



*Empowered lives.  
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# INVESTMENT OPPORTUNITIES IN AFRICA

**Ayodele Odusola, PhD**

Chief Economist and Head  
Strategy and Analysis Team

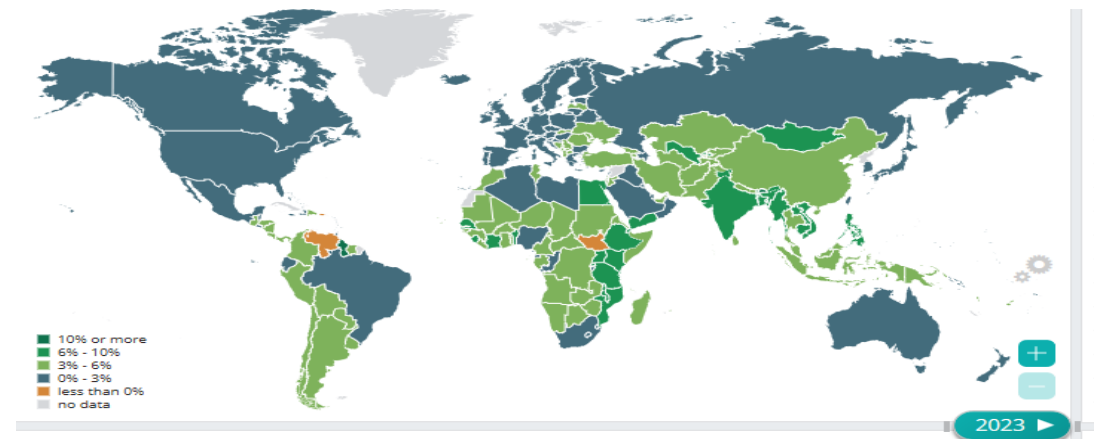
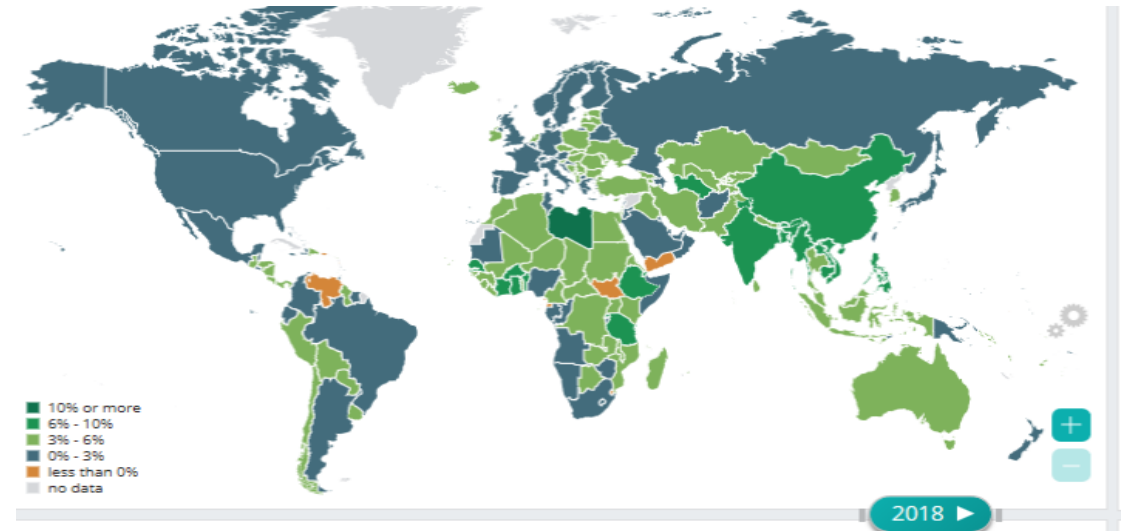
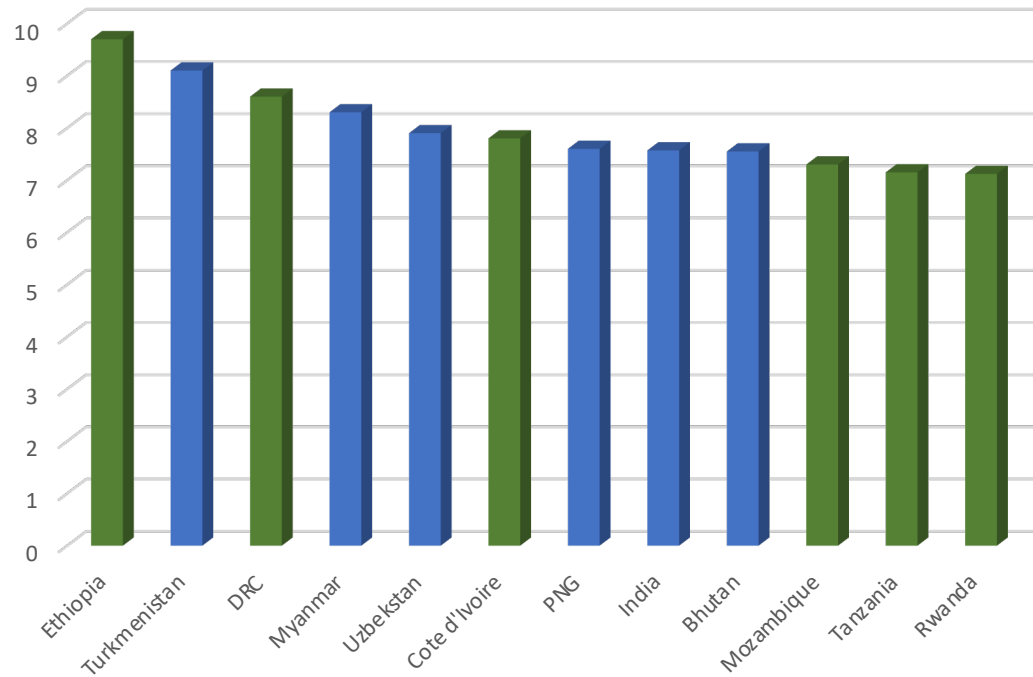
UNDP Regional Bureau for Africa, New York

