Africa 2016:

Legal Strategies for Investment and Growth

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Africa 2016: Legal Strategies for Investment and Growth

This report summarizes the discussions among in-house counsel and leading experts at the 2016 Lex Mundi Emerging Africa Conference in Cape Town in March 2016. For more information please contact Eric Staal, Director of Business Development at Lex Mundi, at estaal@lexmundi.com.

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Executive Summary

Africa is rapidly becoming the global economic growth engine. Half of the world's 25 fastest growing nations are in Africa and almost 40 percent of the continent will achieve GDP growth of more than five percent in 2016. The population is set to grow by a massive 50 percent to 1.5bn by 2030. By 2040 Africa's working age population will rise to 1.1bn from around 500m today. This is greater than the working age populations of China and India combined.

A burgeoning middle class is also catalyzing growth across a range of sectors including financial services, telecommunications, retail, residential and transportation.

These developments have caught the attention of international investors and multinational companies, many of which are scampering for alternative investment opportunities in response to the diminishing prospects for growth in BRIC (Brazil, Russia, India and China) and other emerging markets.

Despite the enormous potential there are serious challenges to investing in Africa. Businesses are vulnerable to risks ranging from commodity price fluctuations and exchange rate volatility to weak regulatory institutions and emerging security threats. These risks create important misconceptions about doing business in Africa.

Perhaps the most obvious misconception is the belief that the difficulties of doing business are uniform across the continent. Indeed, in the words of Dr. Donald Kaberuka, former president of the African Development Bank and senior representative for the African Union's Commission for Peace Fund, "Africa is a complex mosaic which is very often misunderstood."

Another misconception is that the risk environment is more challenging than in other emerging economies in Latin America or Asia. In fact, studies by the World Bank Group indicate that doing business in many African countries is no more difficult than in many Latin American or Asian markets.

This report summarizes discussions at Lex Mundi's Emerging Africa Conference in Cape Town in March 2016. The wide range of topics discussed included underlying growth drivers and investment trends, implementing growth strategies in line with local development objectives, changing regulatory frameworks and structuring of transactions to satisfy broad stakeholder interests and public concerns.

Participants came away with insights from business leaders and legal experts on how to manage opportunities, challenges and risks when expanding in the region.

Understanding the Opportunities

The jaw-dropping rates of population growth certainly capture attention. But during the conference Patrick Mweheire, chief executive officer of Stanbic Bank in Uganda, outlined some other factors underpinning Africa's allure.

The rapid rate of urbanization that is expected to accompany population growth, coupled with the emergence of a middle class with more disposable income, creates an enormous market for companies investing in the region.

By 2030 it is expected that around half of Africa's projected 1.5bn population will live in cities. By 2050 the number living in cities will rise to 1.2bn. Putting this into context, Johannesburg was the only African city with more than one million inhabitants in 1960. Now there are 35.

Population growth aside, Africa's vast natural resources make it a compelling investment destination. For example around 60 percent of the world's available arable land is in Africa. Beyond minerals, oil and gas, the continent is also naturally advantaged for investments in renewable energy, particularly wind and solar.

According to data compiled by Clean Energy Pipeline, $29.9bn was invested in renewable energy projects in Africa in the last five years.

Mweheire also stressed that improvements in the last decade in governance and regulation have created a more stable investment environment. Importantly, 70 percent of sub-Saharan Africans now live in free or partially-free democracies. Nine elections were held in 2014 and five were conducted in 2015.

There have also been significant improvements when it comes to financial regulation. Indeed a number of African countries have established independent central banks with liberalized current and capital accounts. Many central banks have been given responsibility for monetary policy and have been instructed to implement inflation targeting policies.

Despite these vast improvements, there remains a strong perception that macroeconomic uncertainty, corruption and unstable regulatory and governance structures prohibit doing business in Africa.

These perceptions were debunked by the range of speakers. According to the World Bank Group's 2016 Ease of Doing Business Ranking, African countries compare well with BRIC countries on factors including dealing with construction permits, getting electricity, registering property and enforcing contracts.

Eight African countries are ranked amongst the top 100 countries for ease of doing business. Russia ranked 51st, China 84th, Brazil 116th and India 130th. (The full table of countries ranked for ease of doing business is provided at the end of this report.) Relative to other emerging economies, Africa is not a harder place to do business. Of course, there are challenges, but just as anywhere assiduous planning can make a difference.

