

HAVAS HORIZONS SURVEY

**FINANCING GROWTH
IN AFRICA UP UNTIL 2023:
INTERNATIONAL INVESTOR
PERCEPTIONS**

FOCUS ON INNOVATION AND NEW TECHNOLOGY

JULY 2018



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CHOISEUL

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We are pleased to bring you the fourth Havas Horizons "Financing Growth in Africa" survey.

To provide the most realistic overview of all the dynamics at work in Africa, this latest survey includes two new features. First, we opened up our panel of international investors to stakeholders on the ground (major firms, financial markets, government ministries, etc.) in addition to the traditional investment funds, banks and financial institutions that we had previously focused on. Second, to illustrate the analyses presented in this survey, we reached out to business leaders who are particularly active in Africa to learn how they envision the future of the continent.

As in previous editions, this large cross-section of respondents shared their analyses of Africa's economic prospects, specific regional features and growth stakes. Their alternating views on the same topic provide highly instructive and significant insights into the changes underway on this vast and constantly evolving continent. Once again, they spotlight the innumerable promises and opportunities that Africa offers and reassert their almost unanimous optimism regarding the continent's future prospects.

As well as adding a crowning touch to several years of sustained, continuous growth, this very positive perception is a strong guarantee that expansion is here for the long haul. And this is crucial, because the funds allocated in the future to finance major projects that are essential to the continent's development are contingent on investor optimism.

In keeping with previous studies, the second part of the 2018 survey includes a sector-based focus. After energy in 2016 and agriculture in 2017, this year we decided to shine the spotlight on two intimately linked aspects which have an impact on all other sectors of the economy: innovation and new technology.

Furthermore, the international investors we spoke to appear to be pushing for the emergence of a specifically African innovation model. As well as offering a lot of hope, such a model would enable the continent to develop tailored local solutions while addressing the major challenges it faces today.

Jean-Philippe Dorent, General Manager Havas Horizons,
and Pascal Lorot, President of Institut Choiseul.

UPTURN IN GROWTH BOOSTS INVESTMENTS IN AFRICA

After a slowdown in growth across the continent, which according to the African Development Bank (AfDB) reached its lowest level in 2016 (2.2%), Africa has shown good resilience. GDP increased in 2017 to 3.6% (AfDB). According to AfDB forecasts, it will exceed 4% in 2018 and 2019.

This recovery is the result of several combined factors. It is largely driven by sustained growth in domestic and intra-African demand and the implementation of several major infrastructure projects across the continent, and it is also buoyed by the upturn in the global economy and especially the rebound in commodity prices, primarily oil and base metals. These raw materials in particular are absolutely vital for many African economies, which have come under serious strain following several years of undercut prices in the wake of trade disputes between a number of major global powers. As a result, large economies like Nigeria, Angola and Algeria suffered a major downturn in their economic performance.

However, this upturn conceals significant disparities at the national level, which are most evident among the leading African economies. For 2018, the AfDB forecasts 8% growth in Ivory Coast, 5.6% in Kenya and 5.5% in Egypt, but only 1.1% in South Africa.

In addition, the external impact of the prolonged slump in commodity prices significantly exacerbated the macroeconomic imbalances that several African countries already faced, notably an increase in inflation and budget deficits and a drop in exchange rates. Nevertheless, these poor performances by economies that rely heavily on commodity exports were offset by stronger performances by other African countries, enabling the continent as a whole to post growth above 2% (among the highest in the world) and to maintain investor confidence.

The vast majority of respondents (92%) expressed a great deal of confidence in Africa's economic outlook for the years ahead. This is reflected in a strong desire to step up investment in Africa, especially in Kenya, Ivory Coast, Nigeria, Ghana and South Africa.

This perception translates Africa's ongoing attractiveness. More than ever before, the continent is seen as a land of opportunity with a bright future, especially in the light of its return to growth. This positive perception among foreign investors should also ensure that the continent will secure the resources needed to tackle the many challenges facing most of its countries: greater economic diversification, improved governance — both locally, regionally and across the continent, the fight against corruption, implementation of transformative structural strategies to create more jobs and reduce poverty, and the development of human resources.

UNFALTERING OPTIMISM

Almost all of the international investors we spoke to emphasized their optimism regarding Africa's economic outlook between 2018 and 2023. Over the next five years, the continent should once again benefit from significant international investment.

- ▶ The percentage of foreign investors who share this optimism has increased slightly since 2017 from 89.8% to 92% today.
- ▶ This level of confidence extends through to 2023, which should ensure a certain amount of stability regarding Africa's capacity to attract even more foreign investors over the next five years.
- ▶ Only 2% of respondents said they were pessimistic about Africa's economic outlook between 2018 and 2023.



Africa is perceived as one of the most attractive regions in the world for international investors. 92% of respondents expressed a high level of confidence in the continent's economic outlook both for 2018 and through to 2023. This optimism is fuelled by Africa's return to growth (up 3.6% in 2017 according to the AfDB), which has been mainly driven by a recovery in commodity prices and a powerful surge in domestic demand as Africa's middle class continues to grow.

