

AFRICA TO AFRICA INVESTMENT

A FIRST LOOK

AFRICAN DEVELOPMENT BANK GROUP

IMAGES OF AFRICAN INVESTMENT



AFRICA'S INVESTMENT OPPORTUNITY

Investing in Africa is in the headlines. There is a growing consensus on the need for more African companies to invest in the continent at a time when global FDI flows are falling and an uncertain international landscape prevails. Investment can be shorthand for economic development: more capital and connectivity, more projects and prosperity, more employment and earnings. Yet, do the results investors reap outweigh the risks of investing?



AFRICA TO AFRICA INVESTMENT

What are the realities companies across Africa face when investing in the continent? Are trends emerging about how Africa's companies invest and how African policymakers can bring it about? What is next for Africa-to-Africa investment?

GLOSSARY

AfDB	African Development Bank
AU	African Union
AUC	African Union Commission
Birr	Ethiopian Birr
BRVM	Regional Stock Exchange of West Africa
CEMAC	Economic and Monetary Community of Central Africa
CFTA	Continental Free Trade Area
COMESA	Common Market for Eastern and Southern Africa
CSR	Corporate Social Responsibility
FDI	Foreign Direct Investment
EAC	East African Community
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EY	Ernst & Young
GDP	Gross Domestic Product
ICAO	International Civil Aviation Organization
ICBC	Industrial and Commercial Bank of China
ICT	Information Communications Technology
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IT	Information Technology
Ksh	Kenyan Shilling
MAD	Moroccan Dirham
MUR	Mauritian Rupee
NGN	Nigerian Naira
OECD	Organisation for Economic Co-operation and Development
PPP	Public-Private Partnership
R	South African Rand
REC	Regional Economic Community
SADC	Southern African Development Community
SDG	Sustainable Development Goal (of the United Nations)
Shs	Kenyan Shilling
SME	Small and Medium-sized Enterprise
SMME	Small, Medium and Micro-sized Enterprises
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
USD	United States Dollars
WAEMU	West African Economic and Monetary Union

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ACKNOWLEDGMENTS

The African Development Bank's preliminary report 'Africa-to-Africa Investment: a first look' recognizes the valuable research that already exists on foreign direct investment in Africa, thanks to the efforts of a range of international organizations and global industry.

This report, with its closer look at intra-African investments, aims to highlight the results and lessons of African companies that have successfully expanded their African footprint. Sincere appreciation goes to the eight leading African companies that shared rich and insightful lessons on their own experiences and made valuable recommendations to businesses and policymakers on how to help make Africa-to-Africa investment a reality.

Special thanks go to Abdu Mukhtar, Director, Industrial and Trade Development Department, who provided leadership and direction in the preparation of the report, and to Jean-Guy Afrika, who led the team. Warm acknowledgment also goes to the report's contributors, including Moono Mupotola, Gerald Ajumbo and Andoh Mensah, and to Marie Anitha Jaotody for her support.

Special recognition goes to Elena Immambocus for writing the report, building on the framework developed by international advisory firm, Konfidants, and to Peggy King Cointepas for the design and graphics.

The African Development Bank is keen to support intra-African investment, not only by financing new investments, but also by contributing to a more friendly investment climate and truly open borders across the continent .

Pierre Guislain
Vice President, Private Sector, Infrastructure and Industrialization
African Development Bank

The High 5 for transforming Africa

The African Development Bank is championing investment across Africa as part of unlocking the continent's potential in five priority areas – the High 5s. These headline goals aim to transform Africa's prosperity long-term and scale up development outcomes by working on issues from energy, agriculture and industry to markets, jobs, skills and quality of life.

The High 5 goals to 2025[1] recognize the critical gaps that hold countries and communities back Africa-wide and line up closely to support the UN's Sustainable Development Goals (SDGs). The building momentum around delivering the High 5s and the SDGs is important. Bringing the private sector into the dialogue, alongside policymakers and the development community, makes sure that investors are connected with opportunities that generate high returns, build lasting partnerships and impact positively on people and places across Africa.

The High 5s are strongly interlinked with Africa-to-Africa investment; progress made in each priority area will in turn attract more investors to cross the continent's borders. Infrastructure comes out as a top concern for African companies who are investing in the region, alongside access to stable, affordable electricity supplies to power their business. Strong public-private partnerships are another factor influencing investment decisions and the availability of incentives such as special economic zones. A workforce with labour market skills is also a big plus to encourage investors. At the same time the High 5s point investors to opportunities to invest in upcoming sectors, such as agribusiness and healthcare, which will help to feed and provide quality of life for Africa's growing population.



LIGHT UP & POWER AFRICA

Goal to 2025 - Universal access to electricity

- +162 GW electricity generated
- +130 million on-grid connections
- +75 million off-grid connections



FEED AFRICA

Goal to 2025 - Agricultural transformation

- +150m people adequately fed
- +100m people lifted out of poverty
- +190m hectares with restored productivity



INDUSTRIALIZE AFRICA

Goal to 2025 - Economic diversification

- Industrial contribution to GDP increased by 130%
- 35 special economic zones supported
- 30 PPPs developed & strengthened



INTEGRATE AFRICA

Goal to 2025 - Regional market

- Building regional infrastructure
- Boosting intra-African trade & investment
- Facilitating movement of people across borders



IMPROVE THE QUALITY OF LIFE FOR THE PEOPLE OF AFRICA

Goal to 2025 - Access to social & economic opportunities

- Creating 80 million jobs
- Building critical skills
- Improving access to water & sanitation
- Strengthening health systems

1 www.afdb.org/en/the-high-5

AFRICA-TO-AFRICA INVESTMENT: A FIRST LOOK

'Africa-to-Africa Investment: a first look' aims to take the conversation on investing in the continent one step further. It is the first attempt to showcase how African companies and policymakers are driving investments in Africa and what more can be done moving ahead.

To start to plug the data gap on intra-African investments, the report takes a look at the dynamics behind African investment from the point of view of leading African companies. It shares key lessons and experiences to offer practical solutions for the region's investors.

The report features case stories from eight publicly listed or privately owned African companies operating in a range of sectors. Each has a significant African footprint – registered and operational in at least one country outside of the company's home base. The companies represent consumer services, finance, industry, media and diversified portfolios and investment from across North Africa (Morocco), West Africa (Nigeria, Togo), East and Central Africa (Ethiopia, Kenya) and Southern Africa (Mauritius, South Africa).

The companies in the report were selected from a potential pool of 300 African companies. Detailed criteria were developed, which included variables such as geographic and industry distribution, the size of capital investments and number of employees outside a company's home base.

The goal is to profile more companies and insights in future editions and to track fresh data and trends on Africa-to-Africa investment over time. Alongside the case stories, an African investors' index of the businesses shaping Africa's investment landscape is in the pipeline.

The first Africa Investment Forum, convened by the African Development Bank, will also take place in Johannesburg from November 7-9 2018 to match investors with investment opportunities in the continent.

Definitions

Foreign direct investment (FDI): The objective of establishing a lasting interest by a resident enterprise in one economy (direct investor) in an enterprise (direct investment enterprise) that is resident in an economy other than that of the direct investor.[2]

Africa-to-Africa investment: An investment made by an African enterprise in an African country other than its home country.

2 *OECD Benchmark Definition of Foreign Direct Investment 2008 (OECD)*



"African companies that invest in Africa have clear confidence in her long-term growth potential; they are at the cutting edge of their industries and, moreover, are capitalizing on their African context to generate higher returns. The highlights, lessons and checklist solutions in this report signpost what it will take for other companies and policymakers to promote an 'invest with impact' approach in Africa."

FOREWORD

Foreign direct investment to Africa fluctuated over the last 5 years, reaching a high of USD74 billion in 2013 and gradually falling to USD41 billion in 2017. Global flows of foreign direct investment also contracted over the last two years, falling by a sharp 23 per cent in 2017. With a very modest recovery predicted for 2018, this downward trend is a long-term concern for Africa as foreign direct investment is critical to accelerate industrialization and sustainable development. To help reverse this trend, the African Development Bank is establishing the Africa Investment Forum as a platform to facilitate project development and financing, with an inaugural meeting in Johannesburg in November 2018.

The current volatile global environment underscores the importance for Africa to reduce its dependence on extra-continental inflows and to promote intra-regional investment alongside international investment. Data on intra-regional investment is scarce, but our latest findings indicate that the overall trend is positive. Indeed, between 2006 and 2016 , intra-African greenfield investments grew from USD4 billion to USD10 billion, while the number of intra-regional mergers and acquisitions doubled, growing from 238 deals in 2006 to more than 418 in 2016.

This Africa-to-Africa (A2A) Investment Report aims to take the debate on intra-regional investment a step further by profiling some of Africa's investment champions. Company case stories covering industry, finance, media, consumer services and diversified portfolios across Africa show that the continent's investment opportunities often outweigh the obstacles.

African companies that invest in Africa have clear confidence in her long-term growth potential; they are at the cutting edge of their industries and are capitalizing on their knowledge of local markets to generate higher returns. By tailoring flexible business models, harnessing local talent and skills and building win-win partnerships, a growing number of companies are expanding into the continent, with substantial results and impact.

The African Union's Agenda 2063 calls for increased focus on intra-regional investment as a way to accelerate regional integration and boost economic growth and competitiveness. Driving intra-regional investment is also a critical dimension of implementing the Bank's High 5 priorities to 'Light up and Power Africa,' 'Feed Africa,' 'Industrialize Africa,' 'Integrate Africa,' and 'Improve the Quality of Life for the People of Africa.'

The highlights, lessons and solutions provided in this report will inspire other companies and policymakers to promote both foreign and intra-regional investments. They add up to a powerful picture that, together with the Bank's upcoming Africa Investment Forum, will help realize the region's untapped investment potential. Join us as we go forward on Africa's own investment journey: it is well worth the ride.



Akinwumi A. Adesina
President
African Development Bank Group

AGENDA 2063: SELECTED EXTRACTS[3]

ASPIRATION 2.
An integrated continent, politically united, based on the ideals of Pan-Africanism and the vision of Africa's Renaissance

24. Africa shall be a continent where the free movement of people, capital, goods and services will result in significant increases in trade and investments amongst African countries rising to unprecedented levels, and in the strengthening of Africa's place in global trade.

25. By 2063, the necessary infrastructure will be in place to support Africa's accelerated integration and growth, technological transformation, trade and development.
This will include high-speed railway networks, roads, shipping lines, sea and air transport, as well as well-developed ICT and the digital economy.
A Pan-African High Speed Train Network will connect all the major cities/capitals of the continent, with adjacent highways and pipelines for gas, oil, water, as well as ICT Broadband cablesand other infrastructure.
This will be a catalyst for manufacturing, skills development, technology, research and development, integration and intra-African trade, investments and tourism.