"Eight African countries are ranked amongst the top 100 countries for ease of doing business"

Four Major Investment Trends

Foreign direct investment (FDI) in Africa is increasing. Which countries and industries is it flowing to and who is providing capital? Dr. Martyn Davies, Managing Director for Emerging Markets & Africa at Deloitte, spoke to the conference about four main trends that currently define foreign investment.

The first is Africa's evolving relationship with China. Following the introduction of China's Africa policy in 2000, China has become Africa's largest trading partner. The majority of goods exported to China are raw materials. This has brought significant wealth to Africa, but in some circumstances has resulted in countries being overly reliant on commodity exports. China has also provided a variety of economic aid programmes and loans.

The second main trend relates to the decline in commodity prices and exports. Reduced demand and, in some cases, increased supply, particularly of metals and crude oil, have triggered devaluations of some African currencies against the dollar.

Countries such as Angola and Nigeria have been particularly impacted and have had to renegotiate debts with China.

A third trend is the bifurcation of the continent's growth prospects into East and West. East Africa is relatively less dependent on oil and gas exports, so it has been less severely affected by the decline in commodity prices. Certain East African nations have also invested in critical infrastructure, undertaken political and economic reforms and diversified trade links across the Middle East, India and Africa.

These efforts are bearing fruit. Ethiopia's economy is growing at double digit figures while Rwanda is growing by 6.3 percent and Kenya at 6.2 percent. There is also renewed confidence in Tanzania's economy.

In contrast, Africa's western nations are generally more reliant on declining oil and gas exports. Furthermore, FDI in some western African countries has been stifled by adverse regulatory conditions. But within these regions investment is particularly strong in some countries and cities.

This was the fourth major investment trend Davies highlighted at the conference – the emergence of four countries and cities as investment hubs where international companies are establishing platforms for expanding into other parts of Africa: Johannesburg, Lagos, Morocco and Nairobi.

For example, Lagos state government reported FDI of N5bn (£13m) in the city of Lagos in the first quarter of 2016. This represents a 50 percent increase on the total volume of FDI in the entirety of 2015.

Last year Lagos established the Office of Overseas Affairs & Investment to boost international investment in the city. It is just one of a series of measures to encourage inward investment. Lagos state has already established investor friendly legal and regulatory frameworks such as the land reform act, double taxation treaties, limited liability reviews and free trade zones.

Some of the most important challenges and opportunities in Africa's major countries are summarized in a table in the appendix at the end of this report.

Strategies for Managing Risk

The challenges to investing in Africa mean it is vital to have a clear risk management strategy in place when investing in the region. A panel of leading African companies at the Lex Mundi Emerging Africa Conference shared the following recommendations:

1. Devise a process for identifying risks and implement policies to mitigate and monitor exposure.

2. Take action early when responding to adverse events.

3. Get a local perspective to assess each risk situation accurately rather than relying upon observations from abroad. Employ as many local people to management positions as possible.

4. Take a no tolerance approach to corruption, even if it takes longer and costs more to get things done in the short-run, because it will bear fruit over the long-run.

5. Invest in relationships with political leaders to understand their goals and demonstrate how your business operations contribute to the community's development.

6. Appoint local people to the management team when expanding into new African countries.

Samuel Ayim, Group General Counsel, Ecobank Transnational, a pan African retail and commercial bank, commented: "We have learnt that it is absolutely critical to have local people in the management team. Lots of outsiders look at Africa as one country but it is actually 54 countries. There is lots of commonality but many differences and nationalistic tendencies within countries. For this reason we have a local board in each country. When we go to a new country we look around for professional people who are well connected and know the territory that can sit on the board. This helps with the interaction with the local authorities and with cultural integration."

Four Key Challenges

Investing in Africa presents a wide range of challenges. Dr. Kaberuka cited four major challenges that are inhibiting FDI in Africa.

The first is the macroeconomic climate. Many African nations have taken great strides to implement economic reforms in the last three decades, including the formation of independent central banks, financial market liberalization and budget deficit management. That said, many African economies did not reform sufficiently and are still over-reliant on commodity exports. They have been particularly vulnerable to the fall in commodity prices.

Kaberuka urged countries that still depend on natural resources to enact further reforms, including cutting expenditures, identifying new sources of revenue, managing exchange rates and removing import controls.