Investor confidence has also been bolstered by an improvement in the business environment in many African countries. Although on the whole performance in Africa is weaker than in other regions of the world, Transparency International noted a sharp improvement, illustrated by the results obtained in several countries, including Botswana, Cap Verde, Rwanda, Namibia, Ivory Coast and Senegal. Increased awareness of this structural weakness among Africa's ruling classes has helped reassure

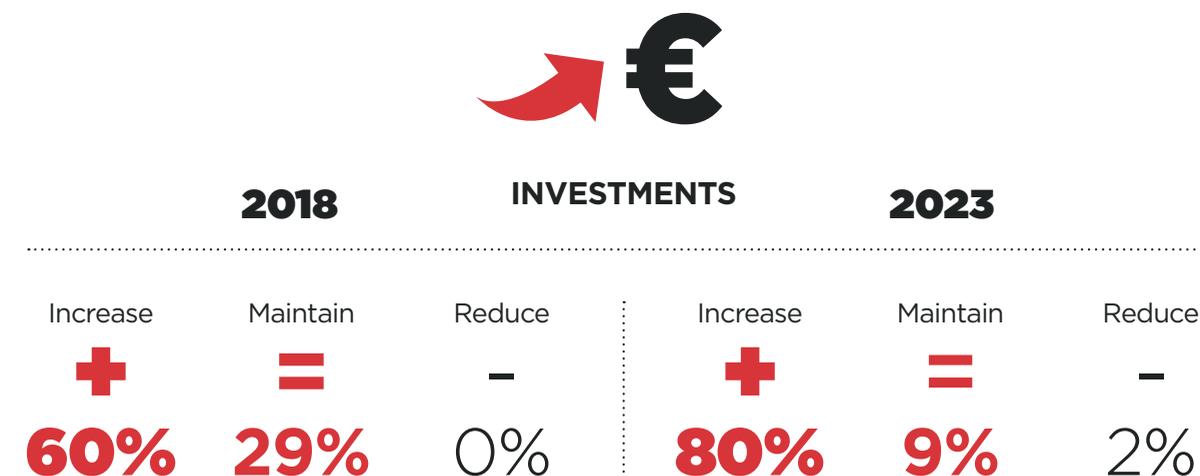
foreign investors, who are expected to pursue their investment strategies in Africa. This awareness was illustrated at the 30th Summit of the African Union, which was held in Addis Ababa, Ethiopia, in January 2018, under the theme: "Winning the fight against corruption: a sustainable path to Africa's transformation".

In 2017, 98% of foreign investors said they were optimistic about the next five years; in 2018 this figure dropped slightly to 92%. This slight decline is due mainly to the prevalence of political risks in countries which recently held elections (the re-election of Uhuru Kenyatta in Kenya in 2017, the election of George Weah in Liberia), or which are holding elections in 2018 (presidential elections in Zimbabwe, Cameroon, Madagascar and Mali) and in 2019 (presidential election in South Africa).

TRUST DRIVES INVESTMENT

The optimism among the international investors we polled translates into a commitment to increase their level of investment in the region – both today and up until 2023.

- ▶ Encouraging investment forecasts, especially in the longer term.
- ▶ None of the players who have already invested in Africa plan to reduce their commitments in 2018.
- ▶ Planned investments are relatively stable between 2017 (65%) and 2018 (60%).



The optimistic perception of the investors we spoke to, and their commitment to strengthen their financial commitments in Africa, is in line with the steady increase in investments seen there since the early 2000's. According to *African Economic Outlook*, direct investment inflows to the region in 2017 reached an estimated US\$180 billion. This included foreign direct investment (FDI) totaling US\$49 billion.

The feedback from foreign investors would indicate that this trend is set to continue and progressively develop over the next five years. This reflects the growing role of private investments as a percentage of overall foreign investment in Africa.

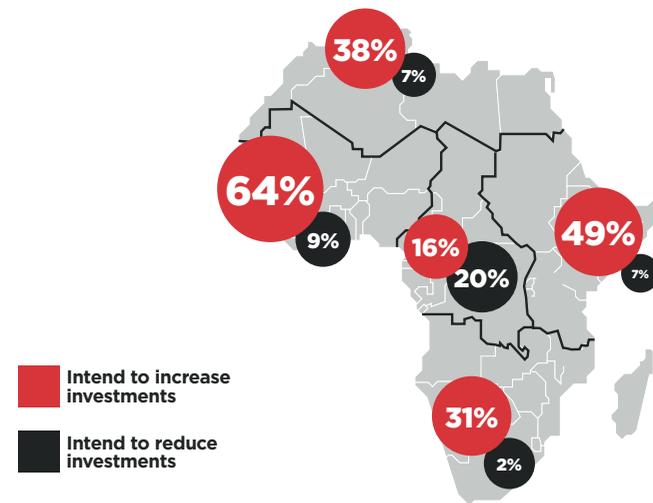
The share of investment by European countries and the United States, which have tra-

ditionally been the principal partners to African nations, has dropped off as investments increase from Asian and Middle Eastern countries. China in particular has benefited from this situation, making it the main contributor of foreign direct investment in 2017

WESTERN AFRICA GENERATES STRONG APPEAL, WHILE CENTRAL AFRICA ATTRACTS LESS INVESTMENT

The optimism of international investors is challenged by the varying performance of the main regions of Africa, resulting in significant disparities in terms of appeal.

- ▶ West Africa remains the preferred region for foreign investors.
- ▶ East Africa is still the second main region for investors, although the gap with North Africa is narrowing.
- ▶ Central Africa continues to be the least attractive to foreign investors.



Once again, West Africa continues to attract the most foreign investment: 64% of investors intend to step up their investments, while 9% plan to reduce them. This positive perception is the result of increased growth in the region since 2016, illustrating the robustness of the local economies, despite the situation in Nigeria. According to the AfDB, growth in the region is expected to reach 3.8% in 2018 and 3.9% in 2019.