72. We hereby adopt Agenda 2063, as a collective vision and roadmap for the next fifty years and therefore commit to speed-up actions to:

d. Transform, grow and industrialise our economies through beneficiation and value addition of natural resources:

Implementing the African Industrial Development Action Plan, the African Mining Vision at country, regional and continental level, in particular fast-tracking the establishment of the Centre for African Mineral Development;

Implementing joint cross-border investments to exploit shared natural resources;

Promoting social dialogue, sectoral and productivity plans and regional and commodity value chains to support the implementation of industrial policies at all levels, with focus on SMMEs and Agribusinesses;

Establishing Commodity Exchanges for strategic African products;

Developing strategies to grow the African Blue/ocean and green economies;

Developing the African private sector through engagement and a conducive climate, fostering Pan-African businesses through the growth of regional manufacturing hubs and scaled up intra-Africa trade;

Enhancing the Productivity Agenda for Africa, as an essential engine for industrialization, progressively enhancing the competitiveness of the continent in the global economy; and

Promoting macro-economic policies that facilitate growth, employment creation, investments and industrialization.

3 *https://au.int/sites/default/files/pages/3657-file-agenda2063_popular_version_en.pdf*

AFRICAN UNION'S AGENDA 2063



"**It is well recognised that investment, whether it is domestic inward investment or foreign direct investment (FDI),** targeted at specific strategic sectors, has the potential to enable Africa to leapfrog the development ladder... Deepening regional integration is also an important aspect of enhancing the attractiveness of Africa as an investment destination – the challenges of small markets and heterogeneous regulatory environments are well known – as well as harmonising payment systems, capital markets and addressing trade barriers are all important elements that have been identified as critical in moving forward."[4]

●●●● Ambassador Albert M. Muchanga, *Commissioner for Trade and Industry*, AUC

By investing in Africa, African companies are pushing integration on the continent further ahead. Business investments cross borders, taking Agenda 2063 from aspiration to action.

The goal to move Africa towards a Continental Free Trade Area of 54 countries with a total population of more than one billion people and a GDP of more than USD 3.4 trillion will be a global first.[5] The plan is to create a single market for goods and services, with free movement of business people and investments. Regional Economic Communities are making progress, and the planned Tripartite Free Trade Area of COMESA, EAC and SADC is an important step. The bold aims of Africa's political leaders and policymakers can be best matched by the bold mindset of Africa's companies in driving closer integration by investing in Africa. Highlights from African companies with a big footprint on the continent show how many expanded from a home base into their region before continuing to invest Africa-wide.

The African Union's vision of sustainable socio-economic development to transform the continent can only be delivered through Africans' collective commitment and investment. Higher levels of investments bring Africa's policy frameworks to life. Channelling African private capital into Africa is a vital part of shaping the continent's future. Already data from some of the leading African companies investing in Africa gives a positive signal of jobs created and development projects being supported in new business locations.

4 https://au.int/en/speeches/20171009/keynote-speech-ambassador-albert-m-muchanga-commissioner-trade-and-industry-iia
5 https://au.int/en/ti/cfta/about

AFRICA-TO-AFRICA INVESTMENT: THE BUSINESS CASE

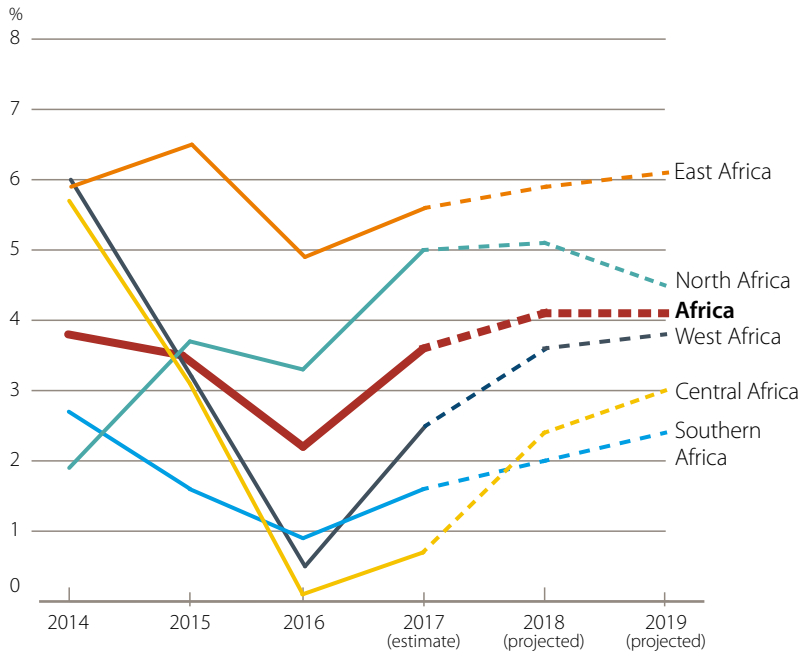
"**Fast-tracking Africa's development also means fast-tracking private investments.** Think of a continent that will have the same population as India and China taken together by 2050. Think of a continent with rising middle class, rapid urbanization and that will have the youngest population on earth by 2050. Think of a continent where consumer spending is projected to reach USD 1.4 trillion in the next three years and business-to-business spending to reach USD 3.5 trillion in the next eight years. Think of the continent that accounted for 30% of global business and regulatory reforms in 2016. Don't look far: Think Africa!"[6]

●●●● **Akinwumi A. Adesina,** *President,* African Development Bank Group

African companies are increasingly diversifying the economy and promoting a sustainable growth path.

The business case for Africa-to-Africa investment is strongly connected to the continent's growth and prosperity. Increased foreign direct investment is often linked to economic growth and greater African investments in the region can boost development long-term. Against an uncertain global backdrop and falling commodity prices, investment plays an important role to build economic resilience and shore up the region against external shocks.

Real GDP growth in Africa, 2014–2019 (%)*



Note: Includes estimates and projections
Source: African Economic Outlook 2018 (AfDB)

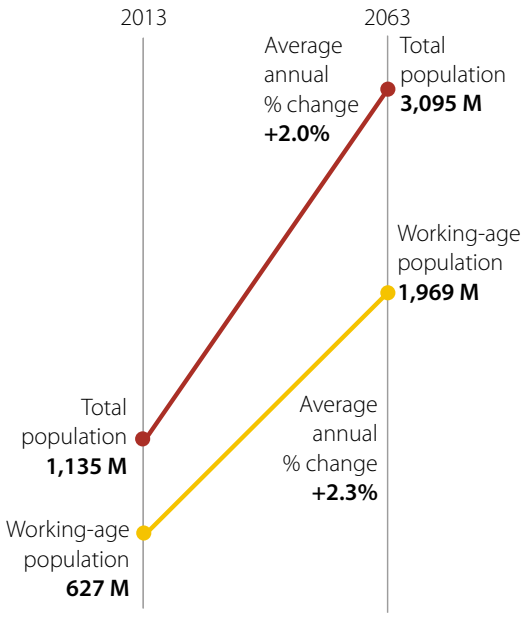
African companies are increasingly diversifying the economy and promoting a sustainable growth path. Industrialization is also given a boost as productive inputs are sourced from across the continent and countries add value to these goods as part of regional value chains.

Improving prosperity, in line with the global community's Sustainable Development Goals, means empowering Africans to fulfil their potential and enjoy economic, social and technological progress. Investment by Africans in their continent is helping to do just that.

Countries, companies and communities stand to benefit from increased investment flows. Investments coming into a country that has a pro-business climate can bring in capital, increase tax revenue and be channelled into infrastructure and development projects. Companies investing in businesses across borders can tap into new markets and clients, helping to meet growing consumer needs among Africa's middle class and urban population. For communities, investment brings the potential of jobs providing fresh opportunities for the region's higher educated workforce. It is also linked to a better consumer experience for citizens, with goods and services offered at more competitive prices. Plus with improved financial services on offer, access to capital provides start-ups and entrepreneurs with added momentum to take off. New investments bring knowledge and skills transfer and, with Africa's growing digitalization, the dots join up to the wider goal of an integrated continent.

6 *www.afdb.org/en/news-and-events/keynote-speech-delivered-by-akinwumi-a-adesina-president-of-the-african-development-bank-group-at-the-annual-meeting-of-the-african-development-bank-group-ahmedabad-india-may-22-25-2017-17019/*

Projected population trends, 2013-2063 (millions)



Note: AfDB caculations based on the UN Medium Variant Projections
Source: African Economic Outlook 2018 (AfDB)

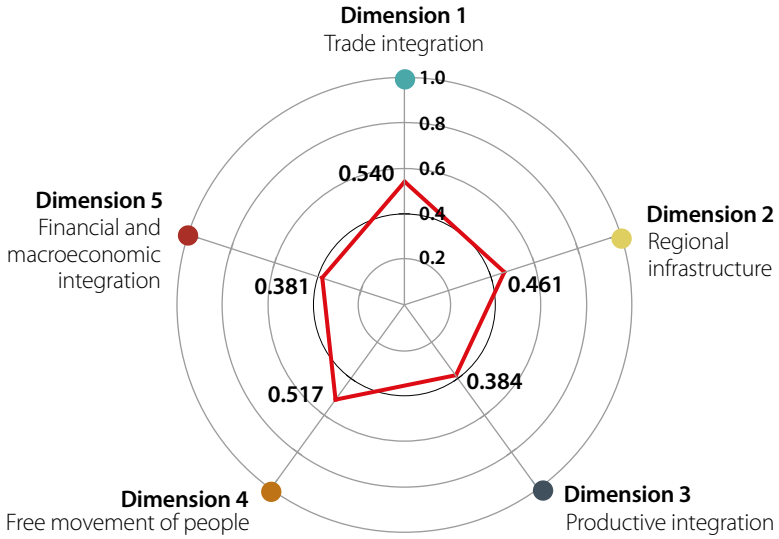
Greater investment by African companies has the potential to fast-track the region's integration efforts. As more businesses invest in more countries, the Continental Free Trade Area set out by the African Union moves into sharper focus. As countries trade more with each other, investments by African companies help to consolidate the progress made by Regional Economic Communities and the Tripartite Free Trade Area. To invest with impact, the private sector needs to count on the core pillars of integration working better, from increased trade, improved infrastructure, stronger productive capacity, financial harmonization and freer movement of people.[7] African policymakers have a critical role to play in following through the protocols and treaties that change the realities on the ground.

Objectives of the Continental Free Trade Area

- **Create a single continental market** for goods and services, with free movement of business persons and investments, and thus pave the way for accelerating the establishment of the Continental Customs Union and the African customs union.
- **Expand intra African trade** through better harmonization and coordination of trade liberalization and facilitation regimes and instruments across RECs and across Africa in general.
- **Resolve the challenges** of multiple and overlapping memberships and expedite the regional and continental integration processes.
- **Enhance competitiveness** at the industry and enterprise level throughexploiting opportunities for scale production, continental market access and better reallocation of resources.

