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Deloitte on Africa
The "New" Economies in Africa

"Investing in Africa" is a common phrase these days, yet, the question begs, how does one approach a continent of 54 countries with a diverse array of economic, socio-cultural, political, and environmental landscapes for investments. The investment opportunities offered by each country also differ substantially, a fact often not recognised.

The recent rise of regional hubs across the continent has been garnering attention as countries acknowledge that full integration within these regional hubs is key to improving the often-reported difficulties of conducting cross-border business on the continent. In addition, full integration brings with it the potential for increased investment flows into the continent through economies of scale, enabling Africa to participate in the world economy as a truly global competitor. The purpose of this paper is to focus on opportunities created by the emerging "new" economies and cross-border trade within these regional hubs; namely Central Africa, East Africa, North Africa, Southern Africa, and West Africa.

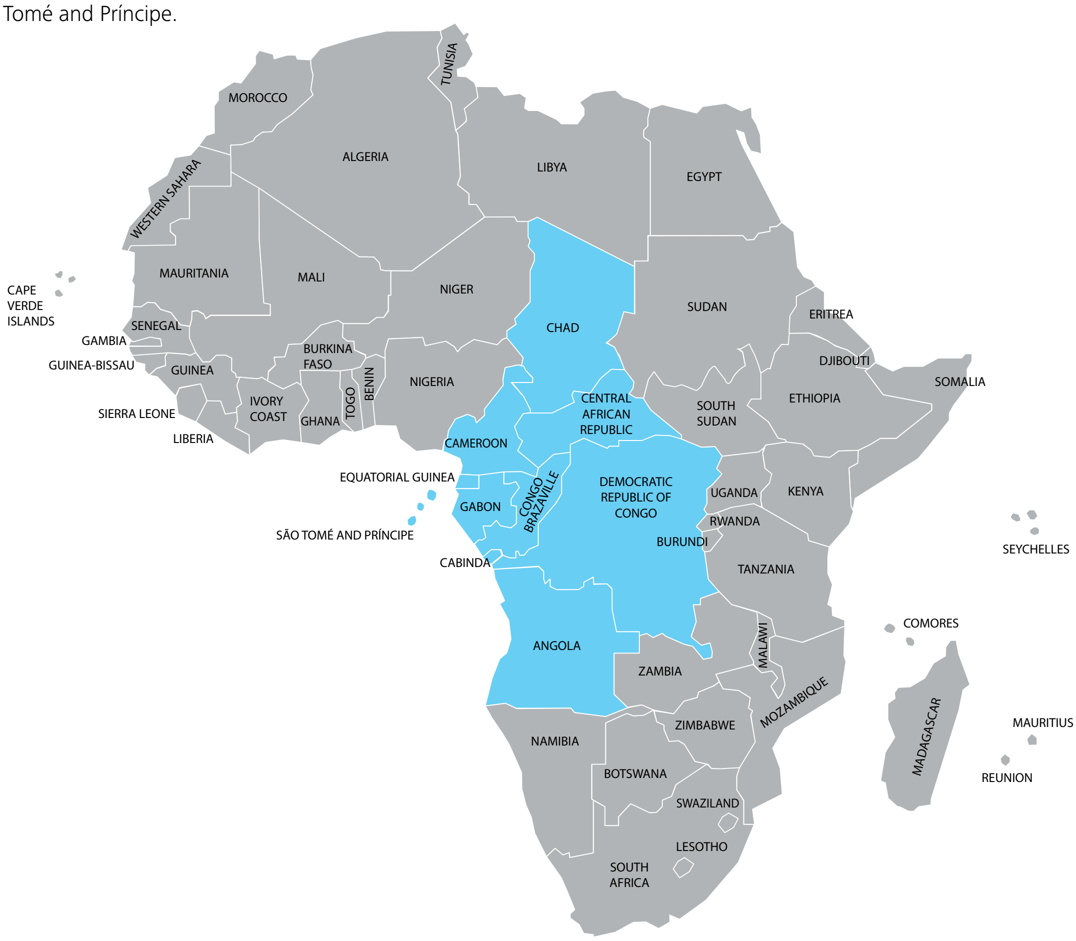
There is a rise in cross-border purchases within the continent, whether formal or informal, which are essential features of market economies. Cross-border consumers visit other countries for short periods, with shopping as their main purpose. The goods they buy range from clothes to car engines and are generally on-sold in their home countries or taken back to their families. Cross-border trade has the ability to have positive macro-economic and social ramifications. These include food security and income creation, particularly for rural populations on the continent that would otherwise suffer from social exclusion.

Each regional hub will be discussed individually in the document.

"Investing in Africa" is a common phrase these days, yet, the question begs, how does one approach a continent of 54 countries with a diverse array of economic, socio-cultural, political, and environmental landscapes for investments.

Central Africa Hub

Central African countries (based on the UN sub-regions classification), are Angola, Cameroon, Chad, Congo, Central African Republic, Democratic Republic of Congo, Equatorial Guinea, Gabon, and São Tomé and Príncipe.



