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WHOLESALE AND RETAIL SETA
Skills Development for Economic Growth

*"Collaboration opens the window
to a world of opportunities."*

Project 2019/25:

Profiles of African countries with most potential for SA retailers' expansion into Africa

APPLIED RESEARCH
LEADERSHIP DEVELOPMENT
SERVICE TO RETAIL COMMUNITY

Project 2019/25:

Profiles of African countries with most potential for SA retailers' expansion into Africa

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CHAPTER 1: INTRODUCTION

1.1 Introduction

With a population of over a billion people, and set to double by 2030, the African continent has for the past two decades been an attractive destination for international investors. Within the continent itself, big economies such as South Africa have taken a lead in launching varied investment projects on the continent, from construction to financial services, from manufacturing to retail, and so on. It is the retail service sector that is the subject of this study. During the past decade, there has been a steady expansion of South African retailers into several countries across the African continent. The most prominent South Africa retailers who have expanded northwards include Pick n Pay, Shoprite, Mr. Price, Woolworths and Massmart. Travellers across continent today will notice the almost ubiquitous presence of South African retail brands in the urban malls of the continent's major metropoles in countries such as Nigeria, Ghana, the Democratic Republic of Congo, Zambia, Angola, Zimbabwe, Kenya, Tanzania, Botswana, Madagascar and many others.

The expansion of South African retailers into the African continent has largely been driven by their desire to diversify their markets, increase their respective market shares and also to take advantage of the largely untapped and growing African market. Much as Africa is one continent, it comprises 54 different countries and this makes expanding into Africa a complex and sometimes difficult exercise. The different countries speak different languages, subscribe to different cultures, and operate under different jurisdictions, which may pose both threats and opportunities for investment by outside entities. Naturally, these diverse countries will have different market dynamics, which any investor, including South African retailers trekking northwards, will need to understand soundly.

For retailers to be able to expand into these countries, they need as much information about every country they intend investing in as possible. Information about the social and political economies of these countries, histories, social dynamics, business cultures, demographics and so on. Currently, there is a dearth of information in the form of research and records that document the profiles of many of these countries with regard to their retail landscapes, retail markets, demographics and other pertinent information focusing specifically on the retail industry. This study therefore seeks to fill this gap.

1.2 The Research Problem

Over the past decade, a number of South African retailers have expanded into the rest of the African continent and several others are intending to do so. Although there exist a few published studies on business opportunities across Africa, there is a dearth of research on the specific potential or opportunities available for South African retailers on the African continent. This is a problem this study seeks to address.

1.3 The Research Objectives

The study seeks to fulfil the following objectives:

- To design a template for the “retail country profile”
- To carry out comprehensive retail country profiles of the following countries: (Note: Five of the selected countries were identified from recommendations for further study in a comprehensive previous study on the subject (Dakora et al., 2016), while Zimbabwe was included not only because of the presence of SA retail giants such as Pick n Pay in that country, but also to establish the extent to which the post-Mugabe era has created possibilities for investment).

    - Rwanda
    - Uganda
    - Ethiopia
    - Gabon
    - Cameroon
    - Zimbabwe

- To conduct a SWOT analysis of each of the six countries based on their country profiles.
- To produce a country priority list based on the SWOT analysis of the six countries.

1.4 The Research Methodology

This study intended to adopt a triangulated methodological approach incorporating the steps shown below. Figure 1 below outlines the methodology intended for this study:

Figure 1: The research methodology for the proposed study

1.4.1 Desk research

This component of the research collected much of the data required to fulfil the research objectives through a desk study. Desk research refers to a systematic gathering of secondary data which can be collected without fieldwork. The study thus collected the required information from, inter alia, the following sources:

- Governments of the respective countries
- State owned enterprises
- Private companies
- Higher education institutions
- Industry and trade association
- Private companies
- Libraries
- Retail practitioners and experts in the field of retailing
- Online data bases
- Published literature

1.4.2. Interviews and focus groups with retail practitioners and researchers

It was intended to supplement and check the desk findings via a few interviews and a focus group towards the end of the study. However, due to various unforeseen circumstances, including the Covid-19 outbreak and the resultant government regulatory intervention, it was impossible to conduct these interviews and focus group discussions. And since, the W&RSETA contract ends at the end of March 2020, this component of the research could not be postponed, but had to be cancelled. In its place, a careful subjective assessment of the study was done by the researchers to provide a degree of face validity to the findings.

1.5 Conclusion

This chapter has provided the introduction and contextual background to the study. The aim of the study is to provide systematic and comprehensive profiles of selected African countries in terms of their demographics and other empirical information which can inform South African retailers interested in investing on the continent. The study seeks to fill an existing gap, namely the dearth of research on African country profiles, with specific focus on the retail sectors. The study applies a triangulated methodology which comprises desktop research, interviews as well as focus group discussions. This methodological approach arguably allows for the generation of systematic, comprehensive and credible data.

CHAPTER 2: REVIEW OF LITERATURE

2.1 Introduction

This section presents a review of the determinants that form part of the core or fundamental considerations that South African retail companies should prioritise in their search for expansion and growth opportunities in the rest of the African continent. A review of previous studies shows that the African continent has over the years undergone a series of significant changes that have made it a more enticing investment prospect and/or a destination for consumer-focused companies (PriceWaterHouseCoopers, 2016). For example, a PriceWaterHouseCoopers (PWC) (2016) report shows that, based on average GDP growth rate, many sub-Saharan countries have emerged among the world's fastest growing economies for the period between 2000 and 2014. Furthermore, research conducted by some auditing institutions on tapping into growth opportunities in Africa, shows that the observed growth in Africa could be largely attributed to various drivers, with the key and most notable amongst others being: governance and political progress - with many countries moving towards better administration and deep democracy, large wave of urban growth with the potential to bring huge social, economic and environmental changes, escalating digital connectivity resulting in higher internet and mobile phone penetration, fastest growing middle class in the world with increased spending power and prospects for income growth, demographic changes - with its population mainly composed of larger, younger and more affluent population which is argued to drive consumption, and more informed consumers who are seeking convenience in doing business, and increased stability of the regulatory and financial sector (PriceWaterHouseCoopers , 2016; Deloitte, 2013). Other studies show that the real resource of Africa, apart from its vast mineral resource, is its people (www.thefinanceteam.co.za, 2014)

In the sections below, we explore some of the critical key factors that companies exploring opportunities beyond their current boundaries should consider before embarking on their foreign adventure.

2.2 Key factors to consider when examining destinations for expansion into Africa.

Given that each African country and region does have certain unique characteristics one way or the other, it is paramount for all those companies seeking expansion projects to adopt, as their first step, an investment and commitment of their resources, in terms of time, people and finances in conducting a feasibility study on each potential destination for investment in order to fully understand the dynamics within each of the different markets in Africa. This is to ensure that expansion takes place in those destinations that guarantee long term success and sustainability. The feasibility study should provide a scrutiny of a host of factors that could impact the company's decision to invest in the preferred destination or destinations both in the short and long term in order to avoid a waste of resources on investments or projects which would not be viable in the long term. Some of the factors that managers of companies seeking expansion in the rest of Africa could consider in their decision making are discussed below.

2.2.1 Population demographics

Africa is one of the fastest growing economic hubs in the world (Deloitte, 2013). Africa's population demographics arguably represents an ample opportunity with respect to the major trends that are reshaping African economies and redefining them into potential investment opportunities, even for the world's retail industry. The Deloitte (2013) report shows that approximately 62% of Africa's population is under the age of 25 years and that the population is growing at an average annual growth rate of 2.2%. Furthermore, prior research on Africa shows that the labour force in Africa is the fastest expanding the world over. In this vein, the labour force in Africa is expected to reach 1.1 billion and surpass that of India and China by the year 2040 (McKinsey & Company, 2010; Deloitte, 2013). Similarly, reports by International Monetary Fund (2015; 2018) show that the number of Africans joining the working age population will surpass that of the rest of the world by 2035. In addition, the World Bank (2015) also shows that half of the population in Africa is under 25 years and it projected an increase of a half a million more 15-year olds each year between 2015 and 2035. Furthermore, the World Bank (2015) report also shows that the bulge in youth provides a wide range of opportunities such as supply of labour, low wages compared to other regions, many of the youth move to urban areas in search of jobs which results in increased concentration of workers in urban areas, which in turn provides a source of innovation and rapid economic growth. Furthermore, a rapid growth in Africa's workforce is argued to increase the number of working adults relative to dependents, which is deemed to rise from a ratio of 1 in 1985 to close to 1.7 in 2050 (World Bank, 2015).

2.2.2 Rural urban migration (Urbanisation).

UN Economic Commission for Africa (2017)and a study by Signe and Johnson (2018), on the basis of analysts’ estimates, show that the proportion of the population of Africans living in cities will increase from 40% to more than 60% over the next few decades, with countries such as Nigeria, Ghana and Angola likely to top 80%. Evidence in prior studies on urbanisation in Africa also show that urbanisation is a factor that tends to produce greater gains in consumer spending (UN Economic Commission for African, 2017; Signe and Johnson, 2018) especially in the early stages of development, albeit some variations were noted across countries (Signe and Johnson, 2018). For example, in their study, Signe and Johnson (2018) observed that countries that experienced greater gains in consumer spending from 2012 to 2017 were countries that had experienced the highest levels of rural to urban migration between 2007 and 2011. Furthermore, Signe and Johnson (2018) argued that an additional 187 million Africans will be residing in cities within the next decade and that by 2050, approximately 800 million more people will be consolidated in Africa’s urban mega centres. Now, given that the productivity in urban areas is three times higher than in rural areas (Signe & Johnson, 2018), the above projections signal a huge potential for increased consumption by both businesses and households (Signe and Johnson, 2018; Nova Capital Africa Analyst, 2012). Consistent with the above projections, and the inferences thereof, the Economist Intelligence Unit and the Economist-Africa (2012) estimated that Africa’s 18 largest cities alone could have a combined spending power of $1.3 trillion by 2030.

2.2.3 Emergence of middle- and upper-income classes and consumption of retail goods

Complementing the increase in population growth rates and the incessant urban migration in Africa, is the income growth rates. For example, evidence in Signe and Johnson (2018) shows that 20% of the world’s consumers will live in Africa in the next decade, a period during which more and more people are expected to fall under the category of middle to high income classes. It is also expected that with the emergence of the middle income class, more than half of Africa’s population would have discretionary income (McKinsey and Company, 2010; PriceWaterHouseCoopers, 2016; Signe and Johnson, 2018) in the next decade, with the five largest consumer markets being Nigeria, Egypt, South Africa, Morocco and Algeria (Signe and Johnson, 2018). As Kingombe (2014) has noted, the African middle-income class would swell substantially in the period between 2014 and 2030 due to the rise in income in Africa. In recognition of the middle-income class alluded to above, the African Development Bank (2011) report stated that the middle-income class is a key source for private sector growth in Africa. The report further stated that the emergence of the growing middle-income class and measures to reduce poverty through reduction in inequality in Africa have as a result led to strong consumption expenditures in Africa (African Development Bank, 2011). Further evidence in the African Development Bank (2011) report shows that consumption in Africa is close to a third of developing European countries.

It is also important to note that the emergence of the middle-income group has been argued to have had a positive impact on helping to improve accountability in public services through vocal demands for better services. This is so because the middle class is better educated, better informed, more aware of their human rights and in many instances better organised. This class also provides a better source of leadership and activism that can create and operate non-governmental organisations which can push for greater accountability and governance in public affairs, which is also important for the creation of a sustainable environment for growth and development (African Development Bank, 2018). Therefore, the crucial analysis that would be of interest to retailers in this space would be to examine the size of the middle-income group and its purchasing power in each country that offers possible opportunities for expansion.

Apart from the emergence of the middle-income group, evidence in Signe and Johnson's (2018) study shows that there is also a growth of the upper class in some African countries, albeit that it is still very small. Signe and Johnson's (2018) study shows that the number of consumers in the upper income group is expected to double in Algeria and to nearly triple in Morocco, while per capita income is expected to increase by more than twice the regional average in Tunisia.

2.2.4 GDP growth rate

Another indicator that is paramount in making decisions for investment outside local boundaries is the GDP growth rate for any potential destination. This indicator provides companies with an overview of the growth potential in a particular country. Prior studies show that countries that have high GDP growth rates are rapidly expanding economies, which makes them attractive targets for expansion therein (thefinanceteam.co.za, 2014).

However, caution should be taken when assessing countries based on GDP growth rates, as this could be misleading as some of these countries could in actual fact be growing from a very low base. In addition, disregarding countries with lower growth rates could also be a mistake, in the sense that these countries could be the most established economies on the continent.

For instance, countries such as South Africa, Kenya and Egypt have lower GDP growth rates, but they are the most well-established economies in Africa. Owing to this argument, companies seeking expansion into Africa should take a holistic approach and consider a host of other factors that could provide a better assessment of potential destinations for investment. Other additional key factors that are pivotal to a successful expedition are also discussed hereinafter.

2.2.5 Intra-Africa trade and infrastructure development

Apart from the demographic and macro factors that impact investment decisions in Africa, there are also other broad factors that act as enablers for doing business in Africa. According to the African Development Bank (2018) report, African economies have been resilient, based on that fact that real output has gone up, which was inferred as a reflection of good macroeconomic policies and progress in structural reforms, especially in terms of infrastructure development and sensible policy frameworks. The report noted that the economic fundamentals and resiliency improved in a number of countries, many of which had domestic resource mobilisation which was greater than some Asian and Latin American peers (African Development Bank, 2018). However, the report notes that domestic resource mobilisation is still insufficient to meet the high levels of financing that is required to scale up infrastructure and human capital. According to the African Development Bank (2018) report, Africa’s infrastructure needs are \$130 - \$170 billion per year, which is reported to leave a financing gap of approximately \$108 billion. Thus, with limited domestic financial resources, and a greater appetite for debt to finance infrastructure and social sectors, many African countries have turned their hopes to international capital markets to bridge the gap in their financing needs (African Development Bank, 2018).

Apart from turning to external debt, the African Development Bank (2018) report suggested various alternatives for raising the required funding, amongst which are that African countries should also endeavour to attract private capital in order to accelerate the construction of critical infrastructure that is vital to unleashing its potential. In light of the proposed new initiatives and strategies for raising new financing, it has been observed that some African countries have since turned to using various, or a wide range, of financing mechanisms to bridge the financing gap. Some of the strategies that have been observed as options that some countries have adopted as alternative forms of financing infrastructure development are: efforts to attract institutional investors and the enhanced use of guarantees by government or development finance to support their infrastructure developments, albeit that the new successful new approaches still need to be scaled up (African Development Bank, 2018).

However, despite limited financial resources which hinder infrastructure development, it is worth noting that there are also several pacts and agreements, both regionally and throughout Africa that are aimed at infrastructure development and enabling the ease of doing business. Thus, in this vein, companies investigating expansion prospects across Africa should also take stock of the contents of several pacts and agreements that are being signed year after year in Africa with the aim of facilitating trade throughout Africa or within the regions in Africa. For example, to enable the ease of doing business, there are plans to create a Tripartite Free Trade Area (TFTA) that covers three regional groupings across 26 countries. According to the Global African Network (2017) study, the proposed TFTA, which would extend from South Africa in the south to Uganda and Kenya in the East, would encompass more than 620 million consumers in three regional organisations: the Southern African Development Community (SADC), the Common Market for East and Southern Africa (Comesa) and the East African Community (EAC).