# Key messages

- 1. Africa's growth prospect is one of the brightest globally**
- 2. Africa: A strong potential investment destination**
- 3. Japanese business interest, though methodically structured, is rising and breaking new grounds in Africa**
- 4. Investing in Africa is a good business and sustainable corporate strategy for Japanese private sector**
- 5. Improvement in governance index is changing Japanese business interest in Africa**
- 6. UNDP as a partner of choice in promoting FDIs in Africa**

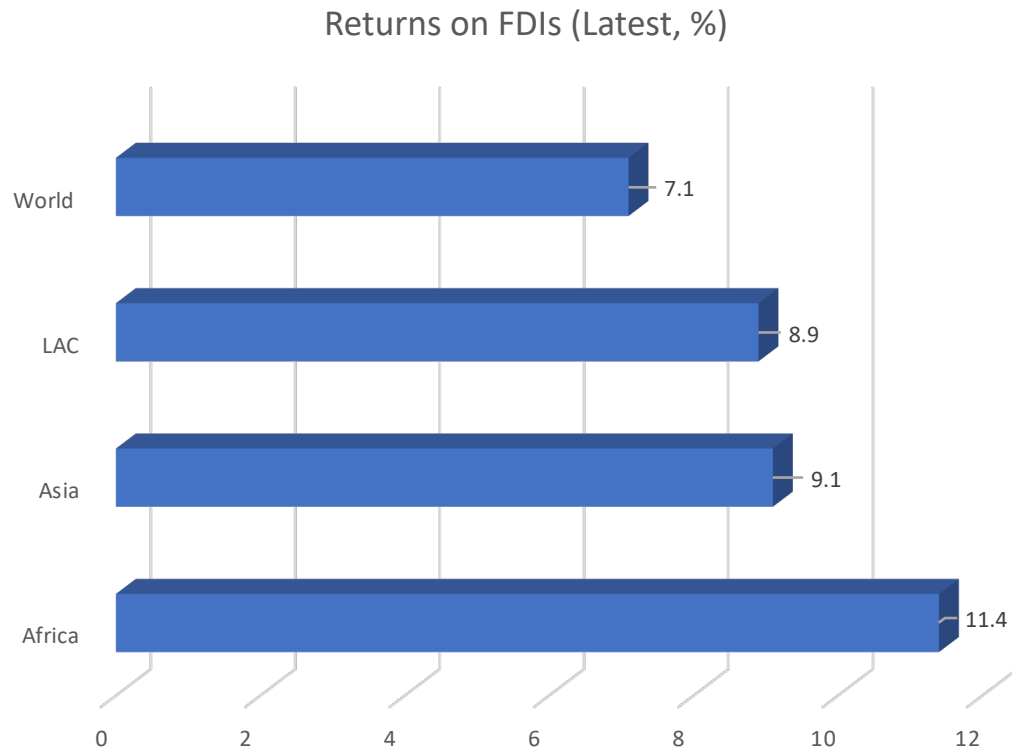
# Growth and growth prospects

Six of the 12 fastest growing economies in the world are in Africa, 2014-17



**KEY MESSAGE 1: Africa's growth prospect is one of the brightest globally**

# Africa has the highest rate of returns on Inflow FDI in the world.....Prospect for 2018-2023 is brighter



- **Some trailblazing companies on revenues in Africa in 2017**

- Sonatrach \$33.20 billion
- MTN \$10.06 billion
- Dangote Group \$4.16 billion

**KEY MESSAGE 2: Africa remains the most profitable region of the world and the prospects are very bright**

# Why investing in Africa is a good business for Japanese investors?

Africa's trade ties are rising quite fast (\$400b to \$1.6t; 2000 to 2013)

