, making a good case for investing in Africa's real estate (Figure 7.7)

Figure 7.7: Gross rental yields in Africa relative to other regions

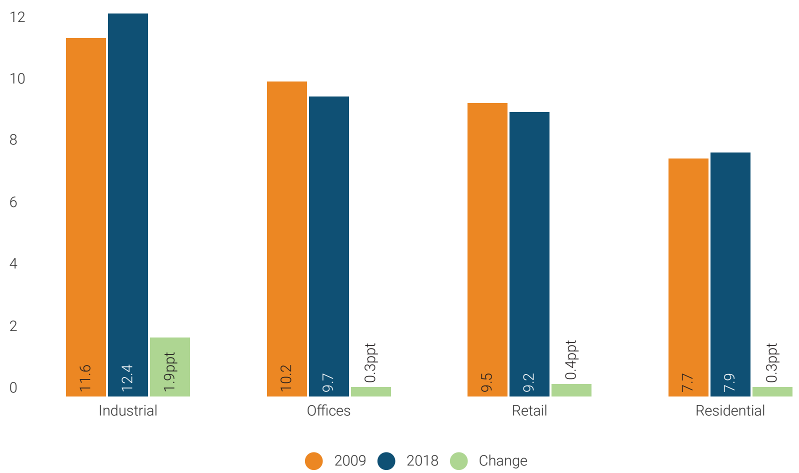


Source: Knight Frank, Global Property Guide

What has changed in a decade?

Gross rental yields over the last decade have remained fairly static, with average gross rental yields across office, retail, industrial and residential only increasing by 0.9ppt. Breaking down the different segments of African real estate, we notice that industrial yields have outperformed other categories with a near 2ppt increase from 2009 to 2018.

Figure 7.8: Average change in gross rental yields (%)

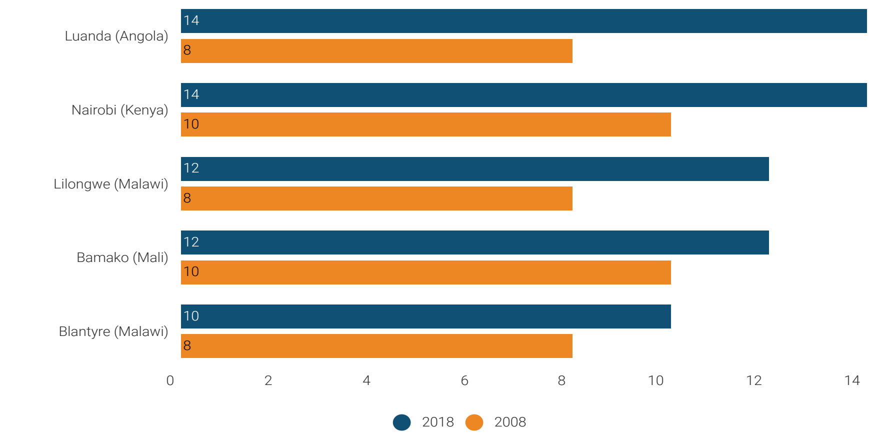


Source: Knight Frank, RMB Global Markets

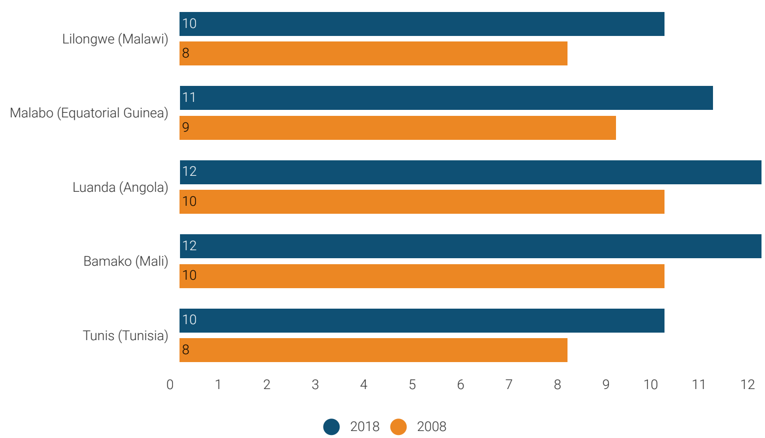
Cities that have shown the greatest increase in gross rental yields over the last decade are illustrated in Figure 7.9.

Figure 7.9: Cities with the highest gross rental yields (%)

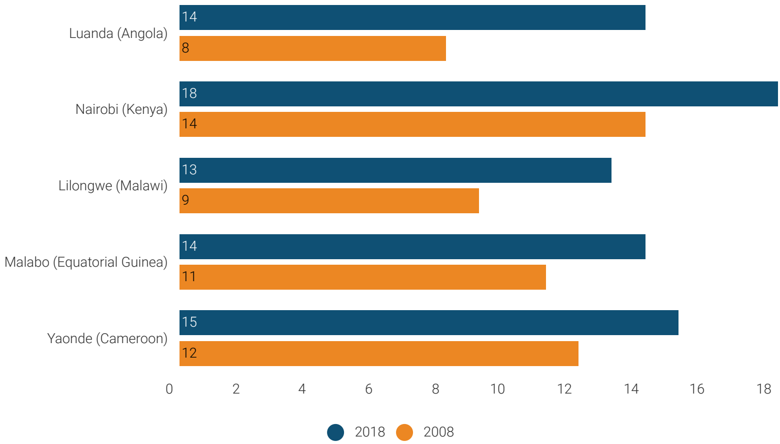
Offices



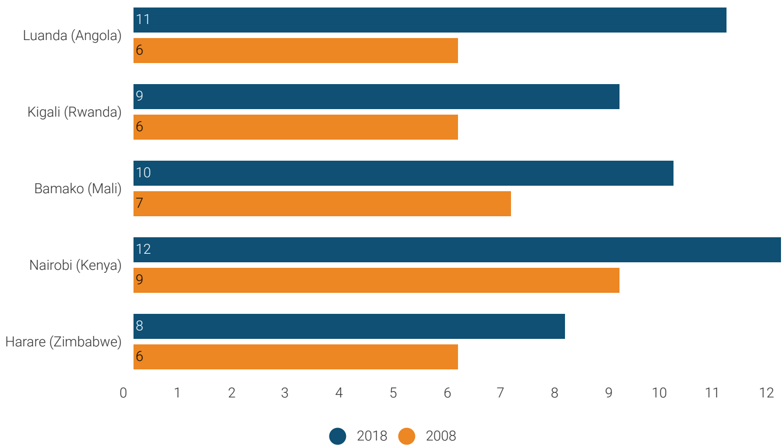
Retail



Industrial



Residential



Source: Knight Frank

Digging deeper: Real rental yields

While rental yields are important to make informed decisions about how to allocate capital across the continent, we need to consider the effect of inflation on these yields. A good example here is Zimbabwe (Harare): rental yields across all asset classes are in line with regional averages, but after adjusting for inflation, the expected returns turn out to be subpar.

Table 7.3: Five highest and lowest real yields — Offices

Highest		Lowest	
Bamako (Mali)	10%	Lusaka (Zambia)	-1%
Nairobi (Kenya)	10%	Lagos (Nigeria)	-3%
Douala (Cameroon)	9%	Luanda (Angola)	-3%
Yaondé (Cameroon)	9%	Cairo (Egypt)	-4%
Dakar (Senegal)	9%	Harare (Zimbabwe)	-65%

Source: Knight Frank, RMB Global Markets

Table 7.4: Five highest and lowest real yields — Retail

Highest		Lowest	
Bamako (Mali)	10%	Lusaka (Zambia)	-2%
Nairobi (Kenya)	9%	Lagos (Nigeria)	-3%
Malabo (Equatorial Guinea)	8%	Luanda (Angola)	-5%
Kampala (Uganda)	8%	Cairo (Egypt)	-6%
Dakar (Senegal)	8%	Harare (Zimbabwe)	-66%

Source: Knight Frank, RMB Global Markets

Table 7.5: Five highest and lowest real yields — Industrial

Highest		Lowest	
Bamako (Mali)	10%	Lusaka (Zambia)	-1%
Yaondé (Cameroon)	9%	Lagos (Nigeria)	-3%
Nairobi (Kenya)	10%	Cairo (Egypt)	-4%
Rabat (Morocco)	8%	Luanda (Angola)	-3%
Malabo (Equatorial Guinea)	8%	Harare (Zimbabwe)	-65%

Source: Knight Frank, RMB Global Markets

Table 7.6: Five highest and lowest real yields — Residential

Highest		Lowest	
Bamako (Mali)	8%	Accra (Ghana)	-1%
Nairobi (Kenya)	8%	Lagos (Nigeria)	-4%
Rabat (Morocco)	7%	Luanda (Angola)	-6%
Casablanca (Morocco)	7%	Cairo (Egypt)	-7%
Malabo (Equatorial Guinea)	6%	Harare (Zimbabwe)	-65%

Source: Knight Frank, RMB Global Markets

The above results paint a more realistic picture of the potential returns after adjusting for inflation. However, the mechanics and the market nuances of each country, such as regulations and the ability to repatriate returns, are other layers of complexity to consider.

Future of real estate: Growth drivers must be weighed against risks

Drivers of growth or demand in the real estate sector are attractive and are expected to remain that way in the years to come, but such an outlook must be balanced with palpable risks.

Drivers of growth

- Demand for real estate will remain high, driven by urbanisation
- Over the next five years, GDP per capita is expected to grow by 6%, which will support demand for housing
- Increased political stability will improve the security of investments
- Improved capital regulation and liquidity will allow for easier in-country fundraising for real estate projects
- Technological advancements in banking will make saving easier, thereby improve savings rate which will boost investment rates

Risks associated with investing

- Complex legal considerations, such as property ownership rights and investment restrictions
- Limited ability to hedge your FX exposure if funding is in hard currency
- Social instability resulting from inequality

Video: Construction and real estate sector overview

(Scan the QR code to watch the video)

Country-specific considerations for commercial property

Table 7.7 sets out the key metrics that investors must consider when making investments in specific African countries.

Table 7.7 Commercial property considerations

	Angola	Botswana	Egypt
Lease terms			
Rents quoted	US$/m²/month	BWP/m²/month	EGP/m²/month
Typical lease lengths	1-3 years	1-5 years	1-5 years
Frequency of rent payments	Monthly to annually in advance	Monthly in advance	Quarterly in advance
Basis of rent reviews	None	Pre-agreed escalation, typically 6%-10% per annum	Pre-agreed escalation, typically 5%-10% per annum
Break options	Can be exercised by either party. Typical notice period is 3 months	Uncommon, but can be exercised by either party when in place. Typical notice period is 3 months	Can be exercised by either party. Typical notice period is 3 months
Ability to assign lease	Subletting is permissible, with landlord's consent	Subletting is permissible, with landlord's consent	Subletting is permissible, with landlord's consent
Occupational costs			
Service charges	Paid by tenant. Typically, 10%-15% of net rents	Paid by tenant. Typically, 10%-15% of net rents	Paid by tenant. Typically 8%-15% of net rents
Utilities	Tenant pays for all utilities consumed. Communal consumption is recovered through service charge	Tenant pays for all utilities consumed. Communal consumption is recovered through service charge	Tenant pays for all utilities consumed. Communal consumption is recovered through service charge

	Angola	Botswana	Egypt
Relevant local taxes payable	No VAT on rents. Urban Property Tax applies to commercial rents, at an effective rate of 15%	VAT of 12% payable by registered bodies. Withholding tax of 5% paid by tenant on rents above BWP36,000 per annum	VAT introduced in Egypt in 2016, but the lease of land and buildings is exempt
Internal repairs	Tenant responsible	Tenant responsible	Tenant responsible
External repairs and repairs to common parts	Landlord responsible	Landlord responsible	Landlord responsible
Building insurance	Landlord responsible	Landlord responsible	Landlord responsible
Restoration	Tenants required to restore premises to original state, subject to reasonable wear and tear	Tenants required to restore premises to original state, subject to reasonable wear and tear	Tenants required to restore premises to original state, subject to reasonable wear and tear
Transaction costs			
Agency fees: new lease	Paid by landlord or tenant. Typically 1 month's rent	Paid by landlord or tenant. Typically one month's rent	Paid by landlord or tenant. Typically one month's rent
Agency fees: renewal	Paid by landlord or tenant. Typically, one month's rent	Paid by landlord or tenant. Typically 2%-3% of annual rent	Paid by landlord or tenant. Typically one month's rent
Agency fees: sublease	Typically, one month's rent	Typically one month's rent	Typically one month's rent
Legal fees	Payable by tenant on attorney scale	Payable by landlord or tenant on attorney scale	Payable by tenant on attorney scale

	Angola	Botswana	Egypt
Is stamp duty payable on leases?	Yes. The tenant pays	No	No

	Ghana	Kenya	Malawi
Lease terms			
Rents quoted	US$/m²/month	KES/ft²/month or US$/ft²/month	MWK/m²/month
Typical lease lengths	2-5 years	6 years	1-3 years
Frequency of rent payments	Usually paid quarterly or biannually in advance	Quarterly in advance	Quarterly in advance
Basis of rent reviews	Periodic rent reviews at an agreed annual percentage, typically 5%-10%	Fixed rental increases, typically 7.5% per annum if rents are paid in KES or 5% if paid in US$	Annual rent reviews based on open-market rents
Break options	Can be exercised by either party. Typical notice period is 3 months	Break clauses are not common	Can be exercised by either party. Typical notice period is 3 months
Ability to assign lease	Subletting is permissible, with landlord's consent	Subletting is not permitted	Subletting is permissible, with landlord's consent
Occupational costs			
Service charges	Paid by tenant. Typically 10%-15% of net rents	Paid by tenant. Typically 20%- 25% of gross rents	Paid by tenant based on actual bills received for services
Utilities	Tenant pays for electricity. Landlord pays for water, recovering cost via service charge	Tenant pays for electricity. Landlord pays for water, recovering cost via service charge	Paid by tenant through service charge
Relevant local taxes payable	No VAT on rents. Rent tax of 8% payable by tenant	VAT of 16% payable on rents, service charges and parking fees	VAT of 16.5% payable on rents

	Ghana	Kenya	Malawi
Internal repairs	Tenant responsible	Tenant responsible	Tenant responsible
External repairs and repairs to common parts	Landlord responsible	Landlord responsible	Landlord responsible
Building insurance	Landlord responsible	Landlord responsible	Landlord responsible
Restoration	Tenants required to restore premises to original state, subject to reasonable wear and tear. Typically let as shell and core	Tenants required to restore premises to original state, subject to reasonable wear and tear. Typically let as shell and core	Tenants required to restore premises to original state, subject to reasonable wear and tear
Transaction costs			
Agency fees: new lease	Paid by landlord or tenant. Typically one month's rent	Paid by the landlord. Typically 4%-8.3% of annual rent	Paid by the landlord. Typically 5%-10% of annual rent
Agency fees: renewal	Paid by landlord or tenant. Typically one month's rent	Paid by landlord. Typically 2.5% of annual rent	Paid by landlord. Typically 5-10% of annual rent
Agency fees: sublease	Typically 50%-100% of one month's rent	No subleasing	n/a
Legal fees	Landlord and tenant pay their own costs	Payable by tenant, on a sliding scale depending on rents	Payable by tenant, based on a prescribed scale of fees
Is stamp duty payable on leases?	Yes. The tenant pays	Yes. The tenant pays. It is calculated as 2% of combined total of the average rent over the 6 years plus the service charge for 1 year	Yes. Stamp duty of 3% payable where lease is registered

	Nigeria	Rwanda	South Africa
Lease terms			
Rents quoted	US$/m²/annum or NGN/m²/annum	US$/m²/month	ZAR/m²/month
Typical lease lengths	2-5 years	1-5 years	3-5 years

	Nigeria	Rwanda	South Africa
Frequency of rent payments	Quarterly in advance (now the norm, although historically rents were paid 2-3 years in advance)	Monthly to quarterly in advance	Monthly in advance
Basis of rent reviews	Periodic rent reviews based on open-market rents	Pre-agreed escalation, typically 5%-10% per annum	Fixed annual escalation, typically 7%-9%
Break options	Break clauses are not common, except in longer leases	Break clauses are n ot common	No break options
Ability to assign lease	Subletting is permissible, with landlord's consent	Subletting is not permitted	Subletting is permissible, with landlord's consent
Occupational costs			
Service charges	Paid by tenant. Typically 20%-30% of net rents	Paid by tenant, typically 10%-15% of rents	Paid by tenant based on actual bills received for services
Utilities		Paid by tenant. Covers all landlord expenses, except property rates, which are not recoverable	Paid by tenant through service charge
Relevant local taxes payable	VAT of 5% payable on commercial rents. Withholding tax of 10% payable by tenant	VAT of 18% payable on rents	VAT of 15% payable on rents
Internal repairs	Tenant responsible	Tenant responsible	Tenant responsible
External repairs and repairs to common parts	Landlord responsible	Landlord responsible	Landlord responsible
Building insurance	Landlord responsible	Landlord responsible	Landlord responsible
Restoration	Tenants required to restore premises to original state, subject to reasonable wear and tear	Tenants required to restore premises to original state, subject to reasonable wear and tear	Varies by lease agreement. Fair wear and tear will apply in most, but not all, cases

	Nigeria	Rwanda	South Africa
Transaction costs			
Agency fees: new lease	Paid by the landlord or tenant. Typically 5%-10% of the total rent	Paid by the landlord, typically one month's rent	Paid by the landlord. Typically 15%-20% of the annual rent, depending on lease length
Agency fees: renewal	Paid by landlord or tenant. Typically 5%-10% of the total rent	Paid by the landlord, typically one month's rent	Paid by landlord. Typically 10%-15% of the annual rent, depending on lease length
Agency fees: sublease	Typically 5%-10% of the total rent	No subleasing	Paid by existing tenant. Typically 15%-19% of annual rent, depending on lease length
Legal fees	Payable by tenant, tariffs vary by lawyer	Landlord and tenant pay their own fees	Landlord and tenant pay their own costs
Is stamp duty payable on leases?	Yes. Rates vary by state	No	No

	Tanzania	Uganda
Lease terms		
Rents quoted	US$/m²/month, but government organisations are now asking to charge in TZS	US$/m²/month
Typical lease lengths	1-5 years	2-5 years
Frequency of rent payments	Quarterly in advance	Usually paid quarterly or biannually in advance
Basis of rent reviews	Annual escalations are not a norm	Periodic rent reviews at an agreed annual percentage, typically 3.5-10%
Break options	Can be exercised by either party. Legal notice period is 3 months	Can be exercised by either party. Typical notice period is 6 months
Ability to assign lease	Subletting is permissible, with landlord's consent	Subletting not permitted

	Tanzania	Uganda
Occupational costs		
Service charges	Paid by tenant. Typically US$2-US$3/m²/month	Paid by tenant. Typically 15%-40% of net rents
Utilities	Tenant pays for electricity. Water paid for through service charge	Tenant pays for electricity. Landlord pays for water, recovering cost via service charge
Relevant local taxes payable	VAT of 18% payable on rents. Withholding tax of 10% on rents	VAT of 18% payable on rents
Internal repairs	Tenant responsible	Tenant responsible
External repairs and repairs to common parts	Landlord responsible	Landlord responsible
Building insurance	Landlord responsible	Landlord responsible
Restoration	Tenants required to restore premises to original state	Tenants required to restore premises to original state, subject to reasonable wear and tear
Transaction costs		
Agency fees: new lease	Paid by landlord. Typically one month's rent or between 0%-5% of annual rent	Paid by landlord. Typically one month's rent
Agency fees: renewal	Paid by landlord. Typically between 0%-2% of annual rent	Paid by landlord. Typically one month's rent
Agency fees: sublease	Typically up to one month's rent	No subleasing
Legal fees	Landlord and tenant pay their own costs	Landlord and tenant pay their own costs
Is stamp duty payable on leases?	Yes. Tenant pays at 1% of first year's annual rent	No

	Zambia	Zimbabwe
Lease terms		
Rents quoted	US$/m²/month	US$/m²/month

	Zambia	Zimbabwe
Typical lease lengths	2-5 years	1-3 years
Frequency of rent payments	Monthly or quarterly in advance (retail mall tenants pay monthly)	Monthly in advance
Basis of rent reviews	Fixed annual rental escalations, typically 3-5%	Annual rent reviews based on open market rents
Break options	Can be exercised by either party. Typical notice period is 3 months	Can be exercised by either party. Typical notice period is 6 months
Ability to assign lease	Subletting is permissible, with landlord's consent	Subletting is permissible, with landlord's consent
Occupational costs		
Service charges	Paid by tenant. Typically 10%-15% of net rents	Paid by tenant. Typically 75%-100% of net rents
Utilities	Tenant pays for electricity. Landlord pays for water, recovering cost via service charge	Tenant pays for all utilities including electricity and water
Relevant local taxes payable	VAT of 16% on commercial rents. Withholding tax of 10% payable by tenant	VAT of 15% payable on rents
Internal repairs	Tenant responsible	Tenant responsible
External repairs and repairs to common parts	Landlord responsible	Landlord responsible
Building insurance	Landlord responsible	Landlord responsible
Restoration	Tenants required to restore premises to original state, subject to reasonable wear and tear	Tenants required to restore premises to original state, subject to reasonable wear and tear
Transaction costs		
Agency fees: new lease	Paid by landlord. Typically equivalent to one or one-and-a-half month's gross rent	Paid by landlord. Typically 10% of annual rent
Agency fees: renewal	Paid by landlord. Typically 2.5%-5% of annual rent	Paid by landlord. Typically 10% of annual rent

	Zambia	Zimbabwe
Agency fees: sublease	Paid by existing tenant. Typically equivalent to one month's gross rent	Typically 50%-100% of one month's rent
Legal fees	Either paid by landlord, or shared between landlord and tenant. Fees by negotiation	Payable by tenant, tariffs vary by lawyer
Is stamp duty payable on leases?	No. A lease registration fee is payable based on a statutory scale. Typically landlord pays	Stamp duty payable when leases are registered, based on a statutory scale

Source: Knight Frank, RMB Global Markets

COUNTRY SNAPSHOTS 08

Our country snapshots provide a summary of RMB's investment attractiveness and operating environment scorings, as well as the macroeconomic fundamentals of each African country.