Source: https://au.int/en/ti/cfta/about

Africa's average regional integration scores across five dimensions



Note: Average of scores of CEN-SAD, COMESA, EAC, ECCAS, ECOWAS, IGAD, SADC and UMA. Scores are calculated on a score of 0 (low) to 1 (high).
Source: Africa Regional Integration Index Report 2016 (AUC, AfDB, ECA).

7 *See: Africa Regional Integration Index Report 2016 (AUC, AfDB, ECA)*

AFRICA'S INVESTMENT OUTLOOK

Global FDI outlook[8]

↓**Global FDI flows** fell by about **2%** to **USD 1.75 trillion** in 2016.

↓**FDI flows to Africa** fell to **USD 59 billion** down **3%** from 2015.

↓**Africa's share in global FDI** decreased from 3.5% to **3.4%.**

FDI outlook for Africa[9]

↓**Number of FDI projects into Africa** fell by **16%** in 2016.

↑**Capital investment into Africa** increased by **40%** to **USD 92.3 billion.**

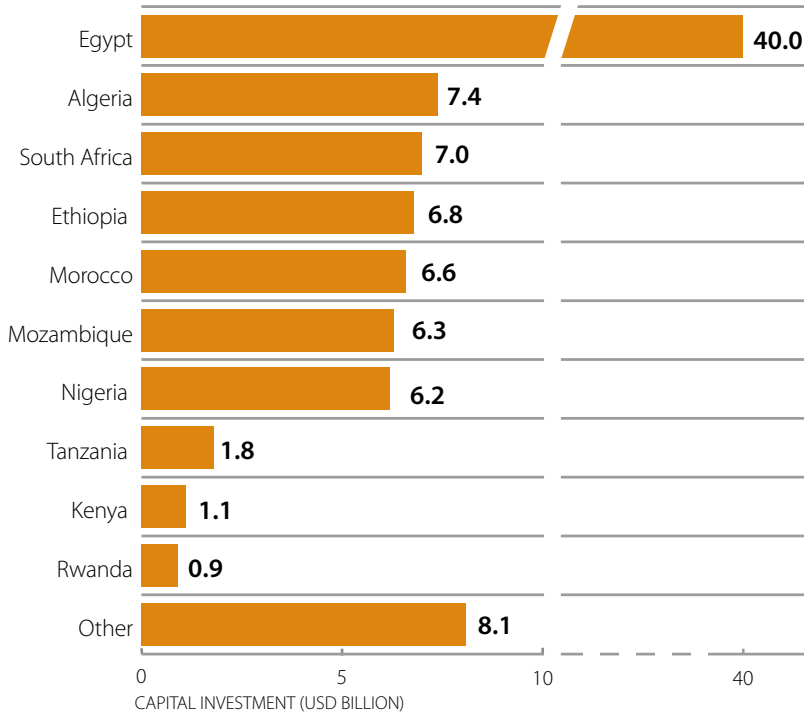
South Africa and **Morocco** were in the top countries that invested in Africa by project numbers in 2016.

↑Construction was the **leading business activity by capital investment**, totalling an estimated **USD 37 billion** in 2016.

↑**Construction, together with manufacturing**, accounted for **62%** of total capital investment.

Of the **top 10 activities** by capital investment, only construction, recycling, and logistics, distribution and transportation activities grew between 2015 and 2016

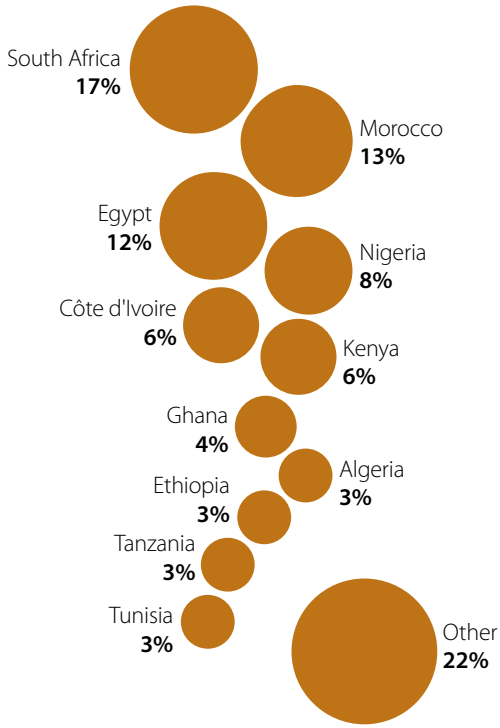
FDI into Africa by capital investment 2016 (USD billion)*



** Includes estimates.*

Source: fDi Markets referenced in The Africa Investment Report 2017

FDI into Africa by project numbers 2016, (% of market share by country)



Source: fDi Markets referenced in The Africa Investment Report 2017

8 *World Investment Report 2017 (UNCTAD)*
9 *The Africa Investment Report 2017 (The Financial Times)*

Regional FDI outlook in Africa[10]

↑**Top 10 destination countries for FDI into Africa** accounted for **78%** of total number of projects into the region and **91%** of the total capital invested.

Of the top 10 destination countries, only **Egypt, Côte d'Ivoire, Algeria** and **Tunisia** recorded more projects in 2016 compared to 2015.

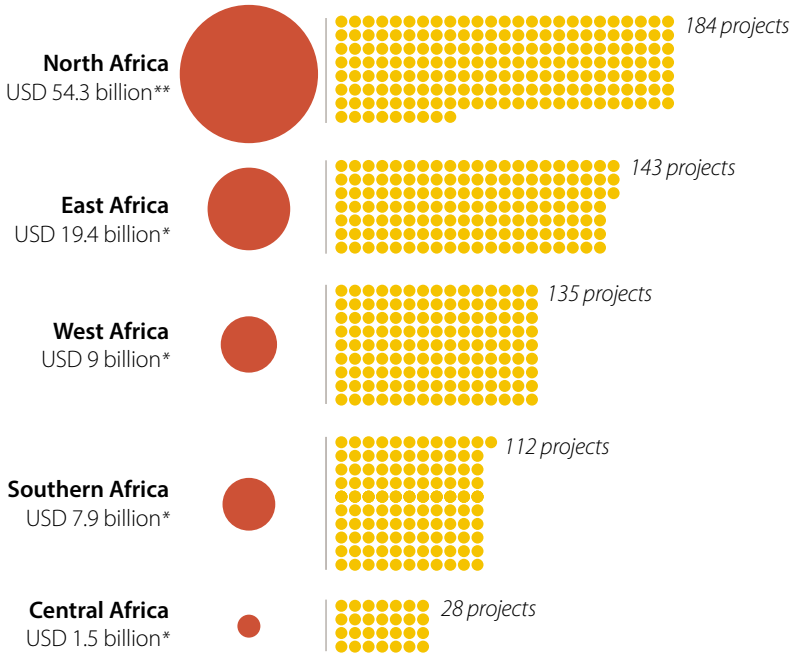
↑**South Africa** maintained a clear lead in **number of inbound FDI projects,** recording **105** in 2016.

↑**Egypt** retained its position as **top FDI destination by capital investment**, with **USD 40 billion** of announced FDI in 2016.

↑**Côte d'Ivoire** recorded **33 projects** in 2016, an increase of more than one-quarter.

↑**Tunisia** and **Algeria** began to show signs of moderate recoveries in **inbound project receipts** in 2016.

Capital investment by region 2016 (USD billion)*



*Regions are based on United Nations classification
**Includes estimates
Source: The Africa Investment Report 2017

Africa-to-Africa investment[11]

↑**FDI and remittances remain Africa's most important external financial sources**.

↑**Intra-African investments** decreased slightly in 2015-16, **but overall trend reflects growth.**

↑**Share of announced greenfield investment projects originating within Africa** was **17%**. These investments were expected to create approximately **38,000 jobs** in 2015-16.

↑**Morocco is increasingly a leading investor in the continent,** with about **USD 8 billion** of capital investment announced for 2015-16.

↑Although investment by **South Africa** is lower than in the past, it is **a major source of FDI in Southern Africa and the leader in terms of greenfield projects.** In 2015-16, it was responsible for capital investment of **USD 3.6 billion**, funding about 60 projects.

↑**Kenya, Nigeria** and **Mauritius** were also important sources of intra-African investment, accounting for **51, 22** and **18 greenfield projects**, respectively, over the same period.

10 *The Africa Investment Report 2017 (The Financial Times)*
11 *fDi Markets, 2017 referenced in African Economic Outlook 2017 (AfDB, OECD, UNDP)*

AFRICA'S INVESTMENT OBSTACLES AND OPPORTUNITIES

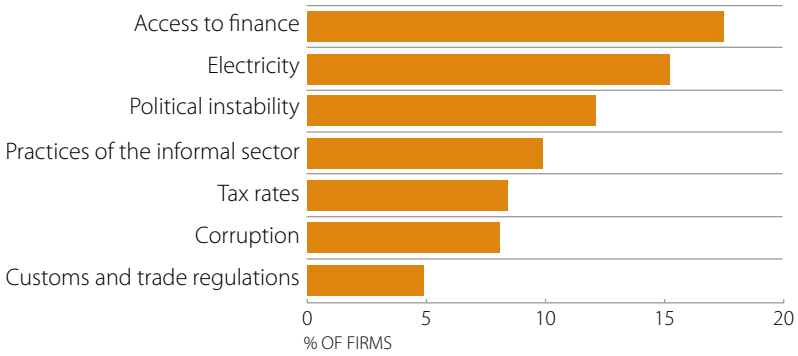
"Across a range of areas, Africans treat non-Africans far better than they treat other Africans. Foreign investors get better incentives and better treatment than national or regional investors. Those carrying non-African passports can move more easily in Africa than those carrying African passports, into most of the countries. Those political and economic anomalities should be corrected... Remember that Africa has the highest returns on investment in the world, and consumer and business-to-business trade is already at USD 3.9 trillion and will rise to USD 5 trillion within the next eight years."[12]

Sindiso Ngweyna, *Secretary-General*, COMESA

Many of the obstacles to promoting African investments in Africa are being removed as part of the continent's integration and prosperity agenda...