The second challenge relates to a lack of economic transformation, meaning that Africa's strong rate of economic growth over the last decade has not been matched by corresponding increases in employment, equality and productivity. To achieve true economic transformation Kaberuka advised African countries to invest in infrastructure, cross-border market integration and the development of mid-level skills.

The third challenge is institutional and regulatory risk. How can companies invest significantly in Africa if they do not have comfort that the regulatory environment won't suddenly change?

In the past the main regulatory risk was that of nationalization, asset confiscation or dividend repatriation. Now weak institutions are the main issue. In South Africa for example, tariff policies for energy are clear but the regulator underpinning the market is not independent.

Apart from measures in the 17 countries that belong to OHADA (Organisation for the Harmonisation of Business Law in Africa), national regulatory frameworks are not consistent. Inward investors therefore need to become au fait with multiple regimes.

The level of corruption in some African countries also creates issues when it comes to complying with the international reach of the US Foreign Corrupt Practices Act, the UK Anti-Bribery Act and similar laws from other countries.

"When we went on our big African expansion drive we had a clear and uncompromising policy of no bribery or corruption," says Ayim. "In some countries this practice was so engrained that it was hard, but it was a fundamental principle. Ecobank has a culture that is total compliance. Every central bank knows this. It is critical to ensure discipline and compliance with this. We have some written rules of business ethics and all directors are required to sign a code of conduct."

Over time, such an unyielding commitment to compliance can become a valuable asset and even a competitive business advantage.

The last challenge, but certainly not the least important, relates to security. True, the continent is politically more stable than it ever has been during the last 20 years. That said, high impact terrorism incidents still occur. These not only impose a heavy human toll but also knock investor confidence.

Foreign companies must consider a range of issues including liability as well as providing adequate training and protection of staff. It should be remembered that the level of security risk varies within countries and across Africa. The security threats in Africa are also not dissimilar to other emerging markets.

A Snapshot of Africa's Legal Market

By 2025 it is anticipated that Africa will account for 12 percent of global legal spend, according to Citibank's annual law firm study. This represents a significant increase on 2011, when Africa only accounted for four percent of global legal spend.

"A lot of work the international firms do in Africa is based around power," explains Jonathan Lang, a partner and head of Africa at Bowmans, Lex Mundi member firm for South Africa and Kenya. "The power capacity gap means this will continue, whether it be work related to traditional power or renewables. The total power capacity for sub-Saharan Africa is less than that of Spain. South Africa has population of 50 million but a peak capacity of 43,000 MW. Nigeria has a population that is three times this but only has a peak capacity of around 4,000 MW."

"Work will also be driven by the growing middle class. In Kenya you can see this very visibly in terms of new residential developments and increased consumption of things like cell phones and soft drinks. There is a young rapidly urbanizing population and financial services and telecoms companies are looking to take advantage of this. There will be infrastructure and M&A work around this, which is good for law firms."

On the flipside the volume of work in other sectors is decreasing. "A couple of years ago we expected there to be lots of work in mining and commodities, but this is not the case given where we are in the commodities cycle," continues Lang. "Oil producing countries like Nigeria and Angola are really suffering and so are the law firms that are based there. There are very tough trading conditions."

Traditionally, the lion's share of corporate legal advice in connection with Africa-related matters has been performed in major foreign capitals like London, Paris, New York or Washington, D.C. However, in recent years both local and international firms have built their capabilities in African jurisdictions.

Conclusion

Rampant population growth, urbanization and a burgeoning middle class make Africa an attractive continent for foreign investment. Despite the obvious potential, important challenges and risks will remain part of the landscape. Although significant progress has been made in recent decades, unemployment remains very high, economies are still highly reliant on commodity exports and regulatory institutions are not yet as effective as in developed economies. This does not include the ongoing security concerns.

Yet risks can be mitigated with astute planning and adaptation to local conditions. Detailed risk management strategies, employment of local managers and advisors, zero tolerance policies against corruption and alignment of company goals with local development requirements are all easier said than done. Get them right and Africa offers rich rewards.