East Africa is earmarked for 49% of planned investments, down from 67% in our 2017 survey. Nevertheless, the region boasts the strongest rise in GDP, from 5.9% in 2017 to more than 6% in 2019 according to the AfDB. However, this overall increase in GDP conceals significant variations from one country to the next, which explains why foreign investors are slightly less optimistic. For example, although Ethiopia's GDP has remained strong at more than 8%, the perception of the region seems to have suffered from the political upheaval in Kenya and the impact of the civil war and

regional insecurity in other parts, such as Somalia and Sudan.

North Africa, meanwhile, posted an estimated 4.9% increase in GDP in 2017 (AfDB figures), showing encouraging results as far as its attractiveness to foreign investors is concerned. Between 2017 and 2018, the region simultaneously saw a slight increase in investment intentions (+2%) and a drop in investors planning to cut back (-7%).

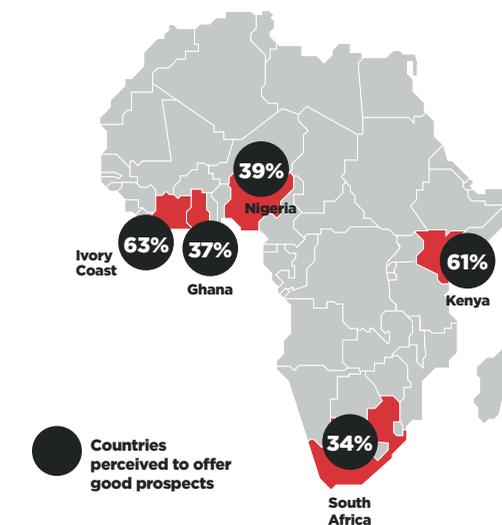
Despite uncertain economic prospects, especially in the light of the weak performance of South Africa, the region's biggest economy, nearly one-third of respondents said they intend to increase investments in southern Africa.

As in our previous survey, Central Africa attracts significantly less foreign investment than other regions. It is the only region where respondents say they intend to reduce investments (20%) rather than increase them (16%).

VARYING DEGREES OF PERCEIVED RISK

The varying degrees of economic performance across the continent are largely the result of strong disparities between African economies. Based on their perception of African nations, international investors indicated the countries which they believe offer the most promise and those which pose the greatest risk.

- ▶ Ivory Coast and Kenya are credited with the most encouraging investment prospects (63% and 61%, respectively). Next comes Nigeria (39%).
- ▶ The countries perceived to offer the most promising prospects are mainly in West and East Africa.
- ▶ The countries investors believe pose the greatest risks are those currently experiencing domestic conflicts and security crises, namely the Democratic Republic of Congo (45%), Sudan (42%) and Central Africa Republic (39%).



In West Africa, the most attractive countries are Ivory Coast, Nigeria and Ghana, the latter now back in the top five nations having slipped down in last year's survey. It is noteworthy that Nigeria again fell back slightly, which was already the case in our previous survey, dropping from 44% in 2016 to 42% in 2017 and 39% in 2018. Although Nigeria's 2017-2020 economic recovery and growth plan is expected to help reduce its dependence on oil by stimulating business growth in six priority sectors, the country continues to face a number of difficulties, reflected in investors' unwillingness to make commitments. Problems include a shortage of foreign currency, disruptions in fuel supplies, and security issues in several parts of the country.

Kenya, meanwhile, remains as attractive as in previous years, appealing to 61% of foreign investors. This is partly due to the country's strong resilience as it seeks to diversify its economy, which is driven mainly by the services sector, and the fact that it does not appear to have been affected by the political disturbances that followed the Supreme Court's decision to cancel the presidential election held on August 8, 2017.

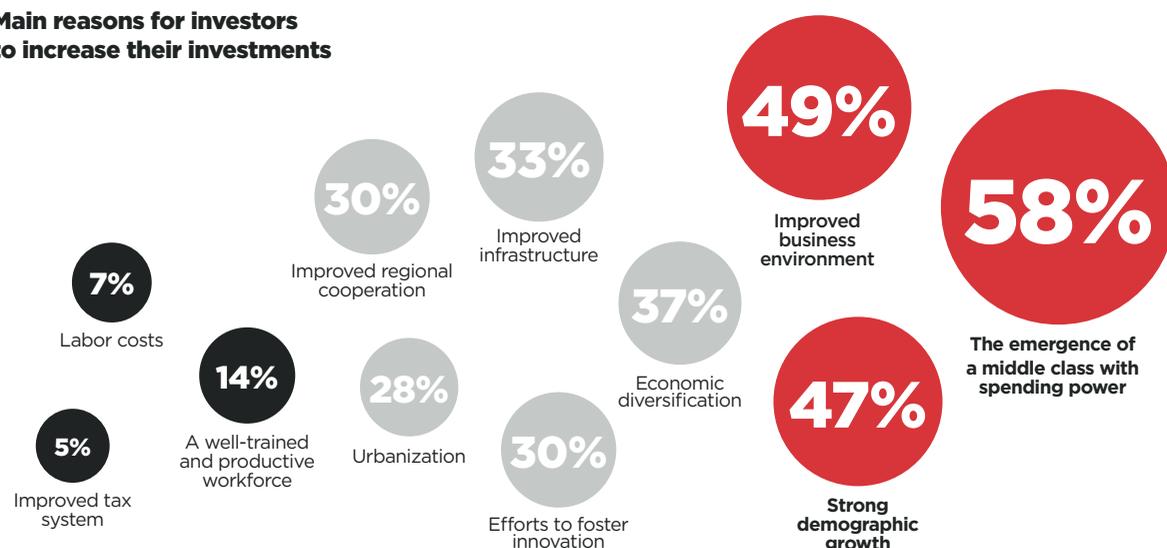
The countries perceived to pose the greatest risks seem to be hampered by inertia, primarily as a result of chronic political instability and/or worrying security issues. These situations have a strong impact on economic performance and in turn on the countries' appeal to investors.