In addition, to bridge the infrastructure financing gap, there are also plans aimed at infrastructure development across Africa through Sustainable Development Investment Partnerships (SDIP). The SDI is an initiative that was founded by the World Economic Forum (WEF) and the Organisation for Economic Co-operation and Development (OECD). The SDIP is made up of 30 institutions whose aim is to provide funding to 16 African infrastructure development projects to the value of more than US$20 billion (Global African Network, 2017). The advantages of the above initiatives are that they would help to expand trade within Africa. For example, free trade would remove some of the barriers to trade such as tariffs while infrastructure development would provide facilities that would lessen border delays and other facilities that would enable businesses to expand and flourish. One good example is the revamping of the Chirundu one-stop border post between Zimbabwe and Zambia which is reported to have reduced transit times by a third (Global African Network, 2017). Another infrastructure development initiative example is the provision of funding for the construction of railway infrastructure that is aimed at promoting intra-trade in Africa. This is an initiative of the Development Bank of Southern Africa and Transnet which aims to finance selected buyers of rail rolling stock and port equipment (Global African Network, 2017).

2.2.6 Choosing business models and capitalising on country specific characteristics

After a consideration of the factors discussed above and having identified potential destinations for investment, management of companies seeking expansion would also need to decide on the business models for investment, taking into consideration the respect for the local knowledge, understanding of the local environment and partnering with the right local people (Global African Network, 2017). It is also crucial for them to take special consideration of local product ranges and distribution channels. Most companies expanding into the rest of Africa have the tendency of providing product offerings from their domestic country and forgetting to tailor their products to the tastes and preferences of their customers in their new investment destination. Therefore, flexibility in product offerings is key to success when expanding into African markets due to diversity and country specific characteristics in terms of lifestyles and the rigidity in some regions in terms of what they are prepared to consume. In some regions local offerings are respected and preferred because they are perceived to better address the local differences in terms of culture, tastes, religion etc. This also means that companies wishing to expand into the rest of Africa should have a full understanding of the consumer characteristics and consumption behaviour patterns, and also be aware of the distribution channels and networks within their intended market or destination for investment. Imposing own products in foreign markets is often met with resistance and reduced demand, which consequently results in high failure rates in most cases, or limited success rates in others. This also suggests that companies seeking to expand into the rest of Africa through offering their own products should start small and grow bigger with time as this would allow them time to understand how the new markets respond to their offerings and to build product and brand acceptance, before they go in full swing. Starting small and expanding with time will also provide them with a learning effect without losing too much of their investment.

This also means that, besides establishing own outlets outright, companies seeking expansion into the rest of Africa could consider joint ventures, acquiring a stake in well established businesses in prospective countries rather than an outright acquisition. They may also consider mergers depending on country-specific scenarios. These considerations have advantages in terms of synergies that these alternatives contribute to the bigger picture. As alluded to above, each model for consideration should be examined by taking into account country risks, existing business models and future industry outlook in terms of customer behaviour, and virtual or cybernetic models relative to traditional brick and mortar outlets.

2.3 Existing models that SA companies use as strategies to enter foreign markets

According to Games (2011), the existing strategies that South African companies use to access markets in the rest of Africa conform to the realities of African markets. Evidence in the Games (2011) report shows that many South African companies choose to invest via equity partnerships; a strategy which is preferred because of concerns about compromising the brand or corporate ethics or due to overlooking the value of the local partner. In addition, Games (2011) argued that South African companies developed business strategies that are more in line with local business conditions. As a result, there has been a rise in equity investment in local firms as South African companies value the benefit of local knowledge, reaching critical masses sooner through existing networks, while also addressing empowerment issues and being close to the market.

While the model of equity partnerships has been lauded, it has also come under criticism. One such criticism is that some of these partnerships can be very risky, especially when business practice and ethics do not blend (Games, 2011). In addition, Games (2011) noted that partnerships could result in funding disputes or problems with local management skills or claims of high-level access to government officials, which could be a setback for many companies seeking expansion in other Africa markets.

In situations where there is a lack of potential targets for acquisition, South African companies have shown preference for greenfield operations, where some companies have been entering the foreign market through large contracts, while others did so through privatisation. Alternatively, some companies use the drag effect of multinational companies, which involves importing goods, services and skills mainly due to weaknesses of the private sector in many

African countries. The drag effect is a type of entry strategy which is typically on a contract basis although larger suppliers often establish themselves in important markets in order to broaden their clientele base (Games, 2011).

2.4 Institutional arrangements and political stability

Prior studies also show that expansion into African markets has its own challenges. For example, Games (2011) argues that development in Africa has been constrained by many factors. These include political changes and conflicts, sudden eruption of armed conflict, sporadic conflict or post conflict situations, serious poverty, breakdown of systems, political control of the economy, endemic corruption and unpredictable operating environments. The other challenges include the high costs of doing business in the rest of Africa, (which is the main deterrent for entry), poor or none existent infrastructure, regulatory and tax uncertainty (which complicates planning and unexpected costs), difficult and costly logistics, bureaucratic hurdles (which create bottlenecks and inefficiencies), absence of effective legal frameworks, skills shortages and currency fluctuations.

In the earlier years, South African companies entered other African markets based on a trial-and-error basis since they did not understand the markets well and based on the general belief that their skills and knowledge and being African would be adequate for them to be successful (Games, 2011). The other misconception that South African companies had when entering markets in the rest of Africa were that; "*they believed that they were superior because of their sophisticated economy, that other Africans were unskilled and uneducated and that their governments would be grateful to have them*" (Games, 2011: 14)

In the years after 1994, South African companies, as noted by Games (2011) also made their decisions based on many other factors, amongst which are: geographical proximity, political stability, historical trading and political ties and existing opportunities. For example, after 1994, South African companies *'moved into member states of Southern African Development community (SADC) that were not in conflict because of their geographical proximity, political stability, historical trading and political ties and existing opportunities*" (Games, 2011: 6). Furthermore, members of the Southern African Customs Union (SACU) were noted as the easiest to penetrate, while some countries like Mozambique, despite language and cultural differences, drew South African companies based on proximity and opportunities (Games, 2011). At the same time, in some cases, South African companies were slow to move into other countries in Southern Africa, for example Angola, due to difficulties linked to the cost of entry, given the unique structure of the post-war economy, logistical concerns, and differences in language and culture.

For expansions beyond SADC, South African companies did so based on increasing economic liberalisation, political stability and better governance, era of reform, economic liberalisation and privatisation, operating environments, investment incentives, openness to foreign investment and policies.

For expansions into West Africa, for example Ghana, South African companies entered into Ghana after a period of successful political reforms in that country. More recently, Nigeria, which has the continent's largest population and one of the biggest markets, has also become a major drawcard. Previously, South African companies avoided Nigeria because of the military rule and its reputation as a tough place for business until after the post-1999 democratisation process that allowed the Nigerian economy to open up and re-engage with global business (Games, 2011).

In East Africa, a welcoming business environment has been a major factor that drew investment. For example, South African companies invested in Uganda starting in 2002 because of a conducive business environment and the existence of bilateral agreements. In addition, Tanzania and Kenya have been investment targets albeit that "*local business was hostile to South African advancement because of threats to its well-developed private sector and stiff competition in sectors such as brewing, retail and tourism*" (Games, 2011: 6).

At a broader level, by 2009 countries such as Angola, Nigeria, Ghana, Zambia and the Democratic Republic of Congo had become the major or top investment destinations for South African companies, while Zimbabwe was back on the investment radar due to the relative normalisation of the economy during the period of the Government of National Unity (Games, 2011).

2.5 Digital penetration

In addition to the above observations identified in the literature on the subject under review, the issue of digital penetration in Africa has also been raised as a critical factor in considerations for investment on the continent. With the rapid advancements in digital commerce globally, digital penetration has become one of the important factors that companies wishing to expand into the rest of Africa have to consider. Globally, companies are using technology to manage their internal processes and to service their customers as well. Likewise, customers are increasingly using virtual devices or technologies to access or to acquire goods and services. Thus, given the potential that companies have to increase their revenues by making shopping convenient to their customers through the use of the internet, digital infrastructure, penetration and stability play a vital role when making a decision on whether to expand and to remain competitive or relevant in any particular market. Virtual retail shops, virtual marketing (e.g. the Amazon, takealot, etc.) and online shopping are getting much attention in Africa. Nowadays, companies are becoming increasingly reliant on digital transactions to keep up with competition and customers' expectations. Therefore, the evolution in the manner in which companies currently conduct business requires those considering expansion outside their own borders into the rest of Africa to deliberate on mobile and fixed line broadband internet penetration and the growth of such platforms in their preferred destinations. Furthermore, virtual platforms are also equally important for communication purposes (e.g. video conferencing to minimise costs) especially if the headquarters of the expanding company is to remain in the country of origin or a preferred destination rather than the possible destination for expansion.

2.6 Conclusion

The literature available shows that historically, South African companies largely made their investment decisions based not on notions of conflict and post-conflict status(es) of the African countries, but rather on the assessment of opportunities versus risks and the requirements for mitigating the risks. Most of the secondary risks that South African companies have faced when choosing to invest in the rest of Africa have been documented. These include the following: differences in language and business cultures, difficulties in making the choice of local partners, weak state of private sectors in some of the countries, weak state institutions, lack of market information, difficulties with obtaining work permits, non-payment of contracts, onerous requirements for operating licenses, the high costs of tendering for contracts, security for people and assets, among other factors.

All these factors have influenced both investment and funding decisions in corporate South Africa. At the same time, as Games (2011) observes, there have also been several attractive factors which serves as ‘pull-factors’ for South African investments into the continent, and which, over the years, presented investors with bountiful returns. The literature presented in this section of the study points to a continent that presents enormous possibilities and opportunities for foreign direct investments, in particular in the retail sector. At the same time, it also points to several other factors which present risks, around which potential investors will have to carefully navigate. As mentioned earlier in this chapter, a clear understanding and appreciation of the political economies of the individual (country) and regional markets should inform any investment decisions on whether or not to invest in them.

CHAPTER 3: COUNTRY PROFILE CHARACTERISTICS

3.1 Introduction

This section presents the profiles of the six countries under review. It is based on desktop research and focuses on the key factors we identified as key markers or indicators of the country's attractiveness or otherwise as a destination for South African retail investment. In the chapter, we identify political, economic and socio-cultural aspects of the countries and their relevance to investment. At the end of each profile, we present a SWOT analysis of the individual country and rank it against the other five under review. We are cognizant of the fact that the ranks are not necessarily scientific, not least because we could not access the same information for each country from the same source - some countries have more published data on them than others. So, our rankings are meant to serve as guides, looked at against the background of the data that we managed to find.

3.2 Analysis by country

A) RWANDA

#	ATTRIBUTE	DESCRIPTION
1.	**Name of Country:**	Rwanda
2.	**Location:**	East Africa
3.	Membership (Regional & International)	East Africa Community, COMESA, AU and UN
4	Nature and Status of Relationship with South Africa:	The diplomatic relations between Rwanda and South Africa appear to be thawing, after years of tension following the assassinations of Rwandan government critics in South Africa. President Paul Kagame and President Cyril Ramaphosa held private talks aimed at forging better diplomatic ties in Sochi, Russia in 2019. The talks in Sochi were preceded by yet another private meeting between Kagame and Jeff Radebe, South Africa's then Minister for Energy and special envoy of President Ramaphosa, where according to sources, the discussions sought to pave the way for South Africa to run a functioning embassy in Kigali. These interactions at the leadership levels of the countries arguably present improved prospects for socio-economic and political cooperation, which is good for development and bilateral cooperation of the two countries.
5.	***Demographic Factors***: Population - Gender -	12.5 million people (World Bank, 2018) Women representation in the Rwanda Parliament is 64%, the

		highest in the world. Women make up 51.8 percent of the population, while males account for 48.2 percent.
	Official Languages –	French, English, Kinyarwanda and Kiswahili
	Literacy Levels	In 2018, the adult literacy rate for Rwanda was 73.2 %. (Increased from 38.2 % in 1978 to 73.2 % in 2018, growing at an average annual rate of 12.62%)
6.	Gross Domestic Product (GDP)	USD$9.136 billion (2017 est.)
7.	**Political Environment**:	
	Stability of Government -	Rwanda has closely guarded its political stability since the 1994 genocide.
	Conduct of elections –	Parliamentary elections in September 2018 saw women fill 64% of the seats. The Rwandan Patriotic Front maintains an absolute majority in the Chamber of Deputies and, for the first time, two opposition parties, the Democratic Green Party of Rwanda and Social Party Imberakuri, won two seats each in the Parliament. President Paul Kagame was re-elected to a seven-year term in the August 2018, following an amendment to the Constitution in December 2015 allowing him to serve a third term.
	Level of Political Risk -	The Credendo Group provides data for Rwanda from 2014 to 2019 on a scale of 1 to 7 with 1 being low and 7 being the highest risk **(1=low, 7=high)**. Rwanda has maintained a moderate risk profile of 4 since 2014 to 2019.
8.	**Economic Environment**:	
	Ease of doing business –	Rwanda has dropped in the World Bank Ease of Doing Business 2020 ranking to position 38 from 29. However, it remains one of the most competitive destinations in Africa, second to Mauritius, which is ranked at 13. Rwanda and Mauritius are the only two African countries ranked in the top 50 in terms of countries in the World Bank's cost competitive countries in the ease of doing business.
	Competition -	The Rwanda economy is open and growth is driven by innovation, integration, agglomeration and completion of corporates.
	Income distribution and income levels –	The average income is $2,100 (2017 est.). The key quantitative datasets that illuminate inequality in Rwanda have been collected by the National Institute of Statistics of Rwanda (NISR). These are based on large-scale household surveys carried out every few years and contain a basic level of disaggregation. The data shows inequalities, implying more still needs to be done to achieve income parity.
	Infrastructure –	Rwanda has a fairly good road system with approximately 14,900 km (9,258 miles) of roads. For the most part, the primary roads are well maintained. But feeder roads have deteriorated due to the war, excessive loads by heavy-duty trucks, and floods.

		Currently, though, the World Bank is providing financing for road rehabilitation and new construction in certain parts of the country. However, Rwanda lacks a railroad system, although it is linked to the Ugandan-Kenya railroad system by road. Since Rwanda is landlocked, most of its international trade is transported through the Kenyan port of Mombasa. Rwanda has several airports, but the main international airport is in Rwanda's capital, Kigali.
	Repatriation of Profits -	Foreign investors are allowed to repatriate the capital, profits derived from business activities, debt and interest on foreign loans, proceeds from the liquidation of investment, or any other assets, provided that they fulfil their tax obligations beforehand.
9.	**Socio-Cultural Environment**:	
	Social groups-	The largest ethnic groups in Rwanda are the Hutus, who make up about 85% of Rwanda's population; the Tutsis, who make up 14%, and the Twa, 1%.
	Lifestyle -	Rwandans are generally considered to be adventurous, innovative, inspiring and desire peace.
	Dominant culture -	Kinyarwanda, the language, is the primary cultural identifier for Rwandans. Historically, Rwanda's three ethnic groups have been identified with distinct aspects of the economy: the Tutsi with cattle, the Hutu with the land, and Twa with the forests, and these define their economic and social identities and predominant activities.
10.	**Technological Environment**:	
	Levels of technological development –	The premise to accelerated growth in Rwanda rest on a heavily remarked commitment to, and investment in, developing the ICT infrastructure that feeds Rwanda's bound-to-be knowledge economy. In 2011, the UN was already referring to the ICT sector as a super-charging factor of Rwanda's economy and, in 2015, the country was awarded the 1st place in the continent for ICT development by the World Economic Forum.
	Internet access -	In Rwanda, Internet penetration currently stands at over 52.1%, up from 7% in 2011.
	Mobile penetration -	Mobile phone penetration has grown to over 80.6% currently, from 33% in 2010, according to the Ministry of ICT and Innovation.
11.	**Legal and Regulatory Environment**	The following legal and regulatory regimes in Rwanda determine the procedures of business operations: The Commercial Arbitration and Conciliation Law provides for arbitration and conciliation to be when resolving commercial disputes; the Capital Markets Law regulates capital market businesses in Rwanda and establishes mechanisms for controlling and supervising their activities with a view to maintaining proper standards of conduct and acceptable practices in capital markets.

