

HAVAS HORIZONS ANNUAL BAROMETER

**INTERNATIONAL INVESTORS ARE VERY OPTIMISTIC
ABOUT AFRICA'S GROWTH****Promising innovation and technology
in support of the creation of a true African model**

Puteaux, 26th of July 2018 - For the fourth year in a row, Havas Horizons, Havas Paris' and the Choiseul Institute's advisory services aimed at emerging countries, has unveiled its barometer on the perception of international investors of the African economy for 2023.

This year, international investors (92%) reaffirm their optimism and renew their confidence in the continent's economic outlook by 2023. Most of them (80%) consider strengthening their positions.

The 5 most attractive countries this year are **Côte d'Ivoire, Kenya, Nigeria, Ghana and South Africa**, casting aside last year's favorites Ethiopia and Senegal.

As last year, the favorite economic sectors remain **financial services, large-scale retailers and energy, which form the Top 3**. But financial services, linked to the continent's bankization and access to a range of higher quality banking services, take this year first place (23%). Large retailers take second place (16%), driven by the emergence of a middle class and the increase in domestic demand. Energy comes third.

The infatuation for these sectors comes with a new interest in **innovation and new technologies** which would conceal an **important potential** (98%). Respondents believe in the emergence of a specific African model (76%) and wish to strengthen their investments in these sectors (68%). **Kenya and South Africa are, in order, the first targets before Rwanda, Nigeria and Senegal**. However, political instability (23%), business climate and corruption (19%) are still regarded as holdouts.

"Africa's inclusive sustainable growth supported by the dynamism of the youth and their participation in global growth will be determined by its capacity to finance projects but also to prioritize innovation in its development in all economic sectors," explains Jean-Philippe Dorent, CEO of Havas Horizons. "The emergence of a specific African model seems like certain for most economic players and it is good news for Africa."

Methodology: In March & April 2018, the Havas Horizons 2018 barometer interviewed a panel (see appendix) of nearly 50 of the largest financial and banking institutions (senior analysts, financial directors, Africa directors, CEOs, etc.) active in Africa, who are aware of the continent's challenges and actively contributing to its economic development. This survey, conducted through a SurveyMonkey questionnaire, was accompanied by a series of individual interviews with major economic actors in Africa.

OPTIMISTIC AND PRAGMATIC INVESTORS

The African continent remains attractive to investors, in particular because of its rapid return to growth following the economic slump in 2015. Almost **92% of respondents are optimistic** about the continent's economic **prospects in the short term and on the horizon of 2023**. The emergence of the middle class, the improvement of the business climate, demographic dynamism and economic diversification are crucial. And while the implementation of structural reforms is still pending, 60% of respondents wish nevertheless to consolidate their position in 2018 (65% in 2017) and 80% by 2023.

The growing role of private flows to the continent, particularly from Asia and the Middle East, is one of the reasons for this. Endogenous factors such as rising domestic demand, demographic dynamism and the implementation of major infrastructure projects as well as economic diversification also help this infatuation.

THE 5 MOST ATTRACTIVE COUNTRIES TO INVESTORS

Despite their differences, 5 countries have promising economic prospects.

#1 Côte d'Ivoire (63%) comes first, after an entry in the 2017 ranking (2nd position)

#2 Kenya attracts 61% of respondents and remains well placed (1st in 2017)

#3 Nigeria moves up a place (33%)

#4 Ghana, absent last year, is back (37%)

#5 South Africa (34%) enters the ranking

Ethiopia and Senegal thus do not appear the ranking.

It is worth noting that Nigeria remains highly dependent on oil, creating a certain distrust among investors, unlike Kenya, which has diversified its economy and benefit from relative political stability.

THE 3 MOST BUOYANT SECTORS

Financial services continue to finish first, followed by retail and energy. The continent's bankization and access to a range of quality services accounts for its attractiveness when large retailers benefit from the emergence of a middle class and the increase in domestic demand. The energy sector is thus downgraded.

#1 23% of respondents believe that the **financial sector** lies at the heart of tomorrow's challenges;

#2 The **retail sector** receives 16% of the votes;

#3 The **energy sector** comes third with 14% of the votes.

INNOVATION AND NEW TECHNOLOGIES HOLD PROMISE

Technological development and innovation, driven by African youth and employment issues, are obvious facts to almost all respondents. 98% of them consider **that Africa has a strong development potential in innovation and new technologies** and 68% want to consolidate their investments. More than 76% of respondents believe in the emergence of **a specific African model of innovation**. They put an emphasis on the creative, flexible and adjustable nature of African innovation. However, **leapfrogging** is considered the main characteristic of this model. With it, Africa is one of the pioneers in mobile telephony. Technology and innovation are seen by investors less as a tool for sophistication and modernity (nice-to-have dimension) than a means of access to basic services and a tool for the development of the

local economy (need-to-have dimension) such as digitalized payment methods and access to healthcare.

*“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,” says **Paul-Harry Aithnard, Head of Capital Markets and Asset Management at Ecobank Group***

“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,” states **Serge Ntamack, Senior Manager, Corporate, External & Legal Affairs, Middle East & Africa - Microsoft Corporation**

THE 6 GREATEST AFRICAN INNOVATORS

#1 Kenya for 87% of investors

#2 South Africa (66%)

#3 Rwanda (45%)

#4 Morocco (42%)

#5 Nigeria and Senegal are equally ranked with 32% of the vote

About Havas Horizons @HavasHorizons

Havas Horizons is the result of the merger of the expertise of Havas Paris, a leader in influential communications in France, and the Choiseul Institute, a reputed think tank on international economic issues. Havas Horizons provides companies and institutions with advice on development strategy and image strategy in line with this very specific socio-economic and political environment: provision of experts, implementation of sector studies, strategic support, management of relations with the various stakeholders (the wider public, business partners, investors, institutions, and the media), organization of communication campaigns and events, image management consultancy (including crisis communication and financial communication) and operational implementation (press and public relations, events, advertising and digital).