INVESTMENTS GOVERNED BY DIFFERENT FACTORS

The optimism shared by the majority of international investors stems from a number of structural parameters that contribute to Africa's attractiveness. Investors identified the main drivers behind their investments in Africa.

- ▶ One of the principal appealing aspects of Africa is the emergence of a significant middle class, coupled with strong demographic growth.
- ▶ The improvement in the business environment across the continent may provide the impetus to increase and sustain Africa's appeal to foreign investors.
- ▶ Good governance is the biggest challenge facing Africa, since political instability represents the main threat to asset security and profitability.

Main reasons for investors to increase their investments



According to investors who took part in the survey, the emergence of a middle class, coupled with strong demographic growth, represents the greatest source of appeal (58% and 47% of respondents, respectively). According to the UNICEF *Generation 2030 Africa Report*, the population of Africa is expected to grow at a faster pace in the coming decades, and is forecast to represent one-quarter of the world's population by 2050, mainly in West and East Africa.

More than one-third of the investors we polled cited factors such as the development and improvement of infrastructure (33%) and increasing economic diversification (37%) as incentives to invest. Diversification in particular is high up on the agenda as it would pave the way for more robust and resilient overall

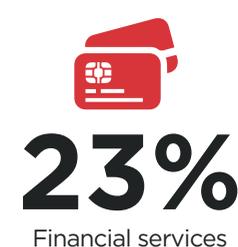
growth by reducing the continent's dependence on fluctuating commodity prices.

However, respondents also highlighted another major challenge: good governance, on both the political and economic fronts. Almost one-quarter of respondents consider political instability to be the biggest impediment to investments, while one-fifth say that the business environment and corruption are responsible for discouraging some investors. However, the situation regarding the latter is perceived to be improving as far as 49% of respondents are concerned (up from 44% in 2017).

FINANCIAL SERVICES SECTOR OFFERS BEST OPPORTUNITIES

Respondents gave us their perception of the business sectors they believe offer the most promise in 2018.

- ▶ Financial services advanced to become the preferred sector for investors (23%).
- ▶ Retail (16%) and energy (14%) complete the top three.
- ▶ All other sectors have comparable levels of appeal to investors.



The financial sector is seen as the most promising by respondents. The sector has expanded significantly in recent years, especially within the scope of the new Financial Sector Development Policy and Strategy adopted by the AfDB in October 2014, in Abidjan, Ivory Coast. The policy sets out the main thrusts of the Bank's commitments in the financial sector for the period 2014-2019, which are geared to three goals: facilitate access to a range of high-quality financial services; strengthen financial markets; and maintain the stability of Africa's financial system. The sector's expansion is also fuelled by the dynamic performance of Africa's main stock exchanges, notably Casablanca and Johannesburg.

Retail has overtaken energy as the second most attractive sector for foreign investment. The continent's economic development hinges largely on this sector. Faced with

saturated domestic markets and fierce competition, leading retail players are seeking to develop their global operations. Against this background, Africa offers significant opportunities including stable and sustained economic growth as well as the expanding need for consumer goods driven by exponential population growth.

The attractiveness of other sectors ranges from 5% to 7%, which is further illustration that international investors see the above-mentioned sectors as their immediate priority. Having said that, a more in-depth look at the technology sector reveals that this is an area offering some of the best growth prospects. The focus of the Choiseul—Havas Horizons survey is therefore devoted to innovation and technology, a cross-cutting area which impacts on the development of all other sectors.

FOCUS ON INNOVATION AND NEW TECHNOLOGY

HIGHLY PROMISING SECTOR FOR INTERNATIONAL INVESTORS

When asked about their perception of the potential of innovation and technology, almost all investors agreed that these sectors offer strong prospects.

- ▶ Virtually all respondents (98%) think that Africa offers significant potential with regard to innovation and new technology.
- ▶ A large majority of them (68%) intend to invest or step up their current investments in this area in the near future.
- ▶ Less than 10% say they have no plans to invest in this sector.



Technology in Africa has made huge advances in recent years, ushering in tremendous innovation potential. Almost all international investors agree on this: 98% of them see innovation and technology as a highly promising sector that is especially important for Africa.

This sector offers the opportunity to harness the potential of the African continent. The AfDB highlights the relevance of innovation to support the continent's demographic dividend, which is based on a young population, to create jobs for newcomers to the labor market. In addition, the Digital Revolutions in

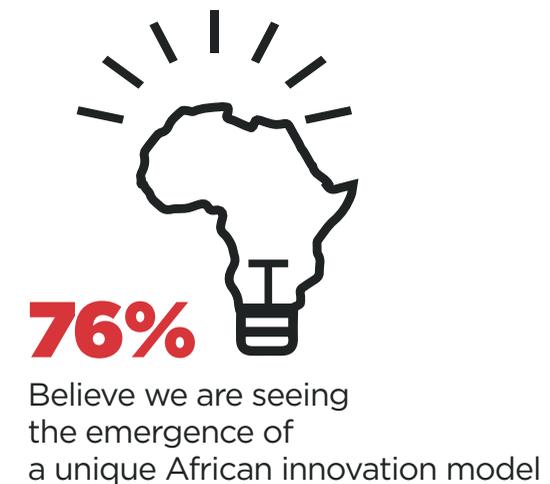
Public Finance report published in November 2017 by the International Monetary Fund illustrates that developing countries could increase GDP by almost 1% by digitizing their payment systems.