		The Companies Act covers commercial operations. Rwanda respects the rule of law, property rights and profit repatriation.
	Role of the Government in Business -	The Government of Rwanda has managed to create an environment conducive for doing business in the East African country. Through the Rwanda Development Board (RDB) which was put in place in 2009, it helps oversee the country's business regulations, foreign investments, tourism promotion, environmental conservation and broader economic and development planning. According to Vision 2020, the Rwandan state is tasked with ensuring good governance, which includes accountability, transparency and efficiency in deploying scarce resources to key sectors of the national economy. The 2017 Corruption Perception Index ranked Rwanda the third least corrupt country on the African continent behind the Seychelles and Botswana. The country is not just creating a business-friendly environment but also diversifying the economy from being almost entirely dependent on agriculture to now being developing services and a growing manufacturing sector.
12	**Ecological Environment**	
	Weather patterns –	Rwanda has a temperate tropical highland climate, with lower temperatures than are typical for equatorial countries due to its high elevation. Kigali, in the centre of the country, has a typical daily temperature range between 12 °C (54 °F) and 27 °C (81 °F), with little variation through the year. In Rwanda, there are two rainy seasons, the first from January to April and the second from October to mid-December. In between the two rainy seasons is a short dry season characterized mostly by sunshine and some light clouds. Even during the dry season, there is occasional light rainfall in Rwanda.
	Natural Resources – Risk of Natural Disasters	Rwanda is prone to droughts and floods, landslides, storms, and sometimes small volcanoes. The effects of flood hazards have worsened as recent population growth and land scarcity have pushed people to settle in flood-prone areas. This means there has to be mechanism for mitigation and adaptation.
13.	Country Strengths	Rwanda has a dynamic agrarian economy, with agriculture accounting for about 63% of export earnings, and with some mineral and agro-processing. Population density is high but, with the exception of the capital Kigali, is not concentrated in large cities – its 12 million people are spread out on a small amount of land (smaller than the US state of Maryland). Tourism, mineral exports, coffee and tea are Rwanda's main sources of foreign exchange, which is key for its development. Finally, the high skilled labour force also serves as a plus for the country's development.
14.	Country Weaknesses	Despite Rwanda's fertile ecosystem, food production often does not keep pace with demand, requiring food imports. Energy shortages, instability in neighbouring states such as the DRC, and

		lack of adequate transportation linkages to other countries continue to handicap private sector growth.
15.	Opportunities in the Country	Many sectors are growing; ICT, agriculture, tourism and services, agro-processing, energy and electrification and industry, have been identified by the Rwanda Development Board as offering huge investment opportunities.
16.	Threats facing the Country	The Rwanda government's inability to manage political competition within a democratic framework is recipe for radicalization of the opponents who do not have the political space in the country. Regionally, there are conflicts in the DRC, which affects trade. More importantly, President Kagame's authoritarian model of 'development without politics', while having the appearance of having worked so far, has limitations because it excludes some social groups in Rwanda. The destabilization happening in the eastern DRC, coupled with sour political relations with Uganda, seem to be potential threats that easily affect trade at sub-regional level.
17.	Overall Recommendation and Rating out of the Six Countries	**Rwanda can be rated as the best (#1) among the six countries under review**

B) UGANDA

#	ATTRIBUTE	DESCRIPTION
1.	Name of Country:	**Uganda**
2.	Location:	East Africa
3.	Membership: Regional bodies International bodies	East Africa Community, COMESA, AU and UN, Commonwealth, Intergovernmental Authority on Development (IGAD), The International Conference on the Great Lakes Region (ICGLR), Organisation of Islamic Countries, Sea Bed Authority, African Caribbean and Pacific Secretariat, UN Peace Keeping Operations, UN Tribunals, UN Secretariat, World Food Programme and African Union.
4	Nature and Status of Relationship with South Africa:	Uganda is South Africa's second largest export trading partner in East Africa, making it an important trade and investment partner for South Africa's economic relations with the East Africa region. The total value of bilateral trade between South Africa and Uganda amounted to R2billion, with SA enjoying a trade surplus. The two countries also have a number of bilateral Agreements, and recently established a Joint Commission of Cooperation (JCC).
5.	**Demographic Factors:** Population - Gender & Age	The population of Uganda is 40,853,749 (as of July 2018 est.). According to the Ugandan Bureau of statistics: 0-14 years: 47.84% (male 9,753,880 /female 9,789,455) 15-24 years: 21.04% (male 4,250,222 /female 4,347,313) 25-54 years: 26.52% (male 5,422,096 /female 5,412,112) 55-64 years: 2.64% (male 522,637 /female 554,287) 65 years plus: 1.96% (male 351,481 /female 450,266) (2018 est.)

	Official Languages – Literacy Levels	*English* (official language, taught in schools, used in courts of law and by most newspapers and some radio broadcasts), *Ganda or Luganda* (most widely used of the Niger-Congo languages and the language used most often in the capital), other Niger-Congo languages, Nilo-Saharan languages, Swahili (official), Arabic According to the Uganda Bureau of Statistics, citizens aged 15 and above can read and write. Total literate population: 78.4% Male: 85.3% Female: 71.5% (2015 est.)
6.	Gross Domestic Product (GDP	25.89 billion USD (2019)
7.	**Political Environment**: Stability of Government – Conduct of elections – Level of Political Risk -	In power since 1986, President Yoweri Museveni was re-elected following the 2016 general elections, which also gave his party, the National Resistance Movement, an absolute majority. He has ensured peace and relative stability in Uganda. However, after removing the age limit of 75 years (for President) by means of a constitutional amendment upheld by the Constitutional Court in July 2018, the President – who was born in 1944 – will be able to run for a sixth term in the next election in 2021, a situation that has created problems with other political parties. This amendment, despite being a source of dissatisfaction, allows Mr Museveni to keep his grip on power. Regularly accused of maintaining its hold by silencing dissenting voices, the President's administration was criticised in the summer of 2018 following the arrests and alleged torture of several prominent opposition figures, including Robert "Bobi Wine" Kyagulanyi, a singer turned politician. After his arrest, Mr Kyagulanyi gained domestic importance and drew the international community's attention to the government's increasingly strong-handed responses to dissent. The absence of political freedom, coupled with dissatisfaction over corruption and slow progress in raising living standards, are fuelling social unrest. The country also faces an unstable political and security situation on its borders (South Sudan, Democratic Republic of the Congo). As the supplier of most of the troops to the AU Mission in Somalia (AMISOM), the country is also a potential target of Islamist terrorism, as demonstrated by the attack in Kampala in 2010, where more than 70 people died. Elections are held regularly. However, there are always controversies around elections results which opposition claims are rigged in favour of the incumbent. Level of political risk is *average,* and companies can still invest and be able to make profits regardless of domestic political struggles.
8.	**Economic Environment**: Ease of doing business -	Uganda was ranked 116 out of 190 countries by the World Bank for Ease of Doing Business in 2019. This was up from 127 in 2018.

9.	**Socio-Cultural Environment**:	
	Social classes -	The cultural groupings, such as, Baganda, Basoga, Batoro, Banyoro and others are headed by traditional kings or chiefs who are not politically elected but have an indirect role in community governance.
	Lifestyle –	In the countryside of Uganda, the year is filled with a variety of festivals and ritual celebrations, including marriage “introductions,” weddings, births, christenings, and other familial gatherings. As in other places, the agricultural year is marked by a number of important events that require social gatherings. Other holidays, celebrated nationwide, are drawn from the Christian and Muslim calendars or commemorate events in Ugandan history, such as Martyrs’ Day (June 3rd), Heroes’ Day (June 9th), and Independence Day (October 9th). The staple diet in most of the south is a kind of plantain called *matoke*, which is cooked in stews and curries. The central market in Kampala—Nakasero—offers an extensive array of vegetables and fruits, some of which are imported from neighbouring countries. Most northerners eat millet, sorghum, cornmeal, and cassava together with local vegetables. The pastoral communities tend to consume animal-derived products, especially butter, meat, and animal blood. Fish is eaten by a number of groups, and a favourite dish is *luombo*, a spicy stew steamed in banana leaves. Banana leaves also figure in another favourite, *oluwombo*, made of rice, chicken, and tomatoes.
	Dominant culture -	Uganda’s population is made up of different ethnic groups with varying customs and norms. These play a major role in shaping the behaviours and ways of life of the people in the country. Some of the traditional values have changed due to the integration of the people as a result of migration and/or intermarriages. There are a number of languages spoken because of the many tribes in Uganda; however, English is the official language. The Swahili language is being promoted in the spirit of Regional Socio-Economic Corporation, and integration of the East African Community. The 1995 Constitution of the Republic of Uganda recognizes the freedom to practice any religion.
10.	**Technological Environment**:	
	Level of technological development –	The ICT sector in Uganda has been vibrant and dynamic. It has now turned into an inevitable tool of socio-economic development. The success of this sector hinges largely on the good legal and regulatory frameworks as well as other policies like privatisation and liberalisation. Because of their cross-cutting nature, ICTs are considered by the government to be the primary drivers of economic growth. This is captured in the National Philosophy on ICT policy document. According to the Ministerial Policy Statement for 2014/15, the ICT sector share stood at 6.0% of National GDP. The Uganda Communication Commission figures show the communication sector takes the largest share of 3.26%. This sector employed over 1 million people.

	Internet access –	The latest data from the Uganda Communications Commission (UCC), reveal that the Internet in the country is concentrated in towns and cities. The Internet penetration rate stood at approximately 54 percent as of March 2017, which included mobile data alongside fixed-line internet subscriptions.
11.	**Legal and Regulatory Environment**	
	Ease of doing business –	Significant achievements have been made in the past decade in revitalizing the Ugandan economy, but poverty levels remain high. The formal private sector has grown, but still comprises a low proportion of the total economy, and its capacity to grow further and faster is held back by weaknesses in the regulatory environment.
	Role of the Government in Business -	The Ugandan government has streamlined business registration system that reduced compliance costs for enterprises by 7.5 percent and raised registration numbers and fee revenues by 40 percent, while reducing the cost of administering the system. The process has reduced opportunities for corruption and resulted in improved relations between business and the local authority and business. • Principles set up based on international benchmarks of good licensing practice, explaining what the lessons from other countries might mean for Uganda. • Uganda implemented the reformed licensing system through public awareness programs for entrepreneurs and training activities for central and local government officials.
12	**Ecological Environment**	
	Weather patterns –	Uganda is sunny most of the year with temperatures rarely rising above 29 degrees (84 degrees Fahrenheit). The average annual temperature is about 26 degrees Celsius (78° Fahrenheit). The rainy season is from March till May and October till November. Light rain season falls in November and December.
	Natural Resources –	Uganda is a landlocked country whose diverse landscape encompasses the snow-capped Rwenzori Mountains and immense Lake Victoria. Its abundant wildlife includes chimpanzees as well as rare birds. Remote Bwindi Impenetrable National Park is a renowned mountain gorilla sanctuary. Murchison Falls National Park in the northwest is known for its 43m-tall waterfall and wildlife. In tourism parlance, it is known as the 'Pearl of Africa' and its tourism has been booming over the years. The country also boasts several minerals including diamonds, copper, iron ore and uranium.
	Risk of Natural Disasters	According to the Department of Environment of Uganda, the country is regularly affected by multiple natural hazards, including droughts, tremors, floods, landslides, and volcanoes.

		Flooding, particularly in low-lying areas, presents the largest risk. Each year, floods impact nearly 50,000 people and take away over $62 million from the GDP.
13.	Country Strengths	UGANDA'S economic stability is based almost entirely on concessional and conditional transfers of development aid, according to the African Peer Review Mechanism (APRM) January 2009 country review report. The country has huge potential in terms of natural resources: fertile land, oil fields, hydroelectric potential. Diversification efforts, particularly in the agri-food sector, international support for infrastructure projects flowing mainly on concessional terms. This is likely to see rapid industrialisation of the country.
14.	Country Weaknesses	The country is beset by numerous weaknesses. These include high levels of poverty and inequality, inadequate infrastructure, insecurity in border areas (Democratic Republic of Congo, South Sudan), slow progress in governance (particularly control of corruption) and also aspects of authoritarian rule by President Museveni.
15.	Opportunities in the Country	Growth was projected to tick upwards from 2019, continuing the rebound driven by private consumption and public investment. The implementation of infrastructure projects under the second National Development Plan is expected to lend support to this momentum. Target areas for public investment includes the transport sectors, as the government bids to improve road and rail networks, and the energy sector, amid efforts to expand the electricity distribution network. With the Karuma and Isimba hydroelectric power plants coming onstream, electricity generation should be boosted, supporting the development of industry, as well as ICT services. However, the latter could suffer from a new tax on social media use imposed by the government. The prospects for oil production (which is scheduled to begin in 2021) and the start of construction of the pipeline linking the country to Tanzania, should provide support to private investment. The private sector could also target opportunities in the mining and agricultural sectors, which are expected to continue to expand. Pulled down by imports of capital goods, the contribution of the trade balance to growth will remain negative, despite the expected increase in production of coffee and gold, the two main export products. Conversely, private consumption is expected to continue to support growth, benefiting in particular from the pick-up in credit growth and from the fact that inflation is close to the central bank's target (5%), despite the key interest rate hike introduced in late 2018 to temper inflationary pressures. After dipping below 2% in the first half of 2018, inflation is expected to continue on the upward path begun since then, fuelled by brisk domestic demand, rising fuel prices and shilling depreciation.
16.	Threats facing the Country	The country has challenges regarding domestic governance, corruption and threats of conflict in DRC and Somalia. These regional and internal political dynamics affects the perception index and the country brand competitiveness to attract capital.