Youthful population; adding 200 million to consumer market in 2013 (80% of 2<sup>nd</sup> Hand auto is from Japan); pop to quadruple from 1.19b in 2015 to 4.39b in 2100

**AA Japan – auto dealer -> 2015-17, sales expanded by 38%; 3-4.6k units**

Japanese comparative advantage areas (BTI) are Africa's growth drivers

Springboard of value chains through avalanche of pry commodity (agric and extractives)

Growth convergence – low growth trajectory in Japan but high and elastic in Africa

Implementing the SDGs offers Japanese companies opportunities to leverage

**Malaria - Insect proofing mosquito nets technology: Sumitomo Chemical**

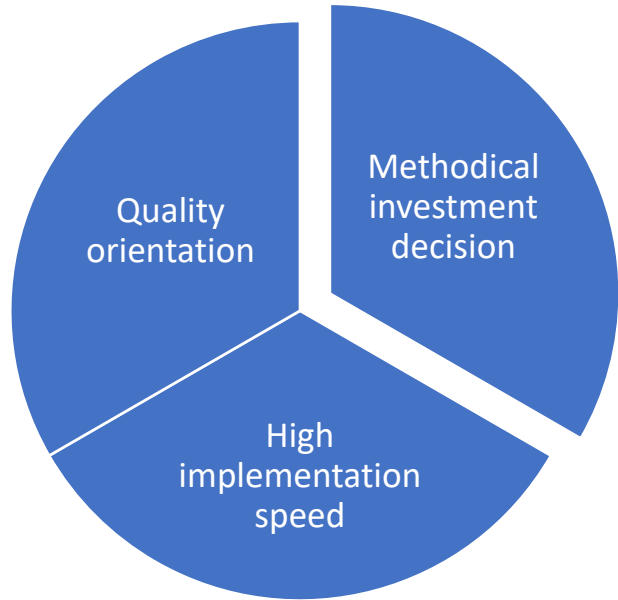
**Desalinating seawater technology: JGC and Hitachi**

**Weather Index Insurance: Sompo Japan Niponkoa**

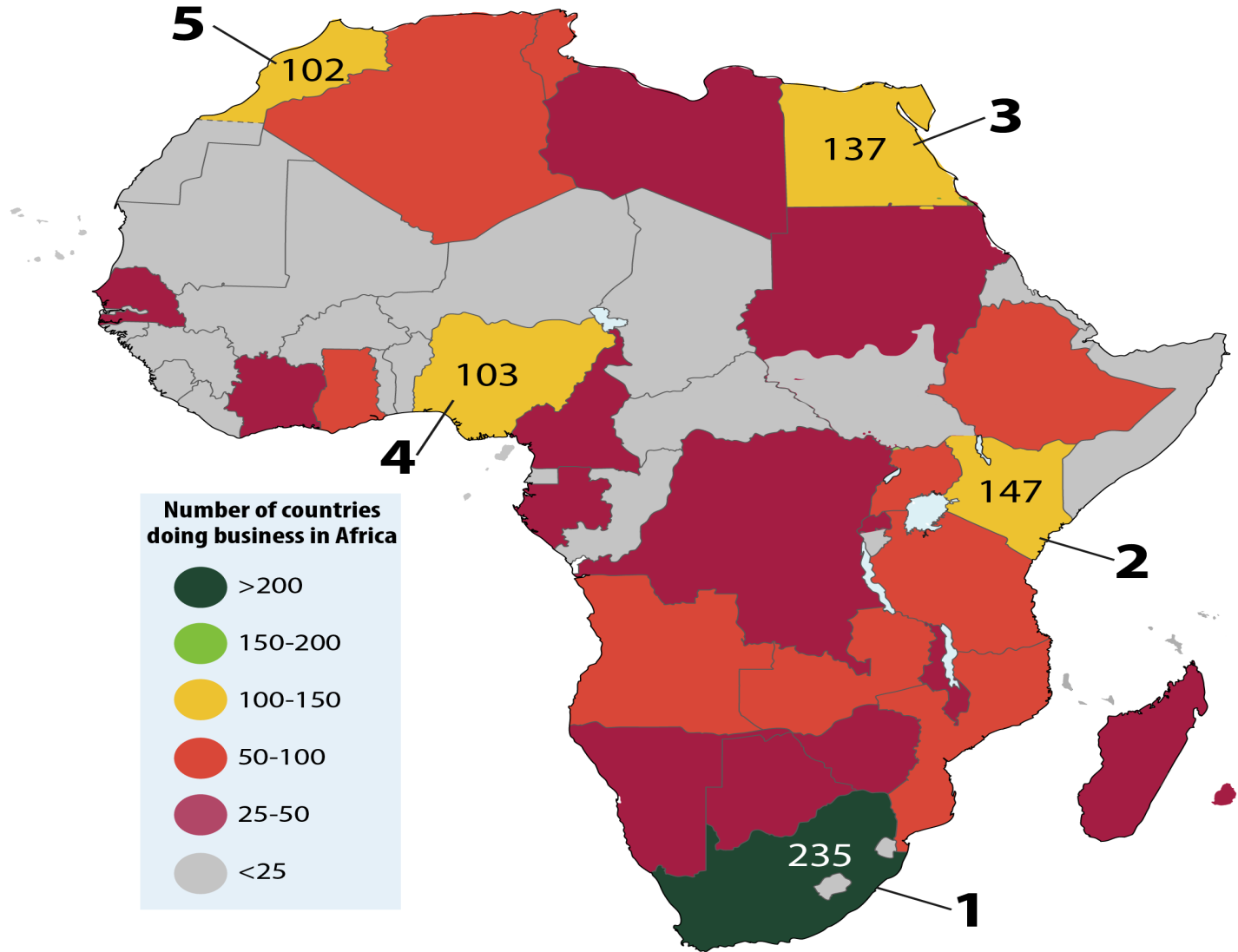
**KEY MESSAGE 3: Investing in Africa is a good business and sustainable corporate strategy for Japanese private sector**