Regional Hub	Country (Ranked by GDP size)	2012 GDP Estimate (Billions USD)	GDP % Change Year-on-Year (2012)	2011 Inflation Rate	2012 Population Estimate (Millions)
Central Africa	Angola	114.8	6.8	13.5	20.2
Central Africa	Cameroon	24.5	4.7	2.9	21.5
Central Africa	Equatorial Guinea	20.6	5.7	6.9	1.4
Central Africa	Democratic Republic of the Congo	17.7	7.1	*	74.7
Central Africa	Gabon	16.8	6.1	1.3	1.5
Central Africa	Republic of Congo	13.7	4.9	1.3	4.1
Central Africa	Chad	9.7	7.3	-4.9	10.7
Central Africa	Central African Republic	2.2	4.1	1.3	4.9
Central Africa	São Tomé and Príncipe	0.3	4.5	11.9	0.2

** Data unavailable*
Sources: World Bank, and IMF World Economic Outlook Database

The Central African region abounds with oil, gas, mineral and mining resources such as diamonds, copper, gold, and uranium. The oil reserves in the region are estimated at 31.3 billion barrels, representing 28% of the continent's total reserves, of which 57% is from Angola. In addition, climatic conditions and the availability of quality arable land favour agricultural development in products such as cotton, coffee, tobacco, yams, maize, bananas, and cassava. The region has the continent's largest hydro-electric potential with the immense water network density which accounts for 60% of Africa's hydro-power potential (African Development Bank, 2011).

Central Africa's pivotal and strategic position makes it a potentially preferred transit zone between regions of the continent, however, it is considered the least integrated in terms of road density and intra-regional trade. The opportunities that come with this challenge include railway lines and road infrastructure (80% of movement of goods and people is by land), air transportation, building the capacity to coordinate the management of infrastructure, and Public-Private Partnerships.

Angola, after Nigeria, is Africa's second largest oil producer accounting for about 47% of its total gross domestic product (GDP). Should global oil prices fall, this would have significant negative consequences for the Angolan economy. To curb some of these possible negative consequences, Angola is promoting investment to diversify revenue in the country and in the Central African region. In 2011-2012, Angola introduced a new investment regime applicable to national and foreign investors that invest in developing areas, special economic zones or free trade zones. This offers investors several incentives in a wide range of industries, including agriculture, manufacturing, rail, road, port and airport infrastructure, telecommunications, energy, health, education and tourism.

Angola: Boosting investments

6.8 GDP Growth (GDP % Change)

114.6 GDP Size (Billions USD)

20.2 Population (Millions)

The 2013 Economist Intelligence Unit (EIU) reported that Angola has introduced a new mining code aimed at encouraging investment into its mining sector and helps to diversify its economy away from oil and gas. The new mineral code aims to bring a greater level of transparency to the industry, improve guarantees for foreign investors and safeguard the environment and local jobs. However, infrastructural improvements will be necessary if the country is to achieve its aim of becoming a mining powerhouse. The government is keen to open up the mothballed shafts and resume exploration. Railways, roads and ports are being repaired, and prospecting and exploration for iron ore, gold and copper have already begun at several sites. Medium-term plans include the construction of aluminium and steel smelters, which would add value to Angolan exports and potentially create substantial numbers of jobs.

The supply of sufficient electricity to power such units could prove challenging – this provides the Central Africa hub another reason to explore the hydro-electric power generation opportunity.

Source: Economist Intelligence Unit

Mining in DRC

7.1 GDP Growth (GDP % Change)

17.7 GDP Size (Billions USD)

74.7 Population (Millions)

The DRC mining sector contributes about 28% to its GDP. The mining sector has been the focal attraction for the investment inflows into the country over the past couple of years. The EIU expects the mining sector to continue to provide the primary impetus for growth, given the vast unexploited reserves of copper, cobalt, and gold. DRC, after Zambia, is Africa's largest producer of copper and the number one source of the world's cobalt ore (about 50%) as well as tantalum which is used in electronics. Cobalt holds a critical role in the future green energy economy for its use in solar panels and for its use in the rechargeable batteries used in electric vehicles and consumer electronics (Ahead of the Herd, Richard Mills)

DRC holds 30% of the world's diamond reserves and 70% of the world's reserves of columbite-tantalite, known as coltan, which is used in electronic devices. Investment in infrastructure and power supply in the DRC is fundamental to sustain the economy through mining activities.

East Africa Hub

East African countries (based on the African Development Bank subregions) are Burundi, Comores, Djibouti, Eritrea, Ethiopia, Kenya, Rwanda, Seychelles, Somalia, South Sudan, Tanzania, and Uganda.

Regional Hub	Country (Ranked by GDP size)	2012 GDP Estimate (Billions USD)	GDP % Change Year-on-Year (2012)	2011 Inflation Rate	2012 Population Estimate (Millions)
East Africa	Ethiopia	41.9	7.0	33.2	88.9
East Africa	Kenya	41.8	5.1	14.0	42.1
East Africa	Tanzania	28.0	6.5	12.7	43.0
East Africa	Uganda	20.5	4.2	18.7	35.6
East Africa	South Sudan	11.4	-55.0	*	10.4
East Africa	Madagascar	10.1	1.9	9.5	22.4
East Africa	Rwanda	7.0	7.7	5.7	10.4
East Africa	Eritrea	3.1	7.5	*	5.7
East Africa	Burundi	2.5	4.2	9.7	8.8
East Africa	Djibouti	1.4	4.8	4.4	0.9
East Africa	Seychelles	1.0	3.0	2.6	0.1
East Africa	Comores	0.6	2.5	0.9	0.7

** Data unavailable*

Sources: World Bank, and IMF World Economic Outlook Databasee

East Africa is a region overflowing with potential and it is considered one of the most integrated hubs in the continent. The East Africa Community (EAC), formed in 1967, has a history of co-operation and integration amongst East African countries. EAC comprises of Kenya, Uganda, Tanzania, Rwanda and Burundi. EAC is at an advanced stage of development and integration and is often touted as the best example of a well-functioning regional bloc in Africa.