The RMB investment attractiveness and operating environment scores are out of 10, where 10 is the best and 0 is the worst.

ALGERIA

GDP/CAPITA (MARKET PRICES)

US$4,238

(10 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

5.2 (16 out of 54)

GDP (PURCHASING POWER)

US$657.5bn

(4 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

1.2%

(49 out of 54)

OPERATING ENVIRONMENT SCORE

3.8 (27 out of 54)

CAPITAL

Algiers

BUSINESS LANGUAGE

French and Arabic

POPULATION (MILLIONS)

42.6 *(8 out of 54)*

PRIMARY EXPORT

Hydrocarbons

PRIMARY EXPORT DESTINATION

Italy

PRIMARY IMPORT

Capital goods

PRIMARY IMPORT SOURCE

China

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Inefficient government bureaucracy

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

ANGOLA

GDP/CAPITA (MARKET PRICES)

US$3,669

(11 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

4.4 (21 out of 54)

GDP (PURCHASING POWER)

US$199.3bn

(7 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

2.7%

(42 out of 54)

OPERATING ENVIRONMENT SCORE

2.9 (42 out of 54)

CAPITAL

Luanda

BUSINESS LANGUAGE

Portuguese

POPULATION (MILLIONS)

29.3 *(14 out of 54)*

PRIMARY EXPORT

Crude oil

PRIMARY EXPORT DESTINATION

China

PRIMARY IMPORT

Consumer goods

PRIMARY IMPORT SOURCE

Portugal

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

BENIN

GDP/CAPITA (MARKET PRICES)

US$915

(32 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

4.3 (23 out of 54)

GDP (PURCHASING POWER)

US$27.7bn

(32 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

6.5%

(7 out of 54)

OPERATING ENVIRONMENT SCORE

4.0 (23 out of 54)

CAPITAL

Porto-Novo

BUSINESS LANGUAGE

French

POPULATION (MILLIONS)

11.4 *(30 out of 54)*

PRIMARY EXPORT

Textile and footware

PRIMARY EXPORT DESTINATION

Vietnam

PRIMARY IMPORT

Machinery

PRIMARY IMPORT SOURCE

India

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Access to financing

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

BOTSWANA

GDP/CAPITA (MARKET PRICES)

US$8,137

(5 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

5.3 (13 out of 54)

GDP (PURCHASING POWER)

US$41.9bn

(23 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

4.3%

(32 out of 54)

OPERATING ENVIRONMENT SCORE

6.0 (3 out of 54)

CAPITAL

Gaborone

BUSINESS LANGUAGE

English

POPULATION (MILLIONS)

2.3 *(41 out of 54)*

PRIMARY EXPORT

Diamonds

PRIMARY EXPORT DESTINATION

Belgium

PRIMARY IMPORT

Diamonds

PRIMARY IMPORT SOURCE

South Africa

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Poor work ethic in national labour force

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

RMB

BURKINA FASO

GDP/CAPITA (MARKET PRICES)

US$729

(41 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

4.6 (19 out of 54)

GDP (PURCHASING POWER)

US$38.8bn

(25 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

6.0%

(13 out of 54)

OPERATING ENVIRONMENT SCORE

4.1 (22 out of 54)

CAPITAL

Ouagadougou

BUSINESS LANGUAGE

French

POPULATION (MILLIONS)

19.5 *(19 out of 54)*

PRIMARY EXPORT

Gold

PRIMARY EXPORT DESTINATION

Switzerland

PRIMARY IMPORT

Mineral fuels

PRIMARY IMPORT SOURCE

China

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

RMB

BURUNDI

GDP/CAPITA (MARKET PRICES)

US$307

(52 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

2.3 (52 out of 54)

GDP (PURCHASING POWER)

US$8.2bn

(44 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

0.5%

(52 out of 54)

OPERATING ENVIRONMENT SCORE

2.9 (43 out of 54)

CAPITAL

Bujumbura

BUSINESS LANGUAGE

French and English

POPULATION (MILLIONS)

11.2 *(31 out of 54)*

PRIMARY EXPORT

Food

PRIMARY EXPORT DESTINATION

UAE

PRIMARY IMPORT

Mineral fuels and oils

PRIMARY IMPORT SOURCE

Saudi Arabia

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Access to financing

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

CAMEROON

GDP/CAPITA (MARKET PRICES)

US$1,548

(24 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

4.6 (18 out of 54)

GDP (PURCHASING POWER)

US$95.3bn

(15 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

5.0%

(25 out of 54)

OPERATING ENVIRONMENT SCORE

3.4 (35 out of 54)

CAPITAL

Yaoundé

BUSINESS LANGUAGE

French and English

POPULATION (MILLIONS)

24.9 *(17 out of 54)*

PRIMARY EXPORT

Petroleum products

PRIMARY EXPORT DESTINATION

China

PRIMARY IMPORT

Electrical machinery and equipment

PRIMARY IMPORT SOURCE

China

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Corruption

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

CABO VERDE

GDP/CAPITA (MARKET PRICES)

US$3,563

(12 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

4.0 (30 out of 54)

GDP (PURCHASING POWER)

US$4bn

(48 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

5.0%

(23 out of 54)

OPERATING ENVIRONMENT SCORE

5.0 (10 out of 54)

CAPITAL

Praia

BUSINESS LANGUAGE

Portuguese

POPULATION (MILLIONS)

0.6 *(51 out of 54)*

PRIMARY EXPORT

Fuel

PRIMARY EXPORT DESTINATION

Spain

PRIMARY IMPORT

Consumer goods

PRIMARY IMPORT SOURCE

Portugal

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Access to financing

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

CENTRAL AFRICAN REPUBLIC

GDP/CAPITA (MARKET PRICES)

US$430

(50 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

2.7 (46 out of 54)

GDP (PURCHASING POWER)

US$3.6bn

(50 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

5.0%

(22 out of 54)

OPERATING ENVIRONMENT SCORE

2.6 (46 out of 54)

CAPITAL

Bangui

BUSINESS LANGUAGE

French

POPULATION (MILLIONS)

5.1 *(36 out of 54)*

PRIMARY EXPORT

Timber

PRIMARY EXPORT DESTINATION

France

PRIMARY IMPORT

Machinery

PRIMARY IMPORT SOURCE

France

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

CHAD

GDP/CAPITA (MARKET PRICES)

US$874

(34 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

3.4 (38 out of 54)

GDP (PURCHASING POWER)

US$30.2bn

(29 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

4.8%

(27 out of 54)

OPERATING ENVIRONMENT SCORE

2.7 (45 out of 54)

CAPITAL

N'Djamena

BUSINESS LANGUAGE

French

POPULATION (MILLIONS)

12.5 *(27 out of 54)*

PRIMARY EXPORT

Oil

PRIMARY EXPORT DESTINATION

India

PRIMARY IMPORT

Machinery

PRIMARY IMPORT SOURCE

China

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Access to financing

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

COMOROS

GDP/CAPITA (MARKET PRICES)

US$874

(35 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

2.5 (48 out of 54)

GDP (PURCHASING POWER)

US$1.4bn

(53 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

3.1%

(39 out of 54)

OPERATING ENVIRONMENT SCORE

3.2 (40 out of 54)

CAPITAL

Moroni

BUSINESS LANGUAGE

French

POPULATION (MILLIONS)

0.8 ***(50 out of 54)***

PRIMARY EXPORT

Cloves

PRIMARY EXPORT DESTINATION

France

PRIMARY IMPORT

Petroleum products

PRIMARY IMPORT SOURCE

UAE

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

CONGO

GDP/CAPITA (MARKET PRICES)

US$2,511

(16 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

2.5 (49 out of 54)

GDP (PURCHASING POWER)

US$30.3bn

(28 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

2.0%

(46 out of 54)

OPERATING ENVIRONMENT SCORE

2.1 (49 out of 54)

CAPITAL

Brazzaville

BUSINESS LANGUAGE

French

POPULATION (MILLIONS)

4.5 *(39 out of 54)*

PRIMARY EXPORT

Mineral fuels and oils

PRIMARY EXPORT DESTINATION

China

PRIMARY IMPORT

Machinery

PRIMARY IMPORT SOURCE

Namibia

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

RMB

CÔTE D'IVOIRE

GDP/CAPITA (MARKET PRICES)

US$1,680

(23 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

5.8 (7 out of 54)

GDP (PURCHASING POWER)

US$107bn

(13 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

6.9%

(6 out of 54)

OPERATING ENVIRONMENT SCORE

4.9 (11 out of 54)

CAPITAL

Yamoussoukro

BUSINESS LANGUAGE

French

POPULATION (MILLIONS)

25.6 *(16 out of 54)*

PRIMARY EXPORT

Cocoa

PRIMARY EXPORT DESTINATION

Netherlands

PRIMARY IMPORT

Fuel

PRIMARY IMPORT SOURCE

China

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Access to financing

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

RMB

DJIBOUTI

GDP/CAPITA (MARKET PRICES)

US$2,085

(18 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

3.7 (34 out of 54)

GDP (PURCHASING POWER)

US$4bn

(49 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

6.1%

(11 out of 54)

OPERATING ENVIRONMENT SCORE

4.2 (18 out of 54

CAPITAL

Djibouti

BUSINESS LANGUAGE

French

POPULATION (MILLIONS)

1.0 *(49 out of 54)*

PRIMARY EXPORT

Live animals

PRIMARY EXPORT DESTINATION

Somalia

PRIMARY IMPORT

Mineral fuels and oils

PRIMARY IMPORT SOURCE

UAE

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

RMB

DEMOCRATIC REPUBLIC OF CONGO

GDP/CAPITA (MARKET PRICES)

US$449

(49 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

4.0 (31 out of 54)

GDP (PURCHASING POWER)

US$72.9bn

(18 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

4.6%

(29 out of 54)

OPERATING ENVIRONMENT SCORE

2.8 (44 out of 54)

CAPITAL

Kinshasa

BUSINESS LANGUAGE

French

POPULATION (MILLIONS)

95.0 *(3 out of 54)*

PRIMARY EXPORT

Textile and footware

PRIMARY EXPORT DESTINATION

China

PRIMARY IMPORT

Machinery

PRIMARY IMPORT SOURCE

South Africa

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Access to financing

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

RMB

EGYPT

GDP/CAPITA (MARKET PRICES)

US$2,573

(15 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

6.5 (1 out of 54)

GDP (PURCHASING POWER)

US$1,296.3bn

(1 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

5.9%

(14 out of 54)

OPERATING ENVIRONMENT SCORE

4.5 (15 out of 54)

CAPITAL

Cairo

BUSINESS LANGUAGE

Arabic and English

POPULATION (MILLIONS)

97.0 *(2 out of 54)*

PRIMARY EXPORT

Oil and natural gas

PRIMARY EXPORT DESTINATION

Italy

PRIMARY IMPORT

Oil and natural gas

PRIMARY IMPORT SOURCE

China

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Policy instability

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

EQUATORIAL GUINEA

GDP/CAPITA (MARKET PRICES)

US$10,453

(3 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

2.1 (54 out of 54)

GDP (PURCHASING POWER)

US$29.8bn

(31 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

-3.5%

(54 out of 54)

OPERATING ENVIRONMENT SCORE

2.1 (50 out of 54)

CAPITAL

Malabo

BUSINESS LANGUAGE

Spanish and English

POPULATION (MILLIONS)

1.3 *(46 out of 54)*

PRIMARY EXPORT

Oil and gas

PRIMARY EXPORT DESTINATION

China

PRIMARY IMPORT

Oil products

PRIMARY IMPORT SOURCE

Spain

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

ERITREA

GDP/CAPITA (MARKET PRICES)

US$1,112

(30 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

2.6 (47 out of 54)

GDP (PURCHASING POWER)

US$10bn

(43 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

4.3%

(31 out of 54)

OPERATING ENVIRONMENT SCORE

2.1 (51 out of 54)

CAPITAL

Asmara

BUSINESS LANGUAGE

English

POPULATION (MILLIONS)

6.0 *(35 out of 54)*

PRIMARY EXPORT

Food and live animals

PRIMARY EXPORT DESTINATION

China

PRIMARY IMPORT

Machinery and equipment

PRIMARY IMPORT SOURCE

UAE

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

RMB

ESWATINI

GDP/CAPITA (MARKET PRICES)

US$4,250

(9 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

3.3 (42 out of 54)

GDP (PURCHASING POWER)

US$12.1bn

(42 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

1.2%

(50 out of 54)

OPERATING ENVIRONMENT SCORE

4.4 (16 out of 54)

CAPITAL

Mbabane

BUSINESS LANGUAGE

English

POPULATION (MILLIONS)

1.1 *(48 out of 54)*

PRIMARY EXPORT

Essential oils and resinoids

PRIMARY EXPORT DESTINATION

South Africa

PRIMARY IMPORT

Mineral fuels and oils

PRIMARY IMPORT SOURCE

South Africa

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Inefficient government bureaucracy

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

ETHIOPIA

GDP/CAPITA (MARKET PRICES)

US$853

(36 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

5.6 (9 out of 54)

GDP (PURCHASING POWER)

US$219.5bn

(6 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

7.2%

(3 out of 54)

OPERATING ENVIRONMENT SCORE

3.7 (28 out of 54)

CAPITAL

Addis Ababa

BUSINESS LANGUAGE

English

POPULATION (MILLIONS)

94.1 *(4 out of 54)*

PRIMARY EXPORT

Coffee

PRIMARY EXPORT DESTINATION

Sudan

PRIMARY IMPORT

Capital goods

PRIMARY IMPORT SOURCE

China

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Foreign currency regulations

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

GABON

GDP/CAPITA (MARKET PRICES)

US$8,297

(4 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

3.8 (33 out of 54)

GDP (PURCHASING POWER)

US$38bn

(26 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

4.1%

(33 out of 54)

OPERATING ENVIRONMENT SCORE

3.3 (36 out of 54)

CAPITAL

Libreville

BUSINESS LANGUAGE

French

POPULATION (MILLIONS)

2.1 *(43 out of 54)*

PRIMARY EXPORT

Petroleum (crude)

PRIMARY EXPORT DESTINATION

China

PRIMARY IMPORT

Machinery, mechanical and electrical appliances

PRIMARY IMPORT SOURCE

Egypt

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

RMB

GAMBIA

GDP/CAPITA (MARKET PRICES)

US$745

(40 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

3.4 (40 out of 54)

GDP (PURCHASING POWER)

US$6.1bn

(47 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

5.0%

(21 out of 54)

OPERATING ENVIRONMENT SCORE

3.9 (25 out of 54)

CAPITAL

Banjul

BUSINESS LANGUAGE

English

POPULATION (MILLIONS)

2.1 *(42 out of 54)*

PRIMARY EXPORT

Fish and crustaceans

PRIMARY EXPORT DESTINATION

Vietnam

PRIMARY IMPORT

Mineral fuels and oils

PRIMARY IMPORT SOURCE

Côte d'Ivoire

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Tax rates

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

GHANA

GDP/CAPITA (MARKET PRICES)

US$2,206

(17 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

5.8 (6 out of 54)

GDP (PURCHASING POWER)

US$190.7bn

(8 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

5.4%

(17 out of 54)

OPERATING ENVIRONMENT SCORE

4.8 (12 out of 54)

CAPITAL

Accra

BUSINESS LANGUAGE

English

POPULATION (MILLIONS)

29.6 *(13 out of 54)*

PRIMARY EXPORT

Gold

PRIMARY EXPORT DESTINATION

India

PRIMARY IMPORT

Vehicles other than railway or tramway

PRIMARY IMPORT SOURCE

China

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

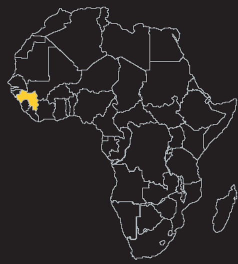
Access to financing

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

COUNTRY SNAPSHOT

RMB

GUINEA



GDP/CAPITA (MARKET PRICES)

US$883

(33 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

4.1 (26 out of 54)

GDP (PURCHASING POWER)

US$30.7bn

(27 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

5.5%

(16 out of 54)

OPERATING ENVIRONMENT SCORE

3.7 (31 out of 54)

CAPITAL

Conakry

BUSINESS LANGUAGE

French

POPULATION (MILLIONS)

13.3 *(25 out of 54)*

PRIMARY EXPORT

Gold

PRIMARY EXPORT DESTINATION

China

PRIMARY IMPORT

Capital goods

PRIMARY IMPORT SOURCE

China

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Corruption

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

GUINEA-BISSAU

GDP/CAPITA (MARKET PRICES)