65% of Japanese companies doing business in Africa are located in 5 countries.

### Attributes of Japanese business



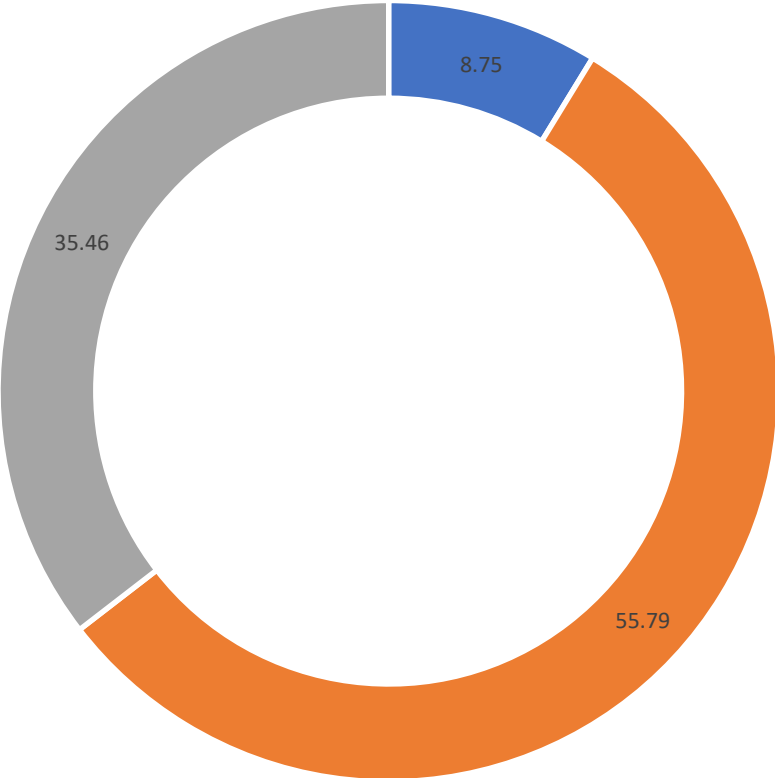
Mapping of Japanese businesses in Africa (2017)