17.	Overall Recommendation and Rating out of the Six Countries	**The risk takers have an opportunity to venture into Uganda and be the early birds to catch the worm regardless of the internal political and regional peace threats posed to Uganda. The country has a lot of resources which can be exploited. At the same time, the socio-economic, political and security weaknesses and threats should not be underestimated. We rank the country at #3 among the six under review.**

C) ETHIOPIA

#	**ATTRIBUTE**	**DESCRIPTION**
1.	Name of Country:	**Ethiopia**
2.	Location:	Ethiopia is a landlocked country located in the Horn of Africa. Ethiopia is bordered by Eritrea to the North, Sudan to the west, South Sudan to the south-west, Kenya to the south, Somalia to the east and Djibouti to the north-east. Ethiopia is one of the oldest countries in the world and Africa's second-most populous nation after Nigeria.
3.	Membership: Regional bodies International bodies	• East Africa Community, COMESA, AU and UN, • Food and Agriculture Organization (FAO) • African Development Bank Group (AfDB) • International Olympic Committee (IOC) • International Organization for Migration (IOM) (observer) • International Organization for Standardization (ISO) • International Red Cross and Red Crescent Movement (ICRM) • African Union (AU) • African Union/United Nations Hybrid operation in Darfur (UNAMID) • International Civil Aviation Organization (ICAO) • International Finance Corporation (IFC) • Common Market for Eastern and Southern Africa (COMESA) • International Fund for Agricultural Development (IFAD) • International Labour Organization (ILO) • World Tourism Organization (UNWTO) • International Maritime Organization (IMO) • Group of 24 (G24) • Group of 77 (G77) • Inter-Governmental Authority on Development (IGAD) • International Atomic Energy Agency (IAEA) • International Bank for Reconstruction and Development (IBRD) • International Criminal Police Organization (Interpol • African, Caribbean, and Pacific Group of States (ACP) • International Development Association (IDA) • World Meteorological Organization (WMO) • World Trade Organization (WTO) (observer) • International Federation of Red Cross and Red Crescent Societies (IFRCS) • International Monetary Fund (IMF) • International Telecommunication Union (ITU)

		• World Health Organization (WHO) • International Telecommunications Satellite Organization (ITSO) • International Trade Union Confederation (ITUC) • Inter-Parliamentary Union (IPU) • Multilateral Investment Guarantee Agency (MIGA) • Nonaligned Movement (NAM) • Organization for the Prohibition of Chemical Weapons (OPCW) • Permanent Court of Arbitration (PCA) • United Nations (UN) • United Nations Conference on Trade and Development (UNCTAD) • United Nations Educational, Scientific, and Cultural Organization (UNESCO) • World Federation of Trade Unions (WFTU) • World Intellectual Property Organization (WIPO) • United Nations High Commissioner for Refugees (UNHCR) • United Nations Industrial Development Organization (UNIDO) • United Nations Mission in Liberia (UNMIL) • United Nations Operation in Cote d'Ivoire (UNOCI) • Universal Postal Union (UPU) • World Customs Organization (WCO)
4	Nature and Status of Relationship with South Africa:	Ethiopia values the bilateral relations and its cooperation with South Africa. Ethiopia has been able to note with satisfaction that bilateral relations have steadily strengthened; and Ethiopia and South Africa signed a Declaration of Intent in March 1998 and a General Co-operation Agreement in March 2004. Ethiopia values these bilateral relations and its cooperation with South Africa. They are based on the spirit of Pan-Africanism and on African brotherhood. The historic bonds and goodwill existing between the two countries has also provided a firm basis for building stronger cooperation in various political and economic areas, and in trade, investment, health, agriculture, education, capacity building, culture and tourism. All together these constitute a significant step forward in strengthening economic ties and in facilitating the prospects for South African investment in Ethiopia. In the context of expanding bilateral relations as well as trade and investment, a number of agreements were signed between South Africa and Ethiopia during the first meeting of the Joint Ministerial Commission in Pretoria in March 2008. According to the Ethiopian Embassy website in Pretoria, the establishment of the Joint Ministerial Commission is intended to enable the General Co-operation Agreement to facilitate bilateral co-operation on key issues of mutual concern, while the Memorandum of Understanding on Industrial and Technical Co-operation is expected to serve as a catalyst for improving favourable conditions for economic, industrial and technical cooperation. The Agreement on Promotion and Reciprocal Protection of Investment provides for the improvement of conditions for trade and investment between both countries as well as stimulate individual

		business initiatives. In order to give impetus to the agreement, the parties agreed to elevate investor confidence and promote trade and investment between the two countries. South Africa's relatively high level of economic development is rightly seen by Ethiopia as a major engine of economic development in Africa – and would assist Ethiopia in its development trajectory. In this regard, the fact that Ethiopia is endowed with significant natural resources and a sizable population of over 100 million people, offers huge opportunities for South African business.
5.	**Demographic Factors:** Population - Gender - Ages - Official Languages – Literacy Levels	100,613,986 (2017 est.) people. Males are 57.73 years (2013 est.) and females are 62.35 years (2013 est.) 0-14 years: 43.21% (male 23,494,593 /female 23,336,508). 15-24 years: 20.18% (male 10,857,968 /female 11,011,100) 25-54 years: 29.73% (male 15,978,384 /female 16,247,086) 55-64 years: 3.92% (male 2,059,129 /female 2,185,814) 65 years and over: 2.97% (male 1,445,547 /female 1,770,262) (2018 est.) English is the most widely spoken foreign language and is the medium of instruction in secondary schools and universities. Amharic was the language of primary school instruction but has been replaced in many areas by local languages such as Oromo and Tigrinya. Oromo (official working language in the State of Oromiya) 33.8%, Amharic (official national language) 29.3%, Somali (official working language of the State of Sumale) 6.2%, Tigrigna (Tigrinya) (official working language of the State of Tigray) 5.9%, Sidamo 4%, Wolaytta 2.2%, Gurage 2%, Afar (official working language of the State of Afar) 1.7%, Hadiyya 1.7%, Gamo 1.5%, Gedeo 1.3%, Opuuo 1.2%, Kafa 1.1%, other 8.1%, English (major foreign language taught in schools), Arabic (2007 est.) Ethiopia it has, according publishes UNESCO, an adult literacy rate of 39%. While the male literacy rate is 49.13%, for females is 28.92%, showing a big gap between the sexes. In comparison with other countries the literacy rate in Ethiopia is very low
6.	Gross Domestic Product (GDP	80.56 billion USD (2017)
7.	**Political Environment**: Stability of Government -	Economist Intelligence Unit, the World Economic Forum, and the Political Risk Services classify Ethiopia Political stability index (-2.5 weak; 2.5 strong) as -1.34 in 2018, implying that the country is not very stable as threats of coup, terrorism and perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including politically-motivated violence and terrorism remain pervasive. The new President is working hard to restore stability and has seen him win Noble Peace Prize in 2019.

	Conduct of elections –	Ethiopia has held elections since 1995 and it is a Federal State. At the federal level, Ethiopia elects a legislature. The Federal Parliamentary Assembly has two chambers: the Council of People's Representatives (*Yehizbtewekayoch Mekir Bet*) with not more than 550 members as per the constitution but actually nearly 547 members, elected for five-year terms in single-seat constituencies; and the Council of the Federation (*Yefedereshn Mekir Bet*) with 117 members, one each from the 22 minority nationalities, and one from each professional sector of its remaining nationalities, designated by the regional councils, which may elect them themselves or through popular elections. Ethiopia is a dominant-party state in that a coalition, the Ethiopian People's Revolutionary Democratic Front (EPRDF), dominates politics. Opposition parties are allowed, and while hypothetically capable of winning an election according to the Ethiopian political system, in practice the EPRDF is does not lose an election easily – it remains very strong countrywide. Elections were first held in Ethiopia under the provisions of the current constitution in June 1994 to elect the membership of local governments; general elections have been held in 1995, 2000, 2005, 2010 and 2015.
	Level of Political Risk -	Ethiopia faces challenges of political conflict internally. In terms of scientific measurement of **Medium/long-term political risk (1=low, 7=high),** the Credendo Group provides data for Ethiopia from 2014 to 2019. The average value for Ethiopia during that period was 6.5 index points with a minimum of 6 index points in 2019, which means the political risk is high. The internal strife poses huge threat to peace, security and stability of the horn of Africa nation. While this has been contained under the current government, the perception and indicators point to a country that has a long way to install stability internally to be competitive.
8.	**Economic Environment**:	
	Ease of doing business -	Ethiopia is ranked 159 among 190 economies in the ease of doing business, according to the latest World Bank annual ratings. The rank of Ethiopia remained unchanged at 159 in 2019 from 159 in 2018. Ease of Doing Business in Ethiopia averaged 135.58 from 2008 until 2019, reaching an all-time high of 161 in 2017 and a record low of 104 in 2010. source: World Bank
	Competition -	The environment remains unsaturated. There are huge opportunities with products finding huge market due to the size of the market. The production and marketing of products can compete favourably in Ethiopia with many international brands having moved into this market in the clothing, textiles and footwear. The market is buoyant.
	Income distribution and income levels –	Ethiopia is one of the poorest countries in the world. The *per capita* income of USD 167 is indicative of this condition. Forty-six

		per cent of the people were classified as poor (47.5% rural and 33.2% urban).
	Infrastructure -	Infrastructure contributed 0.6 percentage points to Ethiopia's annual per capita GDP growth over the last decade. Raising the country's infrastructure endowment to that of the region's middle-income countries could add an additional 3 percentage points to infrastructure's contribution to growth. Ethiopia's infrastructure successes include developing Ethiopia Airlines, a leading regional carrier; upgrading its network of trunk roads; and rapidly expanding access to water and sanitation. The country's greatest infrastructure challenge lies in the power sector, where a further 8,700 megawatts of generating plant are needed over the next decade, implying a doubling of current capacity. The transport sector faces the challenges of low levels of rural accessibility and inadequate road maintenance. Ethiopia's ICT sector currently suffers from a poor institutional and regulatory framework. Addressing Ethiopia's infrastructure deficit will require a sustained annual expenditure of $5.1 billion over the next decade. The power sector alone requires $3.3 billion annually, with $1 billion needed to facilitate regional power trading. That level of spending represents 40 percent of the country's GDP and a tripling of the $1.3 billion spent annually in the mid-2000s. As of 2006, there was an annual funding gap of $3.5 billion. Improving road maintenance, removing inefficiencies in power (notably under-pricing), and privatizing ICT services could shrink the gap. But Ethiopia needs a significant increase in its already proportionally high infrastructure funding and careful handling of public and private investments if it is to reach its infrastructure targets within a reasonable time. The telecommunication sector in Ethiopia remains untapped and there is huge potential for growth.
	Repatriation of Profits -	Corporates/investors are allowed to repatriate profits from Ethiopia based on the rules. Many businesses established in this country have operated profitably and are able to repatriate their money in terms of the law with ease.
9.	**Socio-Cultural Environment**: Social classes –	Ethiopia is diverse with many tribal groups. The Oromo constitute 34.4%, Amhara (Amara) 27%, Somali 6.2%, Tigray (Tigrinya) 6.1%, Sidama 4%, Gurage 2.5%, Welaita 2.3%, Hadiya 1.7%, Afar (Affar) 1.7%, Gamo 1.5%, Gedeo 1.3%, Silte 1.3%, Kefficho 1.2%, other 8.8% (2007 est.) In terms of religion, Ethiopian is largely Orthodox constitutes 43.5%, Muslim 33.9%, Protestant 18.5%, traditional 2.7%, Catholic 0.7%, other 0.6% (2007 est.).
	Lifestyle –	Ethiopia has a variety of cuisines. The staple food in Ethiopia is Injera and it looks like a big pancake though with a spongy feeling and when eating food in Ethiopia, you are supposed to use only your right hand as the left hand is believed to have bad omen. When it comes to the fasting period in the country, only vegetarian

		food is served mostly fifty five days to Easter and everyone is meant to fast for all those days as they remember the death and resurrection of Jesus. And since most people are Orthodox Christians in the country, Easter is celebrated with a lot of cheer and it is on this very day that all kinds of meat are served on this day.
	Dominant culture -	As a country with more than 1000 years behind its history and heritage, there is a lot to discover about its people and culture. Ethiopia is home to nearly 80 different ethnic groups that have unique cultural traits, religious beliefs, languages and traditions.
10.	**Technological Environment**: Level of technological development –	Ethiopia's progress in technological learning and innovation must be strengthened to underpin future progress in sustainable development and support structural economic transformation. There is room for growth of the technological sector.
	Internet access –	In Ethiopia, the current Internet penetration rate is 15.4%, and it is currently attempting a broad expansion of access throughout the country.
	Mobile penetration -	The mobile penetration is 41.8%. Ethiopia was one of the last countries in Africa to allow its national telecommunication a monopoly on all telecom services including fixed, mobile, internet and data communications. For many years Ethio Telecom's monopolistic control stifled innovation, restricted network expansion and limited the scope of services on offer. However, in June 2019 the government approved legislation which will open the market to competition and provide much needed foreign investment. The process to part-privatise Ethio Telecom advanced in September 2019 when the company was audited, while two licenses were expected to be offered to two international operators by the end of the year 2019.
11.	**Legal and Regulatory Environment**	The latest Doing Business Report of the World Bank (2013) ranked Ethiopia 125th out of 189 economies. Among the 10 categories analysed by this study, Ethiopia performs relatively better in enforcing contracts and dealing with construction permits, whereas its performance in starting a business and trading across borders are lacking. Ethiopia's rank on the ease of trading across borders is lower than that of countries in the same region (Kenya, Uganda, and Rwanda) except Eritrea. According to the U.S. Department of State (2013), in Ethiopia, foreign investors generally do not face discrimination such as tax treatment, denial of licenses, discriminatory import or export policies, or inequitable tariff and non-tariff barriers. At the regional level, the COMESA Regional Investment Agency has been created and is expected to coordinate and strengthen the activities of the COMESA national investment promotion agencies (UN Economic Commission for Africa, 2013). However, Ethiopia has a strong state-led investment policy and state-run sectors such as banking and telecommunication have not been liberalised for both domestic

		and foreign private investment, which result in a competitive market economy in only few sectors whilst the institutional framework remains weak.
	Ease of doing business –	Ethiopia is ranked 159 among 190 economies in the ease of doing business, according to the latest World Bank annual ratings. Ease of Doing Business in Ethiopia averaged 135.58 from 2008 until 2019, reaching an all-time high of 161 in 2017 and a record low of 104 in 2010
	Role of the Government in Business –	The government of Ethiopia has played an interventionist role in the economy and highly influenced the functions of corporations. The government dominates the private corporation by owning financial corporations like CBE and other corporations. Ethiopian public enterprises are also affecting the healthy competition. The government provides some exclusive privileges to public enterprises. This affects the economic security of private firms competing with the same sector. The government owned enterprises which participate in the market. The government in such kinds of activities may intervene in the functions of corporations negatively.
12	**Ecological Environment**	
	Weather patterns –	Ethiopia is in the tropical zone that lies between the Equator and the Tropic of Cancer. It has three different climate zones according to elevation.
	Natural Resources –	Ethiopia has small reserves of gold, platinum, copper, potash, and natural gas. It has extensive hydropower potential. Of the total land area, about 20% is under cultivation, although the amount of potentially arable land is much larger than what is being cultivated. In 2012, the Ethiopian mining sector accounted for 19% of the country's export revenues- mainly from artisanally mined gold, while in comparison, coffee, Ethiopia's largest export commodity, generated 26% in export revenues.
	Risk of Natural Disasters	Ethiopia is exposed to numerous hazards including droughts, floods, volcanoes, and earthquakes. Multiple factors influence the country's vulnerability to natural hazards, including dependence on rain-fed agriculture, low economic development, deforestation, land degradation, and larger and denser human settlements.
13.	Country Strengths	There are huge opportunities for investment in the country. The large public investments (19% of GDP, third highest in the world) are largely financed domestically, including through compulsory financing by commercial banks and direct financing by the central bank. These high investment levels led to very strong domestic demand, which on its turn fuelled inflation, with consumer price inflation reaching 40% in 2019.
14.	Country Weaknesses	Furthermore, private sector investment has been crowded out and private sector development in general has been hampered due to

		the monopolistic tendency of the government in investment opportunities.
15.	Opportunities in the Country	The most promising commercial opportunities in Ethiopia, are in agriculture and agro processing, infrastructure, energy, aviation, healthcare, and tourism. The Government of Ethiopia (GOE) and its public institutions are the leading buyer and market for products, and they also supply the rest of the world with its robust cargo movements to the ports and by air.
16.	Threats facing the Country	In Ethiopia, everything is based on politics of ethnicity; it's the first thing people think about – it is even on their ID cards. There is high risk of internal strife and differences bordered around ethnic struggles. The peace secured with Eritrea is yet to take full shape and implementation of collaboration still not clear, posing elements of regional uncertainty. There are incessant threats of coups and this does not sign-post good image for a country that is fast growing its economy.
17.	Overall Recommendation and Rating out of the Six Countries	**It is highly recommended to invest in Ethiopia regardless of its challenges. We rank the country at #2 out of the six under review.**

D) GABON

#	ATTRIBUTE	DESCRIPTION
1.	Name of Country:	**Gabon**
2.	Location:	Gabon is located in Western Central Africa. It shares borders with Cameroon to the North, the Republic of the Congo to the East and South, and Equatorial Guinea to the northwest. Gabon has an equatorial climate with extensive rainforests which cover 85% of the country. It has 3 regions, namely the coastal plains, the mountains, and the savanna.
3.	Membership: Regional bodies International bodies	Central African Economic and Monetary Community (CEMAC); OPEC; ECCAS; WTO; AU; ACP, AFDB, BDEAC,, FAO, FZ, G-24, G-77, IAEA, IBRD, ICAO, ICCt, ICRM, IDA, IDB, IFAD, IFC, IFRCS, ILO, IMF, IMO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC (NGOs), MIGA, NAM, OIC, OIF, OPCW, UN, UNCTAD, UNESCO, UNIDO, UNWTO, UPU, WCO, WHO, WIPO, WMO
4	Nature and Status of Relationship with South Africa:	South Africa and Gabon enjoy a relatively good relationship, both diplomatically and trade-wise. In 2016, SA Deputy Minister of International Relations and Cooperation, Luwellyn Landers, visited Gabon with the aim of strengthening and expanding political and economic relations between the two countries. Bilaterally, economic relations between South Africa and Gabon are showing a steady growth since 2015. For example, total trade in 2015 was just above R630 million, of which South Africa's exports to Gabon totalled approximately R520 million (see sanews.gov.za)
5.	**Demographic Factors:** Population -	Gabon's population is 2,096,745. This is estimated to grow to 2 230 908 by 2030. The majority of the citizens (87.10%) live in urban areas.