From agriculture to minerals to tourism to energy, investment opportunities abound. Agriculture is one of the East African region's most important sectors, with about 80% of the population depending on agriculture for their livelihood. Countries such as Uganda, Tanzania, Ethiopia and Somalia are generally recognised as sources of non-processed tradable goods consumed in Kenya and South Sudan. Kenya is a major source of manufactured goods sold informally into the region. With regard to non-processed goods, food items are the most traded to satisfy the huge demand in the horn of Africa and to mitigate ecological variations.

East Africa is also home to Ethiopia, which has been ranked one of the fastest growing economies in the world – and still among the fastest growing non-oil producing economies in the continent. With a population of 90 million, Ethiopia is sub-Saharan Africa's second most populous country, after Nigeria. The agricultural sector, which accounts for 80% of employment and contributes more than 40% in GDP, remains a key source of growth. 94% of total exports are coffee, oil seeds, khat (Arabian tea), and flowers.

There are key opportunities in Ethiopia to support the economy's expansion:

- Agriculture and agro-industry will benefit from the movement of subsistence farmers into the commercial economy, facilitated by the expansion of road, power and market networks.
- Agro-processing is a growth area as evidenced by the Ethiopian Sugar Corporation who has recently signed agreements with China Development Bank covering construction of two refineries. This forms part of a US$5.5 billion scheme involving the construction of ten cane factories, and the boosting of sugarcane production. If successful, this is expected to make Ethiopia one of the top 10 global exporters of sugar by 2025.
- There is focus to diversify income streams and export by increasing high value items such as processed leather products, textiles and garments.
- Ethiopia has inaugurated the first phase of a wind-power project (Adama I) and announced a second wind scheme to broaden the country's power base. The government continues to focus on hydro-projects as well. Investments in hydro-power have made Ethiopia a net exporter of electricity to neighbouring countries.

Infrastructure investment remains a key focus to promote trade within the country and the regional hub.

Ethiopia: Infrastructure investments

7.0 GDP Growth (GDP % Change)

41.9 GDP Size (Billions USD)

88.9 Population (Millions)

China, Ethiopia, and South Sudan have all announced the opening and operation of a new highway financed by the Chinese between the two East African countries. The primary trade between these countries is South Sudan providing oil to Ethiopia and Ethiopia providing South Sudan with electricity and agricultural products. The aim of the new motorway is to promote trade and development in the region. The new highway runs over 100 kilometres in length, and connects the Ethiopian town of Asossa with the Sudanese town of Kumruk, making trade and visits considerably easier for traders and travellers.

The cost of over US$27 million was underwritten by China and opens up another route permitting landlocked Ethiopia to trade within the region and her direct neighbours.

Ethiopia is also part of Kenya's LAPSSET (Lamu Port and South Sudan Ethiopia Transport) project which is set to build a new deep sea harbour near Lamu and then link Kenya with Ethiopia and South Sudan by highway and railway, at last giving Ethiopia a reliable and safe route for imports and exports (Bikya News). This also secures Kenya's position as a key trading hub.

North Africa Hub

North African countries (based on the UN sub-regions classification), are Algeria, Egypt, Libya, Morocco, Sudan, Tunisia, and Western Sahara.

Regional Hub	Country (Ranked by GDP size)	2012 GDP Estimate (Billions USD)	GDP % Change Year-on-Year (2012)	2011 Inflation Rate	2012 Population Estimate (Millions)
North Africa	Egypt	255.0	2.0	10.1	82.0
North Africa	Algeria	206.5	2.6	4.5	36.5
North Africa	Morocco	97.2	2.9	0.9	32.5
North Africa	Libya	85.1	121.9	*	6.6
North Africa	Sudan	51.6	-11.2	*	33.5
North Africa	Tunisia	44.7	2.7	3.6	10.8
North Africa	Western Sahara	*	*	*	*

** Data unavailable*

Sources: World Bank, and IMF World Economic Outlook Database

Like Central African countries, North African countries are also considered to be less integrated in terms of road density and intra-regional trade. While the road network and the quality of transport infrastructure in North Africa surpass the African average, it is the limited intra-regional trade that is a major problem. North African countries trade more internationally, mostly with the European Union (EU) and other Organisation for Economic Co-operation and Development (OECD) countries, than intra-regionally. The current regional transportation structure in Morocco, Algeria, Tunisia, Libya, and Egypt does not promote cross-border trade.

Economic growth in North Africa was almost stagnant in 2011 due to the uprisings in the region. Investments fell by at least 42% within the region. The economies in this regional hub are picking up the pieces in the aftermath of these uprisings. By way of example, the case study below illustrates how Libya is emerging as a new economy in North Africa:

Libya: What lies ahead?