Africa as an investment destination has been categorized as high risk. But do the obstacles really outweigh the opportunities the region can offer investors from across the continent? It may be that many of the conditions investors are looking for are not always found in the same place. Uncertain economic and political backdrops can put a brake on investments, along with the big challenges of administrative hurdles and infrastructure gaps. When African businesses themselves are prevented from expanding across borders, private and public sectors need to hold an open dialogue on how to bridge the investment gap. Are companies' own mindsets blocking investment in Africa – can a fresh look at cultivating boldness, agility and resourcefulness help businesses find new Africa-centered solutions?[13]

African firms' most common operating constraints (2015 or most recent year)



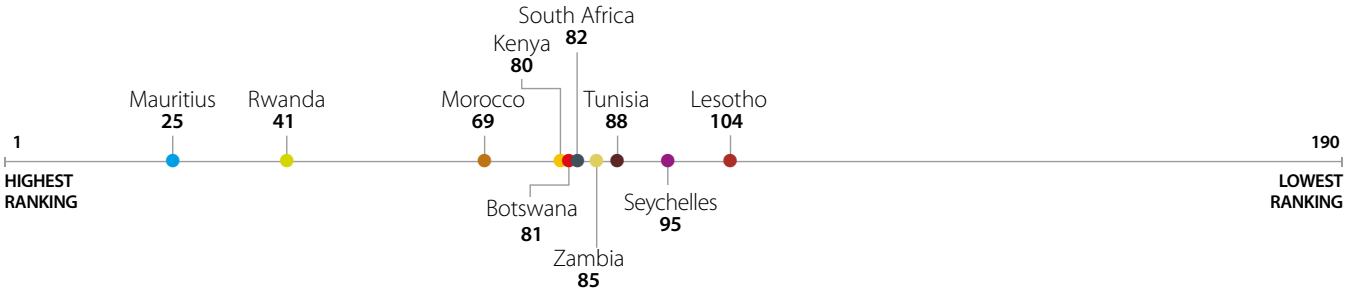
Note: 47 African countries
Source: African Economic Outlook 2017 (OECD, AfDB, UNDP)

The continent's investment opportunities are very much a reality. More African countries are offering incentives to attract investments, with levels of investment freedom improving across the region. The scope of what it will take to meet Africa's needs is unprecedented: a growing population, rising consumer demand among the middle classes and access to larger regional markets via the continent's buzzing big cities and regional hubs. Sectors such as real estate and construction are an increasing focus for global foreign direct investment flows. Alongside the growth potential of financial and consumer services, from food to healthcare as well as manufacturing, it all adds up to a sound investment prospect. Recent data shows that half of the top ten investors in the continent are from developing economies,[14] pointing to an opportunity for African companies to step up and expand their footprint in the region.

African companies can build an entrepreneurial approach to doing business and investing in the continent, drawing on geographical proximity, local knowledge and talent to achieve greater returns. African policymakers can drive Africa's investment potential by promoting stable policies, smooth regulations, clear procedures and taking on the role of a dependable business partner. At the same time, both businesses and governments need to innovate to make the most of digital advances as more Africans have access to affordable IT services.

12 *New African - In conversation: Sindiso Ngwenya (October 2017 edition)*
13 *See: Lions on the Move II: Realizing the potential of Africa's economies 2016 (McKinsey Global Institute) and 2017 African Business Outlook Survey (The Economist)*
14 *World Investment Report 2017 (UNCTAD)*

Top African countries for ease of doing business, 2018 ranking



NOTE: Economies are ranked on their ease of doing business, from 1 (highest) – 190
Source: World Bank Doing Business 2018

Many of the obstacles to promoting African investments in Africa are being removed as part of the continent's integration and prosperity agenda, which is moving steadily ahead. That is happening with policy solutions to remove visas at borders and the public-private partnerships tackling Africa's infrastructure and energy needs. It is happening with regional efforts to scale up industrialization and make access to capital more inclusive for all. Promoting investments in Africa by Africans will move the entire continent further forward.

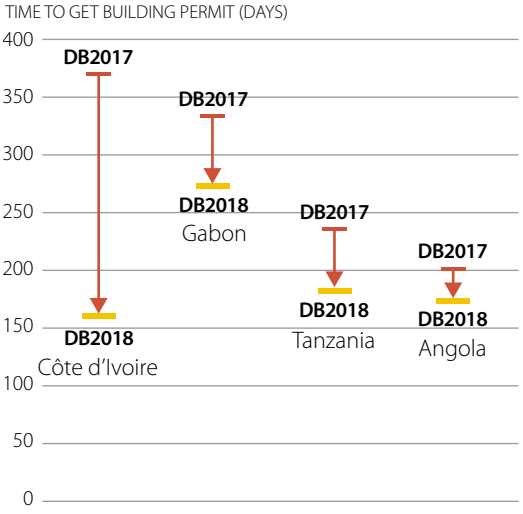
Doing Business: Africa highlights

Sub-Saharan Africa was the region with the highest total number of reforms in 2016/17, with 83 reforms recorded across all areas measured by *Doing Business*, a record number for the second consecutive year.

Four African economies are among the top 10 most improved in implementing business reforms in 2016/17: Malawi, Zambia, Nigeria and Djibouti.

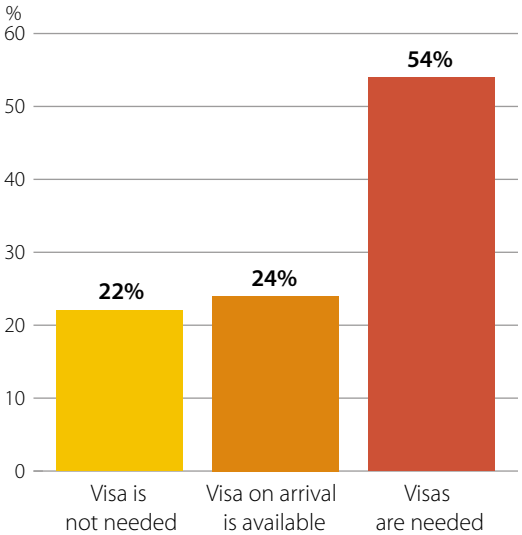
Source: www.doingbusiness.org and www.doingbusiness.org/reforms

Many economies made getting construction permits faster in 2016/2017



Note: Doing Business (DB) 2017 covers data 2015/16; DB2018 covers data 2016/17
Source: Doing Business 2018, World Bank Group

Ease of travel across Africa for African passport holders



Source: Visa Openness Report 2017 (AfDB, AU)

More African countries are offering incentives to attract investments, with levels of investment freedom improving across the region.

AFRICA-TO-AFRICA INVESTMENT: COUNTRY SNAPSHOT

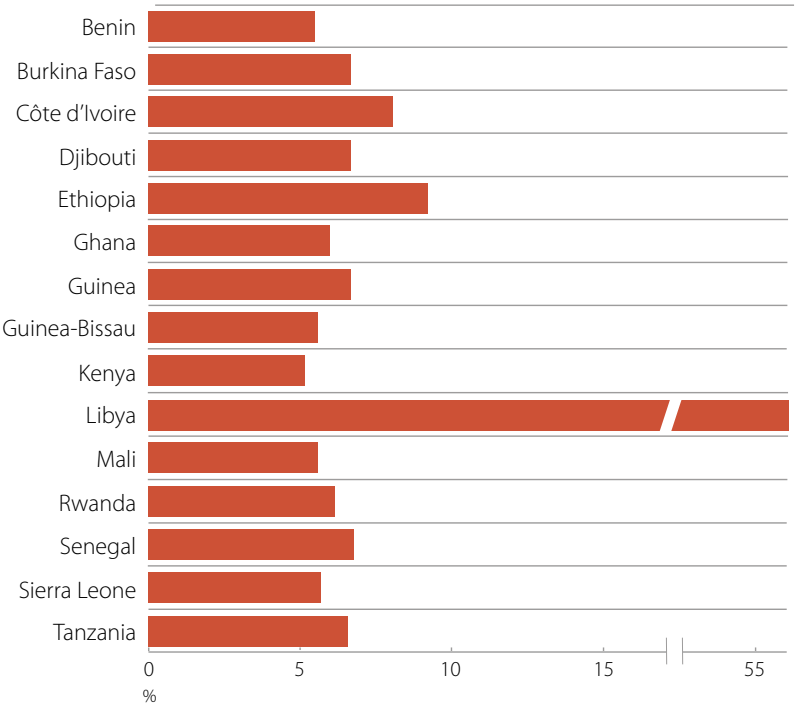
"**The South African government through Trade Invest Africa** (TIA), remains committed to the agenda of intra-African investment... Engagements between government, private sector and the business fraternity [are] imperative to the realisation of Africa trading with itself... While opening up conversations to address the energy deficiency, the Continent need not miss out on the digital industrial revolution. This is a new wave that we need to apply our minds on while coming up with solutions."[15]

●●●● **Lerato Mataboge,** *Head of TIA*, an Initiative of the Department of Trade and Industry, South Africa

In 2017, 22 African countries were reported to have maintained or improved their level of investment freedom...

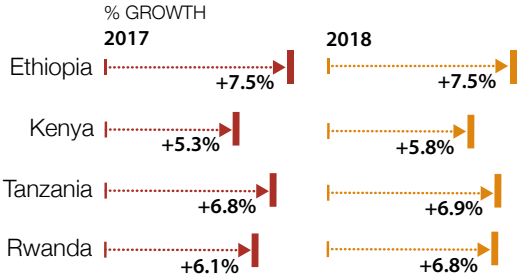
The overall picture of Africa-to-Africa investment needs to be broken down by the different investment opportunities offered by host countries across the continent. The political and economic backdrop of the destination market influences investors' decisions. In turn, how African investment impacts on the economy and development will depend on the investment environment in place. Governments and policymakers in Africa have a front row seat in attracting African companies and inviting them to expand their footprint. Sound macroeconomic management, coordinated fiscal and monetary policies and stable exchange rates matter. The national regulatory, tax, legal and business framework is important.
In 2017, 22 African countries were reported to have maintained or improved their level of investment freedom – a positive trend that should in turn encourage African investors.[16]

GDP growth in selected countries in Africa, 2017 (%)



Source: African Economic Outlook 2018 (AfDB).