Appendix

World Bank Group's 2016 Ease of Doing Business Ranking

(African nations are highlighted blue, only the top 150 ranked nations are shown)

Economy	Ease of Doing Business Rank	Starting a Business	Dealing with Construction Permits	Getting Electricity	Regis-tering Property	Getting Credit	Protecting Minority Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Resolving Insolvency
Singapore	1	10	1	6	17	19	1	5	41	1	27
New Zealand	2	1	3	31	1	1	1	22	55	15	31
Denmark	3	29	5	12	9	28	20	12	1	37	9
Korea, Rep.	4	23	28	1	40	42	8	29	31	2	4
Hong Kong SAR, China	5	4	7	9	59	19	1	4	47	22	26
United Kingdom	6	17	23	15	45	19	4	15	38	33	13
United States *	7	49	33	44	34	2	35	53	34	21	5
Sweden	8	16	19	7	11	70	14	37	17	24	19
Norway	9	24	26	18	13	70	14	14	45	8	6
Finland	10	33	27	16	20	42	66	17	32	30	1
Taiwan, China	11	22	6	2	18	59	25	39	65	16	21
Macedo-nia, FYR	12	2	10	45	50	42	14	7	26	26	37
Australia	13	11	4	39	47	5	66	42	89	4	14
Canada	14	3	53	105	42	7	6	9	44	49	16
Germany	15	107	13	3	62	28	49	72	35	12	3
Estonia	16	15	16	34	4	28	81	30	24	11	40
Ireland	17	25	43	30	39	28	8	6	48	93	20
Malaysia	18	14	15	13	38	28	4	31	49	44	45
Iceland	19	40	45	8	15	59	20	36	64	35	15
Lithuania	20	8	18	54	2	28	47	49	19	3	70
Austria	21	106	47	17	26	59	36	74	1	6	18
Latvia	22	27	30	65	23	19	49	27	22	25	43
Portugal	23	13	36	25	27	97	66	65	1	20	8
Georgia	24	6	11	62	3	7	20	40	78	13	101
Poland	25	85	52	49	41	19	49	58	1	55	32
Switzer-land	26	69	56	5	16	59	105	19	40	46	44
France	27	32	40	20	85	79	29	87	1	14	24
Nether-lands	28	28	85	43	30	79	66	26	1	91	11
Slovak Republic	29	68	84	48	5	42	88	73	1	63	33
Slovenia	29	18	71	35	36	126	7	35	1	117	12
United Arab Emirates	31	60	2	4	10	97	49	1	101	18	91

Economy	Ease of Doing Business Rank	Starting a Business	Dealing with Construction Permits	Getting Electricity	Regis-tering Property	Getting Credit	Protecting Minority Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Resolving Insolvency
Mauritius	32	37	35	41	99	42	29	13	66	27	39
Spain	33	82	101	74	49	59	29	60	1	39	25
Japan *	34	81	68	14	48	79	36	121	52	51	2
Armenia	35	5	62	99	14	42	49	41	29	28	71
Czech Republic	36	93	127	42	37	28	57	122	1	72	22
Romania	37	45	105	133	64	7	57	55	1	34	46
Bulgaria	38	52	51	100	63	28	14	88	20	52	48
Mexico *	38	65	67	72	106	5	57	92	59	41	28
Croatia	40	83	129	66	60	70	29	38	1	10	59
Kazakh-stan	41	21	92	71	19	70	25	18	122	9	47
Hungary	42	55	88	117	29	19	81	95	1	23	65
Belgium	43	20	54	53	132	97	57	90	1	53	10
Belarus	44	12	34	89	7	109	57	63	25	29	69
Italy	45	50	86	59	24	97	36	137	1	111	23
Montene-gro	46	59	91	163	79	7	36	64	42	43	36
Cyprus	47	64	145	67	92	42	25	44	43	143	17
Chile	48	62	24	51	56	79	36	33	63	56	58
Thailand	49	96	39	11	57	97	36	70	56	57	49
Peru	50	97	48	64	35	15	49	50	88	69	74
Russian Federa-tion *	51	41	119	29	8	42	66	47	170	5	51
Moldova	52	26	170	104	21	28	36	78	33	67	60
Israel	53	56	96	91	127	42	8	103	58	77	29
Colombia	54	84	38	69	54	2	14	136	110	180	30
Turkey	55	94	98	36	52	79	20	61	62	36	124
Mongolia	56	36	25	134	44	59	8	91	74	80	89
Puerto Rico (U.S.)	57	51	135	57	164	7	88	134	93	100	7
Costa Rica	58	121	49	23	53	7	166	80	67	124	87
Serbia	59	65	139	63	73	59	81	143	23	73	50
Greece	60	54	60	47	144	79	47	66	27	132	54
Luxem-bourg	61	80	14	28	89	167	122	21	1	17	80
Rwanda	62	111	37	118	12	2	88	48	156	127	72
Azerbai-jan	63	7	114	110	22	109	36	34	94	40	84
Jamaica	64	9	72	80	122	7	57	146	146	107	35
Bahrain	65	140	9	77	25	109	111	8	85	101	85
Kosovo	66	47	136	124	32	28	57	67	71	48	163
Kyrgyz Republic	67	35	20	160	6	28	36	138	83	137	126
Qatar	68	109	8	111	28	133	122	1	119	112	51
Panama	69	44	70	32	84	19	66	166	54	148	132
Oman	70	149	46	60	33	126	134	10	69	70	105
Bhutan	71	91	79	50	51	79	115	28	21	50	189
Botswana	72	143	97	122	70	70	81	71	51	128	56