US$840

(37 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

2.7 (45 out of 54)

GDP (PURCHASING POWER)

US$3.4bn

(51 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

5.0%

(24 out of 54)

OPERATING ENVIRONMENT SCORE

2.6 (48 out of 54)

CAPITAL

Bissau

BUSINESS LANGUAGE

Portuguese

POPULATION (MILLIONS)

1.7 *(45 out of 54)*

PRIMARY EXPORT

Edible fruit and nuts

PRIMARY EXPORT DESTINATION

India

PRIMARY IMPORT

Mineral fuels and oils

PRIMARY IMPORT SOURCE

Portugal

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

KENYA

GDP/CAPITA (MARKET PRICES)

US$1,857

(21 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

5.9 (4 out of 54)

GDP (PURCHASING POWER)

US$177.3bn

(10 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

6.0%

(12 out of 54)

OPERATING ENVIRONMENT SCORE

5.1 (9 out of 54)

CAPITAL

Nairobi

BUSINESS LANGUAGE

English

POPULATION (MILLIONS)

48.0 *(7 out of 54)*

PRIMARY EXPORT

Tea

PRIMARY EXPORT DESTINATION

Uganda

PRIMARY IMPORT

Industrial supplies

PRIMARY IMPORT SOURCE

China

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Corruption

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

LESOTHO

GDP/CAPITA (MARKET PRICES)

US$1,358

(27 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

3.4 (41 out of 54)

GDP (PURCHASING POWER)

US$6.9bn

(45 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

2.3%

(45 out of 54)

OPERATING ENVIRONMENT SCORE

4.5 (14 out of 54)

CAPITAL

Maseru

BUSINESS LANGUAGE

English

POPULATION (MILLIONS)

2.0 *(44 out of 54)*

PRIMARY EXPORT

Cultured pearls, precious or semi-precious stones

PRIMARY EXPORT DESTINATION

South Africa

PRIMARY IMPORT

Mineral fuels and oils

PRIMARY IMPORT SOURCE

South Africa

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Access to financing

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

LIBERIA

GDP/CAPITA (MARKET PRICES)

US$728

(42 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

2.5 (51 out of 54)

GDP (PURCHASING POWER)

US$6.3bn

(46 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

0.9%

(51 out of 54)

OPERATING ENVIRONMENT SCORE

3.3 (37 out of 54)

CAPITAL

Monrovia

BUSINESS LANGUAGE

English

POPULATION (MILLIONS)

4.5 *(38 out of 54)*

PRIMARY EXPORT

Cultured pearls, precious or semi-precious stones

PRIMARY EXPORT DESTINATION

US

PRIMARY IMPORT

Ships, boats and floating structures

PRIMARY IMPORT SOURCE

Belgium

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Access to financing

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

RMB

LIBYA

GDP/CAPITA (MARKET PRICES)

US$6,692

(6 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

2.7 (44 out of 54)

GDP (PURCHASING POWER)

US$74.7bn

(16 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

1.9%

(47 out of 54)

OPERATING ENVIRONMENT SCORE

1.0 (53 out of 54)

CAPITAL

Tripoli

BUSINESS LANGUAGE

English and Arabic

POPULATION (MILLIONS)

6.5 *(34 out of 54)*

PRIMARY EXPORT

Hydrocarbon products

PRIMARY EXPORT DESTINATION

Italy

PRIMARY IMPORT

Machinery and transport equipment

PRIMARY IMPORT SOURCE

Turkey

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

MADAGASCAR

GDP/CAPITA (MARKET PRICES)

US$459

(48 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

4.1 (29 out of 54)

GDP (PURCHASING POWER)

US$42.9bn

(21 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

5.0%

(20 out of 54)

OPERATING ENVIRONMENT SCORE

3.2 (39 out of 54)

CAPITAL

Antananarivo

BUSINESS LANGUAGE

French, English

POPULATION (MILLIONS)

26.3 *(15 out of 54)*

PRIMARY EXPORT

Coffee, tea, maté and spices

PRIMARY EXPORT DESTINATION

US

PRIMARY IMPORT

Capital goods and raw materials

PRIMARY IMPORT SOURCE

China

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Government instability/coups

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

MALAWI

GDP/CAPITA (MARKET PRICES)

US$351

(51 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

4.1 (25 out of 54)

GDP (PURCHASING POWER)

US$23.7bn

(35 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

5.6%

(15 out of 54)

OPERATING ENVIRONMENT SCORE

4.2 (20 out of 54)

CAPITAL

Lilongwe

BUSINESS LANGUAGE

English

POPULATION (MILLIONS)

19.7 ***(18 out of 54)***

PRIMARY EXPORT

Tobacco

PRIMARY EXPORT DESTINATION

Belgium

PRIMARY IMPORT

Machinery

PRIMARY IMPORT SOURCE

South Africa

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Corruption

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

MALI

GDP/CAPITA (MARKET PRICES)

US$927

(31 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

4.4 (20 out of 54)

GDP (PURCHASING POWER)

US$44.2bn

(20 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

4.9%

(26 out of 54)

OPERATING ENVIRONMENT SCORE

3.9 (24 out of 54)

CAPITAL

Bamako

BUSINESS LANGUAGE

French

POPULATION (MILLIONS)

18.5 *(21 out of 54)*

PRIMARY EXPORT

Gold

PRIMARY EXPORT DESTINATION

Switzerland

PRIMARY IMPORT

Fuel

PRIMARY IMPORT SOURCE

Senegal

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Access to financing

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

MAURITANIA

GDP/CAPITA (MARKET PRICES)

US$1,143

(28 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

3.9 (32 out of 54)

GDP (PURCHASING POWER)

US$18.1bn

(39 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

6.9%

(5 out of 54)

OPERATING ENVIRONMENT SCORE

3.6 (32 out of 54)

CAPITAL

Nouakchott

BUSINESS LANGUAGE

French

POPULATION (MILLIONS)

4.5 *(37 out of 54)*

PRIMARY EXPORT

Iron ore

PRIMARY EXPORT DESTINATION

China

PRIMARY IMPORT

Equipment for extractive industries

PRIMARY IMPORT SOURCE

South Korea

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Access to financing

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

MAURITIUS

GDP/CAPITA (MARKET PRICES)

US$11,281

(2 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

5.4 (11 out of 54)

GDP (PURCHASING POWER)

US$30bn

(30 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

4.0%

(35 out of 54)

OPERATING ENVIRONMENT SCORE

6.9 (1 out of 54)

CAPITAL

Port Louis

BUSINESS LANGUAGE

English

POPULATION (MILLIONS)

1.3 *(47 out of 54)*

PRIMARY EXPORT

Textiles

PRIMARY EXPORT DESTINATION

France

PRIMARY IMPORT

Machinery and transport equipment

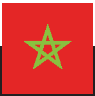
PRIMARY IMPORT SOURCE

India

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Inefficient government bureaucracy

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets



MOROCCO

GDP/CAPITA (MARKET PRICES)

US$3,359

(14 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

6.3 (2 out of 54)

GDP (PURCHASING POWER)

US$314.6bn

(5 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

4.1%

(34 out of 54)

OPERATING ENVIRONMENT SCORE

5.8 (5 out of 54)

CAPITAL

Rabat

BUSINESS LANGUAGE

French

POPULATION (MILLIONS)

35.2 *(11 out of 54)*

PRIMARY EXPORT

Fertilisers and chemicals

PRIMARY EXPORT DESTINATION

Spain

PRIMARY IMPORT

Fuel and lubricants

PRIMARY IMPORT SOURCE

Spain

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Corruption

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

MOZAMBIQUE

GDP/CAPITA (MARKET PRICES)

US$476

(47 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

4.3 (22 out of 54)

GDP (PURCHASING POWER)

US$39.2bn

(24 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

6.2%

(10 out of 54)

OPERATING ENVIRONMENT SCORE

3.5 (34 out of 54)

CAPITAL

Maputo

BUSINESS LANGUAGE

Portuguese

POPULATION (MILLIONS)

30.3 *(12 out of 54)*

PRIMARY EXPORT

Aluminium

PRIMARY EXPORT DESTINATION

India

PRIMARY IMPORT

Capital goods

PRIMARY IMPORT SOURCE

South Africa

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Access to financing

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

NAMIBIA

GDP/CAPITA (MARKET PRICES)

US$5,727

(8 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

4.2 (24 out of 54)

GDP (PURCHASING POWER)

US$27.1bn

(34 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

2.7%

(41 out of 54)

OPERATING ENVIRONMENT SCORE

5.2 (8 out of 54)

CAPITAL

Windhoek

BUSINESS LANGUAGE

English

POPULATION (MILLIONS)

2.4 *(40 out of 54)*

PRIMARY EXPORT

Cultured pearls, precious or semi-precious stones

PRIMARY EXPORT DESTINATION

South Africa

PRIMARY IMPORT

Consumer goods

PRIMARY IMPORT SOURCE

South Africa

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Access to financing

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

RMB

NIGER

GDP/CAPITA (MARKET PRICES)

US$477

(46 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

4.1 (27 out of 54)

GDP (PURCHASING POWER)

US$23.5bn

(36 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

6.9%

(4 out of 54)

OPERATING ENVIRONMENT SCORE

3.7 (30 out of 54)

CAPITAL

Niamey

BUSINESS LANGUAGE

French

POPULATION (MILLIONS)

19.3 *(20 out of 54)*

PRIMARY EXPORT

Uranium

PRIMARY EXPORT DESTINATION

Thailand

PRIMARY IMPORT

Capital goods

PRIMARY IMPORT SOURCE

France

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

NIGERIA

GDP/CAPITA (MARKET PRICES)

US$2,049

(20 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

5.6 (8 out of 54)

GDP (PURCHASING POWER)

US$1,168.5bn

(2 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

2.5%

(43 out of 54)

OPERATING ENVIRONMENT SCORE

3.9 (26 out of 54)

CAPITAL

Abuja

BUSINESS LANGUAGE

English

POPULATION (MILLIONS)

193.9 *(1 out of 54)*

PRIMARY EXPORT

Crude petroleum

PRIMARY EXPORT DESTINATION

US

PRIMARY IMPORT

Manufactured goods

PRIMARY IMPORT SOURCE

China

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Inadequate supply of infrastructure

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

RMB

RWANDA

GDP/CAPITA (MARKET PRICES)

US$791

(39 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

5.8 (5 out of 54)

GDP (PURCHASING POWER)

US$27.4bn

(33 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

7.9%

(2 out of 54)

OPERATING ENVIRONMENT SCORE

6.6 (2 out of 54)

CAPITAL

Kigali

BUSINESS LANGUAGE

French and English

POPULATION (MILLIONS)

12.0 *(28 out of 54)*

PRIMARY EXPORT

Cassiterite (tin ore)

PRIMARY EXPORT DESTINATION

DRC

PRIMARY IMPORT

Consumption goods

PRIMARY IMPORT SOURCE

China

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Access to financing

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

RMB

SÃO TOMÉ AND PRÍNCIPE

GDP/CAPITA (MARKET PRICES)

US$2,063

(19 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

2.9 (43 out of 54)

GDP (PURCHASING POWER)

US$0.7bn

(54 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

4.8%

(28 out of 54)

OPERATING ENVIRONMENT SCORE

3.7 (29 out of 54)

CAPITAL

São Tomé

BUSINESS LANGUAGE

Portuguese

POPULATION (MILLIONS)

0.2 *(52 out of 54)*

PRIMARY EXPORT

Cocoa

PRIMARY EXPORT DESTINATION

Netherlands

PRIMARY IMPORT

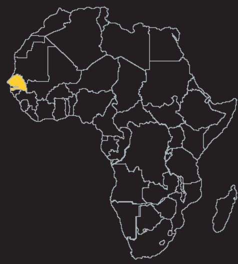
Commodities

PRIMARY IMPORT SOURCE

Egypt

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

SENEGAL



GDP/CAPITA (MARKET PRICES)

US$1,474

(25 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

5.3 (12 out of 54)

GDP (PURCHASING POWER)

US$59.5bn

(19 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

8.2%

(1 out of 54)

OPERATING ENVIRONMENT SCORE

4.4 (17 out of 54)

CAPITAL

Dakar

BUSINESS LANGUAGE

French

POPULATION (MILLIONS)

16.3 *(23 out of 54)*

PRIMARY EXPORT

Petroleum products

PRIMARY EXPORT DESTINATION

Switzerland

PRIMARY IMPORT

Fuels

PRIMARY IMPORT SOURCE

France

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Access to financing

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

RMB

SEYCHELLES

GDP/CAPITA (MARKET PRICES)

US$16,472

(1 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

4.1 (28 out of 54)

GDP (PURCHASING POWER)

US$2.9bn

(52 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

3.7%

(36 out of 54)

OPERATING ENVIRONMENT SCORE

5.9 (4 out of 54)

CAPITAL

Victoria

BUSINESS LANGUAGE

English and French

POPULATION (MILLIONS)

0.1 *(53 out of 54)*

PRIMARY EXPORT

Canned tuna

PRIMARY EXPORT DESTINATION

France

PRIMARY IMPORT

Machinery and transport equipment

PRIMARY IMPORT SOURCE

UAE

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Access to financing

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

RMB

SIERRA LEONE

GDP/CAPITA (MARKET PRICES)

US$516

(45 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

3.4 (39 out of 54)

GDP (PURCHASING POWER)

US$12.3bn

(41 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

5.2%

(19 out of 54)

OPERATING ENVIRONMENT SCORE

3.3 (38 out of 54)

CAPITAL

Freetown

BUSINESS LANGUAGE

English

POPULATION (MILLIONS)

7.6 *(33 out of 54)*

PRIMARY EXPORT

Diamonds

PRIMARY EXPORT DESTINATION

Liberia

PRIMARY IMPORT

Food

PRIMARY IMPORT SOURCE

China

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Access to financing

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

RMB

SOMALIA

GDP/CAPITA (MARKET PRICES)

n/a

(54 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

2.1 (53 out of 54)

GDP (PURCHASING POWER)

US$21.2bn

(37 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

3.5%

(38 out of 54)

OPERATING ENVIRONMENT SCORE

1.0 (52 out of 54)

CAPITAL

Mogadishu

BUSINESS LANGUAGE

English

POPULATION (MILLIONS)

14.7 *(54 out of 54)*

PRIMARY EXPORT

Textile and footware

PRIMARY EXPORT DESTINATION

UAE

PRIMARY IMPORT

Machinery, equipment and spare parts

PRIMARY IMPORT SOURCE

Djibouti

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

SOUTH AFRICA

GDP/CAPITA (MARKET PRICES)

US$6,377

(7 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

6.2 (3 out of 54)

GDP (PURCHASING POWER)

US$789.4bn

(3 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

1.7%

(48 out of 54)

OPERATING ENVIRONMENT SCORE

5.5 (6 out of 54)

CAPITAL

Pretoria

BUSINESS LANGUAGE

English

POPULATION (MILLIONS)

57.7 *(5 out of 54)*

PRIMARY EXPORT

Mineral products

PRIMARY EXPORT DESTINATION

China

PRIMARY IMPORT

Machinery

PRIMARY IMPORT SOURCE

China

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Corruption

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

SOUTH SUDAN

GDP/CAPITA (MARKET PRICES)

US$303

(53 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

2.5 (50 out of 54)

GDP (PURCHASING POWER)

US$19.5bn

(38 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

6.4%

(8 out of 54)

OPERATING ENVIRONMENT SCORE

0.8 (54 out of 54)

CAPITAL

Juba

BUSINESS LANGUAGE

English

POPULATION (MILLIONS)

13.0 ***(26 out of 54)***

PRIMARY EXPORT

Mineral fuels and oils

PRIMARY EXPORT DESTINATION

China

PRIMARY IMPORT

Vehicles

PRIMARY IMPORT SOURCE

UAE

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

SUDAN

GDP/CAPITA (MARKET PRICES)

US$808

(38 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

3.6 (36 out of 54)

GDP (PURCHASING POWER)

US$177.7bn

(9 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

0.1%

(53 out of 54)

OPERATING ENVIRONMENT SCORE

2.6 (47 out of 54)

CAPITAL

Khartoum

BUSINESS LANGUAGE

Arabic and English

POPULATION (MILLIONS)

42.0 *(9 out of 54)*

PRIMARY EXPORT

Oil

PRIMARY EXPORT DESTINATION

UAE

PRIMARY IMPORT

Machinery and equipment

PRIMARY IMPORT SOURCE

Macau

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Dealing with construction permits

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

TANZANIA

GDP/CAPITA (MARKET PRICES)

US$1,134

(29 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

5.2 (15 out of 54)

GDP (PURCHASING POWER)

US$175.8bn

(11 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

4.5%

(30 out of 54)

OPERATING ENVIRONMENT SCORE

4.2 (19 out of 54)

CAPITAL

Dodoma

BUSINESS LANGUAGE

English

POPULATION (MILLIONS)

51.0 *(6 out of 54)*

PRIMARY EXPORT

Minerals

PRIMARY EXPORT DESTINATION

South Africa

PRIMARY IMPORT

Capital goods

PRIMARY IMPORT SOURCE

China

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Access to financing

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

RMB

TOGO

GDP/CAPITA (MARKET PRICES)

US$670

(44 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

3.6 (35 out of 54)

GDP (PURCHASING POWER)

US$14bn

(40 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

5.3%

(18 out of 54)

OPERATING ENVIRONMENT SCORE

3.6 (33 out of 54)

CAPITAL

Lomé

BUSINESS LANGUAGE

French

POPULATION (MILLIONS)

8.0 *(32 out of 54)*

PRIMARY EXPORT

Textile and footware

PRIMARY EXPORT DESTINATION

Burkina Faso

PRIMARY IMPORT

Machinery, equipment and spare parts

PRIMARY IMPORT SOURCE

China

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

TUNISIA

GDP/CAPITA (MARKET PRICES)

US$3,423

(13 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

5.5 (10 out of 54)

GDP (PURCHASING POWER)

US$144.2bn

(12 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

3.6%

(37 out of 54)

OPERATING ENVIRONMENT SCORE

5.3 (7 out of 54)

CAPITAL

Tunis

BUSINESS LANGUAGE

French and English

POPULATION (MILLIONS)

11.7 *(29 out of 54)*

PRIMARY EXPORT

Electrical machinery and equipment

PRIMARY EXPORT DESTINATION

France

PRIMARY IMPORT

Mineral fuels

PRIMARY IMPORT SOURCE

France

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Inefficient government bureaucracy

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

UGANDA

GDP/CAPITA (MARKET PRICES)

US$724

(43 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

5.3 (14 out of 54)

GDP (PURCHASING POWER)

US$97bn

(14 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

6.3%

(9 out of 54)

OPERATING ENVIRONMENT SCORE

4.1 (21 out of 54)

CAPITAL

Kampala

BUSINESS LANGUAGE

English

POPULATION (MILLIONS)

38.8 ***(10 out of 54)***

PRIMARY EXPORT

Gold

PRIMARY EXPORT DESTINATION

Kenya

PRIMARY IMPORT

Machinery, equipment and vehicles

PRIMARY IMPORT SOURCE

China

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Tax rates

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

ZAMBIA

GDP/CAPITA (MARKET PRICES)

US$1,417

(26 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

4.7 (17 out of 54)

GDP (PURCHASING POWER)

US$72.9bn

(17 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

2.8%

(40 out of 54)

OPERATING ENVIRONMENT SCORE

4.7 (13 out of 54)