	Gender - Ages - Official Languages – Literacy Levels	The population is made up of 50.90% males and 49.10% females. 0-14 years: 36.45% (male 413 883/female 399 374) 15-24 years: 21.9% (male 254 749/female 233 770) 25-54 years: 32.48% (male 386 903/female 337 776) 55-64 years: 5.19% (male 58 861/female 56 843) 65 years and over: 3.98% (male 44 368/female 44 381) (2020 est) Gabon does have 40 ethnic groups with different languages and cultures, nearly all of which are of Bantu origin. The Fang are the largest of the subgroups. The Bandjabo are also a large group. The Myene, Bakota, Bapounou, Okande, and Eshira are others. There are less well-defined ethnic boundaries than in other African countries. The are several languages spoken in Gabon and the most common are French; Fang; Myene; Nzebi; Bapounou/Eschira, Bandjabi. However, French is the official language and is often regarded as a unifying force. 80 percent are estimated to speak French. 32 percent speak the Fang language as a first language. French people in Gabon number 10,000. In terms of religion, the breakdown is as follows: Roman catholic 42.3%, Protestant 12.3%, other Christian 27.4%, Muslims 9.8%, Animist 0.6%, other 0.5% In 2018, adult literacy rate for Gabon was 84.67 %. Adult literacy rate of Gabon increased from 72.23 % in 1993 to 84.67 % in 2018 growing at an average annual rate of 8.40%. (See Worldometer, 2020)
6.	Gross Domestic Product (GDP	As of 2017, the country's GDP was USD 17.02 billion. Real GDP growth reached an estimated 2.0% in 2018, up from 0.5% in 2017. Short-term outlooks project real GDP to grow by 3.4% in 2019 and 2020 with its growth spurred mainly by non-oil sectors such as agriculture, mining and manufacturing.
7.	**Political Environment**: Stability of Government Conduct of elections – Level of Political Risk -	For a long time, Gabon was one of the most stable countries on the African continent. This somehow changed following the disputed election in 2016. Gabon has had only three Presidents since its independence from France in 1960. The country conducted bitterly contested pools in 2016 which were marred or overshadowed by accusations of rigging and allegations of embezzlement involving the incumbent president's family. The main broadcast media is government-controlled According to Coface.com, Gabon's political situation remains volatile since the disputed and tumultuous re-election of Ali Bongo Ondimba in 2016 which led to a divided state of the opposition and the isolation of the president's main opponent Jean Ping who continued to claim to be president elect. However, the national dialogue held in 2017 led to a constitutional review in January 2018

<table>
<tr><td></td><td></td><td>which appeared to strengthen the executive. In addition, President Ali Bongo emerged stronger in October 2018 parliamentary elections which gave his party absolute majority in the face of a divided opposition and weakened by Mr Jean Ping's call for a boycott. President Ali Bongo's health scare in 2018 and his five months convalescence led to challenges to his authority including a swiftly aborted coup attempt in January 2019. Although the scare and uncertainties surrounding the president's health have receded following from his return into the country, new health problems have been compounded by the growing social unrest in the form of strikes, lack of transparency, deficient infrastructure, unavailability of trade information and complex administrative procedures. All these problems threaten to undermine the perception of governance
Based on all this, Coface.com rates Gabon's political risk as relative and fragile political stability (see Coface for trade, 2020)</td></tr>
<tr><td>8.</td><td>Economic Environment:
Ease of doing business -</td><td>The ease of doing business index in Gabon averaged 161.92 from the year 2008 to 2019. It reached an all-time high of 169 in 2012 and a record low of 151 in 2008.
<table>
<tr><th>Year</th><th>Ease of doing business</th></tr>
<tr><td>2010</td><td>160</td></tr>
<tr><td>2011</td><td>156</td></tr>
<tr><td>2012</td><td>169</td></tr>
<tr><td>2013</td><td>163</td></tr>
<tr><td>2014</td><td>156</td></tr>
<tr><td>2015</td><td>161</td></tr>
<tr><td>2016</td><td>164</td></tr>
<tr><td>2017</td><td>167</td></tr>
<tr><td>2018</td><td>169</td></tr>
<tr><td>2019</td><td>169</td></tr>
</table></td></tr>
<tr><td></td><td>Competition -</td><td>Gabon scored 47.46 points out of 100 on the 2018 global competitiveness report published by the World Economic Forum</td></tr>
<tr><td></td><td>Income distribution and income levels -</td><td>Gabon has a per capital income that is 4 times that of most of the Sub Saharan Africa, but because of a high-income inequality, a large part of its population remains poor. The percentage of population below poverty line is 34.3% (2015 est), with the lowest 10% with 2.5% while the highest 10% have 32.7% (2005 est). Lowest 10% had a share of 2.2% in 2017 while the highest 10% held a share of 27.7% in 2017.</td></tr>
<tr><td></td><td>Infrastructure -</td><td>The World Economic Forum Global competitiveness report (2013) ranked the quality of infrastructure in Gabon at 112 out of the 148 countries. The major roads and ports are in poor state. Road is the main mode of transport in Gabon. The quality of roads and port infrastructure is not effective to meet external trade, quality of electricity lags behind. Public telecommunication networks are largely underdeveloped are exclusively operated by government. However, mobile telephone is more liberalized and competitive. Infrastructure ranking out of 148 countries.</td></tr>
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<tr>
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Repatriation of Profits –</td>
<td>
<table>
<tr><th>Indicator</th><th>Value</th><th>Rank/148</th></tr>
<tr><td>Quality of overall infrastructure</td><td>2.68</td><td>124</td></tr>
<tr><td>Quality of roads</td><td>2.33</td><td>131</td></tr>
<tr><td>Quality of railroad infrastructure</td><td>2.39</td><td>72</td></tr>
<tr><td>Quality of port infrastructure</td><td>2.69</td><td>124</td></tr>
<tr><td>Quality of air transport infrastructure</td><td>3.57</td><td>102</td></tr>
<tr><td>Individuals using internet (%)</td><td>179.47</td><td>6</td></tr>
<tr><td>Mobile telephone subscriptions/100pop</td><td>8.62</td><td>117</td></tr>
<tr><td>Fixed broadband internet subscriptions/ 100 pop</td><td>0.31</td><td>111</td></tr>
</table>
Source: World Economic Forum, Global Enabling Trade Report 2014
Gabon allows repatriations of profits subjects to tax and investments laws of the country.
</td>
</tr>
<tr>
<td>9.</td>
<td>Socio-Cultural Environment:
Social classes -
Lifestyle -
Dominant culture -</td>
<td>The culture in Gabon is highly influenced by not only by its ethnic background and closeness to other neighbouring West African countries but also by the French colonial experience. Dance, song, myth and poetry are vital elements of Gabonese life. Art is also a strong pillar of community and is seen through creation of masks, sculptures and musical instruments.
The Fang is the largest group, which forms 40% of the population.</td>
</tr>
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<td>10.</td>
<td>Technological Environment:
Level of technological development -
Internet access -
Mobile penetration -</td>
<td>Gabon is a leading ICT-connected country. The country invested massively in information and communication technologies since 2012 when it constructed a high-speed fiber optic network. In addition, the cost of internet access has fallen tenfold since 2010, hence, leading to a sevenfold increase in the number of subscribers over the same period. Based on the International Telecommunication Union (ITU), which is a United Nations agency, Gabon rose 10 places in 2017 in the world ICT classifications and is now sixth most connected country in Africa.
Total of 835 408 users, which is 48.1% of population as at (July 2016 est). country comparison to the world is 137.
Total subscriptions 2 930 554, country comparison to the world is 143.</td>
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<tr>
<td>11.</td>
<td>Legal and Regulatory Environment
Ease of doing business</td>
<td>The legal framework is considered to be weak
Ranked 169th out of 190 countries for ease of doing business. Government has been criticized for excessive bureaucracy, proliferation of para-fiscal tax, transaction cost induced by corruption, weak legal framework, inadequate transparency, complex land tenure system, inadequate skilled labour and weak capacity to promote private public partnerships</td>
</tr>
</table>

	Role of the Government in Business -	The government holds an overwhelming share in different enterprises and has even monopolies. Competitive neutrality is not fully guaranteed by regulatory authority. (see International Trade Centre, n.d.)
12	**Ecological Environment**	
	Weather patterns –	Gabon has a year-round tropical climate that is, moist, hot and humid. June, July and august are dry months. Rainy season is from October to May
	Natural Resources	Gabon has abundant natural resources such as oil, diamonds, petroleum, natural gas, niobium, cement, phosphate rock, manganese, uranium, Iron ore and timber
	Risk of Natural Disasters	June 2012 – floods Dec 2010 – floods and violent winds May 200 – outbreak of chikungunya and dengue diseases April 2010 – severe local storm April 2009 – Influenza A (H1N1) pandemic
13.	Country Strengths	5th largest oil producer in sub Saharan Africa; Africa's largest producer of wood; world's leading producer of manganese- a highly sought-after commodity; drive to diversify economy undertaken as part of the Emerging Gabon Strategic Plan; member of the CEMAC
14.	Country Weaknesses	Economy heavily dependent on oil; high cost of production factors; inadequate infrastructure (transport and electricity); high unemployment and endemic poverty; difficult political and social context; pervasive corruption; stocks of domestic and eternal arrears not yet cleared.
15.	Opportunities in the Country	Measures are taken to diversify of the economy, hydro-electric potential to close the electrification gap and reduce dependence on other regions, huge agricultural and forestry potential.
16.	Threats facing the Country	Less favourable oil prices; volatile political situation, threats of strikes, liquidity shortages affecting the Central African Monetary Zone in recent years; attempted coup.
17.	Overall Recommendation and Rating out of the Six Countries	**Gabon has several investment opportunities for SA investors. However, its ease of doing business index is low, and the post 2016 election conflict undermined the country's attractiveness for investment. We rank it #4 out the six countries reviewed**.

E) CAMEROON

#	ATTRIBUTE	DESCRIPTION
1.	Name of Country:	**Cameroon**
2.	Location:	Cameroon is located along the Atlantic Ocean. The country shares its borders with Chad, the Central African Republic (CAR), Equatorial Guinea, Gabon, and Nigeria. Two of its border regions with Nigeria (northwest and southwest) are Anglophone, while the rest of the country is Francophone.
3.	Membership: Regional bodies	UDEAC, OHADA, ACP, AfDB, AU, BDEAC, C, CEMAC, EITI (compliant country), FAO, FZ, G-77, IAEA, IBRD, ICAO, ICRM, IDA, IDB,

	International bodies	IFAD, IFC, IFRCS, IHO, ILO, IMF, IMO, IMSO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC (NGOs), MIGA, MONUSCO, NAM, OIC, OIF, OPCW, PCA, UN, UNCTAD, UNESCO, UNHCR, UNIDO, UNOCI, UNWTO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO
4	Nature and Status of Relationship with South Africa:	South Africa and the Republic of Cameroon established diplomatic relations on 29 April 1994. In 2012, South Africa's Deputy Minister of Trade and Industry, speaking at the third edition of the International Handicrafts Exhibition held in Cameroon said that trade between South Africa and Cameroon was to be enhanced through an establishment of a joint trade committee because South Africa had identified Cameroon as a strategic partner because its economy presented enormous trade and investment opportunities for South African business. In addition, a movement towards an establishment of the Joint Trade Committee was aimed at mapping interventions to accelerate bilateral economic cooperation. This sought to address trade imbalance between our two countries by leveraging on agreements that the two countries have, and building on the opportunities for investments
5.	**Demographic Factors**: Population - Gender - Ages - Official Languages – Literacy Levels	The population of Cameroon is stands at 26 162 270 (2019) The population consists of 49.9% male and 50.1% female 0-14 years: 42.34% (male 5,927,640/female 5,820,226) 15-24 years: 20.04% (male 2,782,376/female 2,776,873) 25-54 years: 30.64% (male 4,191,151/female 4,309,483) 55-64 years: 3.87% (male 520,771/female 552,801) 65 years plus: 3.11% (male 403,420/female 460,248) (2020 est.) 24 major African language groups, English and French (official) Based on UNESCO (2016) estimates 11,648,555 persons or 75.02% of adult population (aged 15 years and above) in Cameroon can read and write. Accordingly, about 3,878,991 adults are illiterate. Literacy rate for adult male population is 81.15% (6,302,229 persons). 1,463,632 are illiterate. Literacy rate for adult female population is 68.88% (5,346,326 persons). 2,415,359 are illiterate. Youth (ages between 15 and 24) literacy rates are 87.12% and 80.45% for males and females accordingly. The overall youth literacy rate is 83.8%.
6.	Gross Domestic Product (GDP	According to Trading Economics (2020), the GDP in Cameroon was expected to be USD39.00 billion by the end of 2019 and it is projected to trend around 39.40 USD Billion even in 2020.
7.	**Political Environment**: Stability:	Cameroon is facing several security-related risks, chief of which is the crisis in Anglophone regions where calls for secession are being