121.9 GDP Growth (GDP % Change)

85.1 GDP Size (Billions USD)

6.6 Population (Millions)

Real GDP contracted by 61.4% in 2011, owing to the effects of the civil war, and EIU estimates that it rebounded by 92.1% in 2012 on the back of a recovery in oil output and exports.Reconstruction in the immediate aftermath of the civil war and the subsequent development of new infrastructure will provide lucrative opportunities for foreign investors in Libya. Provided that the government is able to restore security, foreign firms will be eager to return to Libya. In the long-term, the country's positive economic outlook and youthful demographic profile mean that Libya will continue to attract strong interest from foreign investors. The demand for consumer goods, in particular, will grow as a result of rising incomes and the removal of restrictions on imports and private sector activity. The tourism sector will develop as investors attempt to capture Libya's potential in this area.

The recovery in Libya presents a unique opportunity for this North African country to share its resources with its neighbouring countries. In January 2013, it was reported that a shipping line will be created between Tunisia and Libya.

Some of the focus areas for Libya include:

- Reform the private sector and create opportunities by supporting entrepreneurs and small businesses.
- Minimise the inefficiencies of Libya's economy that stand in the way of tangible improvements in the business environment.
- Improve the education system to adequately prepare students to meet the demands of the labour market.
- Improve the insufficient or outdated infrastructure so as not to hinder the energy sector's ability to keep pace.
- In addition, the Infrastructure Libya 2013 summit that will be held in April 2013 aims to announce strategic plans for Libya's economic future and to release budgets for public sector spending to modernise the country's oil/gas and infrastructure sectors.
- Prioritise across all sectors including building & construction; public works & municipal engineering; transport & communications; power & electricity; water & environment; and safety & security.

Sources: Economic Intelligence Unit and InfrstuctureLibya.com

West Africa Regional Hub

The United Nations definition of Western Africa includes the following 16 countries: Benin, Burkina Faso, Cape Verde, Ivory Coast, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, and Togo.

Regional Hub	Country (Ranked by GDP size)	2012 GDP Estimate (Billions USD)	GDP % Change Year-on-Year (2012)	2011 Inflation Rate	2012 Population Estimate (Millions)
West Africa	Nigeria	272.6	7.1	10.8	164.8
West Africa	Ghana	40.1	8.2	8.7	24.9
West Africa	Côte d'Ivoire	24.3	8.1	4.9	23.4
West Africa	Senegal	14.0	3.7	3.4	13.8
West Africa	Burkina Faso	10.3	7.0	2.8	17.4
West Africa	Mali	9.6	-4.5	2.9	16.3
West Africa	Benin	7.5	3.5	2.7	9.4
West Africa	Niger	6.6	14.5	2.9	15.6
West Africa	Guinea	5.7	4.8	21.4	10.9
West Africa	Mauritania	4.1	5.3	5.7	3.6
West Africa	Sierra Leone	3.8	21.3	16.2	6.2
West Africa	Togo	3.6	5.0	3.6	6.3
West Africa	Cape Verde	1.9	4.3	4.5	0.5
West Africa	Liberia	1.8	9.0	8.5	4.0
West Africa	The Gambia	0.9	-1.6	4.8	1.8
West Africa	Guinea-Bissau	0.9	-2.8	5.0	1.7

Sources: World Bank, and IMF World Economic Outlook Database

Nigeria is considered to be the centre of the West African hub. Studies show that there is a high level of informal cross-border trade in the region - the largest informal trade flows in the four West Africa countries of Nigeria, Côte d'Ivoire, Ghana, and Senegal - relating to manufactured goods made locally and imported from the rest of the world. These flows are due to inequities in national economic development and, like the trade in petroleum products, responses to weaknesses in supply caused by the nascent industrial sector. This cross-border trade also illustrates the African hinterland's dependence on industrialised countries.

What is West Africa doing to ensure that regional integration is the driving force of economic growth? Can West Africa grow new economies through effective regional integration while minimising the negative effects of informal cross-border trade? Economic Community for West African States (ECOWAS) is making provision, with assistance from the EU, for the construction of five Joint Border Posts (Nigeria–Benin, Togo–Ghana, Benin–Niger, Togo–Burkina Faso, and Burkina Faso–Ghana). This initiative aims to reduce the formalities and required time for goods and persons to cross borders as well as to help check irregular practices, e.g. the smuggling of goods or informal trade (African Development Bank).

One of the success stories in the region is the journey that Mali and Senegal experienced by aligning resources to develop "Kati-Kita-Saraya" road. This was in an effort to improve roads in the Bamako-Dakar corridor and to better facilitate the transport of goods between these areas. Apart from improved trading conditions between the two countries, this resulted in the improvement of secondary roads along the corridor as well as the construction of schools and health clinics along these routes.