CAPITAL

Lusaka

BUSINESS LANGUAGE

English

POPULATION (MILLIONS)

17.8 *(22 out of 54)*

PRIMARY EXPORT

Copper

PRIMARY EXPORT DESTINATION

Switzerland

PRIMARY IMPORT

Capital goods

PRIMARY IMPORT SOURCE

South Africa

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Access to financing

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

ZIMBABWE

GDP/CAPITA (MARKET PRICES)

US$1,712

(22 out of 54)

RMB INVESTMENT ATTRACTIVENESS SCORE

3.5 (37 out of 54)

GDP (PURCHASING POWER)

US$42.5bn

(22 out of 54)

GDP (AVERAGE ANNUAL GROWTH 2019-2024)

2.4%

(44 out of 54)

OPERATING ENVIRONMENT SCORE

3.1 (41 out of 54)

CAPITAL

Harare

BUSINESS LANGUAGE

English

POPULATION (MILLIONS)

15.3 *(24 out of 54)*

PRIMARY EXPORT

Tobacco

PRIMARY EXPORT DESTINATION

China

PRIMARY IMPORT

Machinery and transport equipment

PRIMARY IMPORT SOURCE

South Africa

MOST PROBLEMATIC FACTOR FOR DOING BUSINESS

Policy instability

Note: Population, GDP/capita and GDP (PPP) are 2018 statistics.
Source: WEF, World Bank, EIU, IMF, UN Comtrade, RMB Global Markets

APPENDICES 09

Table A1: RMB Investment Attractiveness Rankings and subcomponents

	Investment attractiveness					
	Score 1 = poor 10 = good	Ranking Africa 1 = best 54 = worst	Ranking World 1 = best 198 = worst	Market size US$bn PPP[1]	Market growth % p.a.	Operating environment 1 = poor 10 = good
Africa						
Algeria	5.2	16	98	684.6	1.2	3.8
Angola	4.4	21	125	203.8	2.7	2.9
Benin	4.3	23	130	30.0	6.5	4.0
Botswana	5.3	13	92	44.4	4.3	6.0
Burkina Faso	4.6	19	117	41.9	6.0	4.1
Burundi	2.3	52	181	8.4	0.5	2.9
Cabo Verde	4.0	30	141	4.3	5.0	5.0
Cameroon	4.6	18	116	101.1	5.0	3.4
CAR	2.7	46	174	3.9	4.7	2.6
Chad	3.4	38	157	32.1	4.8	2.7
Comoros	2.5	48	176	1.5	3.1	3.2
Congo	2.5	49	177	32.5	0.5	2.1
Côte d’Ivoire	5.8	7	73	117	6.9	4.9
Djibouti	3.7	34	147	4.3	6.1	4.2
DRC	4.0	31	142	77.4	3.9	2.8
Egypt	6.5	1	42	1,391.7	5.9	4.5
Equatorial Guinea	2.1	54	188	29.2	-3.5	2.1
Eritrea	2.6	47	175	10.6	4.3	2.1
Eswatini	3.3	42	163	12.3	1.2	4.4
Ethiopia	5.6	9	82	240.7	7.2	3.7
Gabon	3.8	33	146	39.9	4.1	3.3
Gambia	3.4	40	160	6.5	4.6	3.9
Ghana	5.8	6	69	211.1	5.4	4.8
Guinea	4.1	26	135	33.1	5.5	3.7
Guinea-Bissau	2.7	45	172	3.6	5.0	2.6

	Investment attractiveness					
	Score 1 = poor 10 = good	Ranking Africa 1 = best 54 = worst	Ranking World 1 = best 198 = worst	Market size US$bn PPP[1]	Market growth % p.a.	Operating environment 1 = poor 10 = good
Kenya	5.9	4	57	191	6.0	5.1
Lesotho	3.4	41	161	7.3	2.3	4.5
Liberia	2.5	51	179	6.5	0.9	3.3
Libya	2.7	44	171	79.3	1.9	1.0
Madagascar	4.1	29	140	45.9	5.0	3.2
Malawi	4.1	25	134	25.0	5.6	4.2
Mali	4.4	20	122	47.2	4.9	3.9
Mauritania	3.9	32	143	19.6	6.9	3.6
Mauritius	5.4	11	86	31.7	4.0	6.9
Morocco	6.3	2	47	330.4	4.1	5.8
Mozambique	4.3	22	128	41.5	6.2	3.5
Namibia	4.2	24	131	28	2.7	5.2
Niger	4.1	27	137	25.5	6.9	3.7
Nigeria	5.6	8	80	1,214.8	2.5	3.9
Rwanda	5.8	5	65	30.1	7.9	6.6
São Tomé and Príncipe	2.9	43	169	0.8	4.2	3.7
Senegal	5.3	12	89	64.8	8.2	4.4
Seychelles	4.1	28	138	3.1	3.7	5.9
Sierra Leone	3.4	39	158	13.2	5.2	3.3
Somalia	2.1	53	185	22.3	3.5	1.0
South Africa	6.2	3	52	813.1	1.7	5.5
South Sudan	2.5	50	178	21.6	6.4	0.8
Sudan	3.6	36	151	176.7	-0.1	2.6
Tanzania	5.2	15	97	186.1	4.5	4.2
Togo	3.6	35	150	14.9	5.3	3.6

	Investment attractiveness					
	Score 1 = poor 10 = good	Ranking Africa 1 = best 54 = worst	Ranking World 1 = best 198 = worst	Market size US$bn PPP[1]	Market growth % p.a.	Operating environment 1 = poor 10 = good
Tunisia	5.5	10	84	150.8	3.6	5.3
Uganda	5.3	14	93	104.9	6.3	4.1
Zambia	4.7	17	114	76.5	2.8	4.7
Zimbabwe	3.5	37	156	0	2.4	3.1
Developed economies						
Germany	7.9	-	4	4,467.2	1.3	8.1
Japan	7.6	-	13	5,749.6	0.6	7.7
UK	8.0	-	2	3,128.2	1.5	8.5
US	8.1	-	1	21,344.7	2.0	8.1
Emerging Asia						
China	7.7	-	8	27,331.2	5.9	6.2
Hong Kong	7.7	-	9	502.4	3.0	8.7
India	7.6	-	11	11,468.0	7.6	5.5
Indonesia	7.3	-	19	3,743.2	5.3	5.8
Malaysia	7.6	-	12	1,064.6	4.8	7.2
Pakistan	5.8	-	68	1,195.5	2.7	4.2
Philippines	6.8	-	35	1,032.3	6.7	4.9
Singapore	7.9	-	3	589.2	2.5	8.9
South Korea	7.7	-	7	2,229.8	2.8	7.7
Taiwan	7.6	-	10	1,305.7	2.4	7.8
Thailand	7.1	-	26	1,390.5	3.5	6.5
Vietnam	5.7	-	156	769.9	6.5	3.1

	Investment attractiveness					
	Score	Ranking Africa	Ranking World	Market size	Market growth	Operating environment
	1 = poor 10 = good	1 = best 54 = worst	1 = best 198 = worst	US$bn PPP[1]	% p.a.	1 = poor 10 = good
Emerging Europe and Middle East						
Bulgaria	5.8	-	63	170.7	2.9	6.1
Czech Republic	6.9	-	32	414.6	2.6	7.1
Hungary	6.2	-	49	328.9	2.6	6.2
Israel	6.8	-	34	354.6	3.1	7.1
Poland	7.3	-	23	1,281.0	3.0	7.0
Romania	6.6	-	40	541.8	3.0	6.3
Russia	6.7	-	37	4,357.8	1.6	5.7
Turkey	6.9	-	31	2 274.1	2.2	6.1
Emerging Latin America						
Argentina	5.9	-	58	920.2	2.5	4.7
Brazil	6.3	-	46	3,495.6	2.2	4.7
Chile	7.0	-	28	507.0	3.1	7.1
Colombia	6.6	-	39	784.7	3.7	5.8
Mexico	6.8	-	36	2,658.0	2.3	5.7
Peru	6.4	-	45	483.9	3.9	5.7

Note:
1. PPP: Purchasing Power Parity

Source: IMF, RMB Global Markets

Table A2: Investment attractiveness scores over time (1 = poor; 10 = good)

	2000	2005	2010	2013	2014	2015	2016	2017	2018	2019
Africa										
Algeria	6.3	5.5	5.5	5.2	5.5	5.6	5.5	5.2	5.1	5.2
Angola	4.2	4.6	4.7	4.6	4.8	4.7	4.5	4.1	4.5	4.4
Benin	5.0	4.0	3.8	3.6	3.7	3.9	4.2	4.2	4.3	4.3
Botswana	5.6	5.6	5.7	5.5	5.6	5.2	5.4	5.4	5.3	5.3
Burkina Faso	4.8	4.3	4.3	4.5	4.5	4.3	4.5	4.6	4.6	4.6
Burundi	2.9	3.6	2.8	2.9	3.2	3.3	3.3	2.5	2.4	2.3
Cabo Verde	4.2	4.2	3.0	3.3	3.6	3.8	3.8	3.8	3.8	4.0
Cameroon	6.8	6.7	6.5	5.6	4.4	4.5	4.6	4.5	4.7	4.6
CAR	-	3.5	3.0	3.3	2.4	2.6	2.6	2.7	2.4	2.7
Chad	4.0	4.4	3.1	3.6	4.2	3.7	3.4	3.2	3.5	3.4
Comoros	-	-	2.0	2.3	2.4	2.5	2.6	2.7	2.5	2.5
Congo	3.5	3.6	3.1	3.6	3.4	3.3	3.0	2.9	2.4	2.5
Côte d'Ivoire	5.3	3.8	4.4	4.6	4.8	5.1	5.6	5.5	5.5	5.8
Djibouti	3.3	3.7	3.0	2.9	3.2	3.4	3.4	3.1	3.2	3.7
DRC	3.1	3.6	3.6	3.6	4.1	4.1	4.0	4.1	4.0	4.0
Egypt	6.0	5.9	6.4	6.2	5.8	6.2	6.2	6.4	6.4	6.5
Equatorial Guinea	4.5	5.4	2.6	2.3	2.2	2.3	2.2	2.4	2.3	2.1
Eritrea	-	2.3	2.4	1.9	2.0	2.5	2.9	3.0	3.0	2.6
Eswatini	4.5	4.1	4.3	2.9	3.3	3.4	3.6	3.5	3.4	3.3
Ethiopia	5.4	4.6	5.6	5.4	5.6	5.7	5.6	5.7	5.8	5.6
Gabon	5.1	4.0	3.6	4.3	4.5	4.6	4.3	4.1	4.1	3.8
Gambia	3.8	3.3	3.5	3.7	3.5	3.6	3.1	3.1	3.3	3.4
Ghana	5.0	5.1	5.9	6.0	6.0	5.9	5.7	5.7	5.5	5.8
Guinea	4.7	4.4	2.9	3.8	3.8	3.5	3.6	3.2	3.8	4.1
Guinea-Bissau	2.3	2.8	2.1	2.5	2.2	2.3	2.6	2.7	2.7	2.7
Kenya	4.7	4.5	5.3	5.2	5.3	5.4	5.7	5.7	5.7	5.9
Lesotho	3.6	3.8	3.2	3.2	3.6	3.8	3.7	3.7	3.4	3.4

	2000	2005	2010	2013	2014	2015	2016	2017	2018	2019
Liberia	-	-	3.3	3.5	3.7	3.3	3.4	3.3	3.2	2.5
Libya	4.4	4.3	5.0	5.4	4.6	4.6	4.5	4.4	3.6	2.7
Madagascar	4.7	4.3	4.1	4.0	4.0	4.2	4.2	4.2	4.3	4.1
Malawi	4.2	3.4	4.1	3.9	3.9	3.6	3.8	3.9	4.0	4.1
Mali	4.8	4.3	3.8	3.9	3.8	4.1	4.5	4.5	4.4	4.4
Mauritania	3.7	5.1	3.6	3.8	3.7	3.5	3.3	3.4	3.6	3.9
Mauritius	5.0	4.6	5.4	5.5	5.4	5.2	5.3	5.2	5.4	5.4
Morocco	5.8	5.3	5.8	5.8	5.9	6.2	6.0	6.1	6.1	6.3
Mozambique	4.6	4.5	4.2	4.7	4.8	4.8	4.8	4.6	3.9	4.3
Namibia	4.7	4.3	4.4	4.5	4.4	4.8	4.9	4.6	4.3	4.2
Niger	3.9	3.4	3.4	3.5	3.9	3.8	3.9	3.9	3.8	4.1
Nigeria	5.1	5.3	6.0	6.2	6.2	5.9	5.7	5.3	5.5	5.6
Rwanda	3.2	4.2	4.7	5.2	5.5	5.4	5.4	5.5	5.7	5.8
São Tomé and Príncipe	-	-	2.4	3.2	2.7	3.0	3.1	3.1	3.0	2.9
Senegal	4.6	4.5	4.2	4.1	4.2	4.5	5.0	5.0	5.1	5.3
Seychelles	-	2.5	3.1	3.8	3.8	3.8	3.8	3.9	3.9	4.1
Sierra Leone	2.6	3.7	3.1	4.0	3.9	3.3	3.5	3.9	3.7	3.4
Somalia	-	-	-	-	-	-	-	-	-	2.1
South Africa	6.5	6.4	6.9	6.7	6.6	6.5	6.3	6.3	6.2	6.2
South Sudan	-	-	-	-	2.8	2.5	2.3	1.7	1.1	2.5
Sudan	5.4	4.4	4.0	3.5	3.7	3.7	3.8	4.3	4.2	3.6
Tanzania	4.5	5.1	6.1	5.3	5.3	5.5	5.5	5.6	5.6	5.2
Togo	4.0	3.6	3.8	3.1	3.2	3.5	3.6	3.6	3.4	3.6
Tunisia	6.0	5.7	6.0	5.9	5.8	5.7	5.5	5.5	5.4	5.5
Uganda	4.6	4.8	6.0	5.0	5.1	4.9	5.2	5.4	5.3	5.3
Zambia	3.9	4.0	4.1	5.1	5.1	5.3	5.1	5.0	5.1	4.7
Zimbabwe	4.2	2.2	2.5	2.9	2.9	3.2	3.4	3.0	3.7	3.5

	2000	2005	2010	2013	2014	2015	2016	2017	2018	2019
Developed economies										
Germany	7.7	7.5	7.5	7.7	7.7	7.8	7.9	7.9	7.9	7.9
Japan	7.2	7.2	7.7	7.6	7.5	7.6	7.5	7.5	7.5	7.6
UK	8.1	8.1	6.8	7.8	7.9	7.9	8.0	8.0	7.9	8.0
US	8.1	8.0	7.1	8.1	8.1	8.1	8.1	8.1	8.1	8.1
Emerging Asia										
China	6.9	7.0	7.6	7.5	7.3	7.3	7.4	7.5	7.5	7.7
Hong Kong	7.6	7.7	7.7	7.9	7.8	7.6	7.6	7.6	7.7	7.7
India	6.3	6.5	7.0	6.8	6.9	7.1	7.3	7.3	7.5	7.6
Indonesia	5.4	5.9	6.4	6.6	6.7	6.9	7.0	7.2	7.3	7.3
Malaysia	6.6	6.6	7.0	7.4	7.5	7.5	7.6	7.6	7.6	7.6
Pakistan	5.7	5.8	6.3	5.8	6.3	6.4	6.1	6.2	6.0	5.8
Philippines	6.0	5.6	5.6	6.1	6.5	6.8	6.8	7.0	6.8	6.8
Singapore	8.0	7.8	7.6	7.9	7.9	7.8	7.7	7.8	7.8	7.9
South Korea	6.8	6.9	7.5	7.6	7.7	7.7	7.6	7.6	7.6	7.7
Taiwan	7.3	7.0	6.3	7.6	7.6	7.7	7.5	7.5	7.4	7.6
Thailand	6.0	6.5	5.9	7.1	7.0	7.0	6.8	6.9	7.1	7.1
Vietnam	5.2	5.6	6.1	6.0	6.2	6.5	6.6	6.7	6.8	5.7
Emerging Europe and Middle East										
Bulgaria	4.6	5.7	5.7	5.6	5.6	5.6	5.8	5.8	5.8	5.8
Czech Republic	6.2	6.0	6.2	6.2	6.1	6.4	6.6	6.6	6.8	6.9
Hungary	6.2	6.0	6.1	5.9	6.0	6.0	6.1	6.2	6.2	6.2
Israel	6.6	6.1	6.7	6.7	6.7	6.6	6.6	6.7	6.7	6.8
Poland	6.6	6.1	6.7	6.9	7.1	7.2	7.4	7.3	7.3	7.3
Romania	5.0	5.7	6.2	6.0	6.1	6.4	6.7	6.7	6.7	6.6
Russia	5.6	6.3	6.0	6.3	6.2	6.1	6.3	6.7	6.7	6.7
Turkey	6.5	6.0	6.5	6.9	6.8	6.9	6.9	6.9	7.0	6.9

	2000	2005	2010	2013	2014	2015	2016	2017	2018	2019
Emerging Latin America										
Argentina	6.3	5.4	5.7	5.8	5.5	5.3	5.6	5.9	5.9	5.9
Brazil	6.5	6.4	6.3	6.5	6.4	6.2	6.0	6.1	6.2	6.3
Chile	7.2	7.3	7.1	7.3	7.2	7.1	6.9	6.8	6.9	7.0
Colombia	5.8	6.0	6.7	6.8	6.8	6.8	6.7	6.7	6.6	6.6
Mexico	6.5	6.4	6.9	6.9	7.0	7.2	7.0	6.8	6.8	6.8
Peru	6.2	5.7	6.7	6.9	6.8	6.6	6.4	6.4	6.4	6.4

Source: RMB Global Markets

Table A3: Long-term real GDP forecasts (2019-2024)

	IMF	GI	BMI	Average Growth	Standard deviation
Africa					
Algeria	1.23	1.71	1.73	1.56	0.28
Angola	2.69	1.70	2.37	2.25	0.51
Benin	6.51	6.34	4.92	5.92	0.87
Botswana	4.26	4.15	4.25	4.22	0.06
Burkina Faso	6.01	5.01	6.28	5.76	0.67
Burundi	0.49	2.06	2.65	1.73	1.12
Cameroon	4.98	4.79	5.37	5.04	0.29
Cabo Verde	5.01	4.32	3.33	4.22	0.84
CAR	5.01	4.50	5.20	4.90	0.36
Chad	4.83	3.40	1.58	3.27	1.63
Comoros	3.10	3.60	-	3.35	0.35
Congo	2.05	2.85	2.27	2.39	0.41
Côte d’Ivoire	6.89	5.40	6.57	6.29	0.78
Djibouti	6.12	4.89	3.32	4.77	1.40
DRC	4.57	4.36	5.03	4.66	0.34
Egypt	5.90	4.77	4.88	5.19	0.62
Equatorial Guinea	-3.51	-3.03	0.33	-2.07	2.09
Eritrea	4.29	3.24	4.73	4.09	0.77
Eswatini	1.16	1.73	1.65	1.51	0.31
Ethiopia	7.21	7.60	7.87	7.56	0.33
Gabon	4.06	3.65	2.13	3.28	1.02
Gambia	5.01	4.75	5.08	4.95	0.17
Ghana	5.39	5.24	6.57	5.73	0.73
Guinea	5.54	5.07	5.25	5.28	0.24
Guinea-Bissau	5.00	4.05	4.68	4.58	0.48
Kenya	6.05	5.50	5.20	5.58	0.43
Lesotho	2.29	2.15	2.48	2.31	0.17
Liberia	0.87	2.37	3.87	2.37	1.50
Libya	1.94	4.11	5.53	3.86	1.81