Impacting on all areas from energy and telecoms to healthcare and education, innovation and technology help drive social and human development.

EMERGENCE OF A UNIQUE "AFRICAN" INNOVATION MODEL

In light of the boom in technology, respondents would like to see the emergence of a specific innovation model for Africa that addresses the continent's unique features.

- ▶ More than three-quarters of respondents (76%) believe that a specific "African innovation model" should be developed.
- ▶ This model should incorporate a high level of flexibility and adaptability regarding local specifics.
- ▶ Leapfrogging illustrates Africa's dynamic approach to driving innovation and technology.



According to respondents, the African innovation model should focus primarily on developing digital solutions for the financial services and telecoms sectors, especially mobile. Mobile phones in particular are playing a critical role as they enable broad access to technology, especially for mobile banking and eHealthcare services.

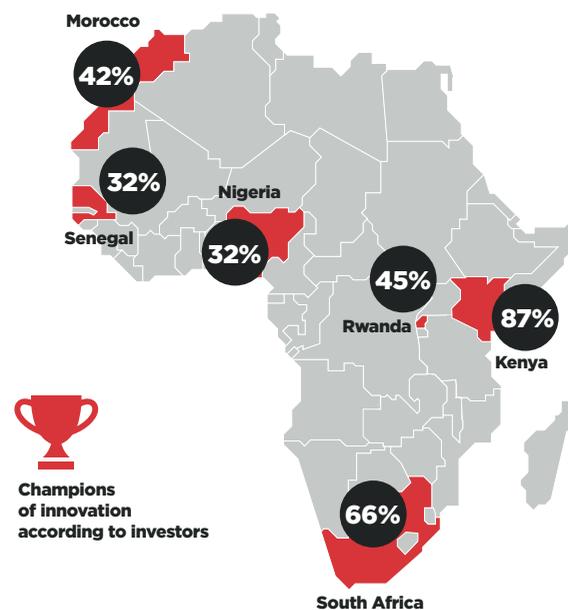
African innovation is also praised for its high degree of flexibility and adaptation to local logistical issues. Seen as a "frugal" innovation model, this unique approach is closely tailored to the specific requirements of African countries, seeking to create more economic value with a strong focus on the social benefits derived, while minimizing resource consumption.

Respondents see technological leapfrogging as the main feature of this model. This consists in jumping over several stages in technological development and industrialization to harness the power of the most modern technologies available. It amounts to turning gaps into advantages by skipping the technological evolution process, ultimately powering faster growth. As part of Africa's tech boom, leapfrogging enables the continent to make up for a lack of conventional infrastructure by, for example, massively developing mobile access instead of building landline networks.

CHAMPIONS OF AFRICAN INNOVATION

The map of the most innovative African countries only partially matches that of the most promising countries. Only Kenya, South Africa and Nigeria figure in both of these rankings established by the international investors we polled.

- ▶ Kenya is seen to offer the greatest innovation potential (87%).
- ▶ Then come South Africa (66%) and Rwanda (45%).
- ▶ Morocco follows in fourth place (42%), with Senegal and Nigeria coming equal fifth (32%).



Two countries stand out as far as international investors are concerned: Kenya, which is positively perceived by 87% of respondents, and South Africa, 66%. Although Kenya offers tremendous opportunities in more traditional sectors such as farming and telecoms, respondents believe the country also shows strong potential to emerge as a leader in technology and innovation in Africa. Its capital city Nairobi is home to a large number of business incubators that have spawned a host of startups, most of which are based in Savannah Valley. South Africa, meanwhile, is harnessing the dynamic growth of its tech hub in Cape Town.

South Africa shows greater appeal than Rwanda, which has nevertheless implemented a technology and innovation promotion strategy to attract foreign investors. This initiative has captured the attention of 45% of respondents thanks to efforts by the autho-

rities and a more favorable business environment (Rwanda comes third in Transparency International's ranking of sub-Saharan African economies). Rwanda hosted the 26th annual World Economic Forum on Africa in May 2016, which focused on Africa's digital transformation, and in March 2018 the AfDB approved a loan of US\$30 million to support the establishment of the Rwanda Innovation Fund (RIF), which aims to promote the innovation economy in Rwanda and the East African Community (EAC).

Respondents subsequently cited Morocco (42%), Nigeria and Senegal (32%), Ivory Coast (29%), Egypt and Ghana (21%) and Ethiopia (11%). These findings are in line with the economic performances of the main regions in Africa, with West Africa ahead of East Africa, North Africa and Southern Africa. In addition, Central Africa is significantly behind other regions in terms of innovation.

QUALITATIVE REVIEW

This review is drawn from individual interviews conducted by Havas Paris and the Choiseul Institute in June and July 2018 with leading economic players in Africa. The questions raised during the interviews focused on their vision of growth, as well as innovation on the African continent.