Economy	Ease of Doing Business Rank	Starting a Business	Dealing with Construction Permits	Getting Electricity	Regis-tering Property	Getting Credit	Protecting Minority Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Resolving Insolvency
South Africa	73	120	90	168	101	59	14	20	130	119	41
Tunisia	74	103	57	38	86	126	105	81	91	81	57
Morocco	75	43	29	55	76	109	105	62	102	59	130
San Marino	76	113	64	10	80	181	122	32	18	82	106
St. Lucia	77	67	50	26	104	152	66	83	72	67	109
Tonga	78	53	22	61	154	42	115	82	87	97	131
Bosnia and Her-zegovina	79	175	171	119	97	42	66	154	28	66	38
Malta	80	132	83	86	96	174	36	25	39	61	83
Guate-mala	81	101	106	21	75	15	174	50	78	173	153
Saudi Arabia	82	130	17	24	31	79	99	3	150	86	189
Ukraine	83	30	140	137	61	19	88	107	109	98	141
Brunei Darus-salam	84	74	21	68	148	79	134	16	121	113	98
China *	84	136	176	92	43	79	134	132	96	7	55
El Salva-dor	86	125	156	107	71	15	155	162	46	109	79
Uzbeki-stan	87	42	151	112	87	42	88	115	159	32	75
Fiji	88	167	111	78	55	79	111	108	73	88	89
Trinidad and Tobago	88	72	144	27	151	42	36	114	114	167	67
Vietnam	90	119	12	108	58	28	122	168	99	74	123
Dominica	91	63	115	37	165	133	66	98	61	83	129
Uruguay	92	61	160	40	110	59	122	130	153	104	64
Domin-ican Republic	93	110	44	149	82	97	81	77	57	115	159
Vanuatu	94	147	143	82	81	28	134	54	134	139	110
Sey-chelles	95	131	123	139	67	109	105	43	86	138	63
Samoa	96	39	93	52	65	152	57	100	151	79	133
Albania	97	58	189	162	107	42	8	142	37	96	42
Zambia	97	78	110	123	157	19	88	46	152	134	107
Nepal	99	105	78	131	72	133	57	124	60	152	86
Paraguay	100	135	55	96	78	79	144	111	135	75	102
Kuwait	101	148	133	128	68	109	66	11	149	58	122
Namibia	101	164	66	76	174	59	66	93	118	103	97
Philip-pines	103	165	99	19	112	109	155	126	95	140	53
Antigua and Barbuda	104	107	95	33	118	152	66	161	114	19	125
Swazi-land	105	156	80	155	113	70	134	79	30	175	96
Bahamas, The	106	118	94	114	183	133	111	24	97	60	61
Sri Lanka	107	98	77	81	153	97	49	158	90	161	78
Kenya	108	151	149	127	115	28	115	101	131	102	144