<table>
<tr><td></td><td></td><td>made. In the Far North, the terrorist group Boko Haram continues its attacks against military and civilians, but the incidents remain contained. In the East, many refugees contribute to instability.</td></tr>
<tr><td></td><td>Government -
Conduct of elections –</td><td>The country is dominated by Cameroon People's Democratic Movement, which is the ruling party. Opposition parties are allowed but are widely considered to have no real chance of gaining power. Independent candidates are barred from running in parliamentary and municipal elections. They are permitted to run in presidential elections, but there has never been an independent presidential candidate due to the very exacting legal requirements for an independent candidacy</td></tr>
<tr><td></td><td>Level of Political Risk -</td><td>High risk due insurgency and political uncertainty due to disputed elections.</td></tr>
<tr><td>8.</td><td>Economic Environment:</td><td></td></tr>
<tr><td></td><td>Ease of doing business -</td><td>The ease of doing business in Cameroon averaged 165.92 in 2008 until 2019, reaching an all-time high of 171 in 2009 and a record low of 161 in 2011.
<table>
<tr><th>Year</th><th>Easy of doing business index</th></tr>
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<tr><td>2012</td><td>162</td></tr>
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<tr><td>2014</td><td>168</td></tr>
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<tr><td>2017</td><td>163</td></tr>
<tr><td>2018</td><td>166</td></tr>
<tr><td>2019</td><td>167</td></tr>
</table>
Source: www.Tradingeconomics.com/Cameroon/ease-of-doing-business</td></tr>
<tr><td></td><td>Competition –</td><td></td></tr>
<tr><td></td><td>Income distribution and income levels -</td><td>The lowest 10% of the population have a share of 37.5% while the highest 10% have a share of 35.4%.</td></tr>
<tr><td></td><td>Infrastructure -</td><td>Poor infrastructure is a hindrance or bottleneck to economic growth in Cameroon. However, improvement in ICTs from 2000 to 2005 boosted Cameroon's economic growth, while lack of power infrastructure held it back. Despite the lack of adequate infrastructure development in the early 2000s, much improvement has taken place albeit gradually. For example, significant progress has been made in the form of institutional reforms across a spectrum of sectors with the objective of attracting private sector participation and finance. Irrespective of the reforms, Cameroon still faces infrastructure challenges such as poor road quality, expensive and unreliable electricity, stagnating and uncompetitive ICTs sector.</td></tr>
</table>

		However, Cameroon spends approximately $930 million every year to close its infrastructure gap, which according to Worldbank (2011), should be able to close within 13 years.
	Repatriation of Profits -	Cameroon boasts an Investment Charter that allows investors to repatriate their profits.
9.	**Socio-Cultural Environment**:	
	Social classes -	The Northern part of Cameroon is occupied mostly by the Fulani, who are mainly Muslim. Islam is a dominant religion in the North.
	Lifestyle -	The Cameroonian culture is diverse and is made up of a mix of about 250-300 distinct groups and an estimated 300 plus languages and different customs. Languages include amongst others; Akoose, Gbaya, Fula, Gyele, Koonzime, Mundang, Ngiemboon, the Vengo and others. Cameroon food is one of Africa’s finest cuisines. Each region has its own culinary traditions, thus a visitor you cannot expect the same dish in Douala and in Yaounde. Same is true for the western and eastern regions of the country. Thus, the diversity is attributed to various ingredients available in different regions. Cameroonian nationals are known for eating all day long, thus restaurants welcome customers any time of the day. Crafts such as weaving, wrought Iron, embroidery, basketry and pottery are valued in Cameroon and most of the local people are involved in these craft activities.
	Dominant culture -	The Fulani or Fulbe are the dominant group, despite being the minority in the north, that is, only 25%. The ethnic groups in Cameroon are: Cameroon highlanders 31% Equatorial Bantu 19% Kirdi 11% Fulani 10% Northwestern Bantu 8% Eastern Nigritic 7% Other African 13% Non-African less than 1%
10.	**Technological Environment**:	
	Level of technological development -	There is a rapid expansion of the mobile and fixed line markets.
	Internet access -	23.2% of the population in 2016 and in 2017
	Mobile penetration -	69.09% in 2018 down from 81.96% in 2017
11.	**Legal and Regulatory Environment**	
	Ease of doing business –	Cameroon is ranked 167 among 190 economies in the ease of doing business, according to the latest World Bank annual ratings. The rank of Cameroon deteriorated to 167 in 2019 from 166 in 2018. (seehttps://tradingeconomics.com/cameroon/ease-of-doing-business)

	Role of the Government in Business -	There is a great amount of economic autonomy from government intervention
12	**Ecological Environment** Weather patterns – Natural Resources – Risk of Natural Disasters-	The south is hot and dry November-February. The main rainy season is June-October. Temperatures in the north vary. On the Adamaoua Plateau, temperatures drop sharply at night; the rainy season is May-October. Natural resources: Oil, timber, hydroelectric power, natural gas, cobalt, nickel. Agriculture products: timber, coffee, tea, bananas, cocoa, rubber, palm oil, pineapples, cotton. Exports - commodities: crude oil and petroleum products, lumber, cocoa beans, aluminium, coffee, and cotton. The main natural hazards in Cameroon are volcanic eruptions, earthquakes, landslides, and toxic gas emissions from crater lakes associated to the Cameroon Volcanic Line (CVL)—a series of volcanoes that straddles the Gulf of Guinea and extends for over 1600 km in the country
13.	Country Strengths	Agricultural, oil, gas and mineral resources, diversified economy compared to those of other oil export countries, ongoing efforts to modernize infrastructure, member of the central Africa economic and monetary community (CEMAC) and the economic community of central African states (ECCAS).
14.	Country Weaknesses	Weak governance, lack of transparency, hence ranking 152 out of 180 in the corruption index, not easy to do business in for it ranked 166 out of 190 countries in 2019. External and public accounts depend on hydrocarbons Non inclusive growth, business environment remains difficult, heightened political risk: insecurity in the far north of the country and increasing tensions in the northwest and southwest regions between English speaking minority (Coface for trade, 2020), poor implementation of economic policies.
15.	Opportunities in the Country	Improvement in economic performance, agricultural and food production opportunities, rich cultural heritage with terrain that ranges from tropical along the coast to semi-arid in the north, Plenty of formal retail, fast foods chains and entertainment and 98% of Cameroonians shop at traditional or informal markets, there is few retail chains, emerging consumer class is looking for shopping experience, many opportunities in the fast food chains such as KFC and entertainment facilities such as cinemas and theatres, tourism is largely unexploited.
16.	Threats facing the Country	Regional tensions increases security risk, tribalism and increasing the risk of a full-blown civil war , religious splits, military coups, high/multiple taxation, little respect for local enterprise, lack of funds (credit) and adequate training, high unemployment, poverty with 50 to 55% of the population living below the poverty line, vulnerability to volcanoes with periodic release of poisonous gases, deforestation, poor sanitation, inadequate infrastructure, inefficient bureaucracy.

17.	Overall Recommendation and Rating out of the Six Countries	**Cameroon combines a range of investment advantages as well as weaknesses which can somehow deter potential investments. We rank it #5 out of the 6 under review**.

F) ZIMBABWE

#	ATTRIBUTE	DESCRIPTION
1.	Name of Country:	Zimbabwe
2.	Location:	A landlocked country located in southern Africa, Zimbabwe (formerly Rhodesia) lies between the Zambezi River in the North and the Limpopo River in the South. It has an area of 390,580 sq km (150,804 sq miles), with a length of 852 km (529 miles) and a width of 710 km (441 miles).
3.	Membership: Regional bodies International bodies	Zimbabwe is a member to the following regional, continental and international organisations: • Southern African Development Community (SADC) • Common Market of Eastern and Southern Africa (COMESA) • African Continental Free Trade Area (AfCFTA) • The African Union • The Non-Allied Movement • The United Nations
4	Nature and Status of Relationship with South Africa:	Zimbabwe -South Africa relations remain one of the most important in SADC. Trading partners from South Africa is huge, with Zimbabwe importing over 50% of its total imports and exporting 75% of its total exports to South Africa. South Africa has always maintained remarkable trade surplus with Zimbabwe with the surplus widening in 2017 to date mainly attributed to the economic instability being experienced in Zimbabwe. The volatility of the Zimbabwean currency to the US dollar and the South African Rand, has implied cheaper goods and services from South Africa finding their way into Zimbabwe. Trade between the two countries is heavily tilted in favour of South Africa, which exported goods worth more than R30.8bn to Zimbabwe in 2018, according to figures released by the Presidency. Exports to SA were worth just R3.6bn. Despite Zimbabwe being a small player in South Africa's global trade, the country is the most important trading partner with South Africa for exports and imports in Africa respectively. At the political level, Zimbabwe enjoys cordial relations with South Africa with bilateral meetings held annually between the two countries. Several political exchanges occur at the Presidential, Ministerial and Political party level which has cemented synergistic relations of the two countries.
5.	**Demographic Factors**: Population - Gender -	14,438,802 million people 60% are females and 40% men

	Ages -	The country has a young population with About 38.9% comprising youths under the age of 15, while another 56.9% grouped persons aged between 15 and 65 years.
	Official Languages	English, Shona and Ndebele
	Literacy Levels	95% literacy level with a skilled labour force.
6.	Gross Domestic Product (GDP	17.85 billion USD (World Bank Report) Currencies**:** United States Dollar, RTGS dollar Trending GDP per capita: 1,079.61 USD (2017) World Bank
7.	**Political Environment**:	
	Stability of Government -	Zimbabwe has been undergoing contradictory political 'transformation' following the November 2017 coup which ousted the late President Robert Mugabe. The post-coup government led by President Emmerson Mnangagwa constantly says it is committed to political, economic and structural reforms, notably to rebuild confidence by restoring private property rights, ensuring macro-economic and political stability and growth, achieving fiscal consolidation, clearing external debt arrears, and improving governance and the business environment to generate broad-based growth prospects that ultimately generate jobs. The government has also committed to amicable settlement arrangements, including compensation of farmers whose land was expropriated during the land reform programme. In reality, however, the situation on the ground remains almost the same (if not worse) both politically and economically).
	Conduct of elections –	Elections have consistently been held in Zimbabwe after every 5 years. The most recent one was held on 31st July 2018 and was controversially won by ZANU PF amid protests and contests from the opposition that alleged electoral fraud. It is apparent that elections in Zimbabwe have historically been marred by electoral malpractices and maladministration that have been challenged by opposition parties with little success.
	Level of Political Risk -	On a scale of 1 to 10, with 10 being the highest political risk and 1 the lowest, Zimbabwe potentially ranks at 8 as far as political risks are concerned. The unpredictability of political developments is essentially informed by the unresolved legitimacy issues arising from elections that have not been broadly accepted by the gamut of opposition political players in the country.
8.	**Economic Environment**:	
	Ease of doing business -	Zimbabwe is ranked poorly at 140 among 190 economies in the ease of doing business, according to the latest World Bank annual ratings. The rank of Zimbabwe improved to 140 in 2019 from 155 in 2018. In 2019, the Government put in place a One Stop Shop established to accelerate company establishment and easy of doing business. However, there are problems with the country attracting investment as the regulatory environment remains poor.

	Competition	
	Income distribution and income levels	The income levels in Zimbabwe are very low at an average of ZW$300. The distribution of income is very uneven between the rural areas and the urban areas. There is rampant poverty in the country and about 7.5 million in dire need of help in terms of food aid. The proportion of children under 15 years is 42.6 percent while the proportion of individuals 65 years and above is 5.2 percent. About 69 percent of the population resides in rural areas while 31 percent of the population resides in urban areas. Additionally, it is shown that females constitute 52.9 percent of the population while males constitute 47.1 percent. The average household size in Zimbabwe is 4.2 persons. It is also shown that 63.4 percent of the households are headed by males while 36.6 percent are headed by females.
	Infrastructure	Zimbabwe - Infrastructure, power, and communications used to be vibrant but since around 2000, the infrastructure has collapsed. Zimbabwe is a landlocked country which used to have well-developed road network that comprised in 1996 of 18,338 kilometres (11,395 miles) of roads, of which 8,692 (5,401 miles) are paved. At this moment, the infrastructure has collapsed making it difficult to do business. The closest seaport is Beira in Mozambique for trading.
	Repatriation of Profits -	The country is difficult when it comes to repatriation of profits with state control of forex, and everchanging policies, makes it difficult to take out profit.
9.	**Socio-Cultural Environment**:	
	Social classes -	Among social classes in the country battling to survive the rising cost of living while at the same time trying to maintain their prestige in differing ways. There are mixed reactions as to what exactly constitutes the middle in Zimbabwe. Political and social analysts agree generally that Zimbabwe has a small and conspicuous middle class that can be identified using Eurocentric or colonial arguments. The working class is poorly paid with limited buying power and their activism for better conditions are highly criminalised by the state. Therefore, the middle class in Zimbabwe is disempowered.
	Lifestyle	Lifestyle in Zimbabwe has gone down as many cannot afford basics
	Dominant culture -	Zimbabwe has many different cultures, which may include beliefs and ceremonies, one of them being the Shona culture. Zimbabwe's largest ethnic group is Shona, followed by the Ndebele in the South-Western part of the country. There are several other minority ethnic groups who comprise the Kalanga, Tonga, Xhosa, Sotho etc.
10.	**Technological Environment**:	
	Level of technological development –	The *Second Science and Technology Policy* cites sectorial policies with a focus on biotechnology, information and communication

		technologies (ICTs), space sciences, nanotechnology, indigenous knowledge systems, technologies yet to emerge and scientific solutions to emergent environmental challenges. The policy makes provisions for establishing a National Nanotechnology Programme. Generally, the ICT and other technological development in Zimbabwe is poor.
	Internet access –	Zimbabwe’s mobile internet penetration rate -dropped 9,8 percentage points in the first quarter of 2019 to 83,3 percent compared to the fourth quarter in 2018 as a result of the tough economic times, latest data from the telecommunications sector regulator shows.
	Mobile penetration -	The growth in usage of mobile money has also helped drive the adoption of mobile phones. According to the Postal and Telecommunications Regulatory Authority of Zimbabwe (Potraz), active mobile phone subscriptions were down to 12,1 million from 12,9 million during the period (2019).
11.	**Legal and Regulatory Environment**	
	Ease of doing business –	Zimbabwe is ranked 140 among 190 economies in the ease of doing business, according to the latest World Bank annual ratings. The rank of Zimbabwe improved to 140 in 2019 from 155 in 2018. However, it has one of the most difficult environments in Southern Africa with policies changing from time to time and does not guarantee property rights.
	Role of the Government in Business -	Zimbabwean economy has over the years been largely dominated by the government as the lawmaker, regulator and business owner, which is very contradictory and puts itself as an interventionist. This is not favourable for business.
12	**Ecological Environment**	
	Weather patterns –	April, May – This is the end of summer that would have started around November each year. Temperatures are relatively cool, typically around 10°C/50°F in the morning and 28°C/82°F in the afternoon. The night-time **t**emperatures start to drop. By May, the rain is almost gone.
	Natural Resources –	Zimbabwe has significant reserves of platinum, diamonds, gold, coal, gold, platinum, copper, nickel, tin, including numerous metallic and non-metallic ores, making the mining industry a vitally important economic mainstay for Zimbabwe. Also added to this, is arable land and plenty of wildlife which underpin its agro-processing and tourism industries respectively.
	Risk of Natural Disasters	Zimbabwe experiences multiple natural hazards, including cyclones, drought, floods, and heavy rains. Droughts affect rural and urban food security, water supplies, and livelihoods. Recurring floods damage property, infrastructure, and disrupt lives.

13.	Country Strengths	Since education is one of the key areas of national development, the environment for the country has been very conducive to educational development. This is supported by the fact most of the population is educated. The country boasts of its 95% of the literacy rate among 15 to 24-year-olds. The country's biggest advantage is therefore its educated human resource base. The country also boasts a raft of strategic mineral resources as well as arable land which could be deployed to strategic and profitable use if the right policies are adopted.
14.	Country Weaknesses	Policy inconsistency remains a big obstacle to development in Zimbabwe from an investment point of view.
15.	Opportunities in the Country	Opportunities exist in mining, tourism, manufacturing, construction, agriculture and financial services sectors. The country's dilapidated infrastructure and regressed agro-processing present huge opportunities.
16.	Threats facing the Country	Political conflict, policy inconsistencies and corruption.
17.	Overall Recommendation and Rating out of the Six Countries	**Zimbabwe is blessed with a range of natural resources, an educated and generally peaceful populace, good climate conditions, etc. However, the country's politics and economic policies deter investments. It is an unpredictable investment destination. We rank it at #6 of the 6 countries under review**.