A COMPELLING CONTINENT NEEDING STRUCTURAL TRANSFORMATIONS TO CONFIRM INVESTORS' OPTIMISM

Optimism is unanimous regarding the prospects for Africa's growth. However, the interviews conducted highlight a difference in perception among respondents from foreign companies that are operating in the continent, who express pragmatic optimism, and

African stakeholders present on the ground, showing unfailing optimism.

This optimism is coupled with a common will to find solutions adapted to local needs to make the continent stand out.



Fatoumata Bâ,
CEO & Founder of Janngo

“ Why Africa? For the continent is a kind of laboratory which contains humanity's greatest challenge. The challenges are commensurate with the opportunities: how to emerge, generating economic and financial performance for the company, while creating a social impact and inclusive growth for the populations? It is our responsibility as entrepreneurs to connect technological innovations with the needs of the real economy. ”

However, Africa now seems to be reaching the limit as far as GDP growth is concerned. All the investors interviewed insist on the need to

launch structural transformations to continue to accompany the continent in its growth dynamics, by making a country-by-country report.

A CHANGING SOCIETY

Population growth is expected to play a fundamental role in the continent's development. The sustained rate of population growth is leading to the emergence of a

middle class and is thus contributing to the development of several types of occupations, particularly those related to services, trades and health.



Jean-Christophe Brindeau,
Managing Director of CFAO Retail

“ The African population is expected to grow twofold by 2050. It is a humongous potential for the economic development of the continent. Africa's growth will inevitably pass through this new generation wishing to start its own businesses and providing confidence to investors. ”

The emergence of a new African youth and middle class is entailing an upheaval in consumption patterns and needs among the population. We are witnessing a shift from food consumption to more modern consumption needs and the rise of a connected generation that consider new perspectives through

the growing role of new technologies.

Urbanization is also a central component of the current transformations in Africa. It generates new needs, particularly in terms of infrastructure, in that we must now be able to house this population, which is increasingly urban.



Alexandre Maymat,
Head of the Africa/Asia/Mediterranean Basin and Overseas region of Société Générale

“ Urbanization generates strong needs for infrastructure investment to build these emerging cities and to house these people. It generates a need for more modern consumption than food consumption, which is often favored in more rural environments, be it consumption of goods or services. ”

THE IMPORTANCE OF ADEQUATE TRAINING TO OFFSET LOW EMPLOYMENT GROWTH

The growing share of youth in African demography raises a major challenge regarding job creation. These new generations have a predisposition to engage in entrepreneurship, create their own trades and take advantage of new technologies to join the workforce. These innovations will have a knock-on effect on all sectors and on companies of all sizes, with no fewer than 17 million SMEs in the African continent.

Nevertheless, the development of these SMEs requires, in particular, human capital trained for new technologies. The wealth that Africans can produce if they benefit from efficient education systems and adapted training will make a great difference in the long run. This will attract many companies and the necessary investments to the continent. To take full advantage of it, the continent must create 500 million jobs by 2050.



Jean-Michel Guelaud,
Chief Executive Officer of Sogea-Satom

“ Employment is one of the major challenges Africa is facing and goes hand in hand with quality training that is accessible to most of people. In the long run, we want to be able to provide access to local training, on various trades and techniques in order to attempt to transfer as much know-how as possible locally. In this way, we wish to help countries develop by having a citizen impact while remaining competitive at the same time. ”

Thus, training is a key issue for the continent's development. The rising partnerships with foreign universities, whether European or American, and the development of incubators constitute some of the major ele-

ments. Companies, both African and foreign, are sensitive to this issue and need adequate skills to tackle local issues, in order to include the population in these changes.



Jon Fairest,
Sanofi's Head of Africa

“ When one takes a look at our activities in Africa, 97% of our workforce is African, from the management team to the sales team. We believe in the development of local talents, especially when it enables us to create new skills on the continent, and to serve all populations with local tailored solutions. Our duty, as a leader in our sector, is to help co-build successful healthcare systems with local stakeholders, because we strongly believe there is a link between health and prosperity. ”

THE EMERGENCE OF AN AFRICAN ECONOMIC MODEL: THE ACTIVE ROLE OF THE STATE AND THE DYNAMISM OF THE PRIVATE SECTOR AS ENGINES OF GROWTH

Beyond demographic and educational considerations, the involvement of States is required in order to adopt incentive policies designed to reassure investors. Governments need to put in place a streamlined regulatory and administrative framework to facilitate the development of an attractive business climate. Indeed, the African regu-

latory environment is still too uncertain and may be a limit for companies or investors wishing to develop their activities in the continent. African states, seeking to diversify their economies and attract foreign investment for this purpose, seem increasingly aware of the need to modernize their regulatory frameworks.



Hassanein Hiridjee,
CEO of Axian

“ There are governments and countries that are more supportive of innovation and have been much quicker to understand that innovation must occur within all sectors. These countries have an actual vision, they have promoted the ecosystem and development in innovation through technology and data. ”

For almost all respondents, the public authorities must above all embrace a long-term vision in order to adopt a coherent set of measures designed to promote the continent's sustainable development. Among these, several mention the need for economic integration to overcome market fragmentation that hinders business expansion

in Africa. It is perceived as a means of attracting investors by making trade smoother. Some respondents believe that in Africa, integration can be based on the dynamism of companies that branch out outside their countries of origin, in order to fast-track the economic structuring of the continent and provide access to a globalised market.