Economy	Ease of Doing Business Rank	Starting a Business	Dealing with Construction Permits	Getting Electricity	Registering Property	Getting Credit	Protecting Minority Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Resolving Insolvency
Indonesia *	109	173	107	46	131	70	88	148	105	170	77
Honduras	110	150	87	143	88	7	134	155	136	150	139
St. Vincent and the Grenadines	111	77	59	79	160	152	66	97	68	31	189
Solomon Islands	112	95	58	90	158	79	105	68	141	160	137
Jordan	113	88	103	56	98	185	163	52	50	126	146
Ghana	114	102	132	121	77	42	66	106	171	116	161
Lesotho	114	112	172	147	108	152	99	109	36	85	117
Brazil *	116	174	169	22	130	97	29	178	145	45	62
Ecuador	117	166	74	97	69	97	115	139	120	99	148
Iran, Islamic Rep.	118	87	69	88	91	97	150	123	167	62	140
Barbados	119	100	158	87	134	126	166	99	127	164	34
Belize	120	159	81	73	128	162	122	69	117	133	81
Argentina	121	157	173	85	116	79	49	170	143	38	95
Uganda	122	168	161	167	120	42	99	105	128	78	104
Lebanon	123	114	130	116	103	109	134	45	147	135	134
St. Kitts and Nevis	124	90	32	84	170	152	88	147	70	42	189
Nicaragua	125	123	168	94	147	97	150	165	81	94	103
Cabo Verde	126	75	104	140	74	109	163	94	106	47	189
Cambodia	127	180	181	145	121	15	111	95	98	174	82
Maldives	128	48	41	141	171	126	134	128	137	95	135
West Bank and Gaza	129	170	162	75	95	109	144	56	84	90	189
India *	130	155	183	70	138	42	8	157	133	178	136
Egypt, Arab Rep.	131	73	113	144	111	79	122	151	157	155	119
Tajikistan	132	57	152	177	102	109	29	172	132	54	147
Mozambique	133	124	31	164	105	152	99	120	129	184	66
Lao PDR	134	153	42	158	66	70	178	127	108	92	189
Grenada	135	76	100	58	139	133	122	132	138	89	189
Palau	136	116	101	138	46	79	182	131	155	130	166
Guyana	137	92	138	165	125	167	99	117	139	87	156
Pakistan *	138	122	61	157	137	133	25	171	169	151	94
Tanzania	139	129	126	83	133	152	122	150	180	64	99
Marshall Islands	140	71	63	125	189	79	178	125	75	65	167
Malawi	141	161	65	175	93	152	115	102	123	147	164
Côte d'Ivoire	142	46	180	146	109	133	155	176	142	120	76
Burkina Faso	143	78	76	183	149	133	144	153	103	163	112

Economy	Ease of Doing Business Rank	Starting a Business	Dealing with Construction Permits	Getting Electricity	Regis-tering Property	Getting Credit	Protecting Minority Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Resolving Insolvency
Mali	143	172	152	151	140	133	166	149	82	149	100
Papua New Guinea	145	138	127	98	119	167	99	110	163	169	138
Ethiopia	146	176	73	129	141	167	166	113	166	84	114
Sierra Leone	147	99	142	178	159	152	88	129	164	105	142
Microne-sia, Fed. Sts.	148	162	141	103	189	70	185	116	53	181	116
Kiribati	149	142	137	173	142	162	122	23	112	114	189
Togo	150	133	179	109	182	133	155	163	126	125	93

Appendix

Challenges and Opportunities in Major African Economies

Northern Africa

Country	Country Overview	Legal Framework	Opportunities	Challenges	Other Information
Morocco	• Morocco is a stable emerging market. • The major resources of the Moroccan economy are agriculture, phosphates, renewable energy and tourism. • The automobile, offshoring and the aeronautic industries are also developing and are becoming key sectors of the economy.	• A quite sophisticated civil law legal system largely inspired from French law • A legal system favourable to foreign investment: free repatriation of the revenues generated by the investment made in Morocco (dividends, liquidation proceeds, etc.)	• Morocco is a gateway to investments in the African continent (more particularly since the creation of Casablanca Finance City) • Substantial reforms have been undertaken to improve Moroccan investment climate: modernisation of financial markets, creation of tax and customs incentives, etc.	• To improve its judicial system which suffers from a lack of transparency (all the court decisions are not publicly available) and efficiency	N/A

Central Africa

Country	Country Overview	Legal Framework	Opportunities	Challenges	Other Information
Democratic Republic of Congo (DRC)	• Second largest country in Africa • Economy relies heavily on mining • Annual average economic growth rate of 7.7% in 2010-2015, well above the average in Sub-Saharan Africa	• Civil law tradition • Accession to the OHADA Treaty, the organization for the harmonization of business law in Africa, in 2012	• DRC has the potential to become one of the richest countries on the African continent and a driver of African growth. • Enormous opportunities for extractive industry • Huge investments required in infrastructure • FMCG and Service Industries developing fast	• Political uncertainty (legislative elections planned for November 2016 have yet to be confirmed) • Heavy bureaucracy • Lack of infrastructure	• Useful springboard for investors into the wider Central African region • Strong presence of Chinese companies and investors