**KEY MESSAGE 4: Japanese business in Africa is rising – breaking new grounds**

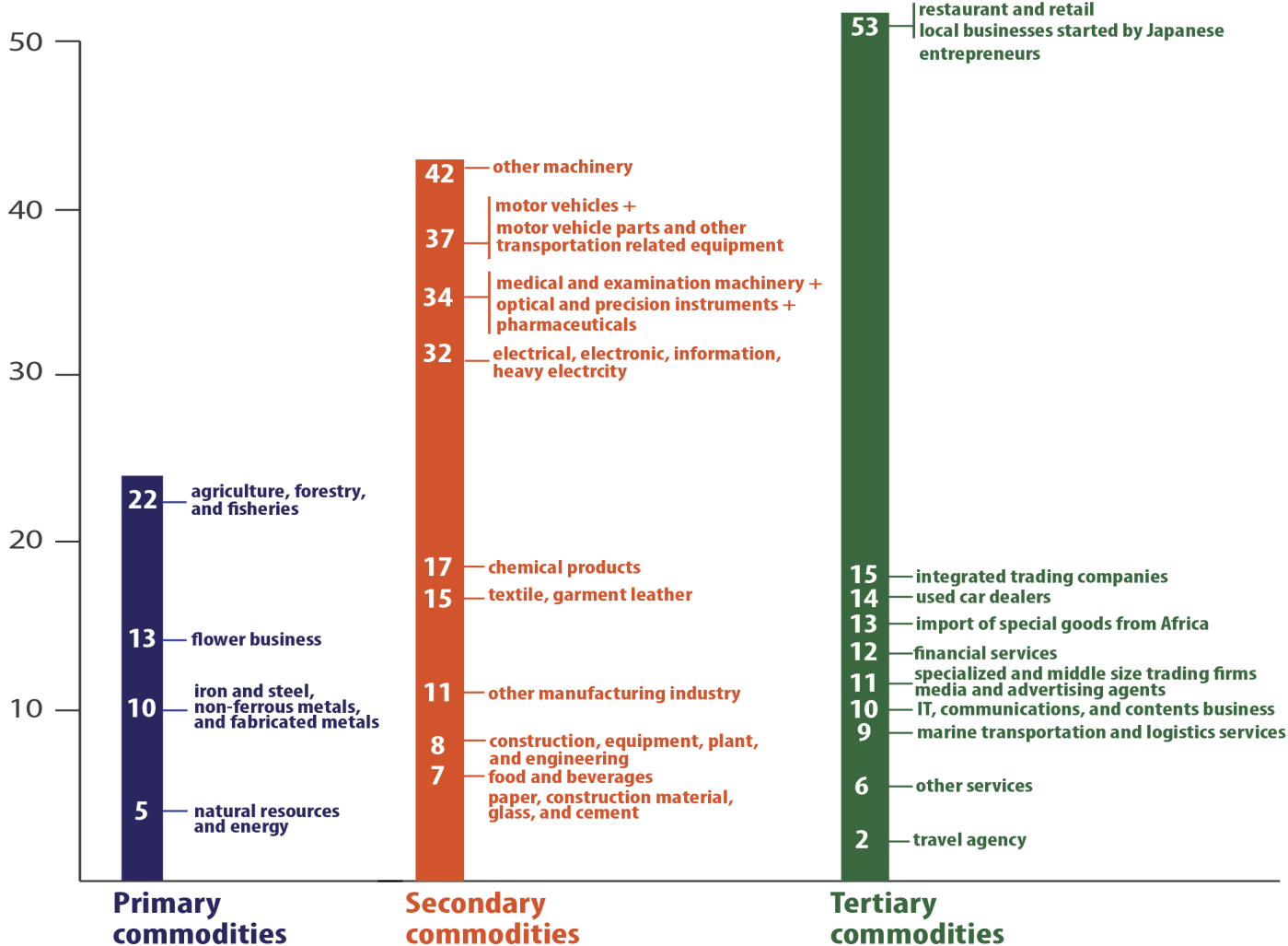
# Japanese investment in Africa is leveraging its comparative advantages

Japanese companies by sectors, 2017



■ Agric & natural resources ■ Manufacturing ■ ICT, finance & services

Sectoral breakdown of Japanese companies in Africa



# ...appreciable progress made in recent times....

## Efforts in 2018 alone are unprecedented

- First Japan Africa Public-Private Economic Forum in May 2018 in South Africa
- GOJ led 28 giant corporate investors to Rwanda in July 2018.
- JETRO held a business meeting with 86 firms on agricultural machines on 12-13 July 2018 in Addis Ababa – leading to 24 business talks.
- NEXI to insure *FPSO* facility in Africa starting with Ghana to derisk Japanese investments e.g. Sumitomo and JGC corporations – committed 1240 million JPY for 20 years.
- Maruzen (Shizuoka) joint venture in Morocco (June 2018) to begin tea production in 2019.

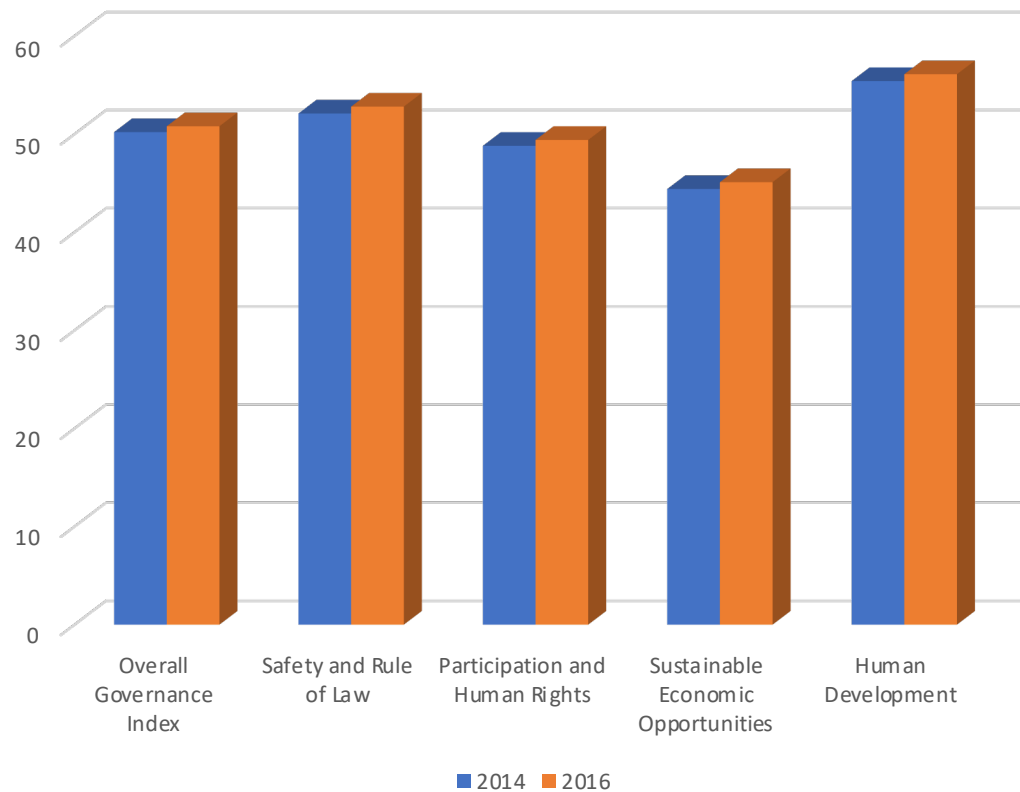
## Business opportunities emerging from Rwanda's visit alone