Jean-Paul Melaga,
CEO of SmartPhorce Holding

“ Regional integration will take place in Africa, sometimes reluctantly by the states, which are not the most willing to build it. A number of regional economic leaders are emerging, particularly in certain sectors, such as banking or insurance. ”

The State's significant role in implementing these changes must thus be coupled with the dynamism of the private sector. With public-private partnerships in particular, private companies bring their expertise, technical skills and

investments while being guaranteed access to a market and develop their services there. However, uncertainties related to the governance of countries and terror threats are prompting investors and companies to be cautious.

AN ORIGINAL AFRICAN INNOVATION, SWAYING BETWEEN THE LACK OF INFRASTRUCTURE AND ADVANCED TECHNOLOGIES

Infrastructure development is one of the mandatory steps to connect the continent and enable it to create innovative solutions. They are still too few and investments are expensive but necessary, notably for the extension of the transport network and the development of the electricity, mobile and Internet networks.

Digital technology is emerging as one of the new drivers of African growth. Technology acts as a groundswell and boosts growth by opening access to services to the great majority. Africa is the ultimate leapfrog continent, which illustrates the fast-paced development of new technologies on the continent.



Elisabeth Medou Badang,
regional Director at Orange Africa and Indian Ocean Area
& spokesperson at Orange Middle East & Africa

“ Today, we are experiencing in Africa the developments that have been observed in Europe, but at a much faster pace. When analyzing the structure of earnings of operators in Africa up to three years ago, the relative share of all digital services and internet connectivity was relatively low (less than 10%). In 2020, all studies and the performance of operators show these earnings are going to be around 30%, even much more in some cases. ”

Moreover, with the emergence of digital technology, African populations are more plugged-in and, as a result, more open to the world. These technological advances thus contribute to generating new aspirations in a continent increasingly in search of transparency, democracy and freedom. Mobile phone boom is the greatest feature of the African continent. In addition to opening

up to the world, it also greatly improves financial inclusion. Indeed, many solutions to facilitate payments and money transfers have been developed. They help increase the bankization of the continent by meeting basic and specific needs of Africa. Mobile Money in Kenya and its success epitomizes the successful adaptation of a mobile service to the banking sector.



Serge Ntamack,
Program Director - Corporate External & Legal Affairs
of Microsoft Middle East & Africa

“ Mobile is the main instrument for accessing the Internet and various services. Thanks to mobile phones we get to develop and it is a unique characteristic of Africa, compared to developed countries. ”

INNOVATION SERVING THE CONTINENT

Africa's growth is deeply linked to its capacity for innovation, adaptation and creativity. African innovation is characterized by its swiftness and responsiveness. It meets specific local needs. In Africa, technology is not a tool of sophistication and modernity but an essential innovation allowing access to basic services. All respondents insist in this respect on its “must-have” and not “nice-to-have” dimension. Innovations, especially technological

ones, only make sense when they are connected to the real economy. Africa stands out by the emergence of an economic model that combines basic infrastructure with high-tech islands that have a strong socio-economic impact on a daily basis. African innovation can only be fully optimal if Africans and businesses seize technological tools, even though it means risking the digital divide, but this time within African societies.



Paul-Harry Aithnard,
Head of Capital Markets and Asset Management
at Ecobank Group

“ In Africa we have reached a milestone for technology as it is much more adapted to local realities. We are no longer in a logic where we try to copy but simply understand local needs and seek to meet them, often with very innovative solutions. ”

The countries considered most innovative by respondents are Kenya, Nigeria, Cameroon and South Africa. Rwanda is also often cited as an example, thanks to the willingness of its government, the quality of its infrastructures, and the creation of numerous hubs in its territory. Senegal also lies at the heart of this political willingness and economic dynamism. All these countries were cited as the most innovative in the quantitative barometer of the Havas Horizons study, except for Cameroon, which is substituted with Morocco in the quantitative part of the study.

All sectors of activity are affected by innovation, be it education, the medical field or telecommunications. The development of an innovative ecosystem makes it possible to compensate in part for the lack of infrastructures, the main brake on Africa's growth. As such, the respondents of our study agree that the State must play an essential role in this work and finance the most innovative projects. As for companies, they need to change and adapt their strategies to the needs of Africa by making an important shift in technology in order to take into account the local circumstances in innovation and become tomorrow's key stakeholders.

APPENDICES

I. HOW THIS SURVEY WAS CONDUCTED

This study by Havas Paris and Institut Choiseul involved five steps:

- ▶ definition of the survey methodology and objectives;
- ▶ development of the survey questionnaire;
- ▶ identification and consultation of respondents and their representatives;
- ▶ collection and analysis of findings;
- ▶ writing and presentation of the survey findings.

The survey was conducted between March and May 2018 using a Drag'n Survey questionnaire.

II. SELECTION CRITERIA

To be selected to take part in the survey, investors were required to meet the following criteria:

- ▶ represent a large industrial firm, an international banking or financial institution, or a government agency involved in strategic activities in Africa;
- ▶ currently contribute actively to economic development in Africa;
- ▶ demonstrate a clear understanding of the challenges facing Africa.