Southern Africa

Country	Country Overview	Legal Framework	Opportunities	Challenges	Other Information
Botswana	• Third in Africa in terms of ease of doing business • Highest credit rating in Africa • 84% literacy rate • 28/168 on transparency index	• Based on Roman-Dutch law, where freedom to contact is king • Robust legal system • Shares same common law as South Africa • Decisions of Courts of Appeal are world-class • No BEE or indigenisation laws, rather citizen economic empowerment policy • Competition Commission is reliable (not part of COMESA)	• Relatively easy to invest, similar to South Africa incentives, etc.	• Litigation over government tenders • Citizen economic empowerment policy may frustrate those who wish to establish wholly-owned subsidiaries • Issues of capacity – there are not many lawyers in the country who could handle a large transaction	• Success story based on good governance • An unequal society • Educated population but no work

Country	Country Overview	Legal Framework	Opportunities	Challenges	Other Information
Namibia	• Main economic driver was mining sector, now shifting to tourism and financial services, fishing and agriculture	• Good companies and deeds registries – accurate but manual • Very good court system – in terms of a case management system, the judge manages the entire procedure – judgements can be expected within a year	• Tax advantage over South Africa • Attractive destination for investment by South Africans	• Procurement Bill sets out indigenisation requirements • Need to import electricity	• Stable; has good leadership and corruption has been man-aged • Net importing country

Country	Country Overview	Legal Framework	Opportunities	Challenges	Other Information
South Africa	• Population of 52 million • GDP is USD 320 billion • One of the highest Gini coefficients in the world • Diversified economy, although resources are a key sector for employment	• Independent judiciary • Highly regulated economy • No restrictions on foreign ownership (except 51% local ownership of security companies) • Black economic empowerment regulations are complex • JSE is well regulated • There are hints that some SOE will be privatised	• Private education and healthcare • Companies are relatively cheap to foreign investors as a result of the currency devaluation • Location of regional headquarters	• Slow economic growth which is partly as a result of reliance on resources • Fears of being downgraded to "Junk Status" as a result of political issues impacting the Department of Finance • Public education system is "broken" – spend more as a % of GDP on education than most countries, but not effective	• Traditionally seen as powerhouse of Africa • Contradictory environment seen in the sophistication of some parts and developing nature of others • Legacy of apartheid lives on • Large unemployment rate (official = 25%, estimate = 40%) • Leadership is an issue

East Africa

Country	Country Overview	Legal Framework	Opportunities	Challenges	Other Information
Burundi, Kenya, Rwanda, South Sudan Tanzania, Uganda (and arguably Ethiopia)	• Population of over 150 million people (excluding Ethiopia's 75 million) • Majority under the age of 25 • GDP growth is 5%-7%	• Parliamentary democracies, strong regulations • Kenya's legislative and legal system – English heritage, Constitution • Uganda's legislative and legal system – English heritage, Constitution • Capital markets and securities trading • Labour relations - limited trade union powers • Protection of rights - registries • Enforcement of rights through the courts, arbitrations, bilateral investment treaties, ICSID	• World Bank Ease of Doing Business Index – Kenya and Uganda are below 100 on the scale of 189 • Investment opportunities and government incentives across various sectors • Free market with few restrictions, e.g., no currency controls • SOEs and local ownership	• Corruption and inefficiency – a deterrent to investors • Security and conflict concerns • The rule of law / institutional challenges	• Economies are divided between formal sectors and the informal / subsistence and agricultural • Education is the key to development progress and sustainability • There is regional cooperation through trade blocs: - East African Community – 6 nations - COMESA – 19 nations - Tripartite Free Trade Area – 26 nations

West Africa

Country	Country Overview	Legal Framework	Opportunities	Challenges	Other Information
Ghana	• The drivers of GDP are services 50%, industry 28% and agriculture 20% • Mining has increased from 2.1% to 9.5% of GDP and oil and gas has increased from 0% to 6.3%	• Country of extremes – there are excellent registries and very poor ones, outstanding regulatory commissions and very poor ones • Ownership restrictions – maximum 50-year lease in terms of land ownership • The legal institutional structure is developed, but ignored – always have an international arbitration clause in contracts! • Anti-bribery charter	• There are signs that the three-year slowdown may be coming to an end • Currency devaluation is stabilised – exports are now more lucrative (gold, cocoa, oil, manganese) • In terms of investors, if they are politically well-connected then the path is smooth and they can reap rich rewards, but there is the risk of falling into disfavour and then facing hostility from regulators and some doors are closed • There are those who know the laws and regulations and apply them to the fullest in pursuit of replicating their home existence • There are those that are good – their expertise is sound • Private education and healthcare	• Divisions caused by colonisation remain • Airlines follow business – if there was sufficient business, then it would be more efficient to move among the countries in the region • "If you have a business mind, every challenge can be an opportunity"	• It is difficult to predict the outcome of elections because they are always very close