	IMF	GI	BMI	Average Growth	Standard deviation
Madagascar	5.01	4.06	4.92	4.66	0.52
Malawi	5.58	4.69	4.93	5.07	0.46
Mali	4.85	4.31	4.82	4.66	0.31
Mauritania	6.90	5.55	4.62	5.69	1.15
Mauritius	3.97	3.85	4.05	3.96	0.10
Morocco	4.05	3.48	3.53	3.69	0.32
Mozambique	6.18	5.57	5.65	5.80	0.33
Namibia	2.73	2.17	2.30	2.40	0.29
Niger	6.91	7.15	5.08	6.38	1.13
Nigeria	2.50	3.28	3.07	2.95	0.40
Rwanda	7.85	6.18	8.58	7.54	1.23
São Tomé and Príncipe	4.75	4.77	4.77	4.76	0.01
Senegal	8.23	6.03	6.70	6.99	1.13
Seychelles	3.70	3.19	3.77	3.55	0.32
Sierra Leone	5.21	4.81	4.78	4.93	0.24
Somalia	3.50	2.05	3.10	2.36	0.75
South Africa	1.65	1.69	2.18	1.84	0.30
South Sudan	6.43	2.96	6.08	5.16	1.91
Sudan	-0.12	2.37	3.53	1.93	1.87
Tanzania	4.53	5.37	5.77	5.22	0.63
Togo	5.32	5.07	4.38	4.93	0.49
Tunisia	3.63	3.63	2.52	3.26	0.64
Uganda	6.29	6.24	6.13	6.22	0.08
Zambia	2.76	3.66	3.23	3.22	0.45
Zimbabwe	2.42	3.63	2.02	2.69	0.84

	IMF	GI	BMI	Average Growth	Standard deviation
Developed economies					
Germany	1.27	1.28	1.57	1.37	0.17
Japan	0.59	0.75	0.45	0.59	0.15
UK	1.48	1.37	1.65	1.50	0.14
US	1.80	1.89	1.92	1.87	0.06
Emerging Asia					
China	5.87	5.88	5.73	5.83	0.08
Hong Kong	2.95	1.95	2.38	2.43	0.50
India	7.62	6.93	6.97	7.17	0.39
Indonesia	5.25	5.04	5.58	5.29	0.28
Malaysia	4.80	4.51	4.35	4.55	0.23
Pakistan	2.73	3.80	4.55	3.69	0.92
Philippines	6.68	5.81	6.12	6.20	0.44
Singapore	2.49	2.23	2.90	2.54	0.34
South Korea	2.82	2.09	2.37	2.43	0.37
Taiwan	2.35	1.88	2.62	2.28	0.37
Thailand	3.54	3.32	3.50	3.45	0.12
Vietnam	6.50	6.29	6.52	6.44	0.13
Emerging Europe					
Bulgaria	2.92	2.91	2.70	2.84	0.12
Czech Republic	2.61	2.56	2.52	2.56	0.04
Hungary	2.55	3.12	2.73	2.80	0.29
Israel	3.15	3.30	3.22	3.22	0.07
Poland	3.02	2.98	2.97	2.99	0.03
Romania	3.02	3.46	3.18	3.22	0.22
Russia	1.64	1.90	1.60	1.71	0.17
Turkey	2.16	1.66	2.30	2.04	0.33

	IMF	GI	BMI	Average Growth	Standard deviation
Emerging Latin America					
Argentina	2.47	0.64	2.43	1.85	1.04
Brazil	2.24	1.91	2.30	2.15	0.21
Chile	3.11	3.50	3.07	3.22	0.24
Colombia	3.68	2.55	3.48	3.24	0.60
Mexico	2.34	1.53	1.90	1.92	0.40
Peru	3.89	3.43	3.68	3.67	0.23

Source: IMF, BMI, IHS Global Insight, RMB Global Markets

Table A4: Operating environment scores (1 = poor; 10 = good)

	2000	2005	2010	2013	2014	2015	2016	2017	2018	2019
Africa										
Algeria	5.7	4.5	4.2	3.9	4.0	4.0	3.9	3.9	3.7	3.8
Angola	2.4	2.0	2.5	2.5	3.0	2.8	2.8	2.8	2.9	2.9
Benin	6.2	4.4	3.5	3.8	3.8	4.0	4.1	4.1	4.1	4.0
Botswana	6.3	6.2	6.5	6.6	6.6	6.4	6.4	6.4	6.2	6.0
Burkina Faso	5.6	4.4	4.0	4.1	4.0	4.1	4.2	4.3	4.2	4.1
Burundi	4.3	4.8	2.7	3.0	3.5	3.5	3.5	3.3	3.2	2.9
Cabo Verde	-	-	2.0	4.0	5.3	5.3	5.2	5.0	5.1	5.0
Cameroon	7.1	6.2	4.9	5.1	3.5	3.6	3.6	3.5	3.6	3.4
CAR	-	5.7	3.4	3.8	2.4	2.4	2.4	2.5	2.4	2.6
Chad	4.7	3.6	2.7	2.7	3.5	2.8	2.8	2.9	2.9	2.7
Comoros	-	-	2.6	3.0	3.2	3.1	3.2	3.3	3.2	3.2
Congo	4.1	3.5	2.1	2.4	2.3	2.5	2.4	2.2	2.1	2.1
Côte d’Ivoire	5.0	3.8	3.3	3.4	3.7	4.2	4.3	4.4	4.4	4.9
Djibouti	5.5	5.5	3.0	3.3	3.6	3.4	3.3	2.9	3.1	4.2
DRC	3.5	3.0	2.0	2.1	2.2	2.3	2.4	3.2	3.1	2.8
Egypt	4.2	4.8	4.7	4.5	4.2	4.4	4.4	4.4	4.3	4.5
Equatorial Guinea	4.6	5.3	2.5	2.5	2.5	2.3	2.4	2.5	2.5	2.1
Eritrea	-	2.6	2.2	2.1	2.0	2.8	3.0	3.0	3.0	2.1
Eswatini	6.3	5.9	4.4	4.4	4.6	5.0	5.1	5.1	4.8	4.4
Ethiopia	5.0	3.9	4.2	4.1	4.2	3.9	4.0	3.9	3.9	3.7
Gabon	5.8	4.4	3.3	3.9	4.0	4.2	4.1	4.0	4.0	3.3
Gambia	5.3	4.2	3.6	3.8	3.6	3.6	3.5	3.8	3.8	3.9
Ghana	4.6	4.6	5.0	5.7	5.7	5.1	5.0	4.9	4.7	4.8
Guinea	5.8	5.7	2.5	3.0	3.2	3.2	3.3	2.9	3.3	3.7
Guinea-Bissau	3.5	4.6	2.1	2.6	2.5	2.5	2.5	2.7	2.7	2.6
Kenya	4.0	4.2	4.5	4.3	4.3	4.2	4.5	4.7	4.9	5.1
Lesotho	4.8	5.4	4.0	4.1	4.4	4.8	4.7	4.8	4.7	4.5
Liberia	-	-	3.2	4.1	4.1	3.6	3.6	3.5	3.6	3.3
Libya	3.5	2.9	4.0	3.7	2.3	2.3	2.2	2.1	2.2	1.0

	2000	2005	2010	2013	2014	2015	2016	2017	2018	2019
Madagascar	5.4	4.6	4.2	4.1	4.0	3.8	3.7	3.6	3.6	3.2
Malawi	4.9	4.1	4.1	3.9	3.7	4.0	3.8	3.9	4.2	4.2
Mali	6.0	4.5	3.6	3.9	3.7	4.1	4.1	4.1	4.1	3.9
Mauritania	4.6	5.9	3.3	3.5	3.4	3.3	3.5	3.5	3.6	3.6
Mauritius	5.8	5.4	7.0	7.2	7.0	7.0	6.9	6.7	7.0	6.9
Morocco	5.2	4.7	4.5	5.1	5.2	5.4	5.4	5.6	5.6	5.8
Mozambique	4.4	4.1	3.8	3.8	4.0	4.1	4.0	3.7	3.6	3.5
Namibia	6.0	5.2	5.7	5.4	5.3	5.3	5.5	5.4	5.3	5.2
Niger	4.6	3.8	2.9	3.1	3.2	3.4	3.5	3.6	3.6	3.7
Nigeria	3.5	3.9	4.1	4.1	3.8	3.5	3.6	3.6	4.0	3.9
Rwanda	4.2	5.2	5.2	6.2	6.5	6.2	6.1	6.4	6.6	6.6
São Tomé and Príncipe	-	-	3.8	3.5	3.4	3.6	3.7	3.9	3.7	3.7
Senegal	4.6	4.4	3.8	3.9	3.9	4.3	4.4	4.4	4.5	4.4
Seychelles	-	4.4	4.5	5.6	5.7	5.3	5.6	5.6	5.6	5.9
Sierra Leone	4.4	3.4	3.0	3.6	3.7	3.7	3.7	3.7	3.6	3.3
Somalia	-	-	-	-	-	-	-	-	-	1.0
South Africa	5.7	5.7	6.3	6.2	6.1	5.8	5.8	5.8	5.7	5.5
South Sudan	-	-	-	-	0.8	0.8	0.8	0.6	0.6	0.8
Sudan	4.7	2.2	1.5	1.8	1.6	1.4	1.4	2.5	2.5	2.6
Tanzania	3.8	4.4	4.1	4.3	4.1	4.1	4.2	4.3	4.3	4.2
Togo	4.6	4.8	2.8	3.2	3.2	3.4	3.5	3.5	3.2	3.6
Tunisia	5.6	5.6	5.7	5.7	5.7	5.4	5.3	5.3	5.2	5.3
Uganda	4.0	4.6	4.4	4.4	4.1	4.1	4.3	4.4	4.4	4.1
Zambia	4.9	4.1	4.7	5.0	5.2	5.1	5.0	4.8	5.0	4.7
Zimbabwe	4.5	2.9	2.4	2.6	2.9	3.2	3.2	3.2	3.3	3.1

	2000	2005	2010	2013	2014	2015	2016	2017	2018	2019
Developed economies										
Germany	7.3	7.6	7.9	8.0	8.0	8.1	8.2	8.1	8.1	8.1
Japan	6.5	7.1	8.0	7.8	7.7	7.8	7.7	7.6	7.6	7.7
UK	8.2	8.3	8.1	8.1	8.1	8.2	8.3	8.3	8.4	8.5
US	7.6	7.7	8.3	8.1	8.1	8.2	8.2	8.2	8.2	8.1
Emerging Asia										
China	4.5	5.0	5.2	5.3	5.3	5.4	5.4	5.7	5.7	6.2
Hong Kong	8.3	8.5	9.0	8.9	8.8	8.7	8.7	8.6	8.6	8.7
India	3.8	4.7	4.4	4.5	4.6	4.5	4.7	4.7	5.2	5.5
Indonesia	3.6	4.4	4.4	4.6	4.8	4.9	5.1	5.4	5.7	5.8
Malaysia	5.9	6.1	6.7	7.0	7.2	7.2	7.2	7.1	7.1	7.2
Pakistan	3.9	4.2	4.6	4.4	4.3	4.0	4.1	4.0	4.0	4.2
Philippines	4.9	4.5	3.9	4.5	5.0	5.3	5.2	5.3	5.1	4.9
Singapore	8.9	8.6	8.9	8.9	8.9	8.8	8.8	8.8	8.8	8.9
South Korea	5.4	5.6	7.2	7.4	7.4	7.4	7.4	7.4	7.4	7.7
Taiwan	6.4	6.4	6.9	7.5	7.6	7.6	7.7	7.7	7.6	7.8
Thailand	4.9	5.5	6.4	6.4	6.4	6.1	6.1	6.1	6.4	6.5
Vietnam	3.5	3.7	4.6	4.7	4.7	4.9	5.0	5.1	5.3	3.1
Emerging Europe and Middle East										
Bulgaria	4.0	5.3	5.9	5.8	5.9	6.3	6.2	6.3	6.2	6.1
Czech Republic	5.7	5.7	6.1	6.2	6.1	6.8	6.9	7.0	7.0	7.1
Hungary	5.8	5.8	6.3	6.4	6.3	6.5	6.4	6.3	6.2	6.2
Israel	6.7	6.6	7.0	7.0	7.0	6.9	6.9	7.0	7.0	7.1
Poland	5.1	5.1	5.9	6.5	6.7	7.0	7.1	7.1	7.0	7.0
Romania	4.3	4.5	5.8	5.7	5.7	6.3	6.4	6.5	6.4	6.3
Russia	3.8	4.0	4.2	4.5	4.8	5.3	5.4	5.7	5.8	5.7
Turkey	5.0	4.6	5.7	5.9	6.1	6.1	5.9	5.8	5.9	6.1

	2000	2005	2010	2013	2014	2015	2016	2017	2018	2019
Emerging Latin America										
Argentina	5.0	4.4	4.3	4.3	4.1	4.3	4.2	4.5	4.5	4.7
Brazil	5.1	5.3	4.6	4.8	5.0	5.1	4.8	4.6	4.6	4.7
Chile	7.2	7.3	7.1	7.4	7.4	7.3	7.2	7.0	7.0	7.1
Colombia	4.6	5.1	6.0	6.0	6.1	6.1	6.0	6.0	5.9	5.8
Mexico	4.7	5.3	5.8	5.9	5.9	6.0	6.0	5.8	5.8	5.7
Peru	5.7	4.9	5.8	6.1	6.1	6.1	5.9	5.9	5.8	5.7

Source: RMB Global Markets

Table A5: Inputs into the composite operating environment scores

	Composite operating environment scores			Ease of Doing Business Index	Global Competitiveness Index	Index of Economic Freedom	Corruption Perceptions Index
	Score	**Ranking Africa**	**Ranking World**				
	1 = poor 10 = good	1 = best 54 = worst	1 = best 198 = worst	1 = best 198 = worst	1 = poor 10 = good	0 = poor 100 = good	0 = high 10 = low
Africa							
Algeria	3.8	27	143	157	5.4	46	3.5
Angola	2.9	42	169	173	3.7	51	1.9
Benin	4.0	23	137	153	4.4	55	4.0
Botswana	6.0	3	62	86	5.5	70	6.1
Burkina Faso	4.1	22	133	151	4.4	59	4.1
Burundi	2.9	43	170	168	3.8	49	1.7
Cameroon	3.4	35	158	166	4.5	52	2.5
Cabo Verde	5.0	10	102	131	5.0	63	5.7
CAR	2.6	46	176	183	-	49	2.6
Chad	2.7	45	173	181	3.6	50	1.9
Comoros	3.2	40	164	164	-	55	2.7
Congo	2.1	49	180	180	-	40	1.9
Côte d'Ivoire	4.9	11	107	122	4.8	62	-
Djibouti	4.2	18	125	99	-	47	3.1
DRC	2.8	44	172	184	3.8	50	2.0
Egypt	4.5	15	119	120	5.4	53	3.5
Equatorial Guinea	2.1	50	181	177	-	41	1.6
Eritrea	2.1	51	182	189	-	39	2.4
Eswatini	4.4	16	121	117	4.5	55	3.8
Ethiopia	3.7	28	145	159	4.4	54	3.4

	Composite operating environment scores			Ease of Doing Business Index	Global Competitiveness Index	Index of Economic Freedom	Corruption Perceptions Index
	Score	Ranking Africa	Ranking World				
	1 = poor 10 = good	1 = best 54 = worst	1 = best 198 = worst	1 = best 198 = worst	1 = poor 10 = good	0 = poor 100 = good	0 = high 10 = low
Gabon	3.3	36	159	169	-	56	3.1
Gambia	3.9	25	139	149	4.5	52	3.7
Ghana	4.8	12	109	114	5.1	58	4.1
Guinea	3.7	31	149	152	4.3	56	2.8
Guinea-Bissau	2.6	48	178	175	-	54	1.6
Kenya	5.1	9	101	61	5.4	55	2.7
Lesotho	4.5	14	116	106	4.2	53	4.1
Liberia	3.3	37	160	174	4.1	50	3.2
Libya	1.0	53	188	186	-	-	1.7
Madagascar	3.2	39	162	161	-	57	2.5
Malawi	4.2	20	128	111	4.2	51	3.2
Mali	3.9	24	138	145	4.4	58	3.2
Mauritania	3.6	32	150	148	4.1	56	2.7
Mauritius	6.9	1	37	20	6.4	73	5.1
Morocco	5.8	5	71	60	5.8	63	4.3
Mozambique	3.5	34	154	135	4.0	49	2.3
Namibia	5.2	8	94	107	5.3	59	5.3
Niger	3.7	30	148	143	-	52	3.4
Nigeria	3.9	26	141	146	4.8	57	2.7
Rwanda	6.6	2	42	29	5.1	71	5.6
São Tomé and Príncipe	2.9	4	29	147	-	-	-
Senegal	4.4	17	122	141	4.9	56	4.5

	Composite operating environment scores			Ease of Doing Business Index	Global Competitiveness Index	Index of Economic Freedom	Corruption Perceptions Index
	Score	**Ranking Africa**	**Ranking World**				
	1 = poor 10 = good	1 = best 54 = worst	1 = best 198 = worst	1 = best 198 = worst	1 = poor 10 = good	0 = poor 100 = good	0 = high 10 = low
Seychelles	5.9	4	69	96	5.8	61	6.6
Sierra Leone	3.3	38	161	163	3.9	48	3.0
Somalia	1.0	52	187	190	-	-	1.0
South Africa	5.5	6	88	82	6.1	58	4.3
South Sudan	0.8	54	190	185	-	-	1.3
Sudan	2.6	47	177	162	-	48	1.6
Tanzania	4.2	19	126	144	4.7	60	3.6
Togo	3.6	33	151	137	-	50	3.0
Tunisia	5.3	7	93	80	5.6	55	4.3
Uganda	4.1	21	131	127	4.7	60	2.6
Zambia	4.7	13	111	87	4.6	54	3.5
Zimbabwe	3.1	41	166	155	4.3	40	2.2
Developed economies							
Germany	8.1	-	13	24	8.3	73.5	8.0
Japan	7.7	-	21	39	8.2	72.1	7.3
UK	8.5	-	5	9	-	78.9	8.0
US	8.1	-	12	8	-	76.8	7.1
Emerging Asia							
China	6.2	-	55	46	7.3	58.4	3.9
Hong Kong	8.7	-	3	4	8.2	90.2	7.6
India	5.5	-	90	77	6.2	55.2	4.1