Predicted growth of four of top 10 economies for FDI by capital investment



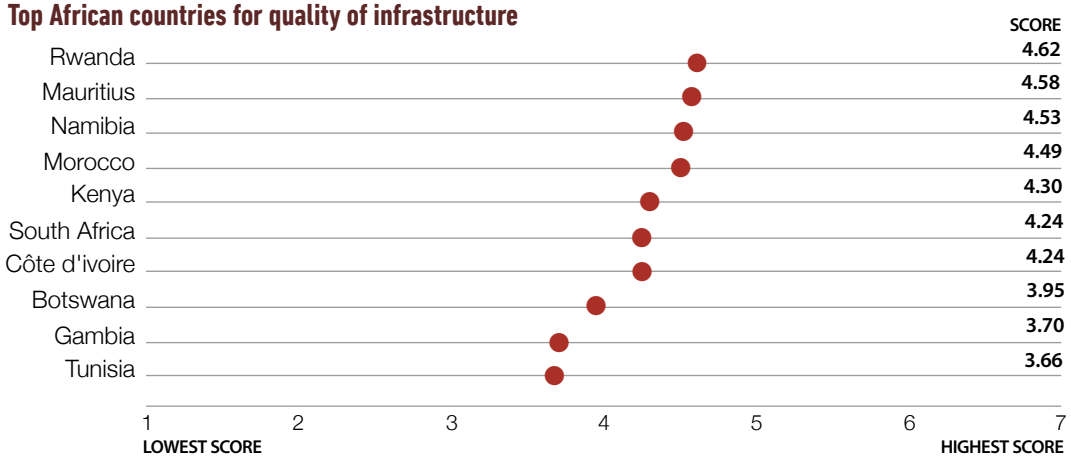
Source: World Economic Outlook, International Monetary Fund referenced in The Africa Investment Report 2017

There is a strong correlation between African countries performing highly in the ease of doing business[17] and the top countries for quality infrastructure,[18] with the same seven countries profiled in 2017: Botswana, Kenya, Mauritius, Morocco, Rwanda, South Africa and Tunisia. Three countries – Kenya, Morocco and South Africa – already feature as the top destination markets for FDI into Africa by both capital and project investment.[19]

15 https://www.thedti.gov.za/editmedia.jsp?id=4343
16 *2017 Index of Economic Freedom (Heritage Foundation) referenced in The Africa Investment Report 2017 (The Financial Times)*
17 *Doing Business 2017 (World Bank) referenced in The Africa Investment Report 2017 (The Financial Times)*
18 *Global Competitiveness Report 2016-2017 (World Economic Forum) referenced in The Africa Investment Report 2017 (The Financial Times)*
19 *The Africa Investment Report 2017 (The Financial Times)*

There is a strong correlation between African countries performing highly in the ease of doing business and the top countries for quality infrastructure,...

Top African countries for quality of infrastructure



Note: Countries are scored on their overall quality of infrastructure which includes areas such as transportation, communication and energy. (1 = extremely underdeveloped - among the worst in the world; 7 = extensive and efficient - among the best in the world)
Source: Global Competiveness Report 2016-2017, World Economic Forum referenced in The Africa Investment Report 2017*
** Accessed via Analyse Africa*

Ernst & Young Africa Attractiveness Index 2017 country ranking - top 10

1. Morocco
2. Kenya
3. South Africa
4. Ghana
5. Tanzania
6. Uganda
7. Côte d'Ivoire
8. Mauritius
9. Senegal
10. Botswana

Source: Ernst & Young's Attractiveness Program Africa, May 2017

The Africa Attractiveness Index[20] takes into account macroeconomic resilience, market size, economic diversification and governance and human development (alongside business environment and infrastructure). It shows four of the top ten countries in the Index are attracting the highest FDI numbers: Kenya, Morocco, South Africa and Tanzania. The list includes Côte d'Ivoire and Ghana when looked at by FDI into Africa by project numbers. Six of the top 10 countries in the Africa Attractiveness Index are also in the 20 fastest growing economies in Africa[21] – Côte d'Ivoire, Ghana, Kenya, Senegal, Tanzania and Uganda.

Six of the top 10 match up to the top 20 most visa-open countries in Africa[22] that allow most Africans to enter visa-free or to get a visa-on-arrival: Ghana, Kenya, Mauritius, Senegal, Tanzania and Uganda.

Five companies featured in the report have a home base in four of the top countries in the Africa Attractiveness Index – Mauritius, Morocco, Kenya and South Africa. The companies grew rapidly in their home markets, before expanding, which points to a virtuous circle for Africa-to-Africa investment. National private sector development can, in turn, promote regional business expansion. The numbers across Africa are adding up for investors. African companies can now take advantage of opportunities offered in countries continent-wide: host environments are becoming more business-friendly destinations and infrastructure projects are underway, helping to cut costs and time. Together with closer regional ties, 47 countries on the continent improved or maintained their visa openness,[23] showing how countries are becoming more open to each other, in support of Africa-to-Africa investment.

20 *Ernst & Young's Attractiveness Program Africa, May 2017*
21 *2017 African Business Outlook Survey (The Economist)*
22 *Africa Visa Openness Report 2017 (AfDB, AU)*
23 *Ibid.*

AFRICA'S INVESTMENT CHAMPIONS

Africa's companies[24]

The outlook for Africa's increasing number of large companies is promising. There is room to grow. Data shows that total revenue of large African companies is only one third of its potential and that large firms can make better use of innovation strategies to drive their expansion.[25]

Opportunities are opening up in new sectors in host economies across the continent and African companies on the ground are able to tap into local networks when taking investment decisions. Africa's infrastructure projects are getting a much-needed push, helping companies to expand operations, and regional integration efforts on trade and finance are picking up, with new solutions to make business across borders easier, quicker and cheaper.

The African companies championing investments in the continent – whether they operate in the financial or industrial sector, consumer services, media or with diversified portfolios – have key areas in common:

- **Clear confidence in the region** - confident in Africa's longer-term future as a region generating economic growth and are putting in the capital to back up their vision.
- **Cutting-edge track record** - at the cutting-edge of their business with a proven track record in their home markets; regional expansion is a natural next step.
- **Capitalizing on their African context** – use of local knowledge and networks to capitalize on opportunities ahead of the game to secure greater investment returns.

Case stories from African companies with a substantial footprint[26] across the continent highlight where businesses and policymakers can focus to attract investment with impact.

Africa's companies on the move

Africa has 700 companies with annual revenue of more than USD 500 million each and the total revenue of the 700 totals USD 1.4 trillion. 27% of the 700 companies are multinational corporations - the rest are large domestic companies.

400 African companies have revenue of more than USD 1 billion per year, and these companies are growing faster, and are more profitable than global peers.

Africa's household consumption and business spending are growing strongly, offering a
USD 5.6 trillion in African business opportunities by 2025.

Successful African companies are emerging in sectors such as retail, financial services, and transportation services.

African companies should look for opportunities in six sectors: wholesale and retail; food and agri-processing; health care; financial services; light manufacturing, and construction.

Source: Lions on the Move II: Realizing the potential of Africa's economies 2016 (McKinsey Global Institute)

24 *Lions on the Move II: Realizing the potential of Africa's economies 2016 (McKinsey Global Institute)*
25 *Ibid.*
26 *AfDB 'Africa-to-Africa Investment' company questionnaires; see page 31 for a full list.*

CASE STORIES

"**Investing in Africa is a long term project.** If you are thinking of the short term, you shouldn't invest in Africa at all. But it's a very good place to invest in... Anybody who doesn't invest in Africa will subsequently regret it... All these challenges that we are facing [as a continent] are not permanent challenges. They are temporary and they will go away. But you can only benefit if you are in line, which means you are already here."[27]

Aliko Dangote

President and *CEO*, Dangote Group

AFRICA TO AFRICA INVESTMENT

"**Big companies are important..** companies that have a market capitalisation of one billion dollars and more... You need the big companies because they have a big opportunity to do things, and you need those big things to be able to move the rest of the small and medium-scale enterprises... To create that we need to enable trade to be possible across borders, because it is when companies can trade beyond their local country that they have the capacity to become bigger."[28]

Ade Ayeyemi, *CEO,* Ecobank Group

27 *New African - Profile: Aliko Dangote (February 2017 edition)*
28 *New African - Star interview: Ade Ayeyemi (June 2017 edition)*

Tailoring flexible business models

African companies that have a large regional footprint are tailoring their business models to be more relevant to the conditions of local markets into which they are expanding. They operate across a range of activities and locations to manage risk and returns effectively. Through their vision of driving prosperity in Africa for more Africans, companies focus on contributing to socio-economic development in the countries and regions where they invest.

African policymakers can boost investment efforts by improving the business environment, reforming procedures to cut time and costs, and also simplifying and updating access to information. Having a strong, open dialogue between regulators and investors on their needs, from infrastructure to information technology, can also catalyze investment flows.







Attijariwafa Bank[29]

Investment numbers[31]

Net banking income
MAD 21.6 billion

Operating income
MAD 9.5 billion

Net income
MAD 6.6 billion

Net income, Group share
MAD 5.4 billion

9.1 million clients

19, 754 employees

Founded in 1904 and operates in 26 countries

3, 407 branches in Morocco; 290 branches in North Africa; 443 branches in West Africa; 96 branches in Central Africa; 70 branches outside Africa: Europe, Middle East and North America.

Awarded 3 times "African Bank of the Year 2017" at The Africa CEO Forum, by Euromoney Magazine, and at the Africa Investments Forum & Awards.

Awarded 3 times "Best Bank in Morocco 2017" by EMEA Finance.

Awarded "Best Bank in North Africa" by The African Banker magazine.

"**There is a new look towards Africa.** We are continuing to unite all our energy to promote economic development on our continent. The priority is to invest in countries with a high potential for growth, in particular East and Central Africa, and strengthening economic cooperation across the main regions of our continent, from North to South, East to West."[30]

Mohamed El Kettani, *President Director General,* Attijariwafa Bank

Investment fact[32]

The bank is the number one group in the Maghreb region and in WAEMU, and is a key player at the heart of CEMAC. It has the largest distribution network in Morocco and the most dense network in Africa with 4, 236 branches. The bank continues to focus on mobilizing its overall resources to support the African continent.

Investment story

Attijariwafa Bank's vision to expand across Africa was tied to its goal to support the continent's socio-economic development, bringing together partnerships and exchanges, as in its International Africa Development Forum. Through adapted products and services the bank aims to support small, medium and large companies to become more competitive.



AFRICAN FOOTPRINT[33] 14 countries; home base in Morocco

Highlights

- **Developing excellence across activities in the home market.** From banking to finance and insurance, the bank built up key sector experience before expanding.
- **Building a profitable, dynamic business model across subsidiaries.** Synergies across trade, finance, investment, retail, insurance helped to generate new business.
- **Breaking down a development vision into operational efficiency.** The bank focused on key delivery mechanisms: HR, allocated budgets, prioritization and governance.
- **Driving economic integration and inclusiveness.** With its International Africa Development Forum, it aims to drive economic and social inclusion in the region.

Investment lesson

"The development of the banking sector at the African level plays a key role in the mobilization of intra-African investment: improving the perception of country risk, accompanying economic operators in discovering new investment locations, financing growth."[34]

With its wider vision, the bank promotes a strong governance model in its operations to support its strategy across Africa and drive public and private sector ties at country level.