Ghana rising

8.2 GDP Growth (GDP % Change)

40.1 GDP Size (Billions USD)

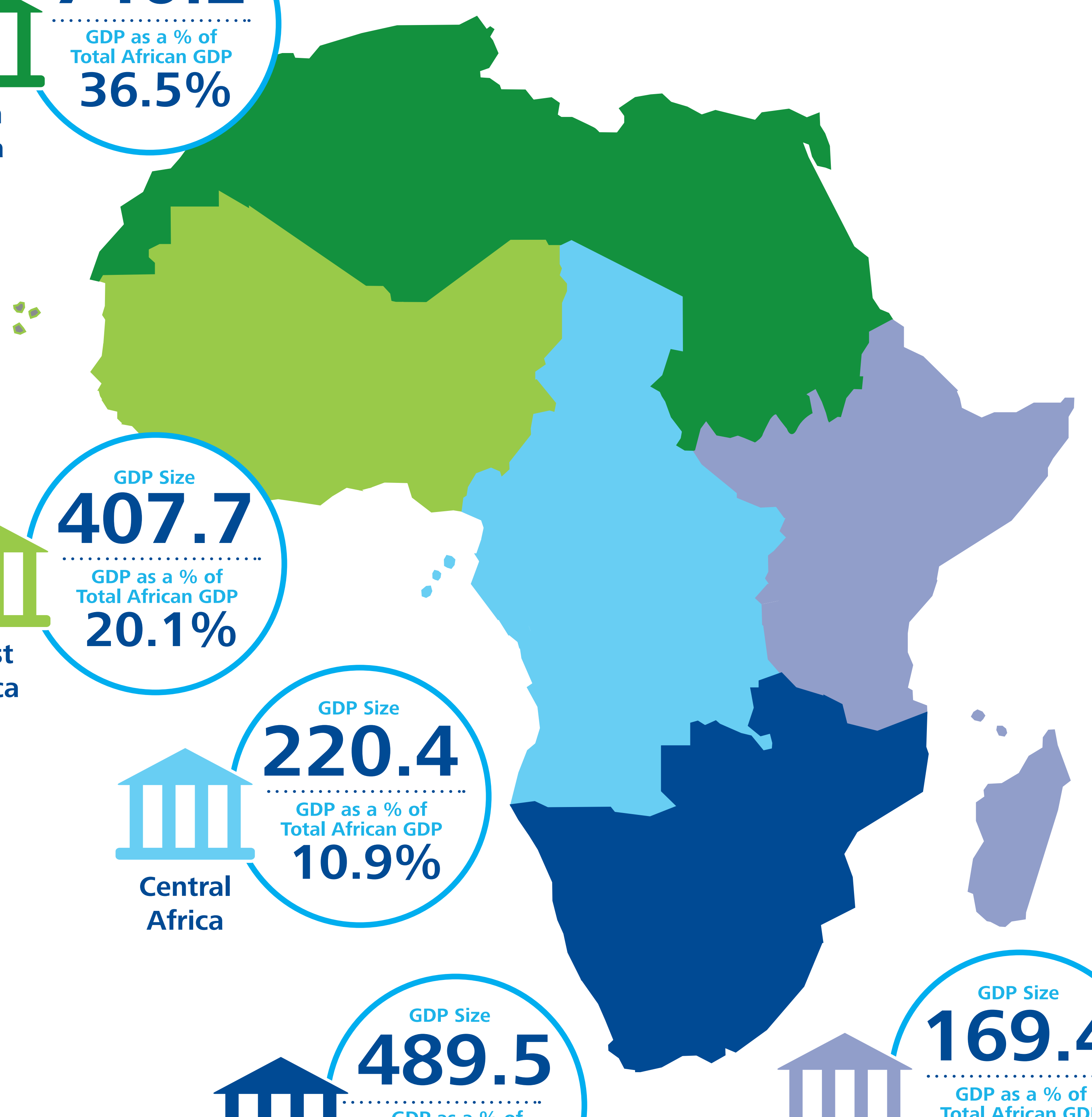
24.9 Population (Millions)

Ghana, as of 2011, is one of the top 10 fastest growing economies in the world, and the fastest growing economy in Africa with a 13.4% growth rate. Ghana's growth can largely be attributed to increased oil production, gold, timber, cocoa, diamond, bauxite, and manganese. Oil was discovered in 2007, which has contributed to faster economic growth. Ghana has been a stable democracy since 1992, and is considered a model for prudent political and economic reform. Although it is still classified as a Lower-Middle-Income country by the World Bank, this is an emerging economy in the West Africa hub.

Robust expansion is also expected in the services sector—particularly in telecommunications and construction. Stronger ties with China will contribute to growth, especially in infrastructure development and resource extraction. Emerging middle class will drive consumption growth. As with other economies, with an increase in economic activities, there is an increased need for infrastructure development. Public-Private partnership is seen as key to the economic reform agenda and strategy to increase private sector involvement in infrastructure and public service delivery.