- **Renewable energy** to accelerate the achievement of the SDGs
- **Kigali Innovation City** - digital transformation
- **Knowledge-based economy** e.g. production of high value electronics and ICT services for the local market and exports.
- **Value addition** of its dominant minerals like Tantalum, tin, gemstones, and tungsten
- **Central sewerage systems, investment in off-grid energy and other infrastructure projects**

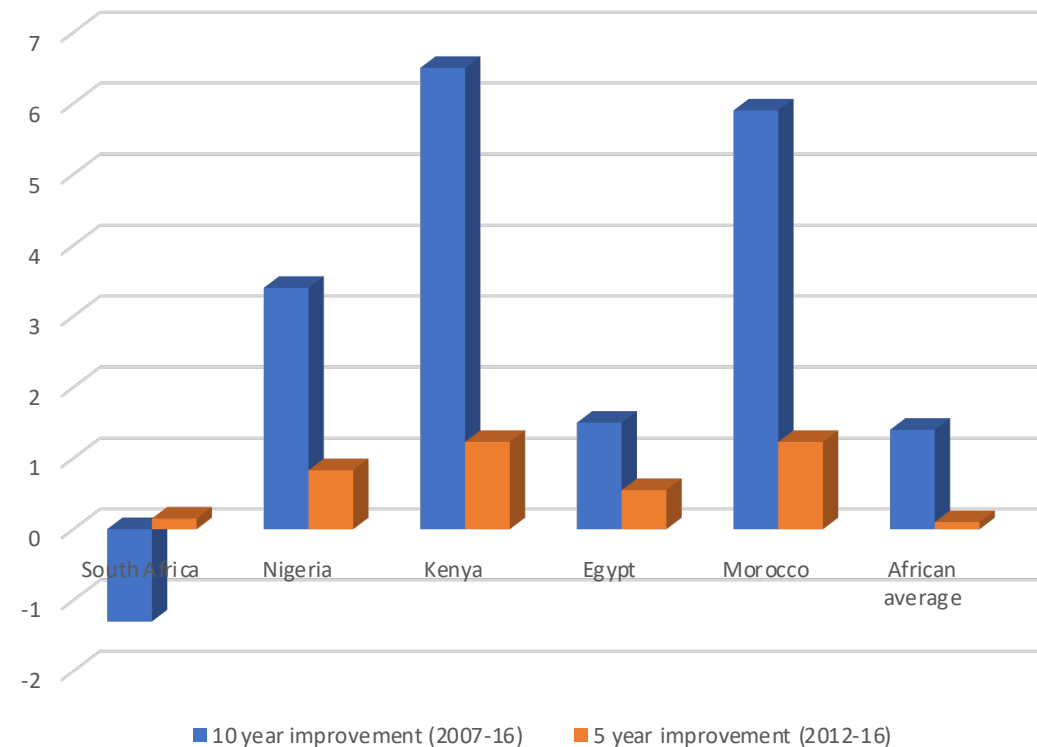


# What is changing in Africa and in Japanese strategic countries on the continent?

Improvement in Overall Governance Index 2014-2016