3.3 Concluding Discussion

This chapter aimed to present the results of a desktop research on the six countries under review. The research sought to map out the detailed profiles of countries, collecting various data from government departments, industry and trade associations, international research agencies, higher education institutions among others. The data collection was guided by a template which we designed to assist streamline the research process. In order to audit the countries and conduct a proper SWOT analysis, we designed the template in such a way that for each country we focused on key aspects including politics, economics, society and culture. This was guided by the fact that although the core of the study has to do with establishing the feasibility of the countries as potential investment destinations for SA retail companies, the focus should go beyond just the economic conditions of the countries.

The selected countries: Zimbabwe, Gabon, Rwanda, Ethiopia, Uganda and Cameroon present both immense opportunities for investment, as well as political and economic deterrents which any investor needs to consider carefully and rationally before making a move. Naturally, each of the countries is unique in its pros and cons, largely because of history, current political cultures, economic policies, geographical location, and so forth. In ranking the countries, we found Rwanda to be top of the list in terms of the ease of doing business, stability and so on, while Zimbabwe featured at the bottom of the list for the same reasons (absence of ease of doing business, unpredictable political and economic environment, instability, etc.). We are mindful of the fact that these rankings are not necessarily scientific and uncontestable. We considered the fact that data that we were able to access during the desktop research may not be entirely neutral or value free. At the same time, we believe that these indicators are an important guide. In the next chapter, we discuss in some detail the implications of these findings.

CHAPTER 4: DISCUSSION OF FINDINGS

4.1 Introduction

This study sought to identify key profiles of African countries which present opportunities for South African retailers to invest on the continent. The initial methodological design consisted of a combination of desk research, qualitative interviews and focus groups discussions. However, unforeseen circumstances in the form of the Covid-19 outbreak and the resultant government regulatory intervention, made it impossible to conduct interviews and focus group discussions. In this chapter, we offer an interpretation and discussion of the findings highlighted in Chapter 3.

4.2 Notes on the ranking template

The researchers designed a fairly comprehensive ranking template to assist in the compilation of country information according to which we would be able to make rational conclusions on country rankings. Basing our discussions on existing literature on country rankings, we identified key variables for particular attention. These included the political environment in the given countries, the business context (including the ease of doing business aspect), the legal and policy framework as they pertain to business and investment, the state of ICT penetration, the population context including human resources, the socio-cultural environment, etc. It must be noted that these variables do not necessarily hold the same weight or value across the different countries.

4.3 Political variables as enhancements or impediments to investment

One of the key factors we analysed as contributing to either promoting or hindering the possibilities for outward foreign direct investment (OFDI) by South African retail companies was the political environment in the selected countries. As Chizema and Kleynhans (2019) have noted in previous research on the subject:

> Political stability is an important factor considered by South African retailers when foreign investments decisions are made. How the political climate in South Africa

> affects investment decisions should also be analysed in detail in future research (Chizema & Kleynhans, 2019:19).

The political environment variable we focused on looked at aspects such as the general state of political and security stability, the political systems in place (whether a country was a democracy or authoritarian or somewhere in between), the levels of political risks as highlighted by available secondary literature. All the six countries under review shared some political similarities while differing remarkably on others. For example, all of the countries could be described as ‘democracies’ in the sense in which they conducted periodic elections (regardless of how the outcomes were often contested) and had political and legal structures which ensured political participation and a slew of other human rights, at least on paper. In the majority of cases, we also noted that although these formal processes and structures were in place, they did not really lead to a change of power or regime, as the ‘democracies’ were underpinned by strong authoritarian structures which made fundamental political change impossible or difficult. This was true of countries such as Uganda, Rwanda, Cameroon and Zimbabwe. At the same time there were also substantial variations in the politics of the different countries as they impacted on business and investment. For example, while Zimbabwe, Rwanda and Cameroon would fall in the same category of authoritarian ‘democracies’, Rwanda scored far higher than the others in rankings on attractiveness to investment because of the policies the government put in place to promote and safeguard investment, as well as the transparency, accountability and policy certainty, which the others lacked. Whereas countries such as Ethiopia would have scored low because of the tenuous security situation for many years, the recent ascension to power of Prime Minister Abiy Ahmed Ali and the bold reforms he put in place on both the economy and security mean that the country’s political environment could not be ranked on the basis of the past but the present and the possible future.

Still on the political aspect, we also considered the countries’ political and diplomatic relationships with South Africa as a factor possibly guiding investment decisions. We found that all the countries under review had generally cordial diplomatic relationships with South Africa, some more so than others. What we found quite interesting though was that the countries we ranked best and worst had quite diametrically opposed diplomatic relations with South Africa: Rwanda-South Africa relationships have been strained and sometimes outright hostile in the past decade (only recently began to thaw), while Zimbabwe-South Africa relations have been most cordial over the years. What this indicates perhaps is that investors must consider political stability and policy certainty as more important factors than necessarily a country's relationship with South Africa. This, of course, does not invalidate the importance of the diplomatic relationships to investment.

4.4. The economic environment as a factor for investment

The other key variable we focused on in compiling the country profiles was the economic environment of the host countries. This includes among other things the nature and size of the economy, the state of the infrastructure, the policies, the size of the markets, competition, among others. A previous research project on South African retail investments on the continent noted the following:

> *The findings from the research show that market saturation at home, market size in host countries and strategic growth reasons are the major determinants for South African retail FDI into Africa all with an aim to generate profits for the retailers* (Chizema & Kleynhans, 2019:1)

While this study did not focus on the state of the retail market in South Africa, we took interest in the finding around the market size of the host countries as a factor identified above. We found that the six countries had varied economies at different levels of growth, market sizes and competitiveness. Countries which scored high like Rwanda had strong economic growth, policy certainty (e.g. policies around repatriation of profits), low levels of poverty, more spending power by the majority of citizens, and a high dispersal and penetration of Information and Communication Technologies (ICTS), including both the Internet and mobile telephony. The availability of reliable infrastructure to support these ICTs was also considered a key factor. Countries which scored low, like Cameroon and Zimbabwe, were weighed down by factors such as policy uncertainty on the economy, low economic growth, corruption and rent-taking, ageing or non-existent infrastructure, among other factors.

4.5 Socio-cultural factors

This study also considered socio-cultural factors as key variables to retail investment by South African companies on the continent. One interesting aspect of African countries is the extent of diversity between and within countries in terms of languages and cultures. Even countries within the same geographical regions (e.g. West Africa) will sometimes differ remarkably in terms of cultures and ways of doing things (including doing business) and such social factors need to be understood and taken on board by potential investors. Within this ambit of socio-cultural factors, we also included aspects such as rural-urban population numbers and migration, shopping patterns/trends, literacy levels, gender realities, religious contexts and so on. While we did not rank countries primarily on the way this variable (socio-cultural) was constituted, we added this information as background information to assist potential investors. Some factors which cut across different countries need to be spelt out here. For example, the majority of the populations across the six countries are young (below 35), female, and in most cases, based in rural areas. There are exceptions such as Gabon, which is predominantly urban. The other important factor is that literacy rates are increasing rapidly across the six countries, although on the downside, the most literate are increasingly male. Religious and other cultural factors (including holidays, taboos, practices) play critical roles in the lives of Africans in the countries under review and these need to be taken on board by any investor.

4.6: Conclusion

This chapter identified the key factors which we considered as important variables in compiling the profiles of the individual countries under study. These factors include political, economic and socio-cultural. At the end of each country profile we conducted a SWOT analysis which identified the strengths, weaknesses, opportunities and threats in so far as investment in the retail sector was concerned. It was on the basis of this analysis that we were able to rank the countries under review. Although, as noted in Chapter 3, these rankings are not necessarily scientific, they are based on fairly detailed secondary research on individual characteristics of the different countries and the extent to which these characteristics either engender or hinder investment.

CHAPTER 5: CONCLUSION

5.1 Introduction

This study utilised the desk top research method to discuss the factors that South African retail companies could consider in search of business opportunities in the rest of Africa. A review of extant literature shows that there is a scarcity of research and databases that document and capture respectively the profiles of many African countries with respect to their retail landscapes, retail markets, population demographics and other relevant or related information that could be used to enhance decision making when evaluating potential investment destination(s) in the rest of Africa. The general lack of studies or databases that capture the necessary information for decision-making complicates the investment choices that firms could make as they expand into new and unknown markets in the rest of Africa.

This complexity is further compounded or exacerbated by the fact that many African countries have very diverse characteristics - economic, political, cultural - despite being on the same continent. Some of the notable factors that complicate, inhibit or make it difficult for South African retail companies, or other South African firms in general, when trying to penetrate markets in the rest of Africa are differences with respect to: diverse languages and cultures, market dynamics, infrastructure development, regulation and governance, diverse population demographics and settlements (i.e. urban versus rural), dependency ratio and literacy levels, differences in technological advancement and penetration, socio-economic and political dynamics (including corruption, ease of doing business and income inequality) amongst a host of other factors.

Thus, owing to the dearth of studies and databases that could aid South African retailers to make informed decisions when expanding to the north in search of potential and viable investment destination(s), this study's objectives were to:

- Discuss the potential factors that could be considered as part of the feasibility study and evaluation of the potential investment destination(s) or locales.
- Use the SWOT analysis to evaluate the strength, weaknesses, opportunities and threats that could be present in the countries under study.
- Categorically evaluate the countries under study, based on the findings from the facts and figures obtained through desktop research as explained in the methodology section

- and then rank these countries from best to worst terms for investment (1 to 6, with 1 being the best and 6 the worst).

The chapter is divided into different subsections. Section 5.2 presents a summary of the factors to be considered when deciding to expand the retail business into the rest of Africa. Section 5.3 summarises the various methods or models that retailers could use to enter potential African markets. Section 5.4 presents an overall overview of the countries considered for this study and provides a recommendation based on a ranking order of the countries under study. Thereafter, section 5.5 concludes the chapter, making suggestions for future research.

5.2 Factors to consider when expanding into African markets

Many factors have been discussed and suggested as possible drivers that promote retail businesses' expansion into African markets. Several studies, as discussed in the review of literature, have noted progress in governance and political progress in many African countries. Thus, there is documented evidence in the literature that shows the transition towards better administration and democracy, coupled with political stability in most countries in Africa, albeit the fragility of peace treaties observed in a few others. Similarly, with the advent of the new political dawn, better governance and return to democracy, there are also signs of a large wave of urban growth as many people, especially the young, migrate from rural to urban areas in search of job opportunities and better living standards. Urban growth is argued to spur huge social, economic and environmental changes, which also present opportunities for firms expanding into those markets that are experiencing the new wave in urban growth.

In addition to the general rise in urban populations, evidence from prior research and archival data from large international organisations such as the IMF, World Bank and African Bank, also show that there is a growing middle class in Africa. The emergence of the middle-income group suggests a general rise in the spending power on consumer goods and services in Africa. This also signals a general rise in income growth. Similarly, evidence in prior studies as discussed in the literature review section shows that the population dynamics in Africa are also skewed towards the young. Thus, the demographic changes show that the population in African countries consists of a larger, younger and more affluent population, which is argued to drive consumption.

Furthermore, with the advent of the use of technology in shopping and related services, that is virtual shopping, evidence in prior studies and other sources show an escalating digital connectivity across African countries, albeit with varying levels of technological progress and penetration. However, the escalating digital connectivity has led to higher internet and mobile penetration in some countries, most notably in the urban areas, where most of the people use a mobile (cell phone) or have access to broadband or mobile internet or both. This is especially an important infrastructural development and strategic move in Africa, given that there is now a considerable move from the traditional brick and mortar shops to virtual platforms that allow people to buy goods and services in the comfort of their homes and offices. In a similar vein, due to technology and various platforms such as WhatsApp and the complementary marketing tools that accompany these platforms, consumers are becoming more informed, many of whom are now seeking greater convenience in their shopping.

Other studies suggested that evaluation of GDP growth is also important when considering expansion beyond borders. Although a high growth rate in GDP could be considered as an indication of rapid growth and a potential investment destination, the warning in extant studies is that making decisions on that basis only could prove to be catastrophic as some countries could be growing from a very low base. Furthermore, evidence in prior studies shows that ignoring countries with low growth rates could also be problematic in that some of these economies could be the most established markets - take for instance, South Africa, Kenya or Egypt.

5.3 Models that could be used as strategies for penetrating African markets

In addition to a consideration of the various factors that could impact decision making in evaluating business investment opportunities in Africa, there is also an additional decision that needs to be made in terms of models that could be used as entry strategies. Once potential destination(s) have been identified, firms will now have a choice between various models, each of which is considered based on its merits and demerits. For instance, firms could choose to enter into a partnership with the locals, respect local knowledge and understand the local environment, consider local product ranges and the distribution channels and making sure that the products are tailored to the tastes and preferences of the local people, rather than bringing goods from the domestic country, which is often a mistake that many firms make when expanding into another country. Similarly, firms should know the characteristics of their customers in their host country as well as their lifestyles, also considering the inflexibility some regions might have in terms of what they could consume.

On the other hand, firms should demonstrate knowledge of the local distribution channels and networks within their chosen market destination. If a firm chooses to offer domestic products in a foreign market, the firm should not enter the market in full swing, but rather start small and expand output over time, as this would give it enough time to understand the market and respond to its needs accordingly. This also allows the firm to build brand and product acceptance before it can be launched in full swing.

Furthermore, firms wishing to expand beyond domestic boundaries need to consider various investment decisions after the target destination(s) and other factors have been considered. In this category, firms have a range of alternatives to choose from. First, the firm could choose to establish its own outlets, enter into a joint venture or acquire a shareholding in an existing business, all depending on the individual characteristics of the market it is penetrating. Considerations should also be taken to account about the future outlook of the industry in terms of customer behaviour, and the use of traditional brick and mortar outlets or virtual or cybernetic models.

In terms of financing, firms may consider equity partnerships, as the firm will be able to: benefit from local knowledge, reach the consumers sooner as it will be able to utilise existing networks, address empowerment issues and be closer to its market. Care should be taken here, as an equity partnership could result in problems, particularly if business practice and ethics do not converge and if there is a risk of a possibility of funding disputes. Other firms enter foreign markets based on large contracts, privatisation and the drag effect, as explained in the review of literature.

5.4 An overview of the rankings of a selected few countries

The countries under consideration were ranked from 1 to 6 based on a categorical scrutiny, after considering the SWOT analysis for each country and the other factors that were discussed in the study. Based on this ranking, this current study shows that the ranking of the countries, from best to worst stand as follows; Rwanda; Ethiopia; Uganda; Gabon; Cameroon and Zimbabwe. These are the rankings as we stand, but this could change depending on circumstances beyond what this study could predict owing to the uncertainty about the future.

5.5 Conclusion and suggestions for further research

This study sought to provide a comprehensive profile of selected African countries with a view to assessing their attractiveness (or otherwise) as investment destinations for South African retail companies. The research was premised on desk research. The study identified political, economic and socio-cultural factors as key variables that South African investors need to consider when assessing where to invest on the continent. These factors are obviously not static, but constantly changing as the continent itself is changing. We found that political factors, particularly political stability and policy certainty, constitute one of the most important factors to consider. The state of the economy, competitiveness, ease of doing business, market size, availability of reliable infrastructure, and the dispersion and penetration of Information and Communication Technologies (ICTS) also came is invaluable factors to consider as well. Finally, the socio-cultural milieu of the individual countries also played an important role. These vary from language, ethnic makeup, religious beliefs and practices, rural-urban 'divides', population age, literacy levels and gender and other social dynamics.