29 *Attijariwafa Bank Rapport Annuel et de Responsabilité Sociale 2016; AfDB 'Africa-to-Africa Investment' company questionnaire: Attijariwafa Bank, and www.attijariwafabank.com*
30 *Attijariwafa Bank Rapport Annuel et de Responsabilité Sociale 2016*
31 *Updated data as of 31 December 2017 provided by Attijariwafa Bank*
32 *Ibid.*
33 *See page 31 for a full list.*
34 *AfDB 'Africa-to-Africa Investment' company questionnaire: Attijariwafa Bank*






KCB Group[35]

Investment numbers[37]

Total assets
Ksh 595.2 billion

Total equity
Ksh 96.5 billion

Net interest income
Ksh 47 billion

Profit after tax
Ksh 19.7 billion

12.3 million customers

7,192 employees

Founded in 1896 and listed on: Nairobi Securities Exchange; Dar es Salaam Stock Exchange; Uganda Stock Exchange, and Rwanda Stock Exchange

Mobile banking is the platform for 53% of customers and for 90% of the bank's loans

Awarded "Best retail bank", and "Best commercial bank" at the 2016 Banker Africa Awards

"**We sit at the epicenter of shepherding Africa's economic transformation agenda...** We don't go to countries for the sake of growth – we follow our trading partners in order to enable their businesses and bank their value chain... The bank is moving toward becoming a financial technology company, where we see this proposition as the next frontier for our growth and the best bet in deepening financial inclusion."[36]

●●●● **Joshua Oigara,** *Group CEO,* KCB Group

Investment fact[38]

Since 1896, KCB Group has grown to become East Africa's largest banking institution with an asset base of KES 595 billion (USD 5.84 billion), a market capitalization of KES 105 billion (USD 1.02 billion), and broad regional distribution in seven countries: with over 265 branches, 13,562 agents and 962 ATMs.

Investment story

KCB's vision was to drive East Africa's economic journey and be part of a wider purpose supporting progress not only for customers and partners but uplifting more communities. This led to the bank taking advantage of geographical proximity, opportunities in host economies and regional market access, including operating in challenging environments.



AFRICAN FOOTPRINT[39] 7 countries; home base in Kenya

Highlights

- **Looking at timing, footprint and business strategy for different markets**. To build market share, the bank identified needs to gain customer and regulator support.
- **Promoting diversity across the business portfolio.** To gain a firm footing in different markets, the bank used its diversity and spread of channels to build client access.
- **Setting up a seamless client experience across boundaries.** The one-branch banking platform lets customers use services in other locations as if from their main branch.
- **Being part of East Africa's regional integration.** As customers moved into cross-border trade in the region, it travelled with them providing services in new markets.

Investment lesson

"One size does not fit all the markets in the region and a clear understanding of which approach would work for the different markets led to the success."[40]

To be relevant to local contexts, the bank adopted a clearly differentiated approach to each market and customer segment across the region from that established in the home market.

35 *KCB Sustainability Report 2014-2016; AfDB 'Africa-to-Africa Investment' company questionnaire: KCB Group Plc; https://kcbgroup.com*
36 *www.theworldfolio.com/interviews/kcb-at-the-epicenter-of-africas-economic-transformation-agenda/3987*
37 *As of 31 December 2016, KCB Sustainability Report 2014-2016*
38 *www.kcbgroup.com/investor-relations (accessed 31 January 2018)*
39 *See page 31 for a full list.*
40 *AfDB 'Africa-to-Africa Investment' company questionnaire: KCB Group Plc*



Nation Media Group[41]

Investment numbers[43]

Market capitalization Shs 17.5 billion

Total equity Shs 8.7 billion

Profit Shs 2.5 billion

Founded in 1962 - largest independent media house in East and Central Africa with operations in print, broadcast and digital media

Group and staff received 14 journalism awards in Kenya, seven in Tanzania, one in Rwanda and nine in Uganda in 2016

Listed on four African stock exchanges (Nairobi Securities Exchange, Dar es Saalam Stock Exchange, Rwanda Stock Exchange, Uganda Securities Exchange)

20 media brands in four countries

26 million digital footprint

17 million social media followers

"**Nation Media Group's expansion** is in line with our strategy to consolidate and grow the business across the African hub through access to markets with significant potential such as the youth and female populations across the region."[42]

●●●● **Clifford Machoka**, *Head of Corporate and Regulatory Affairs,* Nation Media Group

Investment fact[44]

The Group's Digital Division grew by 14% in 2016 and two Group products received top awards at the 2017 African Digital Media Awards. This is in line with the Group's strategy to drive revenue and innovate across platform content, video, entertainment, music, agriculture, business and economic data, fashion and lifestyle.

Investment story

Nation Media Group's vision to tell the African story from an African perspective led it from a successful home base in Kenya to expand across East Africa, building content and coverage on the latest socio-political-economic issues. In moving into new markets, the Group helped to shape the regulatory environment by focusing on press standards and quality journalism.



AFRICAN FOOTPRINT[45] 4 countries; home base in Kenya

Highlights

- **Creating a strong media brand in their home market and regionally.** For new audiences to accept products, the Group invested in building its image over time.
- **Using a detailed growth strategy to match products to audiences**. Knowledge of the media landscape meant that innovative options were targeted to each country.
- **Consolidating key investments to drive potential for future growth.** The Group invested in overhauling print products and expanding a regional fibre optic network.
- **Taking forward strategic regional partnerships and acquisitions.** To drive brand quality and audience growth, the Group invested in regional stations and studios.

Investment lesson

"The opening up of the digital space has also enhanced our route to market across borders, therefore easing our entry in the markets."[46]

To meet a growing demand, the Group focused on reaching women and young consumers with innovative products and channels and recruited talent to match trends in new media.

41 *Nation Media Annual Report 2016; AfDB 'Africa-to-Africa Investment' company questionnaire: Nation Media Group Plc, and www.nationmedia.com*
42 *AfDB 'Africa-to-Africa Investment' company questionnaire: Nation Media Group Plc*
43 *As of 31 December 2016, Nation Media Annual Report 2016*
44 *Ibid.*
45 *See page 31 for a full list.*
46 *AfDB 'Africa-to-Africa Investment' company questionnaire: Nation Media Group Plc*

Harnessing local talent and skills

The companies driving investments in the continent are leaders in promoting African talent and focus on training the next generation of professionals needed to help businesses thrive. With their unique African background, multicultural and multilingual, the biggest asset for African companies is in the people they hire in the new markets in which they operate. Opening up local channels and networks to support business development has led to empowering teams and using on-the-ground expertise and insights that power their growth.

For policymakers across the region, supporting investment means providing the skills the next generation needs to be active in the labour market, investing in education and vocational programmes. It also means encouraging entrepreneurship by making it easier for African business people to travel, giving them visas on arrival or visa-free entry at borders.







Ethiopian Airlines Group[47]

Investment numbers[48]

Operating Revenue
Birr 54.4 billion

Total current assets
Birr 88.8 billion

Total equity
Birr 25.4 billion

13,942+ employees

Founded in 1945 and operating worldwide for over 70 years.[49]

Ethiopian has registered an average growth of 25% per year for the past seven years.

Operates 94 young, modern fleet, of less than 5 years, with 58 fleet on order.

Ethiopian Aviation Academy is the largest in Africa and is recognized as an ICAO regional Training Centre of Excellence with annual intake capacity of 4,000 trainees.

Awarded SKYTRAX "Best African Airline" in 2017, and Four Star Airline Certification in 2017.

"**With its strong mission of bringing Africa together and closer to the world**, Ethiopian has expanded much needed air connectivity within Africa and with the rest of the world. Ethiopian has been an aviation technology leader in Africa and has introduced many new aircraft and systems to the continent."

●●●● *Ethiopian Airlines Annual Report 2015/16*

Investment fact[50]

The Airline created a missing link through its vast African network to 55 cities and 100+ international passenger and cargo destinations, with daily and more flights, and minimum layover in Addis Ababa. It opened a second hub based in Lomé, Togo, in partnership with ASKY airlines and became a strategic partner of Malawian Air.

Investment story

Ethiopian Airlines' vision was to capitalize on the huge untapped air transport potential and underserved markets in Africa and use its home base and African roots to do this. Bringing new aviation development to the continent and strong partnerships with other African airlines, the airline has been able to grow rapidly and expand its Africa network.



AFRICAN FOOTPRINT[51] 55 routes to 38 countries; home base in Ethiopia

Highlights

- **Delivering high standards of customer service and building loyalty**. The airline identifies and satisfies trends in customer needs for leading industry growth rates.
- **Developing expertise and world class professionals.** Running Africa's largest aviation academy, the company trains pilots, technicians, cabin and ground staff.
- **Becoming a leader in technology across operations.** Investment in a modern fleet, aviation infrastructure and paperless operating systems has boosted expansion.
- **Decentralizing to be closer to the markets.** Its sub-regional hub and partnership help to service the airline's African routes and promote efficiency and cost savings.

Investment lesson

"Investing in Human Capital – our well qualified, professional and dedicated employees are the main drivers of the airline's success."[52]

The airline put human resource development at the centre of its growth strategy, focusing on developing and nurturing Africa's future leaders, winning awards for best employer.

47 *Ethiopian Airlines Annual Report 2015/16; Ethiopian Airlines Factsheet November 2017; AfDB 'Africa-to-Africa Investment' company questionnaire: Ethiopian Airlines Group, and www.ethiopianairlines.com/corporate*
48 *As of 30 June 2016, Ethiopian Airlines Annual Report 2015/16*
49 *Ethiopian Airlines Factsheet November 2017 (source for rest of list in Investment numbers)*
50 *Ibid.*
51 *See page 31 for a full list.*
52 *Ethiopian Airlines Annual Report 2015/16*



Standard Bank Group[53]

Investment numbers[55]

Total assets
R 1,954,290 million

Total equity
R 179,359 million

Headline earnings
R 23,009 million

Founded in 1862, it has 54,767 employees

Listed on Johannesburg Stock Exchange since 1970 and Namibian Stock Exchange.

150+ years heritage and voted Africa's most valuable banking brand (Brand finance) in The Banker's 2016 list.

Winner of the "Risk Emerging Markets Dealer of the Year" award 2016, following a strong performance by its team in challenging market conditions.[56]

It has a strategic partnership with Industrial and Commercial Bank of China (ICBC).

As at 30 June 2017, it is the largest African bank by assets.[57]

"**Opportunities in Africa exist,** but to succeed, an ability to navigate the complexities of emerging markets is required... Our access to local markets across Africa, through our on-the ground teams and footprint, gives us insight into the nuances of each market and helps us to better understand and identify client requirements."[54]

Stephen Barnes, *Head Client Solutions*, Standard Bank Group

Investment fact[58]

The bank started building a franchise outside southern Africa in the early 1990's. In 2016 the group's Africa regions franchise contributed 30% to total income and 25% to headline earnings. Through its partnership with ICBC it has a key role in developing business opportunities in Africa-China trade.

Investment story

Standard Bank's vision was to promote a strong and stable brand over time to build its reputation with clients, focusing on supporting growth and development across Africa. Alongside the core operations on the continent, the bank's international presence offers an opportunity to meet client needs outside of Africa helping to do business in the region.