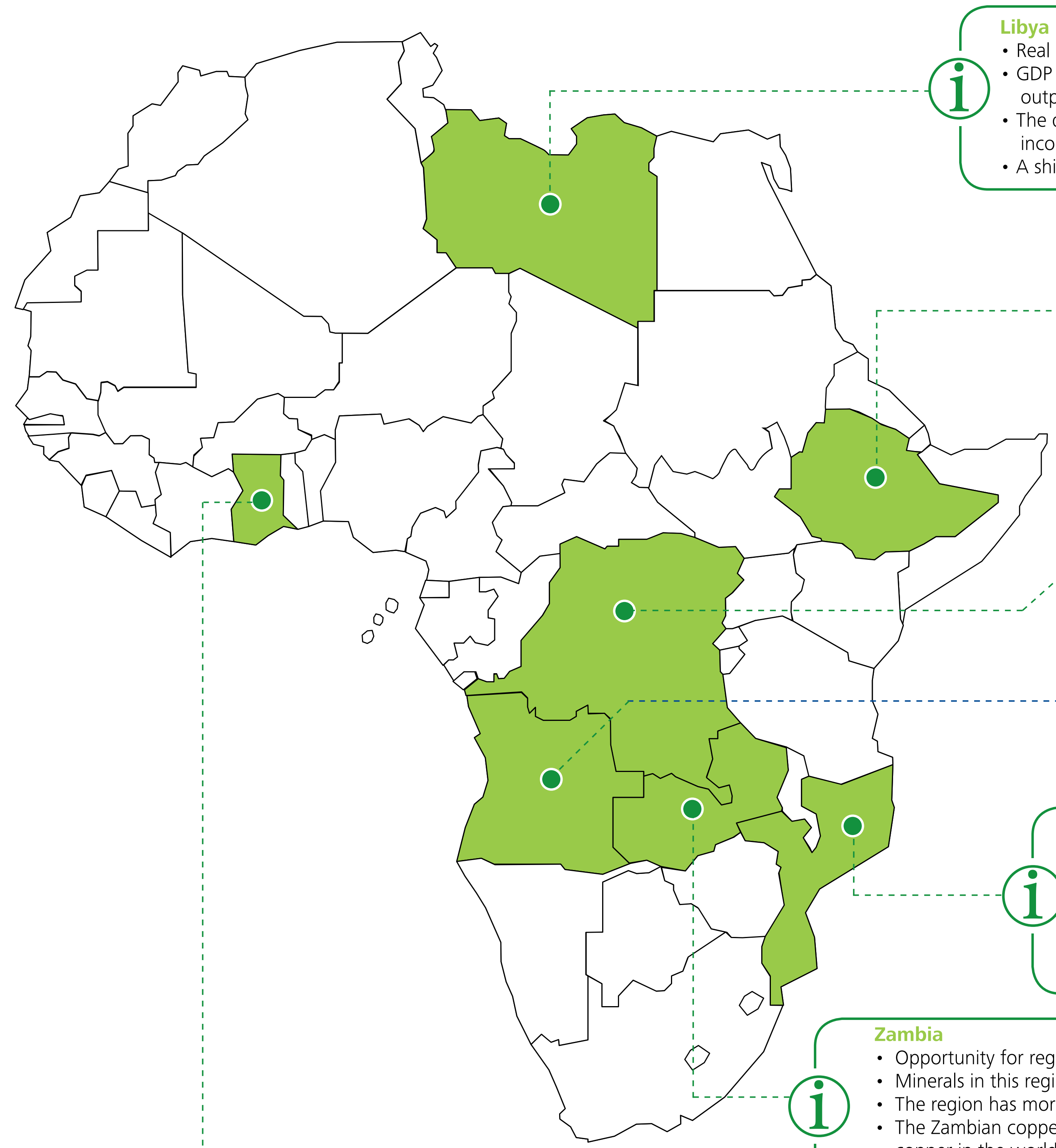
GDP in Africa.

GDP (Billion USD) by Regional Hub



Region	GDP Size	GDP as a % of Total African GDP
North Africa	740.2	36.5%
West Africa	407.7	20.1%
Central Africa	220.4	10.9%
Southern Africa	489.5	24.2%
East Africa	169.4	8.4%

"New Economies" at a glance



Libya
- Real GDP contracted by 61.4% in 2011, owing to the effects of the civil war.
- GDP expected to increase by 92.1% in 2012 on the back of a recovery in oil output and exports.
- The demand for consumer goods expected to grow as a result of rising incomes and the removal of restrictions on imports and private sector activity.
- A shipping line to be created between Tunisia and Libya.

Ethiopia
- Ranked one of the fastest growing economies in the world in 2011.
- Agricultural sector accounts for 80% of employment and more than 40% in GDP.
- US$5.5 billion scheme involving the construction of 10 cane factories, and the boosting of sugarcane production.
- Investments in hydro-power have made Ethiopia a net exporter of electricity to neighbouring countries.

Democratic Republic of Congo
- Mining sector contributes about 28% to its GDP.
- Second largest producer of copper .
- No.1 source of the world's cobalt ore, about 50%.
- 30% of the world's diamond reserves and 70% of the world's reserves of columbite-tantalite/ coltan.

Angola
- Second largest oil producer, 47% of its GDP, after Nigeria.
- Introduced a new investment regime to attract national and foreign investors.
- New mining code aimed at encouraging investment.
- Construction of aluminium and steel smelters will increase exports and employment.

Mozambique
- Mozambique made its first overseas export of coal in 2011.
- It is expected that the cumulative natural gas reserves might rank Mozambique fourth in the world for natural gas reserves in the future.
- FDI is mainly channelled into coal and gas exploration following discoveries of huge reserves.
- In 2011, Mozambique was in 5th place amongst countries receiving the most FDI.

Zambia
- Opportunity for regional integration in the Zambian Copperbelt region and the DRC acknowledged.
- Minerals in this region include copper, cobalt, silver, zinc, and lead.
- The region has more than 34% of the world's cobalt reserves.
- The Zambian copperbelt region has the largest and highest grade sediment-hosted stratiform copper in the world.
- Zambia's export of copper accounts for 80% of the country's foreign exchange earnings.