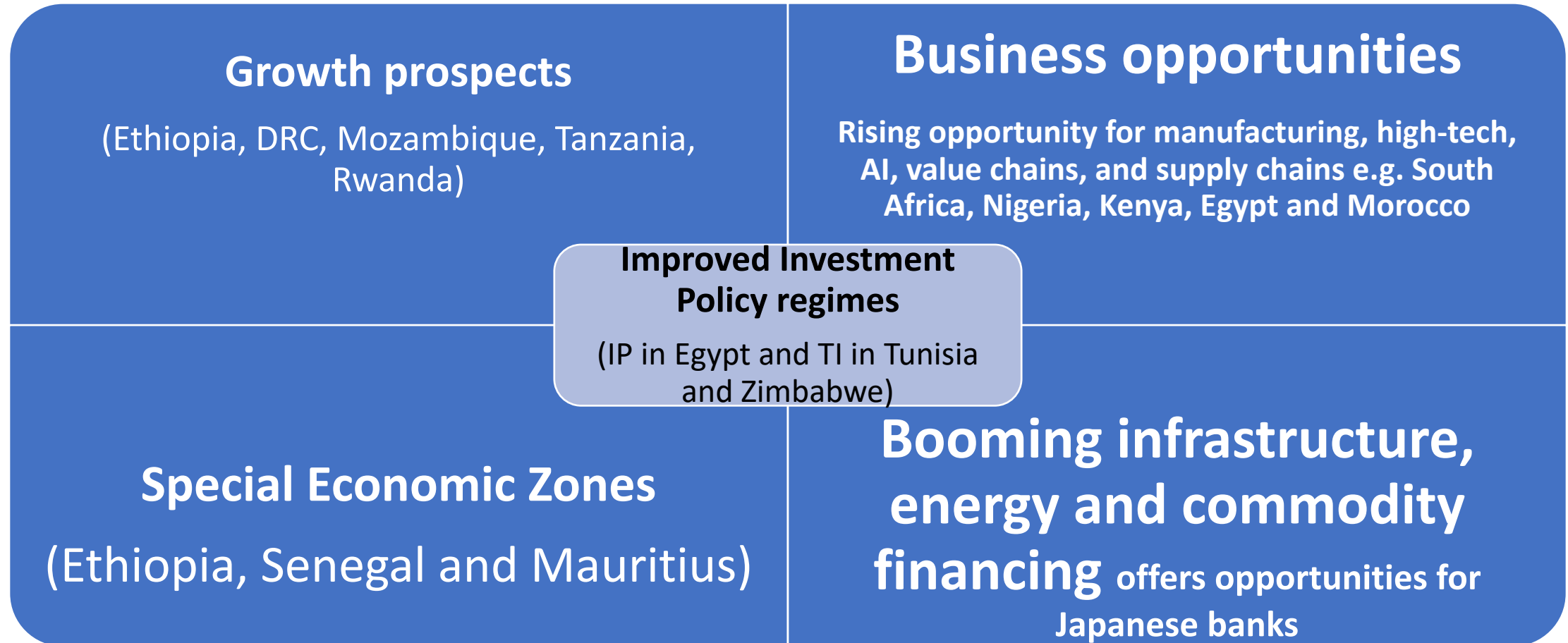


Governance improvement in Strategic destination countries for Japanese companies

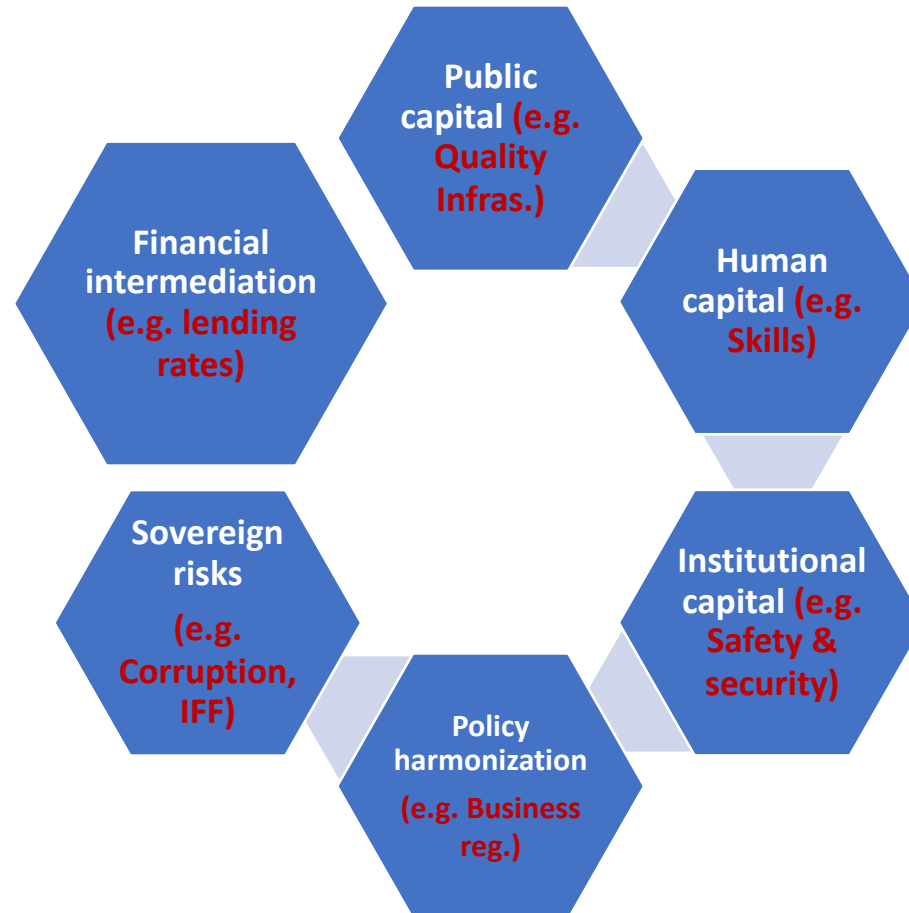


**KEY MESSAGE 5: Factors changing Japanese investment interest in Africa**

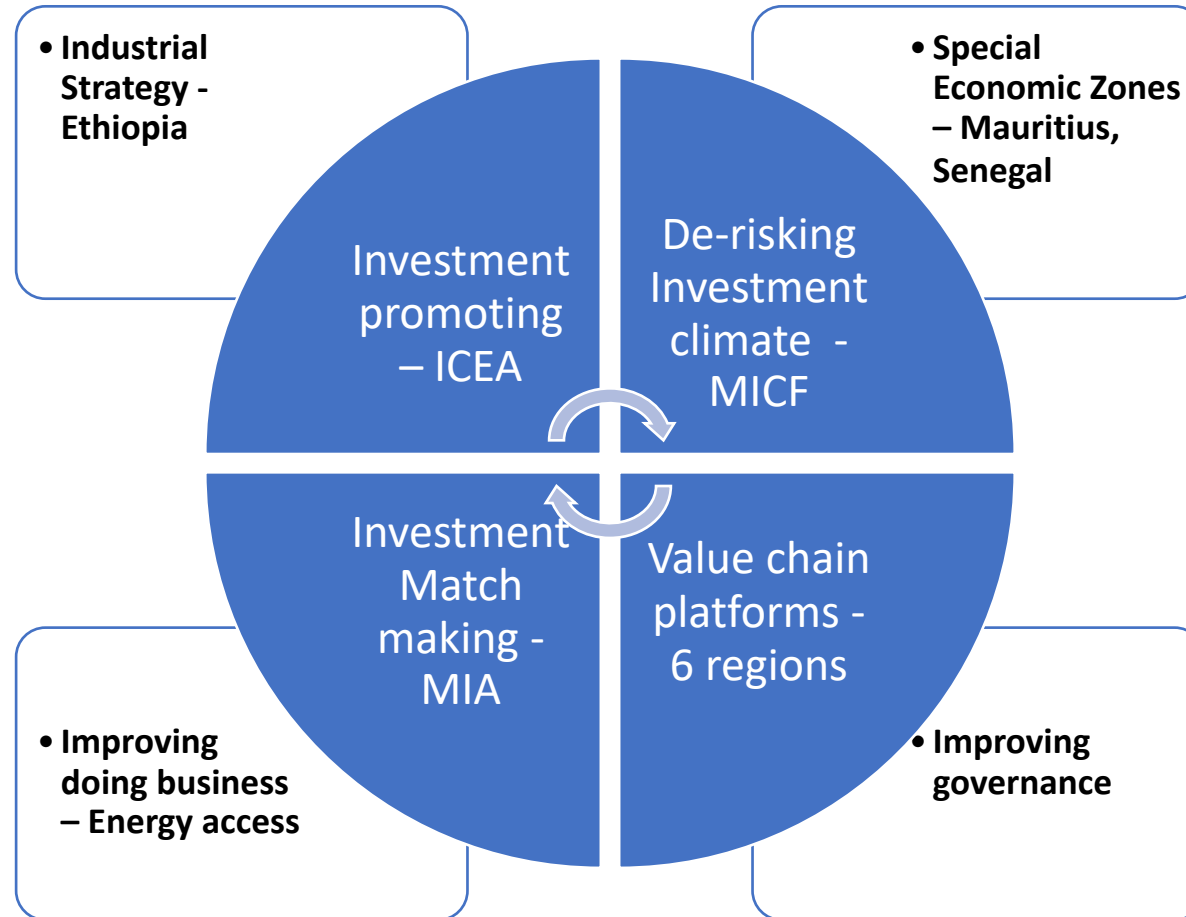
# Other drivers of investment opportunities in Africa



# Maximizing Investment opportunities in Africa...Emerging lessons that TICAD could leverage



# How is UNDP helping investment in Africa?



**KEY MESSAGE 6: UNDP as a partner of choice in promoting FDIs in Africa**

# Conclusions

- **With brighter growth prospects, rising business opportunities, improving business environment, and high rate of return on FDIs, Africa remains an investment destination of choice. Addressing business challenges can further maximize investment opportunities in Africa.**
  - ✓ **Companies like AA Japan – an auto dealer that grew its business by 38% in three years in Kenya - are showing the profitability of investing in Africa**
- **Investing in Africa is a good business and sustainable corporate strategy for Japanese private sector.**

THANK YOU



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