A shortcoming of this study was the fact that it was based on desktop research on secondary literature. Future research could consider more qualitative approaches such as interviews with both investors (from SA) to capture their experiences on the continent thus far, as well as interviews and focus groups with key players in the host countries to get a sense of their experiences of South African retail investments in their countries and the impact thereof.

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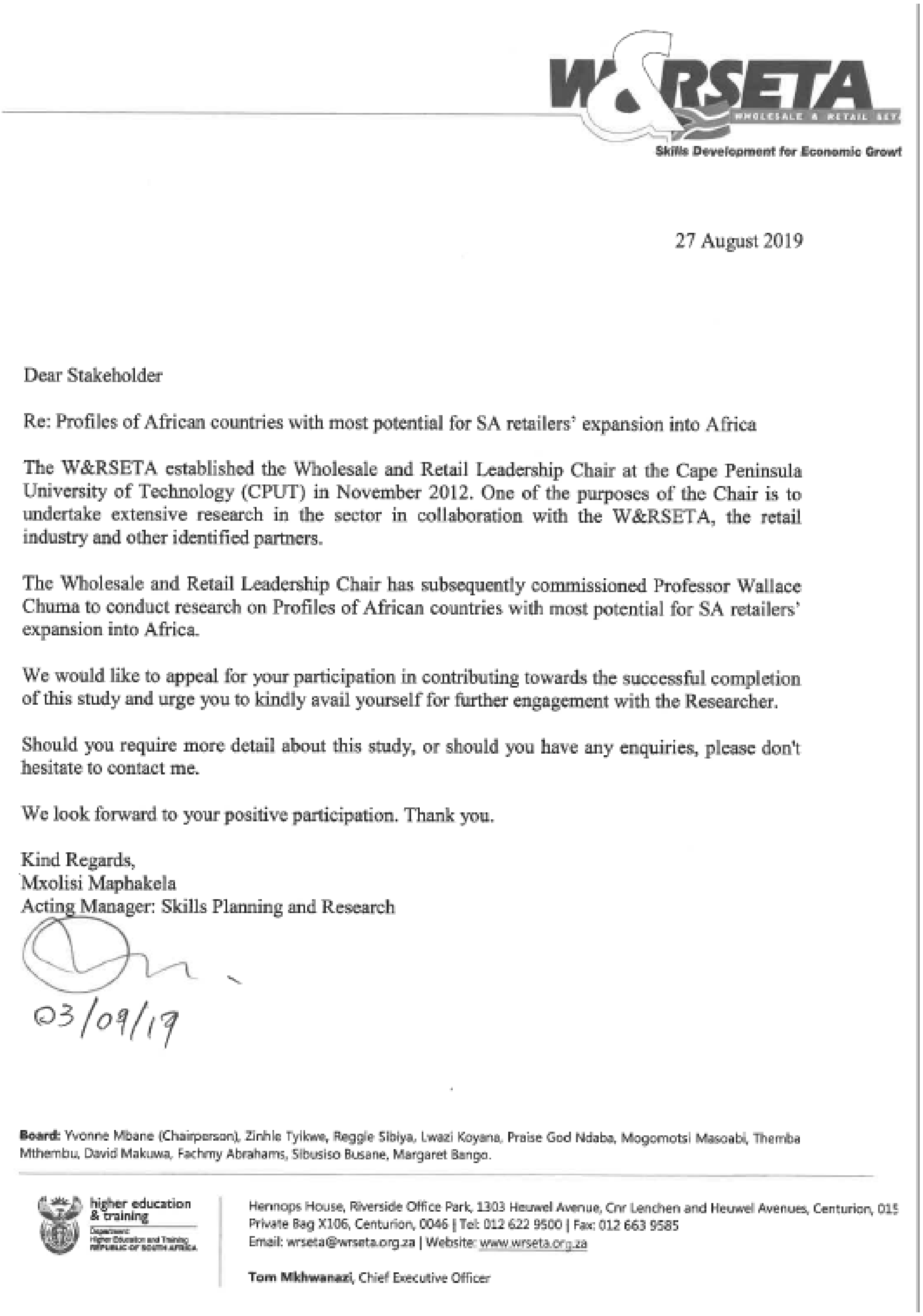
APPENDICES

Appendix A – W&RSETA Introduction Letter



W&RSETA
WHOLESALE & RETAIL SET
Skills Development for Economic Growt

27 August 2019

Dear Stakeholder

Re: Profiles of African countries with most potential for SA retailers' expansion into Africa

The W&RSETA established the Wholesale and Retail Leadership Chair at the Cape Peninsula University of Technology (CPUT) in November 2012. One of the purposes of the Chair is to undertake extensive research in the sector in collaboration with the W&RSETA, the retail industry and other identified partners.

The Wholesale and Retail Leadership Chair has subsequently commissioned Professor Wallace Chuma to conduct research on Profiles of African countries with most potential for SA retailers' expansion into Africa.

We would like to appeal for your participation in contributing towards the successful completion of this study and urge you to kindly avail yourself for further engagement with the Researcher.

Should you require more detail about this study, or should you have any enquiries, please don't hesitate to contact me.

We look forward to your positive participation. Thank you.

Kind Regards,
Mxolisi Maphakela
Acting Manager: Skills Planning and Research

03/09/19

higher education & training
Department: Higher Education and Training
REPUBLIC OF SOUTH AFRICA

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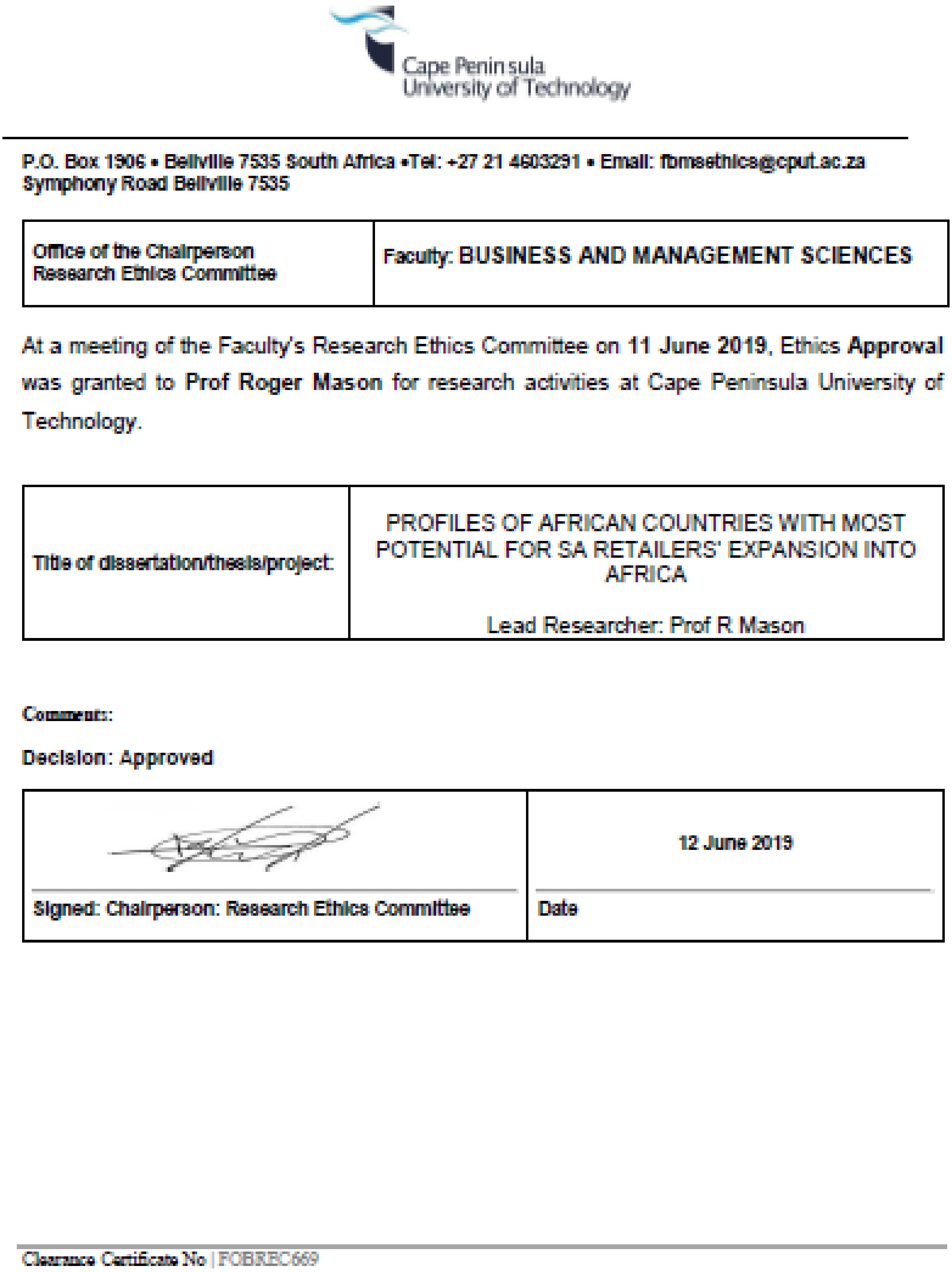
Tom Mkhwanazi, Chief Executive Officer

Appendix B – Ethics clearance



Cape Peninsula University of Technology

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Office of the Chairperson **Research Ethics Committee**	**Faculty: BUSINESS AND MANAGEMENT SCIENCES**

At a meeting of the Faculty's Research Ethics Committee on **11 June 2019**, Ethics **Approval** was granted to **Prof Roger Mason** for research activities at Cape Peninsula University of Technology.

Title of dissertation/thesis/project:	PROFILES OF AFRICAN COUNTRIES WITH MOST POTENTIAL FOR SA RETAILERS' EXPANSION INTO AFRICA Lead Researcher: Prof R Mason

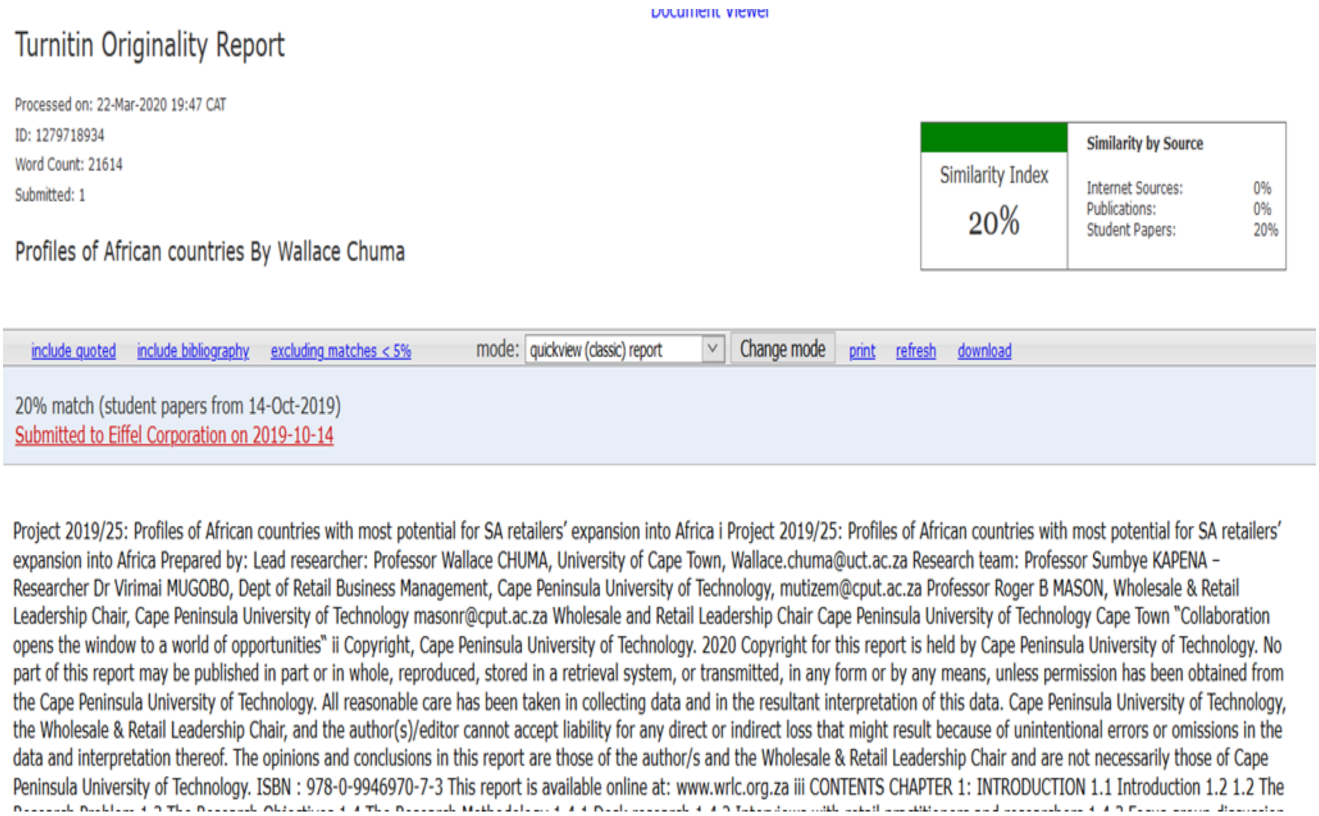
Comments:

Decision: Approved

	12 June 2019
Signed: Chairperson: Research Ethics Committee	**Date**

Clearance Certificate No | FOBREC669

Appendix C – TURNITIN Similarity report



Turnitin Originality Report

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Word Count: 21614
Submitted: 1

Profiles of African countries By Wallace Chuma

Similarity Index	Similarity by Source	
20%	Internet Sources:	0%
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	Student Papers:	20%

mode: quickview (classic) report

20% match (student papers from 14-Oct-2019)
Submitted to Eiffel Corporation on 2019-10-14

Project 2019/25: Profiles of African countries with most potential for SA retailers' expansion into Africa i Project 2019/25: Profiles of African countries with most potential for SA retailers' expansion into Africa Prepared by: Lead researcher: Professor Wallace CHUMA, University of Cape Town, Wallace.chuma@uct.ac.za Research team: Professor Sumbye KAPENA – Researcher Dr Virimai MUGOBO, Dept of Retail Business Management, Cape Peninsula University of Technology, mutizem@cput.ac.za Professor Roger B MASON, Wholesale & Retail Leadership Chair, Cape Peninsula University of Technology masonr@cput.ac.za Wholesale and Retail Leadership Chair Cape Peninsula University of Technology Cape Town "Collaboration opens the window to a world of opportunities" ii Copyright, Cape Peninsula University of Technology. 2020 Copyright for this report is held by Cape Peninsula University of Technology. No part of this report may be published in part or in whole, reproduced, stored in a retrieval system, or transmitted, in any form or by any means, unless permission has been obtained from the Cape Peninsula University of Technology. All reasonable care has been taken in collecting data and in the resultant interpretation of this data. Cape Peninsula University of Technology, the Wholesale & Retail Leadership Chair, and the author(s)/editor cannot accept liability for any direct or indirect loss that might result because of unintentional errors or omissions in the data and interpretation thereof. The opinions and conclusions in this report are those of the author/s and the Wholesale & Retail Leadership Chair and are not necessarily those of Cape Peninsula University of Technology. ISBN : 978-0-9946970-7-3 This report is available online at: www.wrlc.org.za iii CONTENTS CHAPTER 1: INTRODUCTION 1.1 Introduction 1.2 1.2 The

Although 20% may be considered high, this is acceptable since a large proportion of the report (Section 3.2) is made up of extracts from various data sources and economic statistics and commentary for each of the countries. The sources are listed in 'REFERENCE SOURCES FOR THE COUNTRY PROFILES' on page 60, and cited in Section 3.2 wherever relevant.