Ghana
- Ghana, as of 2011, is one of the top 10 fastest growing economies in the world.
- Fastest growing economy in Africa with a 13.4% growth rate in 2011.
- Oil was discovered in 2007.
- Ghana's growth largely attributed to increased oil production, gold, timber, cocoa, diamond, bauxite, and manganese.
- Public-Private partnership is seen as key to the economic reform agenda.

Top 10 countries ranked by estimated 2012 GDP % Growth

Country	GDP % Change Year-on-Year (2012)	2012 GDP Estimate Billions (USD)	2012 Population Estimate (Millions)	Region
Libya	121.9	85.1	6.6	North Africa
Sierra Leone	21.3	3.8	6.2	West Africa
Niger	14.5	6.6	15.6	West Africa
Liberia	9.0	1.8	4.0	West Africa
Ghana	8.2	40.1	24.9	West Africa
Côte d'Ivoire	8.1	24.3	23.4	West Africa
Rwanda	7.7	7.0	10.4	East Africa
Mozambique	7.5	14.6	22.5	Southern Africa
Eritrea	7.5	3.1	5.7	East Africa
Chad	7.3	9.7	10.7	Central Africa

Southern Africa Regional Hub

Based on general usage, Southern African hub includes Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Reunion, South Africa, Swaziland and Zambia.

Regional Hub	Country (Ranked by GDP size)	2012 GDP Estimate (Billions USD)	GDP % Change Year-on-Year (2012)	2011 Inflation Rate	2012 Population Estimate (Millions)
Southern Africa	South Africa	390.9	2.6	5.0	51.2
Southern Africa	Zambia	20.7	6.5	6.4	13.9
Southern Africa	Botswana	17.6	3.8	8.9	1.9
Southern Africa	Mozambique	14.6	7.5	10.4	22.5
Southern Africa	Namibia	12.1	4.0	5.0	2.2
Southern Africa	Mauritius	11.9	3.4	6.5	1.3
Southern Africa	Zimbabwe	10.8	5.0	*	12.6
Southern Africa	Malawi	4.5	4.3	7.6	16.6
Southern Africa	Swaziland	3.7	-2.9	6.1	1.2
Southern Africa	Lesotho	2.6	4.3	5.0	2.0

** Data unavailable*
Source: World Bank, and IMF World Economic Outlook Database

The Southern African hub is well-endowed in a variety of natural resources; it presents numerous prospects for energy generation, agriculture and agro-processing, and many value added, productive activities. Southern Africa, as a whole, therefore constitutes an enormous opportunity for growth. Intra-regional trade also remains very low compared to other developing regions, and is highly concentrated with one country. The region is home to 16.7% of the continent's population, and is responsible for over 40% of Africa's gross domestic product, valued at nearly US$430 billion (African Development Bank). This is predominately driven through South Africa.

Cross-border trade remains significant across the region with Mozambique and Zambia being the major source countries and Malawi and Zimbabwe the major recipients. There are also enormous opportunities for cross-border trade in agricultural products from areas with a food surplus to food deficit areas that result from differing seasons and production patterns. For example, Southern Malawi has maize deficit areas – nearby is northern Mozambique which is a productive area for growing maize, the main staple of the region. We will focus on the Zambian Copperbelt region and the rise of Mozambique as an emerging new economy, and key areas of focus within the Southern Africa hub.

Zambia or Copperbelt region

6.5 GDP Growth (GDP % Change)

20.7 GDP Size (Billions USD)

13.9 Population (Millions)

The opportunity for regional integration that lies in the Zambian Copperbelt region and the DRC has been recognised by many. Minerals in this region include copper, cobalt, silver, zinc and lead. The DRC and Zambia are geographically linked and the copperbelt extends from DRC's Katanga province into Zambia. The copper heartland both sides of the DRC (Katanga) and Zambia (Copperbelt) border is said to contain more than 34 percent of the world's cobalt reserves and over 10 percent of the global copper deposits.

The Zambian copperbelt region has the largest and highest grade sediment-hosted stratiform copper in the world. Zambia's export of copper accounts for 80% of the country's foreign exchange earnings. Zambia and the DRC trade in maize, flour, bread, petrol, agricultural produce, textiles (both new and second hand), semi-processed metals like copper and cobalt, as well as precious stones like diamonds (some of which freely find their way across borders).

Mozambique growth

7.5 GDP Growth (GDP % Change)

14.6 GDP Size (Billions USD)

22.5 Population (Millions)

In 2011 Mozambique made its first overseas export of coal, thus marking the birth of Mozambique as a world exporter of minerals, and paving the way for the country to secure its future fiscal sustainability through yields from natural resources. Although the first export in 20 years was only made in 2011, Mozambique has grand ambitions to become the world's biggest coal exporter within a decade. Coal is not the only resource at the government's disposal. If proven correct, the cumulative natural gas reserves will rank Mozambique fourth in the world for natural gas reserves behind the three giants, Russia, Iran and Qatar.

EIU expects real GDP growth to continue rising from 7.4% in 2012 to 8% in 2013. Coal mining and investment in new transport infrastructure are expected to support brisk average real GDP growth throughout the forecast period. There has been a recent discovery of significant quantities of natural gas offshore. Foreign direct investment (FDI), which has mainly been channelled into coal and gas exploration following discoveries of huge reserves, reached an all-time high in 2011, putting Mozambique in fifth place amongst countries receiving the most FDI. Delays in the development of railway and port infrastructure might, however, undermine economic growth by hindering the expansion of the coal mining sector, e.g. weak logistics base to carry the coal to ports on the Indian Ocean. Infrastructure development is needed to sustain the economic growth.