AFRICAN FOOTPRINT[59] 20 countries; home base in South Africa

Highlights

- **Focusing on Africa with a strong knowledge of local markets.** By concentrating on business initiatives in, for and across Africa, it increased its depth of expertise.
- **Looking at a long-term approach to growing the business.** The bank was patient in looking at affordable African acquisitions before they became profitable.
- **Building an on-the-ground presence to take advantage of opportunities**. Promoting capabilities, the bank uses local talent supported by experienced African expatriates.
- **Developing local expertise and networks to facilitate business.** To support clients, the bank built up knowledge of local regulations, legislation and stakeholders.

Investment lesson

"Our strategy has our clients at its centre, and everything we do aims to partner our clients in their growth. As such, our expansion has followed our clients, as we aim to meet their needs as they expand on the continent."[60]

The bank created a brand that is ranked in the top black-empowered companies in its home country, while taking advantage of market size and opportunities across the continent.

53 *Standard Bank Group Annual Integrated Report 2016; AfDB 'Africa-to-Africa Investment' company questionnaire: Standard Bank Group, and www.standardbank.com*
54 *https://corporateandinvestment.standardbank.com/CIB/Latest-News/Standard-Bank-wins-Risk-Emerging-Markets-Dealer-of-the-Year-award-for-2016*
55 *As of 31 December 2016, Standard Bank Group Annual Integrated Report 2016*
56 *https://corporateandinvestment.standardbank.com/CIB/Latest-News/Standard-Bank-wins-Risk-Emerging-Markets-Dealer-of-the-Year-award-for-2016*
57 *www.standardbank.com/pages/StandardBankGroup/web/investorRelations.html (accessed 31 January 2018)*
58 *Standard Bank Group Annual Integrated Report 2016*
59 *See page 31 for a full list.*
60 *AfDB 'Africa-to-Africa Investment' company questionnaire: Standard Bank Group*

Building local win-win partnerships

As part of expanding their business activities across the continent, African companies have built strong partnerships with governments, regulators and local actors in destination markets. Thanks to collaboration among the public and private sector, businesses have been able to advocate for better investment conditions and secure support in areas such as digital development. Other strategic partners have brought in capital and expertise to the projects.

The continent's policymakers can inspire greater levels of confidence and promote investment in the economy by showcasing their role as dependable business partners for African investors. By deepening regional integration efforts with neighbouring countries, investors will be able to take advantage of streamlined business transactions across borders.







CIEL Group[61]

Investment numbers[63]

Group consolidated revenue MUR 20.26 billion

Investment portfolio MUR 15,282 million

Market capitalization MUR 11.8 billion

Group profit after tax MUR 1,144 million

Group structure of 50 companies in portfolio, and 12 international partners

35,000+ employees across all subsidiaries and associated companies.

Founded in 1912 and one of largest listed Mauritian companies and listed on Mauritian stock exchange.

Diversified Investment Group, with five business clusters across Mauritius, Africa and Asia: hotels and resorts; agro and property; textile; finance, and healthcare.

In textiles, from a first investment in the 1970s in Mauritius, the Group operates 20 factories in four different countries, employing approximately 20,000 people.

"**The main driver behind our African expansion** is the population and economic growth of the continent, which goes hand in hand with a rise in the middle class and, as such, the demand for goods (such as sugar) and services (such as finance and healthcare). Africa is the lead market for our Group."[62]

Jean-Pierre Dalais, *CIEL Group Chief Executive*

Investment fact[64]

An Investment Group based in Mauritius with operations internationally, CIEL is particularly active in a range of sectors across Africa: in sugar with Alteo in Tanzania and Kenya; in textiles in Madagascar; in healthcare in Uganda and Nigeria; in financial services in Madagascar, Botswana and other countries. The private equity business is part of how the Group realized its African investments.

Investment story

CIEL's vision was to go international and diversify its portfolio linked to a strategic expansion strategy based on strong leadership with a proven track record of business success. To manage challenges and risks to investing in the region, the Group promoted partnerships for mutual growth, strong governance and close management to oversee the business.



AFRICAN FOOTPRINT[65] 8 countries; home base in Mauritius

Highlights

- **Investing through local partners in destination markets**. By partnering up, the Group acquired strong knowledge of ground realities and avoided key pitfalls.
- **Utilizing its multicultural background as an asset in expansion.** Building on Group strengths by using its language and cultural diversity in its regional links.
- **Developing strategic partnerships to expand the business.** The Group built a network of trusted partners bringing capital and expertise to capture new markets.
- **Promoting synergies across operations with a hands-on approach.** To nurture investments and boost performance, it shared best practice across business clusters.

Investment lesson

"The emerging business environments in which we operate offer incredible growth opportunities. As entrepreneurs, we know that you need a solid on-the-ground presence and sector expertise to be the best at what you are doing. Therefore, we trust our expert sectorial teams to excel in their respective fields while remaining competitive on the global scene."[66]

The Group's growth, expanding across borders and into new sectors, was mostly through acquisition. An entrepreneurial attitude runs throughout the entire business and strategy.

61 *Ciel Integrated Report 2017; Ciel Factsheet September 2017; AfDB 'Africa-to-Africa Investment' company questionnaire: CIEL Limited, and www.cielgroup.com*
62 *AfDB 'Africa-to-Africa Investment' company questionnaire: CIEL Limited*
63 *As of 30 June 2017, Ciel Integrated Report 2017 and www.cielgroup.com (accessed 31 January 2018)*
64 *AfDB 'Africa-to-Africa Investment' company questionnaire: CIEL Limited*
65 *See page 31 for a full list.*
66 *Ciel Integrated Report 2017*









Dangote Cement[67]

Investment numbers[68]

Revenues NGN 615.1 billion

EBITDA NGN 257.2 billion

Invested NGN 136.2 billion across Africa, and created nearly 2,000 jobs

Capacity 45.8 million tonnes per year

Sales volumes 23.6 million tonnes

16,272 employees

Founded in 1992 and part of the Dangote Group, which includes the sectors of food and beverages; port operations; cement; haulage; services, and packaging.

Obajana Cement Plant (Kogi State) is reputed to be one of the single largest cement plants in the world with a capacity of 10.25 million metric tonnes per annum.[69]

Biggest quoted company in West Africa and the only Nigerian company on Forbes Global 2000 Companies.

"**Africa will need considerable investment** in infrastructure and housing as urbanization increases and economies diversify... towards manufacturing, retailing and services... younger, more affluent and more mobile populations will also increase demand for property... these drivers will see... demand for cement increase significantly in the coming years."

●●●● *Dangote Cement Annual Report 2016*

Investment fact[70]

Before the company started manufacturing, Nigeria was one of the world's biggest importers of cement. In 2012, the country was self-sufficient and in 2016 a net exporter.

Investment story

Dangote Cement's vision was to support African countries to become self-sufficient by producing one of the world's most basic commodities and establishing efficient production facilities in strategic locations close to key markets. The company prioritized trading within West Africa, taking advantage of regional markets to offer a product free of import duties.



AFRICAN FOOTPRINT[71] 10 countries; home base in Nigeria

Highlights

- **Setting out clear investment strategies.** The company located plants in strategic markets to serve both the host country and the needs of neighbouring countries.
- **Targeting research and feasibility studies.** Quality research meant it could lead on costs and quality by identifying markets with smaller-scale, less efficient operations.
- **Engaging and negotiating with governments.** Cooperation with governments led to negotiating on terms and removing legislative bottlenecks blocking investments.
- **Nurturing a proactive and capable team.** A strong team in the home and intended market was set up to monitor the process and prepare sound reports at each stage.

Investment lesson

"Benefiting from competitive pricing, tight cost controls and investment incentives in the form of tax holidays, our strong cash generation in Nigeria funded our expansion both inside our home country and beyond its borders into key African markets where we are building new capacity that will serve the needs of Africans for the coming decades."[72]

The company's focus was to identify key features in destination markets, from investment incentives to a large population, growing economy, good infrastructure and access to fuel.

67 *Dangote Cement Annual Report 2016; AfDB 'Africa-to-Africa Investment' company questionnaire: Dangote Cement Plc, and www.dangote.com*
68 *As of 31 December 2016, Dangote Cement Annual Report 2016*
69 *http://dangote.com/ourbrands/cement.aspx (accessed 31 January 2018)*
70 *Dangote Cement Annual Report 2016.*
71 *See page 31 for a full list.*
72 *Dangote Cement Annual Report 2016.*







Ecobank Group[73]

Investment numbers[75]

Net revenue USD 2.0 billion

Total assets USD 20.5 billion

Total equity USD 1.8 billion

Pre-impairment income USD 735 million

10 million customers: individuals, SMEs, regional and multinationals, financial institutions and international organizations

17,343 employees

1,265 branches and 2,829 ATMs

Founded in 1985 - present in 36 African countries, with international offices in Paris, London, Dubai and Beijing, to support customers who conduct business globally.

Listed on three African stock exchanges: Nigeria, Ghana and BRVM-Côte d'Ivoire.

"**Public and private sectors need to cooperate closely** to unleash the power of Africa's human and financial capital to bring this pan-African vision to reality. These have been the core driving force of the success story of Ecobank's pan-African growth strategy."[74]

●●●● **Mareme Mbaye Ndiaye,** *Chief of Staff to the Group Chief Executive*, Ecobank Group

Investment fact[76]

Incorporated in 1985 with authorized capital of USD 100 million. The initial paid up capital of USD 32 million was raised from over 1,500 individuals and institutions from West African countries. Ecobank currently has a larger African footprint than any other bank with operations in 36 countries across the continent.

Investment story

Ecobank's vision was to create a pan-African force in banking and take advantage of regional integration opportunities, at the same time driving financial inclusion across the continent. This led to the bank adopting a diversified business model, from a wholesale business in West Africa to a balanced portfolio of banking activities across markets and business lines.



AFRICAN FOOTPRINT[77] 36 countries; home base in Togo

Highlights

- **Adopting a flexible expansion strategy across regions.** Geographical diversification led to strong performance overall in the context of financial and political instability.
- **Introducing a 'One Bank' strategy with common branding, policies, processes and technology** across the network, with risk, finance and IT functions all centralized.
- **Attracting institutional investors with strong emphasis on international standards:** CSR, IFC Corporate Governance, Equator principles and IFRS accounting standards.
- **Securing the support of regulators in moving ahead with digital transformation.** This led to meeting growing customer needs by partnering with the public sector.

Investment lesson

"The defining characteristic of Ecobank is that, with African blood coursing through its corporate veins, where others see risk, Ecobankers see opportunities."[78]

The bank, instead of avoiding challenging country backdrops, moved ahead with operations in uncertain political and financial times, allowing it to expand rapidly and manage its risks.