III. PARTICIPANTS

A total of 47 international investors and experts in financial inflows to Africa took part in the survey. They represent the following international banking or financial institutions:

Accion Venture Lab, Aera Group, African Guarantee Fund, AfricInvest, Amethis Finance, Attai Capital Limited, Axian, Banque Misr, Be Assur, BGFIBank Bénin, BIM Consulting, BMCE Capital, BNP Paribas, Bridge Bank Group Côte d'Ivoire, Casablanca Finance City Authority, CFAO Retail, Choiseul Africa Capital, Cinven, Cytonn Investments, Dar es Salaam Stock Exchange PLC, DEX Capital, Ecobank, Engie, Eurazeo Capital, Gold and General, Goldman Sachs, Investisseurs & Partenaires (I&P), Janngo, Jumia, Lazard Frères, Maghreb Titrisation, Messier Maris & Associés, ministère de l'Industrie de Madagascar, Natixis Investment Managers, One2Five, Qalaa Holdings, Quilvest Private Equity, Rawbank, RightCom Technologies, Rotschild & Co, Saint-Gobain, Sanofi, Société Générale et Suguba.

IV. QUESTIONNAIRE - QUESTIONS AND ANSWERS

▶ **Question 1:** Are you optimistic about the economic outlook for Africa in 2018?

Yes	92%
No	2%
Don't know	6%

▶ **Question 2:** Are you optimistic about the economic outlook for Africa over the next five years?

Yes	92%
No	2%
Don't know	6%

▶ **Question 3:** Do you intend to ____ your level of investment in Africa in 2018?

maintain	29%
increase	60%
reduce	0%
Don't know	11%

▶ **Question 4:** Do you intend to ____ your level of investment in Africa over the next five years?

maintain	9%
increase	80%
reduce	2%
Don't know	9%

▶ **Question 5:** Which region(s) would you give priority to if you were to increase your investments?

North Africa	38%
West Africa	64%
Central Africa	16%
East Africa	49%
Southern Africa	31%
Don't know	13%

▶ **Question 6:** Which region(s) would you focus on if you were to reduce your investments?

North Africa	7%
West Africa	9%
Central Africa	20%
East Africa	7%
Southern Africa	2%
Don't know	49%

► **Question 7:** If you have decided to increase your investments, what are the main reasons?

The emergence of a middle class with spending power	58%
Improved business environment	49%
Strong demographic growth	47%
Efforts to economic diversification	37%
Improved infrastructure	33%
Improved regional cooperation	30%
Efforts to foster innovation	30%
Urbanization	28%
A well-trained and productive workforce	14%
Labor costs	7%
Improved tax system	5%
Other	5%
Don't know	2%

► **Question 8:** If you have decided to reduce your investments, what are the main reasons?

Political instability	23%
Business environment/corruption	19%
Don't know	14%
Drop in commodity prices	9%
Security issues or terrorist threats	9%
Lack of investment capital	7%
Uncertainty regarding return on investment	7%
Poor infrastructure	7%
Lack of skilled/trained workforce	5%
Lack of regional cooperation	2%
Insufficient support for innovation	2%
Other	2%

► **Question 9:** Which five African countries do you think offer the best investment opportunities?

Ivory Coast	63%
Kenya	61%
Nigeria	39%
Ghana	37%
South Africa	34%
Morocco	32%
Senegal	29%
Ethiopia	29%
Egypt	22%
Rwanda	15%
Tanzania	12%
Tunisia	12%
Mozambique	7%
Mauritius	5%
Benin	5%
Madagascar	5%
Angola	5%
Uganda	5%
Algeria	5%
Gabon	2%
Botswana	2%
Burkina-Faso	2%
Congo	2%
Sudan	2%
Zimbabwe	2%
Zambia	2%
Democratic Republic of Congo	2%

► **Question 10:** Which five African countries do you think pose the greatest investment risks?

Democratic Republic of Congo	45%
Sudan	42%
Central African Republic	39%
Libya	32%
Mali	29%
Somalia	23%
South Sudan	23%
Algeria	19%
Niger	19%
Nigeria	19%
Chad	19%
Angola	16%
Zimbabwe	16%
Burundi	13%
Cameroon	10%
Gabon	10%
Liberia	6%
Mauritania	6%
Congo	3%
Republic of Djibouti	3%
Egypt	3%
Ethiopia	3%
Equatorial Guinea	3%
Kenya	3%
Mozambique	3%
Several Central African countries	3%
Senegal	3%
Togo	3%
Tunisia	3%
Zambia	3%

► **Question 11:** In your opinion, which sectors offer the best investment opportunities?

Financial services	23%
Retail	16%
Energy	14%
Other	9%
Transport and logistics	7%
Agriculture	7%
Building and Construction	5%
Healthcare	5%
New technology	5%
Industry	5%
Telecoms	5%
Don't know	0%

► **Question 12:** Regarding innovation, do you think Africa offers:

great potential	37%
good potential	61%
poor potential	2%

► **Question 13:** Do you intend to start investing or to increase your investments in the African technology sector in the near future?

Yes	68%
No	9%
Don't know	23%

► **Question 14:** In your opinion, are we seeing the emergence of a unique African innovation model capable of addressing the continent's specific challenges?

Yes	76%
No	5%
Don't know	19%

► **Question 15:** Which do think are the five most innovative countries in Africa?

Kenya	87%
South Africa	66%
Rwanda	45%
Morocco	42%
Nigeria	32%
Senegal	32%
Ivory Coast	29%
Egypt	21%
Ghana	21%
Ethiopia	11%
Mauritius	8%
Cameroon	5%
Tunisia	5%
Angola	3%
Benin	3%
Madagascar	3%
Mozambique	3%
Uganda	3%
Seychelles	3%
Sudan	3%
Tanzania	3%



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