Country	Country Overview	Legal Framework	Opportunities	Challenges	Other Information
Nigeria	• Main economic driver is the oil and gas sector, which accounts for more than 95% of the country's export earnings and about 83% of the federal government's revenue • The current administration has taken steps to diversify the Nigerian economy by investing in agriculture and mining	• Good companies registry. Foreign companies wishing to carry on business in Nigeria are required to do so through a separately incorporated local entity • Nigerian courts are reputed to be congested and cases tend to drag on for years; however, court processes and rules are constantly being modernised to achieve the expeditious and efficient trial of cases. The amicable pre-trial resolution of disputes is greatly encouraged	• Unconditional repatriation of profits and other proceeds, net of taxes, from foreign investments in Nigeria, subject to having obtained a "Certificate of Capital Importation" at the time of investment • Low rate of Value Added Tax (5%) • Numerous sector-dependent incentives including the ability to apply for a 5-year tax holiday on the basis of a 'Pioneer Status' which is granted to industries that have a certain minimum qualifying expenditure and are engaged in activities that are under-developed, non-existent or of value to Nigeria in one of the industries approved pursuant to the relevant statute • Tax savings on dividend payments to treaty resident investors - Where a foreign investor is resident in a country with which Nigeria has a double taxation agreement, the rate of withholding tax on dividends is reduced from 10% to 7.5%	• Inadequate supply of electricity and expensive rate of alternative sources • Strict regulatory requirements may make business expensive • The drop in global oil prices has had a negative impact on the value of the Naira and government revenues • Restrictions on the importation and exportation of many goods	• Stable, democratically elected government • Recent ethnic conflict in certain parts of the North and East of Nigeria • Insecurity caused by the Boko Haram sect in the North-Eastern part of the country • Net importing country • Pressure on the federal government to devalue the Naira against the US dollar • Efficient tele-communication system • Highest nominal gross domestic product (GDP) in Africa

Portuguese Speaking Africa

Country	Country Overview	Legal Framework	Opportunities	Challenges	Other Information
Angola	• Population estimated to be 24.3 million people	• Civil legal system based on Portuguese civil law • Central bank may in certain circumstances limit exchanges in foreign currency • Tax reforms introduced in 2014 reduced the corporate income tax rate from 35% to 30% • Local partnerships are required in certain sectors • Limited BITs	• Demand for expansion in the energy sector due to growing consumption • Insurance sector expected to see significant growth due to increased enforcement of insurance regulations • Foreign investment thresholds have been lowered to attract investment from entities of all sizes	• Foreign non-resident employees may only be hired when Angolan employees with comparable qualifications and experience are unavailable	• Main exports are commodities (including crude oil, diamonds, refined petroleum products, coffee, sisal, fish, timber and cotton) • Diversification is required – away from oil and gas, mining and construction and towards agriculture, insurance and tourism

Country	Country Overview	Legal Framework	Opportunities	Challenges	Other Information
Mozambique	• Population estimated to be 25 million	• The Investment Law guarantees private investors legal protection access to justice; professional, banking and commercial secrecy; compensation for expropriation, industrial property and acquired land rights • The Investment Law also grants private investors tax and customs benefits, although not automatically or indiscriminately	• Mozambique acts as a gateway to Southern African through it port and railway systems • Development in the country's infrastructure system continues to be on the rise • Legislative restructuring has created stability in many sectors, including mining and oil & gas	• Tension and political volatility have been registered due to conflicts with Renamo • Local content requirements are complex • Foreign investment rules limit the right to repatriate the invested capital • Judicial system is slow and ineffective, there are high levels of corruption and decisions are not predictable	• Natural resources: gas, coal and other minerals, hydroelectric potential, agricultural land and marine resources • Main exports are commodities including aluminum, prawns, cashews, cotton, sugar, citrus, timber and electricity

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