	Composite operating environment scores			Ease of Doing Business Index	Global Competitiveness Index	Index of Economic Freedom	Corruption Perceptions Index
	Score	Ranking Africa	Ranking World				
	1 = poor 10 = good	1 = best 54 = worst	1 = best 198 = worst	1 = best 198 = worst	1 = poor 10 = good	0 = poor 100 = good	0 = high 10 = low
Indonesia	5.8	-	74	73	6.5	65.8	3.8
Malaysia	7.2	-	28	15	7.4	74.0	4.7
Pakistan	4.2	-	127	136	5.1	55.0	3.3
Philippines	4.9	-	105	124	6.2	63.8	3.6
Singapore	8.9	-	1	2	8.3	89.4	8.5
South Korea	7.7	-	22	5	7.9	72.3	5.7
Taiwan	7.8	-	18	13	-	-	6.3
Thailand	6.5	-	47	27	6.8	68.3	3.6
Vietnam	3.1	-	166	69	-	55.3	3.3
Emerging Europe and Middle East							
Bulgaria	6.1	-	58	59	6.4	69.0	4.2
Czech Republic	7.1	-	29	35	7.1	73.7	5.9
Hungary	6.2	-	53	53	6.4	65.0	4.6
Israel	7.1	-	31	49	7.7	72.8	6.1
Poland	7.0	-	36	33	6.8	67.8	6.0
Romania	6.3	-	49	52	6.3	68.6	4.7
Russia	5.7	-	79	31	0.0	58.9	2.8
Turkey	6.1	-	56	43	6.2	64.6	4.1

	Composite operating environment scores			Ease of Doing Business Index	Global Competitiveness Index	Index of Economic Freedom	Corruption Perceptions Index
	Score	Ranking Africa	Ranking World				
	1 = poor 10 = good	1 = best 54 = worst	1 = best 198 = worst	1 = best 198 = worst	1 = poor 10 = good	0 = poor 100 = good	0 = high 10 = low
Emerging Latin America							
Argentina	4.7	-	112	119	5.7	52.2	4.0
Brazil	4.7	-	110	109	6.0	51.9	3.5
Chile	7.1	-	33	56	7.0	75.4	6.7
Colombia	5.8	-	73	65	6.2	67.3	3.6
Mexico	5.7	-	76	54	6.5	64.7	2.8
Peru	5.7	-	78	68	6.1	67.8	3.5

Source: RMB Global Markets, World Bank, WEF, Heritage Foundation, Transparency International

Table A6: Selected global competitiveness pillars

	Labour market efficiency	Financial market development (Financial System)	Technological readiness (ICT)	Business sophistication (Business Dynamism)	Innovation
	0 = worst 100 = best	0 = worst 100 = best	0 = worst 100 = best	0 = worst 100 = best	0 = worst 100 = best
Africa					
Algeria	43.98	47.84	47.19	51.32	29.90
Angola	43.48	40.05	27.38	34.48	16.78
Benin	50.59	43.80	19.99	52.71	26.70
Botswana	60.46	59.47	41.96	52.98	30.65
Burkina Faso	51.65	47.59	26.16	51.58	24.92
Burundi	44.47	42.19	18.43	48.81	23.83
Cameroon	51.90	44.95	21.98	50.33	29.15
Cabo Verde	57.64	57.28	48.06	43.95	21.44
CAR	-	-	-	-	-
Chad	42.00	38.72	12.77	28.61	21.56
Comoros	-	-	-	-	-
Congo	-	-	-	-	-
Côte d'Ivoire	52.11	48.96	38.91	55.27	28.33
Djibouti	-	-	-	-	-
DRC	57.82	43.55	17.14	40.46	18.85
Egypt	46.37	52.25	40.55	54.07	37.66
Equatorial Guinea	-	-	-	-	-
Eritrea	-	-	-	-	-
Eswatini	57.45	51.90	24.94	50.68	22.71
Ethiopia	54.57	46.00	16.04	47.86	26.51
Gabon	-	-	-	-	-
Gambia	54.50	49.64	28.33	47.85	30.41
Ghana	55.91	49.58	45.66	55.28	32.73
Guinea	46.51	49.59	21.04	59.42	31.79
Guinea-Bissau	-	-	-	-	-

	Labour market efficiency	Financial market development (Financial System)	Technological readiness (ICT)	Business sophistication (Business Dynamism)	Innovation
	0 = worst 100 = best	0 = worst 100 = best	0 = worst 100 = best	0 = worst 100 = best	0 = worst 100 = best
Kenya	59.93	57.76	30.21	60.17	36.51
Lesotho	59.92	48.46	33.54	50.05	23.66
Liberia	51.77	45.79	14.89	55.30	22.00
Libya	-	-	-	-	-
Madagascar	-	-	-	-	-
Malawi	58.19	47.65	22.98	47.38	28.58
Mali	46.57	45.56	26.67	51.64	29.31
Mauritania	42.84	38.95	27.72	38.67	25.46
Mauritius	58.33	77.72	62.07	66.47	38.28
Morocco	50.00	66.29	44.18	53.95	34.05
Mozambique	42.45	49.54	26.27	52.79	27.09
Namibia	63.71	65.75	37.30	49.65	34.06
Niger	-	-	-	-	-
Nigeria	58.51	44.08	26.24	55.43	31.41
Rwanda	62.14	54.88	27.15	60.58	27.26
São Tomé and Príncipe	-	-	-	-	-
Senegal	55.59	51.66	28.00	54.31	31.16
Seychelles	67.82	53.56	56.61	57.62	43.51
Sierra Leone	44.72	42.04	22.41	48.67	26.82
Somalia	-	-	-	-	-
South Africa	61.00	82.09	46.09	61.41	44.32
South Sudan	-	-	-	-	-
Sudan	-	-	-	-	-
Tanzania	54.83	48.85	18.27	52.70	27.17

	Labour market efficiency	Financial market development (Financial System)	Technological readiness (ICT)	Business sophistication (Business Dynamism)	Innovation
	0 = worst 100 = best	0 = worst 100 = best	0 = worst 100 = best	0 = worst 100 = best	0 = worst 100 = best
Togo	-	-	-	-	-
Tunisia	46.43	56.09	45.09	57.77	32.72
Uganda	59.80	48.47	24.50	55.55	29.78
Zambia	49.14	48.34	33.71	57.03	28.14
Zimbabwe	49.66	50.45	32.58	41.03	25.51
Developed economies					
Germany	74.11	80.21	69.27	81.59	87.52
Japan	71.07	86.44	87.41	75.74	79.29
UK	76.47	87.83	71.14	78.96	79.16
US	81.89	92.12	71.21	86.49	86.51
Emerging Asia					
China	59.32	71.93	71.49	64.58	64.43
Hong Kong	74.23	90.05	87.93	74.54	61.86
India	58.28	69.55	27.98	61.15	53.76
Indonesia	57.80	63.87	61.12	68.95	37.15
Malaysia	70.18	84.11	69.07	73.80	55.46
Pakistan	49.72	54.06	23.57	59.13	34.87
Philippines	64.47	67.94	54.77	65.79	37.23
Singapore	80.15	89.34	85.20	74.70	74.98
South Korea	62.41	81.36	91.26	71.64	78.22
Taiwan	71.42	87.90	77.87	72.35	80.77
Thailand	63.32	84.19	56.60	70.98	42.08
Vietnam	55.63	62.33	43.32	53.66	33.41

	Labour market efficiency	Financial market development (Financial System)	Technological readiness (ICT)	Business sophistication (Business Dynamism)	Innovation
	0 = worst 100 = best	0 = worst 100 = best	0 = worst 100 = best	0 = worst 100 = best	0 = worst 100 = best
Emerging Europe and Middle East					
Bulgaria	62.00	58.17	69.55	60.33	43.93
Czech Republic	62.95	67.48	65.75	70.17	57.32
Hungary	57.77	59.82	61.03	57.25	47.97
Israel	71.95	80.13	66.70	79.61	74.05
Poland	59.82	63.37	54.42	61.49	48.74
Romania	60.66	51.92	67.11	60.06	39.64
Russia	59.49	54.78	72.14	62.94	50.66
Turkey	51.23	59.87	53.55	57.18	44.01
Emerging Latin America					
Argentina	50.74	52.53	56.22	55.42	40.47
Brazil	51.03	63.15	55.59	52.44	47.84
Chile	63.24	80.29	61.26	64.32	41.25
Colombia	57.93	63.75	46.74	63.59	35.53
Mexico	54.39	60.79	51.28	65.52	42.71
Peru	58.85	60.45	43.94	54.51	31.94

Source: WEF

Table A7: Human development indicators (part 1)

	Human Development Index		Gender Inequality Index[1]	Poverty
	Rank out of 188	Average annual HDI growth 1990-2017 (%)	Rank out of 188	PPP US$1.90 a day as a % of population[2] (2006-2016)
Africa				
Algeria	85	1.0	100	1
Angola	147	-	-	30
Benin	163	1.5	146	50
Botswana	101	0.8	98	-
Burkina Faso	183	-	145	44
Burundi	185	1.3	114	72
Cameroon	151	0.9	141	24
Cabo Verde	125	-	-	-
CAR	188	0.5	156	66
Chad	186	-	158	38
Comoros	165	-	-	18
Congo	137	0.5	143	37
Côte d'Ivoire	170	0.9	155	28
Djibouti	172	-	-	23
DRC	176	0.9	152	77
Egypt	115	0.9	101	1
Equatorial Guinea	141	-	-	-
Eritrea	179	-	-	-
Eswatini	144	0.3	141	42
Ethiopia	173	-	121	27
Gabon	110	0.5	128	-
Gambia	174	1.2	149	10
Ghana	140	1.0	131	12
Guinea	175	1.9	-	35

	Human Development Index		Gender Inequality Index[1]	Poverty
	Rank out of 188	Average annual HDI growth 1990-2017 (%)	Rank out of 188	PPP US$1.90 a day as a % of population[2] (2006-2016)
Guinea-Bissau	177	-	-	67
Kenya	142	0.9	137	-
Lesotho	159	0.2	135	60
Liberia	181	-	154	39
Libya	108	0.2	38	-
Madagascar	161	-	-	78
Malawi	171	1.3	148	71
Mali	182	2.3	157	50
Mauritania	160	1.2	147	6
Mauritius	65	0.9	84	-
Morocco	123	1.4	119	3
Mozambique	180	2.8	138	63
Namibia	129	0.4	115	23
Niger	189	1.9	151	45
Nigeria	157	-	-	54
Rwanda	158	2.8	85	60
São Tomé and Príncipe	143	1.0	131	32
Senegal	164	1.2	124	38
Seychelles	62	-	-	-
Sierra Leone	184	1.6	150	52
Somalia	-	-	-	-
South Africa	114	0.5	90	19
South Sudan	187	-	-	43
Sudan	167	1.6	139	15

	Human Development Index		Gender Inequality Index[1]	Poverty
	Rank out of 188	Average annual HDI growth 1990-2017 (%)	Rank out of 188	PPP US$1.90 a day as a % of population[2] (2006-2016)
Tanzania	154	1.4	130	49
Togo	166	0.8	140	49
Tunisia	96	1.0	63	2
Uganda	162	1.9	126	36
Zambia	145	1.4	125	58
Zimbabwe	156	0.3	128	-
Developed economies				
Germany	5	0.6	14	-
Japan	19	0.4	22	-
UK	14	0.6	25	-
US	13	0.3	41	-
Emerging Asia				
China	86	1.5	36	1
Hong Kong	7	0.7	-	-
India	130	1.5	127	21
Indonesia	116	1.0	104	7
Malaysia	57	0.8	-	-
Pakistan	150	1.2	133	6
Philippines	113	0.7	97	8
Singapore	9	1.0	12	-
South Korea	23	0.8	10	-
Taiwan	-	-	-	-
Thailand	84	1.0	93	-
Vietnam	117	1.4	67	3

	Human Development Index		Gender Inequality Index[1]	Poverty
	Rank out of 188	Average annual HDI growth 1990-2017 (%)	Rank out of 188	PPP US$1.90 a day as a % of population[2] (2006-2016)
Emerging Europe and Middle East				
Bulgaria	51	0.6	46	-
Czech Republic	27	0.7	29	-
Hungary	45	0.6	54	-
Israel	22	0.5	21	-
Poland	33	0.7	32	-
Romania	52	0.5	68	-
Russia	49	0.4	53	-
Turkey	64	1.2	69	-
Emerging Latin America				
Argentina	47	0.6	81	-
Brazil	79	0.8	94	3
Chile	44	0.7	72	-
Colombia	90	0.9	87	5
Mexico	74	0.6	76	3
Peru	89	0.8	83	4

Note:
1. Gender Inequality Index: A composite measure reflecting inequality in achievement between women and men in three dimensions: reproductive health, empowerment and the labour market.
2. Percentage of the population living below the international poverty line US$1.90 (in purchasing power parity terms) a day.

Source: HDI

Table A7: Human development indicators (part 2)

	Poverty	Population	Health	Education	Labour
	Population in multidimensional poverty	Urban	Infant mortality rate	Gross enrollment ratio	Labour force participation
	2016 (headcount '000)	(% of population)	(per 1,000 live births)	2012-2017 (% of tertiary school-age population)	2017 (% ages 15 and older)
Africa					
Algeria	858	72	22	43	41
Angola	14,743	65	55	9	78
Benin	6,875	47	63	13	71
Botswana	-	69	33	23	72
Burkina Faso	15,665	29	53	6	67
Burundi	7,823	13	48	5	79
Cameroon	10,641	56	53	17	76
Cabo Verde	-	65	18	22	60
CAR	3,646	41	89	3	72
Chad	12,409	23	75	3	71
Comoros	297	29	55	9	43
Congo	2,072	67	39	9	70
Côte d'Ivoire	10,926	50	66	9	57
Djibouti	326	78	54	-	59
DRC	57,050	44	72	7	72
Egypt	4,992	43	19	34	48
Equatorial Guinea	-	72	66	-	59
Eritrea	-	40	33	2	81
Eswatini	263	24	52	5	54
Ethiopia	85,834	20	41	8	83
Gabon	298	89	34	-	51
Gambia	1,127	61	42	3	59
Ghana	8,158	55	41	16	77
Guinea	7,679	36	58	11	64

	Poverty	Population	Health	Education	Labour
	Population in multidimensional poverty	Urban	Infant mortality rate	Gross enrollment ratio	Labour force participation
	2016 (headcount '000)	(% of population)	(per 1,000 live births)	2012-2017 (% of tertiary school-age population)	2017 (% ages 15 and older)
Guinea-Bissau	1,224	43	58	-	72
Kenya	18,837	27	36	-	65
Lesotho	741	28	72	9	67
Liberia	2,994	51	51	12	56
Libya	124	80	11	-	53
Madagascar	19,366	37	34	5	87
Malawi	9,539	17	39	-	77
Mali	14,056	42	68	5	72
Mauritania	2,176	53	54	5	49
Mauritius	-	41	12	39	59
Morocco	6,550	62	23	32	49
Mozambique	20,913	36	53	7	79
Namibia	1,007	49	32	-	62
Niger	18,727	16	51	2	79
Nigeria	96,623	50	67	-	55
Rwanda	6,655	17	29	8	86
São Tomé and Príncipe	44	72	26	13	58
Senegal	8,389	47	34	11	57
Seychelles	-	56	12	21	-
Sierra Leone	5,657	42	83	-	58
Somalia	11,773	-	83	-	46
South Africa	4,604	66	34	20	55
South Sudan	11,242	19	59	-	72
Sudan	20,738	34	45	17	47
Tanzania	30,915	33	40	4	83

	Poverty	Population	Health	Education	Labour
	Population in multidimensional poverty	**Urban**	**Infant mortality rate**	**Gross enrollment ratio**	**Labour force participation**
	2016 (headcount '000)	(% of population)	(per 1,000 live births)	2012-2017 (% of tertiary school-age population)	2017 (% ages 15 and older)
Togo	3,679	41	51	12	78
Tunisia	151	69	12	33	47
Uganda	23,549	23	38	5	71
Zambia	8,856	43	44	4	75
Zimbabwe	5,602	32	40	8	84
Developed economies					
Germany	-	77	3	66	61
Japan	-	92	2	63	60
UK	-	83	4	57	62
US	-	82	6	-	62
Emerging Asia					
China	56,363	58	9	48	69
Hong Kong	-	100	-	-	60
India	364,225	34	35	27	54
Indonesia	18,922	55	22	28	66
Malaysia	-	75	-	-	65
Pakistan	84,773	36	64	10	54
Philippines	7,653	47	22	35	62
Singapore	-	100	2	-	69
South Korea	-	82	3	93	63
Taiwan	-	-	-	-	-
Thailand	543	49	11	46	69
Vietnam	4,724	35	17	28	78

	Poverty	Population	Health	Education	Labour
	Population in multidimensional poverty	Urban	Infant mortality rate	Gross enrollment ratio	Labour force participation
	2016 (headcount '000)	(% of population)	(per 1,000 live births)	2012-2017 (% of tertiary school-age population)	2017 (% ages 15 and older)
Emerging Europe and Middle East					
Bulgaria	-	75	7	71	53
Czech Republic	-	74	3	64	60
Hungary	-	71	4	48	56
Israel	-	92	3	64	64
Poland	-	60	4	67	57
Romania	-	54	8	48	53
Russia	-	74	7	82	64
Turkey	-	75	11	95	52
Emerging Latin America					
Argentina	-	92	10	86	60
Brazil	7,978	86	14	51	64
Chile	-	88	7	90	62
Colombia	2,448	80	13	59	70
Mexico	8,061	80	13	37	61
Peru	3,954	78	12	-	77

Source: HDI

Table A8: Political risk for trade and investment (part 1)

	Overall risk	Exchange transfer	Sovereign non-payment	Political interference	Supply chain disruption
Africa					
Algeria	High	High	Medium high	High	High
Angola	High	Medium high	Medium high	Very high	Medium high
Benin	Medium high	High	Medium high	Medium high	Medium high
Botswana	Medium low	Medium low	Medium	Medium	Medium low
Burkina Faso	High	Medium high	Medium high	Very high	High
Burundi	Very high	High	Medium high	High	Very high
Cameroon	Medium high	Medium	Medium high	High	Very high
Cabo Verde	Medium high	Medium	Medium high	Medium high	Medium
CAR	Very high	Medium	High	Very high	Very high
Chad	Very high	High	Medium high	Very high	Very high
Comoros	High	Medium high	Medium high	High	Medium high
Congo	High	High	High	Very high	High
Côte d'Ivoire	High	Medium	Medium high	Medium high	Medium high
Djibouti	High	Medium	Medium high	High	Medium high
DRC	Very high	Medium	Medium high	Very high	Very high
Egypt	High	Medium high	Medium high	High	High
Equatorial Guinea	High	Medium high	Medium high	Very high	Medium high
Eritrea	Very high	High	Very high	Very high	Medium high
Eswatini	Medium high	Medium	Medium high	Medium high	Medium
Ethiopia	High	Medium high	Medium high	High	High
Gabon	Medium high	Medium	Medium high	High	Medium high
Gambia	Medium high	Medium	Medium high	Medium high	Medium high
Ghana	Medium	Medium	Medium	Medium	Medium
Guinea	High	Medium	Medium high	Medium high	Medium high
Guinea-Bissau	Very high	Medium high	High	Very high	Medium high
Kenya	Medium high	Medium	Medium high	Medium high	Medium high
Lesotho	Medium high	Medium	Medium high	Medium high	Medium high
Liberia	High	Medium high	High	High	Medium high