73 *Ecobank Group Annual Report 2016; AfDB 'Africa-to-Africa Investment' company questionnaire: Ecobank Transnational Incorporated, and www.ecobank.com*
74 *'Africa-to-Africa Investment' company questionnaire: Ecobank Transnational Incorporated*
75 *As of 31 December 2016, Ecobank Group Annual Report 2016*
76 *https://ecobank.com/group/about-us (accessed 31 January 2018)*
77 *See page 31 for a full list.*
78 *AfDB 'Africa-to-Africa Investment' company questionnaire: Ecobank Transnational Incorporated*



Companies' African footprint[79]

Attijariwafa Bank
14 countries
Benin
Burkina Faso
Cameroon
Republic of Congo
Côte d'Ivoire
Egypt
Gabon
Mali
Mauritania
Morocco*
Niger
Senegal
Togo
Tunisia

CIEL Group
8 countries
Botswana
Kenya
Madagascar
Mauritius*
Nigeria
South Africa
Tanzania
Uganda

Dangote Cement
10 countries
Cameroon
Republic of Congo
Ethiopia
Ghana
Nigeria*
Senegal
Sierra Leone
South Africa
Tanzania
Zambia

Ecobank Group
36 countries
Angola
Benin
Burkina Faso
Burundi
Cameroon
Cape Verde
Central African Republic
Chad
Republic of Congo
Côte d'Ivoire
Democratic Republic of Congo
Equatorial Guinea
Ethiopia
Gabon
Gambia
Ghana
Guinea
Guinea-Bissau
Kenya
Liberia
Malawi
Mali
Mozambique
Niger
Nigeria
Rwanda
São Tomé and Príncipe
Senegal
Sierra Leone
South Africa
South Sudan
Tanzania
Togo*
Uganda
Zambia
Zimbabwe

Ethiopian Airlines Group
55 routes/38 countries
Angola
Benin
Botswana
Burkina Faso
Burundi
Cameroon
Chad
Comoros
Republic of Congo
Côte d'Ivoire
Djibouti
Democratic Republic of Congo
Egypt
Equatorial Guinea
Ethiopia*
Gabon
Ghana
Guinea
Kenya
Madagascar
Malawi
Mali
Mozambique
Namibia
Niger
Nigeria
Rwanda
Senegal
Seychelles
Somalia
South Africa
South Sudan
Sudan
Tanzania
Togo
Uganda
Zambia
Zimbabwe

KCB Group
7 countries
Burundi
Ethiopia
Kenya*
Rwanda
South Sudan
Tanzania
Uganda

Nation Media Group
4 countries
Kenya*
Rwanda
Tanzania
Uganda

Standard Bank Group
20 countries
Angola
Botswana
Côte d'Ivoire
Democratic Republic of Congo
Ethiopia
Ghana
Kenya
Lesotho
Malawi
Mauritius
Mozambique
Namibia
Nigeria
South Africa*
South Sudan
Swaziland
Tanzania
Uganda
Zambia
Zimbabwe

** Indicates home base*
79 AfDB 'Africa-to-Africa Investment' company questionnaires

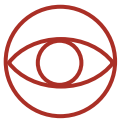
AFRICA'S INVESTMENT SOLUTIONS

Investment insights from eight leading African companies highlight focus areas for the continent's business and policy community that help Africa-to-Africa investment to thrive.

The starting point in each company's investment story was having a clear vision that can help grow the business over the long-term. All these companies were strong players in their home markets before reaching out to neighbouring markets and beyond.

Getting the investment facts, information and networks up-to-date, both before branching out and once on the ground, proved vital to each company's successful expansion. Their experience showed that it was the ability to adapt and target services to reach clients in new markets that led to the companies' investments taking hold. And it was this approach that they combined with bringing on board local partnerships to deliver effective operations. By tapping into talent in the local labour force, companies were able to source the skills needed to grow, while having different business streams helped them to balance risks and returns.

Checklist for African companies: how to invest with impact



Map out a vision of how to develop – put in place right structures to make it work.



Take a long-term approach to investment – build the idea of returns for the future.



Build a strong domestic base of excellence – then expand operations outwards.



Capitalize on regional presence – look to neighbouring markets and opportunities.



Do the research – map out feasibility, costs and risks; engage with local regulators.



Keep in close contact with business operations – be ready as situations evolve.



Adapt business model to market conditions – aim to be relevant to local context.



Use trusted local partners and actors – develop win-win partnerships over time.



Draw on local skills and resources – including local knowledge and contacts.



Diversify the business portfolio – spread business activities to manage risks.

In turn, the companies' investment lessons show how pro-business policy decisions helped them to expand across the continent and can continue to boost Africa's investment levels. The companies took advantage of regional agreements to connect to new clients, from free trade zones to harmonized frameworks, cross-border projects and exchanges. Across all sectors, the companies depended on strong infrastructure networks – ICT, energy, transport and logistics – to build their operations. In addition, sourcing expertise from a professional workforce in destination markets helped the companies to expand. The investment stories all highlight policy predictability and stability – being able to count on the host environment to make doing business easier, simpler and clearer. Plus as investors, having the option to travel freely meant an idea was able to go from investment potential to bankable project.

Checklist for African policymakers: how to promote investment with impact



Re-energize integration – see through regional commitments under RECs and CFTA.



Expand free trade zones – look at neighbouring countries, RECs and Africa-wide.



Take a regional look at finance – harmonize regulatory frameworks and platforms.



Deliver on regional projects – cooperate on cross-border plans and open skies.



Exchange across borders – share knowledge and information and promote talent.



Invest in infrastructure – support stronger transport, logistics, energy and ICT.



Build right skills – invest in education and vocational training to match labour needs.



Adopt predictable, pro-business outlook – focus on reforms to cut time and costs.



Update access to information – make administrative steps clearer and simpler.



Start with quick-win solutions – offer visas-on-arrival/ visa-free business travel.

"Intra-African investments are gaining momentum and offer regional investors opportunities to expand their activities and contribute to the integration of Africa... The Bank is already working with governments to harmonize trade facilitation policies; create regional investment frameworks; remove non-tariffs barriers to foster economic growth, and deepen economic integration...
We will also be kicking off the Africa Investment Forum. Africa-focused and transaction-oriented, it will be a speed investment dating service with a touch of Davos to get the right investors to the right project."[80]

Akinwumi A. Adesina,
President, African Development Bank Group



80 *www.afdb.org/en/news-and-events/speech-by-akinwumi-ayodeji-adesina-president-of-the-african-development-bank-group-to-the-heads-of-diplomatic-missions-and-international-organizations-accredited-to-cote-divoire-abidjan-16-february-2017-16716*

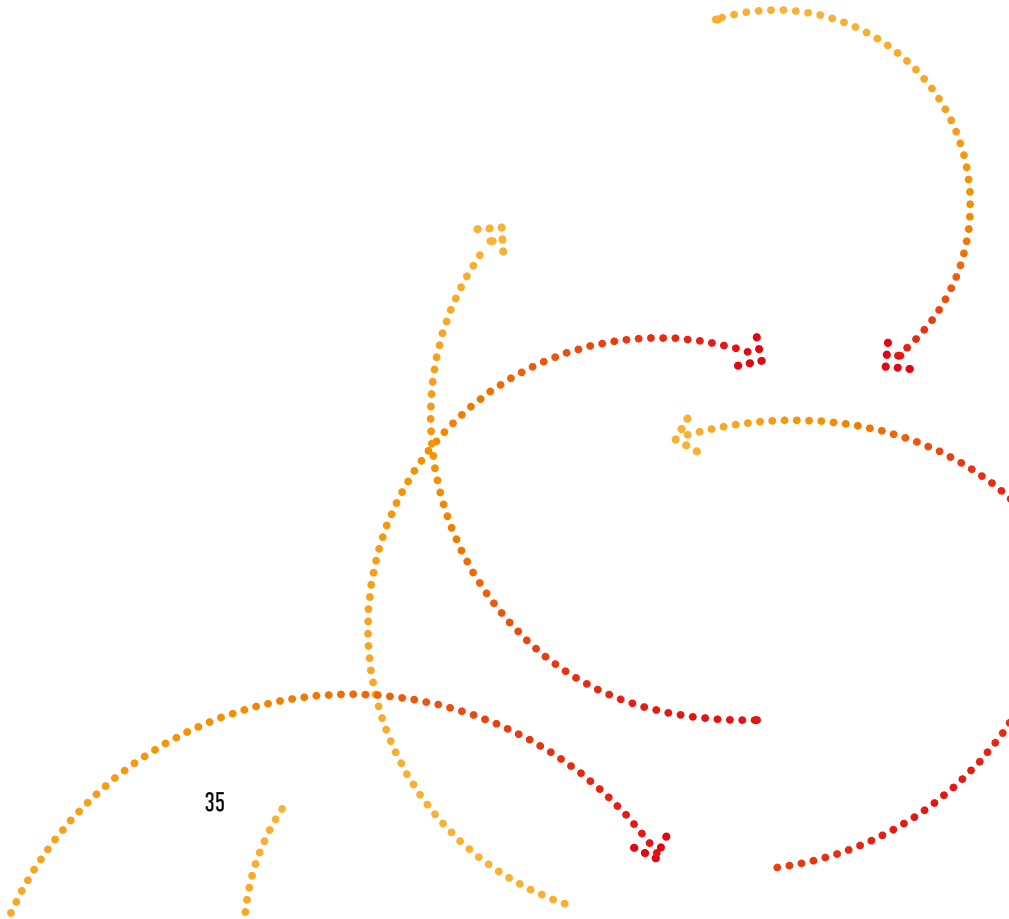
CAPITALIZING ON AFRICA'S INVESTMENT OPPORTUNITY: A FORWARD LOOK

The time to invest in Africa is now. African companies are best placed to seize this unique opportunity to build the continent – from food production to financial products, from road and rail connections to retail, from construction to consumer health care. As global foreign direct investment flows start to decline and a volatile international outlook dominates, Africa's companies can drive her growth by expanding their continental footprint. The prospect is a long-term one, where private and public sectors can partner to catalyze future investment returns and growth and development, bringing both predictability and stability.

Africa's integration and investment outlook are closely connected. The factors promoting investments are increasingly present in many of Africa's countries and Regional Economic Communities, and the Continental Free Trade Area is likely to boost investments still further.

Challenges facing African investors in the continent signpost how policymakers can speed up policies and projects that advance regional integration efforts. A combination of hard and soft infrastructure is needed. Low levels of regional financial integration, compared to intra-African trade, need to be tackled. Regional stock exchanges are in demand and regional payment systems can make it easier to transact across borders supporting investments. Connecting the African airspace and linking up expanding cities, alongside opening up visa policies for Africans travelling to other countries, will encourage investors to make the trip.

'Africa-to-Africa Investment: a first look' is the start of a broader conversation, with the first Africa Investment Forum launching in 2018 to fast-track investments in Africa, move beyond the wish list and make deals happen. Tracking data on African companies investing in Africa will be part of the dialogue with a new index profiling the business champions across the continent. It is time to act and capitalize on Africa's investment opportunities: African companies and policymakers are in the driving seat, steering the latest investment solutions.



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Africa-to-Africa Investment: A First Look.

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