	Overall risk	Exchange transfer	Sovereign non-payment	Political interference	Supply chain disruption
Libya	Very high	Very high	Medium high	Very high	Very high
Madagascar	Medium high	Medium	Medium	High	Medium high
Malawi	Medium high	Medium high	Medium	Medium high	Medium
Mali	High	High	Medium high	Medium high	High
Mauritania	High	Medium high	High	High	Medium high
Mauritius	Medium low	Medium low	Medium low	Medium low	Medium low
Morocco	Medium	Medium	Medium high	Medium	Medium
Mozambique	High	High	Very high	High	Very high
Namibia	Medium	Medium	Medium high	Medium	Medium low
Niger	High	Very high	Medium high	Medium high	Medium high
Nigeria	Very high	High	Medium high	High	Very high
Rwanda	Medium	Medium	Medium	Medium	Medium low
São Tomé and Príncipe	Medium high	Medium	Medium	Medium high	Medium high
Senegal	Medium high	Medium high	Medium high	Medium high	Medium
Seychelles	Medium high	Medium high	Medium	Medium	Medium
Sierra Leone	High	High	High	High	Medium high
Somalia	Very high	High	High	Very high	Very high
South Africa	Medium	Medium	Medium	Medium	Medium low
Sudan	Very high	Very high	Very high	Very high	Very high
Tanzania	Medium high	Medium	Medium	High	Medium
Togo	High	Medium high	Medium high	High	Medium
Tunisia	Medium high	High	Medium high	Medium high	Medium
Uganda	Medium high	Medium	Medium high	High	Medium high
Zambia	Medium	Medium	Medium high	Medium high	Medium
Zimbabwe	Very high	High	High	Very high	High

	Overall risk	Exchange transfer	Sovereign non-payment	Political interference	Supply chain disruption
Developed economies					
Germany	-	-	-	-	-
Japan	-	-	-	-	-
UK	-	-	-	-	-
US	-	-	-	-	-
Emerging Asia					
China	Medium	Medium	Medium	Medium high	Medium low
Hong Kong	Low	Low	Medium low	Medium low	Low
India	Medium	Medium	Medium	Medium	Medium high
Indonesia	Medium	Medium low	Medium low	Medium	Medium
Malaysia	Medium low	Medium	Medium low	Medium	Medium low
Pakistan	High	Medium high	Medium high	High	High
Philippines	Medium high	Medium low	Medium	Medium high	High
Singapore	Low	Medium low	Medium low	Medium low	Low
South Korea	-	-	-	-	-
Taiwan	Medium	-	-	-	-
Thailand	Medium high	Medium low	Medium low	Medium	Medium high
Vietnam	Medium high	Medium	Medium	Medium high	Medium
Emerging Europe and Middle East					
Bulgaria	-	-	-	-	-
Czech Republic	-	-	-	-	-
Hungary	-	-	-	-	-
Israel	-	-	-	-	-
Poland	-	-	-	-	-
Romania	-	-	-	-	-
Russia	Medium high	Medium	Medium	High	High
Turkey	-	-	-	-	-

	Overall risk	Exchange transfer	Sovereign non-payment	Political interference	Supply chain disruption
Emerging Latin America					
Argentina	Medium high	High	Medium	Medium high	Medium low
Brazil	Medium	Medium	Medium high	Medium high	Medium
Chile	-	-	-	-	-
Colombia	Medium	Medium low	Medium	Medium high	Medium
Mexico	-	-	-	-	-
Peru	Medium	Low	Medium	Medium	Medium

Source: Aon Risk Services

Table A8: Political risk for trade and investment (part 2)

	Legal and regulatory	Political violence	Banking sector vulnerability	Inability of government to provide stimulus	Risk of doing business
Africa					
Algeria	High	High	Medium	Medium high	High
Angola	Very high	Medium high	Medium low	Medium	High
Benin	Medium high	Medium high	Medium	High	Medium high
Botswana	Medium low	Medium low	Medium low	Medium low	Medium
Burkina Faso	High	Very high	Medium	Medium high	Medium high
Burundi	Very high	Very high	Medium low	Very high	High
Cameroon	Very high	High	Medium low	Medium	High
Cabo Verde	Medium high	Medium high	Medium low	Medium	Medium high
CAR	Very high	Very high	Medium	Medium	Very high
Chad	Very high	Very high	Medium	Medium high	Very high
Comoros	High	High	Medium	Medium high	High
Congo	Very high	High	Medium high	High	Very high
Côte d'Ivoire	Medium high	High	Medium low	Medium	Medium high
Djibouti	Very high	High	Medium	High	Medium high
DRC	Very high	Very high	Medium low	Medium	Very high
Egypt	High	Very high	Medium low	High	High
Equatorial Guinea	Very high	Medium high	Medium	Medium high	Very high
Eritrea	Very high	High	Medium high	Very high	Very high
Eswatini	Medium high	Medium high	Medium low	Medium	Medium high
Ethiopia	High	Very high	Low	Medium high	Very high
Gabon	High	Medium high	Medium low	Medium	High
Gambia	High	High	Medium	Medium high	High
Ghana	Medium	Medium	Medium low	Medium	Medium high
Guinea	Very high	Medium high	Low	Medium high	Medium high
Guinea-Bissau	Very high	High	Medium	Medium high	Very high
Kenya	High	High	Medium low	Medium high	Medium high
Lesotho	Medium high	Medium	Medium low	Medium	Medium high
Liberia	High	Medium high	Medium low	High	Very high

	Legal and regulatory	Political violence	Banking sector vulnerability	Inability of government to provide stimulus	Risk of doing business
Libya	Very high	Very high	Medium	Very high	Very high
Madagascar	Very high	Medium	Medium low	Medium	High
Malawi	High	Medium	Medium low	Medium high	High
Mali	High	Very high	Medium	Medium high	Medium high
Mauritania	Very high	High	Medium low	Medium high	Medium high
Mauritius	Medium low	Medium low	Medium	Medium	Medium low
Morocco	Medium high	Medium high	Medium	Medium	Medium low
Mozambique	Very high	Very high	Medium	Very high	High
Namibia	Medium	Medium low	Medium low	Medium	Medium high
Niger	High	High	Medium	High	Medium high
Nigeria	High	Very high	Medium low	Medium	Very high
Rwanda	Medium	Medium high	Medium low	Medium low	Medium
São Tomé and Príncipe	Medium high	Medium high	Medium low	Medium	High
Senegal	Medium	Medium	Medium low	Medium high	Medium high
Seychelles	Medium high	Medium	Medium	Medium high	Medium high
Sierra Leone	High	Medium	Medium low	Very high	High
Somalia	Very high	Very high	Medium	Very high	Very high
South Africa	Medium	Medium high	Medium	Medium	Medium high
Sudan	Very high	Very high	Medium high	Very high	Very high
Tanzania	Medium high	Medium high	Low	Medium	Very high
Togo	High	High	Medium	Medium high	High
Tunisia	Medium	Medium high	Medium high	High	Medium high
Uganda	High	Medium high	Medium low	Medium	High
Zambia	Medium high	Medium	Medium low	High	Medium high
Zimbabwe	Very high	High	Medium low	Very high	Very high

	Legal and regulatory	Political violence	Banking sector vulnerability	Inability of government to provide stimulus	Risk of doing business
Developed economies					
Germany	-	-	-	-	-
Japan	-	-	-	-	-
UK	-	-	-	-	-
US	-	-	-	-	-
Emerging Asia					
China	Medium high	Medium high	Medium	Medium low	Medium
Hong Kong	Low	Medium low	Medium high	Low	Low
India	Medium	Very high	Medium low	Medium	Medium
Indonesia	Medium	Medium high	Medium low	Medium low	Medium high
Malaysia	Medium	Medium	Medium	Medium low	Medium low
Pakistan	High	Very high	Medium low	High	High
Philippines	Medium high	Very high	Medium low	Medium low	Medium high
Singapore	Low	Low	Medium high	Medium low	Low
South Korea	-	-	-	-	-
Taiwan	-	-	-	-	-
Thailand	Medium high	High	Medium	Low	Medium low
Vietnam	High	Medium	Medium high	Medium	Medium
Emerging Europe and Middle East					
Bulgaria	-	-	-	-	-
Czech Republic	-	-	-	-	-
Hungary	-	-	-	-	-
Israel	-	-	-	-	-
Poland	-	-	-	-	-
Romania	-	-	-	-	-
Russia	High	Very high	Medium low	Medium low	Medium
Turkey	-	-	-	-	-

	Legal and regulatory	Political violence	Banking sector vulnerability	Inability of government to provide stimulus	Risk of doing business
Emerging Latin America					
Argentina	Medium high	Medium	Medium low	Medium high	High
Brazil	Medium high	Medium high	Medium low	Medium high	Medium high
Chile	-	-	-	-	-
Colombia	Medium high	Medium high	Medium low	Medium low	Medium high
Mexico	-	-	-	-	-
Peru	Medium high	Medium high	Medium low	Medium low	Medium

Source: Aon Risk Services

Table A9: Currency regimes

	Currency	Currency code	IMF regime classification
Africa			
Algeria	Algeria dinar	DZD	Other managed arrangement
Angola	Angola kwanza	AOA	Other arrangement
Benin	West African franc	XOF	Conventional peg (EUR)
Botswana	Botswana pula	BWP	Crawling peg (composite)
Burkina Faso	West African franc	XOF	Conventional peg (EUR)
Burundi	Burundi franc	BIF	Stabilised arrangement
Cameroon	Central African franc	XAF	Conventional peg (EUR)
Cabo Verde	Cabo Verde escudo	CVE	Conventional peg (EUR)
CAR	Central African franc	XAF	Conventional peg (EUR)
Chad	Central African franc	XAF	Conventional peg (EUR)
Comoros	Comorian franc	KMF	Conventional peg (EUR)
Congo	Central African franc	XAF	Stabilised arrangement
Côte d'Ivoire	West African franc	XOF	Conventional peg (EUR)
Djibouti	Djibouti franc	DJF	Currency board (USD)
DRC	Congo franc	CDF	Stabilised arrangement
Egypt	Egypt pound	EGP	Stabilised arrangement
Equatorial Guinea	Central African franc	XAF	Conventional peg (EUR)
Eritrea	Eritrea nakfa	ERN	Conventional peg (USD)
Eswatini	Swazi lilangeni	SZL	Conventional peg (ZAR)
Ethiopia	Ethiopia birr	ETB	Stabilised arrangement
Gabon	Central African franc	XAF	Conventional peg (EUR)
Gambia	Gambia dalasi	GMD	Other managed arrangement
Ghana	Ghana cedi	GHS	Floating
Guinea	Guinea franc	GNF	Stabilised arrangement
Guinea-Bissau	West African franc	XOF	Conventional peg (EUR)
Kenya	Kenya shilling	KES	Floating
Lesotho	Lesotho loti	LSL	Conventional peg (ZAR)
Liberia	Liberia dollar	LRD	Other managed arrangement
Libya	Libya dinar	LYD	Conventional peg (composite)
Madagascar	Madagascar ariary	MGA	Floating

	Currency	Currency code	IMF regime classification
Malawi	Malawi kwacha	MWK	Floating
Mali	West African franc	XOF	Conventional peg (EUR)
Mauritania	Mauritania ouguiya	MRO	Crawl-like arrangement
Mauritius	Mauritius rupee	MUR	Floating
Morocco	Morocco dirham	MAD	Conventional peg (composite)
Mozambique	Mozambique metical	MZM	Floating
Namibia	Namibia dollar	NAD	Conventional peg (ZAR)
Niger	West African franc	XOF	Conventional peg (EUR)
Nigeria	Nigeria naira	NGN	Stabilised arrangement
Rwanda	Rwanda franc	RWF	Other managed arrangement
São Tomé and Príncipe	São Tomé and Príncipe dobra	STD	Conventional peg (USD)
Senegal	West African franc	XOF	Conventional peg (EUR)
Seychelles	Seychelles rupee	SCR	Floating
Sierra Leone	Sierra Leone	SLL	Floating
Somalia	Somalia shilling	SOS	Free floating
South Africa	South Africa rand	ZAR	Floating
South Sudan	South Sudan pound	SSP	Stabilised arrangement
Sudan	Sudan pound	SDG	Other managed arrangement
Tanzania	Tanzania shilling	TZS	Floating
Togo	West African franc	XOF	Conventional peg (EUR)
Tunisia	Tunisia dinar	TND	Conventional peg (EUR)
Uganda	Uganda shilling	UGX	Floating
Zambia	Zambia kwacha	ZMW	Floating
Zimbabwe	Zimbabwe dollar	ZWL	n/a

	Currency	Currency code	IMF regime classification
Developed economies			
Germany	Euro	EUR	Free floating
Japan	Japan yen	JPY	Free floating
UK	United Kingdom pound	GBP	Free floating
US	United States dollar	USD	Free floating
Emerging Asia			
China	China yuan renminbi	CNY	Crawl-like arrangement
Hong Kong	Hong Kong dollar	HKD	Currency board (USD)
India	India rupee	INR	Floating
Indonesia	Indonesia rupiah	IDR	Stabilised arrangement
Malaysia	Malaysia ringgit	MYR	Other managed arrangement
Pakistan	Pakistan rupee	PKR	Other managed arrangement
Philippines	Philippines peso	PHP	Floating
Singapore	Singapore dollar	SGD	Stabilised arrangement
South Korea	Korea (South) won	KRW	Floating
Taiwan	Taiwan new dollar	TWD	Free floating
Thailand	Thailand baht	THB	Floating
Vietnam	Vietnam dong	VND	Stabilised arrangement
Emerging Europe and Middle East			
Bulgaria	Bulgaria lev	BGN	Currency board (EUR)
Czech Republic	Czech Republic koruna	CZK	Floating
Hungary	Hungary forint	HUF	Floating
Israel	Israel shekel	ILS	Floating
Poland	Poland zloty	PLN	Free floating
Romania	Romania new leu	RON	Floating
Russia	Russia ruble	RUB	Free floating
Turkey	Turkey lira	TRY	Floating

	Currency	Currency code	IMF regime classification
Emerging Latin America			
Argentina	Argentina peso	ARS	Floating
Brazil	Brazil real	BRL	Floating
Chile	Chile peso	CLP	Free floating
Colombia	Colombia peso	COP	Floating
Mexico	Mexico peso	MXN	Free floating
Peru	Peruvian nuevo sol	PEN	Floating

Source: IMF, RMB Global Markets

Table A10: Sovereign long-term foreign currency ratings

	Fitch	Moody's	Standard and Poor's
Africa			
Algeria	-	-	-
Angola	B	B3	B-
Benin	B	B2	B+
Botswana	-	A2	A-
Burkina Faso	-	-	B
Burundi	-	-	B
Cameroon	B	B2	B
Cabo Verde	B	-	B
CAR	-	-	-
Chad	-	-	-
Comoros	-	-	-
Congo	CCC	Caa2	B-
Côte d'Ivoire	B+	Ba3	-
Djibouti	-	-	-
DRC	-	Caa1	CCC+
Egypt	B+	B2	B
Equatorial Guinea	-	-	-
Eritrea	-	-	-
Eswatini	-	B2	-
Ethiopia	B	B1	B
Gabon	B	Caa1	NR
Gambia	-	-	-
Ghana	B	B3	B
Guinea	-	-	-
Guinea-Bissau	-	-	-
Kenya	B+	B2	B+
Lesotho	B	-	-
Liberia	-	-	-
Libya	-	-	-
Madagascar	-	-	-

	Fitch	Moody's	Standard and Poor's
Malawi	-	-	-
Mali	-	-	-
Mauritania	-	-	-
Mauritius	-	Baa1	-
Morocco	BBB-	Ba1	BBB-
Mozambique	RD	Caa3	SD
Namibia	BB+	Ba1	-
Niger	-	-	-
Nigeria	B+	B2	B
Rwanda	B+	B2	B+
São Tomé and Príncipe	-	-	-
Senegal	-	Ba3	B+
Seychelles	BB	-	-
Sierra Leone	-	-	-
Somalia	-	-	-
South Africa	BB+	Baa3	BB
South Sudan	-	-	-
Sudan	-	-	-
Tanzania	-	B1	-
Togo	B	-	-
Tunisia	B+	B2	-
Uganda	B+	B2	B
Zambia	CCC	Caa2	CCC+
Zimbabwe	-	-	-
Developed economies			
Germany	AAA	Aaa	AAA
Japan	A	A1	A+
UK	AA	Aa2	AA
US	AAA	Aaa	AA+

	Fitch	Moody's	Standard and Poor's
Emerging Asia			
China	A+	A1	A+
Hong Kong	AA	Aa2	AA+
India	BBB-	Baa2	BBB-
Indonesia	BBB	Baa2	BBB
Malaysia	A-	A3	A-
Pakistan	B-	B3	B-
Philippines	BBB	Baa2	BBB+
Singapore	AAA	Aaa	AAA
South Korea	AA-	Aa2	AA
Taiwan	AA-	Aa3	AA-
Thailand	BBB+	Baa1	BBB+
Vietnam	BB	Ba3	BB
Emerging Europe and Middle East			
Bulgaria	BBB	Baa2	BBB-
Czech Republic	AA-	A1	AA-
Hungary	BBB	Baa3	BBB
Israel	A+	A1	A
Poland	A-	A2	A-
Romania	BBB-	Baa3	BBB-
Russia	BBB	Baa3	BBB-
Turkey	BB	B1	B+

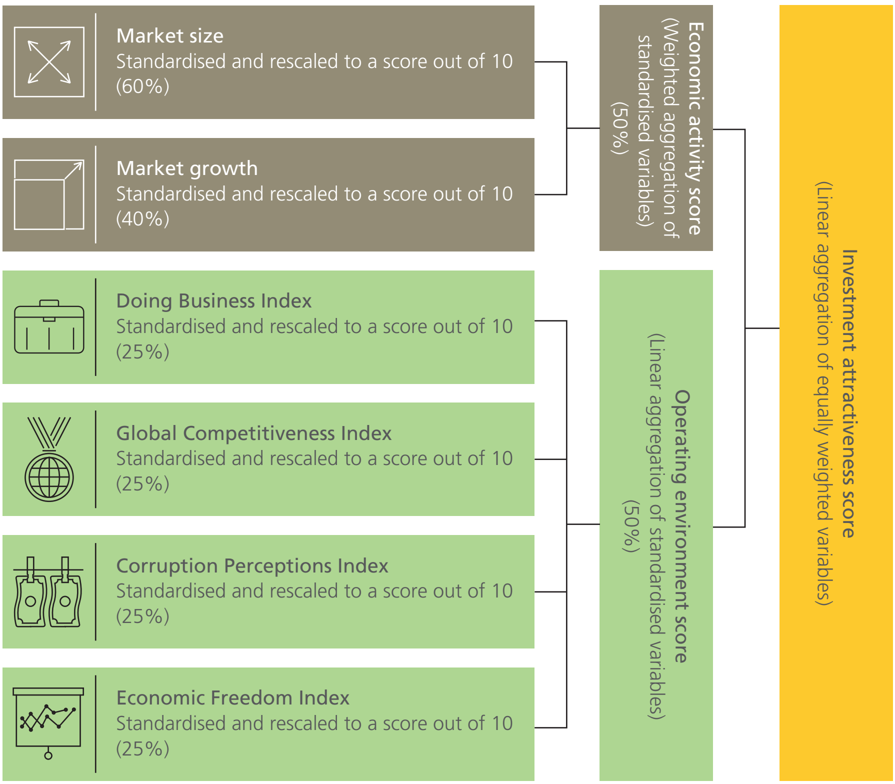
	Fitch	Moody's	Standard and Poor's
Emerging Latin America			
Argentina	CC	Caa2	CCC-
Brazil	BB-	Ba2	BB-
Chile	A	A1	A+
Colombia	BBB	Baa2	BBB-
Mexico	BBB	A3	BBB+
Peru	BBB+	A3	BBB+

Source: Fitch, Moody's, Standard and Poor's

RMB Investment Attractiveness Rankings – The methodology

We believe that the decision to invest is typically based on two key considerations: economic activity (specifically market size and growth) and the business environment. These factors form the basis of our methodology.

The structural DNA of the RMB Investment Attractiveness Rankings



Source: RMB Global Markets

Economic activity

The economic activity variable aims to measure the economic performance of a country by assessing both the size and forecasted growth rates.

Market size: The market size of each economy is converted to US dollars to ensure that there is a common unit of measurement between all the countries. Rather than multiplying the respective sizes of each economy by their prevailing exchange rate, we standardised the variables by using the purchasing power parity method. This ensures that the unit measures the real rather than nominal value of an economy.

A score ranging from zero to ten is allocated to the market size variable, using the ranking method. Market sizes can differ significantly, especially after national accounts are rebased, resulting in several outliers. However, the ranking method isn't affected by outliers and allows us to track the country rankings over time.

Growth: The real growth variable measures the average growth rate in the size of the economy over a five-year forecast period after adjusting for inflation. However, this unit can be quite volatile from year to year, subjecting the economic activity variable to large fluctuations. In order to overcome some of the challenges, we standardised the variable using the z-score method to identify exceptional GDP growth by some countries and extreme outliers that could distort our scoring process. We then used the rescaling method to widen the range of the observed growth rates lying within a small interval, as most of the rates were clustered around the mean.

The rescaled variables are multiplied by ten, and then allocated to the respective countries.

The overall economic activity score is then calculated by simply aggregating the two variables, with the best possible score being ten and the worst score being zero.

Operating environment methodology

The operating environment scoring is arguably the most subjective. Our estimate uses the same four sources as in previous years: the World Bank's ***Doing Business Report***, the Heritage Foundation's ***Index of Economic Freedom***, the World Economic Forum's (WEF) ***Global Competitiveness Report*** and Transparency International's ***Corruption Perceptions Index***, which are surveyed at different times of the year. We have used these four as they are highly regarded, have long histories, and contain a mix of hard and subjective data, but acknowledge that there are many other indices that could be used.

It could also be argued that some indices overlap or that certain indices should be given higher weights. However, we have found that most assessments of business operating conditions tend to be highly correlated: countries where corruption is high will also have prohibitive bureaucracy, less economic freedom and be perceived as being less competitive. Quite simply, it would probably not make much difference which indices are included or with which weights. Individual indices will have their own idiosyncrasies, but taking an equally weighted average of four indices helps smooth individual anomalies. To combine the indices, we adjusted each of their scales so that the best possible score is ten and the worst possible score is zero.

Aggregate score

The composite investment attractiveness score is an equally weighted, linearly aggregated index, comprising the operating and economic activity variables. Equal weights are allocated to both variables. A linear aggregation method is used because all the composites use the same measurement unit. It therefore rewards variables based on their weights, unlike geometric aggregation, which rewards variables with high scores. This means that countries with low scores would benefit much more from the linear aggregation method than geometric aggregation.

While we believe our methodology is strong, it only provides a general overview of the attractiveness of each country rather than a specific rating that will be relevant to each company or each sector. We still highly recommend that individual companies look at the factors that are relevant to their particular businesses.

Alternative rankings

The alternative index rankings use a linear aggregation method, with unequal weights. Since the alternative ranking caters for investors who may place greater emphasis on the economic environment or the operating climate when making their investment decision, the weights are changed accordingly to reflect this. A weight of 60% is allocated to the emphasised variable, while a 40% weight is allocated to the other variable.

To emphasise the importance of political rights and civil liberties, we have incorporated the scorings of Freedom House's *Freedom in the World Index* to our operating environment scoring by weighting them equally against the standardised scores of the existing global surveys. We then aggregate this five-factor operating environment index with the economic activity score to augment our main methodology with socio-political risk.

Retail rankings

In Chapter 3, we calculate a retail ranking score, where we take into consideration GDP per capita, population size and growth, average annual growth forecast (2019-2024), forecasted average annual urbanisation growth (2020-2025), domestic competition and household final consumption.

We recognize that not all these variables carry the same level of importance for retail companies when they are considering investing in various African markets. Therefore, we give a 25% weighting to domestic competition and household final consumption each and give an equal 10% weight to the remaining macroeconomic variables.

We first rank all countries across each of the seven variables. We then aggregate these individual rankings to arrive at a score. Using these aggregate scores, we rank the 38 countries for which we have data.

RMB Investment Attractiveness Rankings

RMB Global Markets Research provides high quality, objective research in the fixed income, currency and credit markets. Original research produced ranges from original trade ideas and sub-Saharan Africa macroeconomic insights, to in-depth financial market knowledge.

https://grid.rmb.co.za/

The World Economic Forum's annual *Global Competitiveness Report* provides cross-country rankings on over 100 economic, regulatory and political issues. It also showcases survey results relating to the most problematic business-environment factors.

https://www.weforum.org/reports/the-global-competitveness-report-2018

The World Bank's *Doing Business Report* makes available details relating to the costs, time and procedures to follow as regards various aspects of doing business. These include starting a business, dealing with construction permits, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business.

https://www.doingbusiness.org/

The Heritage Foundation's *Index of Economic Freedom* scores nations on ten broad factors of economic freedom. It provides a two-page discussion on the operating environment for each country.

https://www.heritage.org/index/

Transparency International's *Corruption Perceptions Index* ranks nearly 200 countries according to perceived levels of corruption, as determined by expert assessments and opinion surveys.

https://www.transparency.org/research/cpi/overview

The International Monetary Fund's (IMF) 2019 *Sub-Saharan Africa Regional Economic Outlook* called the *Recovery Amid Elevated Uncertainty* focuses on how Africa needs to build the fiscal space and enhance resilience to shocks by stepping up actions to mobilize revenues, alongside policies to boost productivity and private investment.

https://www.imf.org/en/Publications/REO/SSA/Issues/2019/04/01/sreo0419

EY's *Africa Attractiveness* report focuses on insights derived from understanding growth from a foreign direct investment (FDI) perspective in African economies, including the sources of FDI investment, as well as the sectors that benefit the most.

https://www.ey.com/za/en/issues/business-environment/ey-attractiveness-program-africa-2018

The United Nation's (UN) *World Investment Report* covers the latest trends in foreign direct investment around the World and analyses in depth one selected topic related to foreign direct investment and development.

https://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=2130

The African Development Banks's (AfDB) *African Economic Outlook* is an annual reference book-journal which focuses on the economics of most African countries. It reviews the recent economic situation and predicts the short-term interrelated economic, social, and political evolution of all African economies.

https://www.afdb.org/en/knowledge/publications/african-economic-outlook

The IMF publishes a range of time series data on IMF lending, exchange rates and other economic and financial indicators. Manuals, guides, and other material on statistical practices at the IMF, in member countries, and of the statistical community at large are also available.

https://www.imf.org/en/data

Freedom House's *Freedom in the World* is an annual global report on political rights and civil liberties, composed of numerical ratings and descriptive texts for each country and a select group of territories. The 2019 edition covers developments in 195 countries and 14 territories from January 2018, through December 2018.

https://freedomhouse.org/report/freedom-world/freedom-world-2019

The Economist Intelligence Unit (EIU) is the research and analysis division of The Economist Group, and helps businesses, financial firms and governments understand how the world is changing and how that creates opportunities to be seized and risks to be managed.

https://www.eiu.com/

Resources

The primary World Bank collection of development indicators is compiled from officially-recognized international sources. It presents the most current and accurate global development data available, and includes national, regional and global estimates.

https://data.worldbank.org/

Various indices and data from Bloomberg.

https://www.bloomberg.com/

The International Council on Mining and Metals' *Mining Contribution Index (MCI)* looks at four major aspects to assess the mining sector's contribution to national economies, including Mineral and metal export contribution, the increase/decrease in mineral and metal export contribution, mineral production value expressed as a percentage of GDP, and mineral rents as a percentage of GDP.

https://www.icmm.com/en-gb/society-and-the-economy/role-of-mining-in-national-economies/mining-contribution-index

Fitch Solution's *Mining Risk/Reward Index (RRI)* assesses potential returns on investment, both in terms of industry size and forecast growth and broader country characteristics like the regulatory environment.

https://www.fitchsolutions.com

In Fraser Institute's *Annual Survey of Mining Companies*, the *Policy Perception Index (PPI)* measures the overall policy attractiveness of the mining industries in selected countries worldwide.

https://www.fraserinstitute.org/studies/annual-survey-of-mining-companies-2018

EY provides summaries of the tax regimes in 166 countries.

https://www.ey.com/gl/en/services/tax/worldwide-corporate-tax-guide---country-list

BP Energy Economics' *BP Energy Outlook 2019 - Insights from the Evolving transition scenario – Africa* looks at the key investments driving energy consumption and production on the continent.

https://www.bp.com/en/global/corporate/energy-economics/energy-outlook.html

Fitch Solutions' report on *Sub-Saharan Africa Oil and Gas Review* outlines major investment into the oil sector across the continent.

https://www.fitchsolutions.com

PwC's survey on Oil and gas trends 2019. CEO Survey trend series analyses the major trends impacting Oil and gas in Africa and in the world

https://www.pwc.com/gx/en/ceo-survey/2019/Theme-assets/reports/pwc-2019-ceo-survey-oil-and-gas-report.pdf

US Energy Information Administration provides independent statistics and analysis on the global energy sector.

https://www.eia.gov/

Mbendi, a website that examine and cover the latest economic growth and development in Africa, looks at the state and future of African refineries.

https://mbendi.co.za/indy/oilg/ogrf/af/p0005.htm

Forming part of the Food Security Portal, the Regional Strategic Analysis and Knowledge Support System (ReSAKSS) is an Africa-wide network launched to provide readily available analysis, data, and tools of the highest quality to promote evidence-based decision-making, fill knowledge gaps, improve awareness of the role of agriculture for development in Africa, promote dialogue, and facilitate the benchmarking and review processes.

http://www.foodsecurityportal.org/

Emergency Events Database (EM-DAT) provides an objective basis for vulnerability assessment and rational decision-making in disaster situations.

https://www.emdat.be/

AfricaFertilizer.org encourages and coordinates partnerships and data-sharing mechanisms that provide information in two main areas: 1) Fertilizer statistics, such as production, trade, consumption, prices, production capacities and fertilizer use per crop. 2) Fertilizer market intelligence, including fertilizer policies and regulations, subsidy programmes, business and product directories, publications and news.

https://africafertilizer.org/

Alliance for a Green Revolution in Africa's report on *Africa Agriculture Status Report: Catalyzing Government Capacity to Drive Agricultural* provides information on government intervention into the agricultural sector.

https://agra.org/wp-content/uploads/2018/10/AASR-2018.pdf

An Africa Report article called *Ghana, Côte d'Ivoire may struggle to make new cocoa price floor stick* highlights the intentions of the new cocoa price floor and its impact on cocoa sector.

https://www.theafricareport.com/14202/ghana-cote-divoire-may-struggle-to-make-new-cocoa-price-floor-stick/

Food and Agricultural Organization of the United Nations' (FAO) report, *Current market* *situation and medium-term outlook* breaks down tea production and output globally over the next few years.

http://www.fao.org/3/BU642en/bu642en.pdf

Fitch Solutions' report on *Sub-Saharan Africa's Fertiliser Outlook: Improving Nitrogen-Based Production Outlook* provides insight into use of fertilizers in Africa.

https://www.fitchsolutions.com

The United States Department of Agriculture's (USDA) *Ethiopia - Coffee Annual Report* focusses on the production of coffee from the Ethiopian market and the future of the commodity in global markets.

https://www.fas.usda.gov/data/ethiopia-coffee-annual-4

The International Cocoa Organization (ICCO) is a global organization, composed of both cocoa-producing and cocoa-consuming member countries.

https://www.icco.org/about-us.html

The Uganda Coffee Development Authority's report, *Uganda National Coffee Strategy 2040*, looks at the strategies deployed in Uganda to ensure it remains a global contender in terms of coffee production

https://ugandacoffee.go.ug/

Retail

Deloittes's *Global Powers of Retailing 2018: Transformative change, reinvigorated commerce* looks at the latest retail trends and the future of retailing through the lens of young consumers.

https://www2.deloitte.com/za/en/pages/consumer-business/articles/global-powers-of-retailing1.html

Brookings Institute's report called *Africa's consumer market potential: Trends, drivers, opportunities, and strategies* offers business leaders an overview of Africa's biggest opportunities in the consumer market sector, discussing trends and perspectives from now to 2030.

https://www.brookings.edu/research/africas-consumer-market-potential/

The World Bank's *Global Consumption Database* is an interactive tool that gives detailed tables, charts and technical notes on the consumer markets globally, including data by product/service and categories of products/services for each country.

http://datatopics.worldbank.org/consumption/sector/Food-and-Beverages

Canback Dangel provides a useful online tool for estimating the size of income groups per country. This can be valuable in estimating the present and forecast market size.

https://www.cgidd.com/

Knight Frank's *Africa Report 2017/18* highlights the rapidly growing economies of Africa and how they are catching the attention of increased numbers of property investors and corporate occupiers.

https://www.knightfrank.com/publications/africa-report-201718-4576.aspx

AT Kearney's, a leading global management consulting firm, analyses the development in selected retail sectors globally in its *Global Retail Development Index*.

https://www.atkearney.com/global-retail-development-index

Nielsen, a global measurement and data analytics company that provides views on consumers and markets worldwide provides information on Africa's retail market in its latest *Nielsen Africa Prospects Indicator* rankings.

https://www.nielsen.com/ssa/en/insights/report/2018/africa-prospects-edition-7/

Bearing-Point Institute, who delivers management and technology consulting, looks at how some Africa countries can provide inspiration for western retailer in a report called *Sub-Saharan Africa shows Western retailers how to leapfrog to the future of retail by leveraging a sense of community.*

https://www.bearingpoint.com/en/our-success/thought-leadership/sub-saharan-africa-shows-western-retailers-how-to-leapfrog-to-the-future-of-retail-by-leveraging-a-sense-of-community/

Finance

The International Finance Corporation's report on Digital Access: the future of financial inclusion in Africa, brings to the fore the insights of Africa's consumers, as well as those of financial services industry leaders.

https://www.ifc.org/wps/wcm/connect/region__ext_content/ifc_external_corporate_site/sub-saharan+africa/resources/201805_report_digital-access-africa

The International Bank for Reconstruction and Development (IBRD) publication, Financing Africa: Through the Crisis and Beyond, is a call to arms for a new approach to Africa's financial sector development. The publication creates an opportunity for Africa's policy makers, private sector, civil society, and development partners to harness the progress of the past as a way to address the challenges of the future and enable the financial sector to play its rightful role in Africa's transformation

https://www.worldbank.org/en/programs/africa-regional-studies/publication/financing-africa-through-the-crisis-and-beyond

The Absa Africa Financial Markets Index, produced by the Official Monetary and Financial Institutions Forum, assesses progress and potential across six key areas: market depth; access to foreign exchange; market transparency, tax and regulatory environment; macroeconomic opportunity; and the legality and enforceability of standard financial markets master agreements.

https://www.omfif.org/omfif-reports/absa-africa-financial-markets-index-2018/

The Global Impact Investing Network (GIIN) report on: The landscape for impact investing in Southern Africa, observes changes in impact investment across 12 countries in Southern Africa.

https://thegiin.org/assets/documents/pub/Southern%20Africa/GIIN_SouthernAfrica.pdf

The Bertha Centre for Social Innovation and Entrepreneurship paper on Innovative Finance in Africa is a showcase of the outstanding models and practices that make up the innovating finance ecosystem across Africa.

https://www.gsb.uct.ac.za/Downloads/InnovativeFinanceAfrica_1.pdf

Information and Communication Technology

The Internet World Stats provides statistics on internet usage of various countries and regions globally.

https://www.internetworldstats.com/stats1.htm

The Alliance For Affordable Internet provides data and statistics on the cost of data in Africa.

https://1e8q3q16vyc81g8l3h3md6q5f5e-wpengine.netdna-ssl.com/wp-content/uploads/2019/01/AffordabilityData_2015-2017.xlsx

KPMG's report *Journey To The Cloud* is a survey that outlines businesses capability, motivation and readiness to adopt cloud computing as an integral part of their business.

https://assets.kpmg/content/dam/kpmg/xx/pdf/2017/02/the-creative-cios-agenda-journey-to-cloud.PDF

Xalam Analytics' *The Rise of the African Cloud* is a comprehensive analysis on available on African private and public cloud services markets. Including analysis of enterprise demand and industry-level use cases; market sizing and forecasting; competitive analysis; African cloud investment case; and much, much more.

The International Telecommunication Union (ITU) provides statistics for 200 economies and over 100 indicators. The ststistics cover categories such as broadband, Internet use, mobile-cellular and mobile-broadband networks.

https://www.itu.int/en/ITU-D/Statistics/Pages/default.aspx

Manufacturing

The United Nations Industrial Development Organization's 2018 report on *Demand for Manufacturing* focuses on driving inclusive and sustainable industrial development.

https://www.unido.org/resources-publications-flagship-publications-industrial-development-report-series/industrial-development-report-2018

The European Statistical Office (Eurostat) provides statistical information to the institutions of the European Union (EU). In an article called *Africa-EU: International trade in goods statistics*, Eurostat provides a picture of international trade in goods between the EU and Africa.

https://ec.europa.eu/eurostat/statistics-explained/index.php/Africa-EU_-_international_trade_in_goods_statistics#Manufactured_goods_dominate_exports_to_Africa

The International Labour Organization (ILO) is a United Nations agency whose mandate is to advance social justice and promote decent work by setting international labour standards. It also provides statistics on the international labour markets.

https://www.ilo.org/global/statistics-and-databases/lang--en/index.htm

The AfDB's report, *Industrialize Africa,* discusses the importance of industrialization in Africa and the role it plays in economic development.

https://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/industrialize_africa_report-strategies_policies_institutions_and_financing.PDF

Brookings Institution's report called *Foresight Africa: Top priorities for the continent in 2019*, analysis the top challenges that Africa face and what needs to be prioritised in order to realize its growth potential.

https://www.brookings.edu/wp-content/uploads/2019/01/BLS18234_BRO_book_007_WEB.pdf

The United Nations Development Programme provides information on Special Economic Zones in Africa and China.

https://www.undp.org/content/undp/en/home.html

The Oxford Business Group, a global research and advisory company, focusses on the automotive industry in Egypt in an article called *Can Egypt become an automotive manufacturing hub?*

https://oxfordbusinessgroup.com/news/can-egypt-become-automotive-manufacturing-hub

Construction and Real estate

The Knight Frank *Africa Report 2017/18* provides an overview of the continent's diverse property markets. Commentary is provided for 30 countries across Africa, along with guides to prime rents and yields in the office, retail, industrial and residential sectors.

https://content.knightfrank.com/research/155/documents/en/africa-report-201718-4576.pdf

Deloitte's *Africa Construction Trends 2018* highlights construction projects in Africa split by value and number of projects. This report covers 482 projects valued at US$50m or above, that had broken ground by 1 June 2018.

https://www2.deloitte.com/za/en/pages/energy-and-resources/articles/africa-construction-trends-report.html

Fitch Solutions' research note on the construction sector in Africa highlights the construction developments and dynamics in various African regions and countries.

https://www.fitchsolutions.com

The Global Property Guide provides regional trends and statistics on gross rental yields in various regions across the globe.

https://www.globalpropertyguide.com

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