Regional Economic Communities are deepening regional economic integration through working together on market integration, infrastructure development and industrial development.

In the area of infrastructure, the efficiency and reliability of transport corridors are improved through addressing infrastructure constraints and operational inefficiencies, improvements in policies and procedures, corridor institutional development and the promotion of coordinated approaches to planning, programming and financing.

Source: TradeMark Southern Africa

North-South Corridor
Multi-Modal transport Corridor

In 2009, COMESA, EAC and SADC under a Tripartite undertook to improve the enabling environment for cross-border activities, all aimed at doing cross-border business at lower cost and on time, known as the North-South Corridor strategy. The North-South Corridor comprises the Dar es Salaam Corridor, linking the port of Dar es Salaam in Tanzania with the Copperbelt, and the corridor linking the Copperbelt to the southern ports in South Africa (World Trade Organisation).

World’s ten fastest growing economies, annual average GPD growth, %

2001 - 2010			2011 - 2015 Forecast	
Angola	11.1		China	9.5
China	10.5		India	8.2
Myanmar	10.3		Ethiopia	8.1
Nigeria	8.9		Mozambique	7.7
Ethiopia	8.4		Tanzania	7.2
Khazakhstan	8.2		Vietnam	7.2
Chad	7.9		DRC	7.0
Mozambique	7.9		Ghana	7.0
Cambodia	7.7		Zambia	6.9
Rwanda	7.6		Nigeria	6.8

Source: The Economist, IMF

African Countries

Top 5 African economies by GDP (Billion USD)

South Africa
2012 GDP Estimate **390.9**
GDP % Change Year-on-Year (2012) **2.6%**

Nigeria
2012 GDP Estimate **272.6**
GDP % Change Year-on-Year (2012) **7.1%**

Egypt
2012 GDP Estimate **255.0**
GDP % Change Year-on-Year (2012) **2.0%**

Algeria
2012 GDP Estimate **206.6**
GDP % Change Year-on-Year (2012) **2.6%**

Angola
2012 GDP Estimate **114.8**
GDP % Change Year-on-Year (2012) **6.8%**

Conclusion

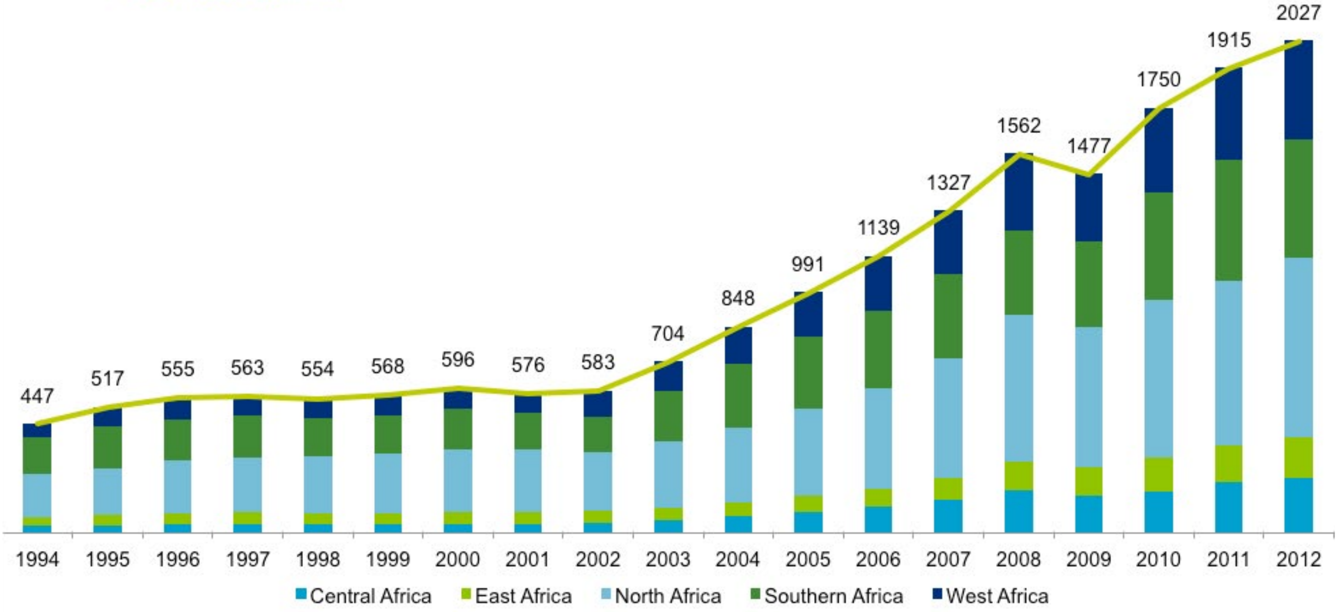
We believe that infrastructure development and heightened regional integration will enable increased investment flows into the continent and will allow Africa to participate in the world economy as a truly global competitor.

The “new” economies such as Angola, DRC, Ethiopia, Ghana, Libya, Mozambique, and Zambia demonstrate that Africa is endowed with natural resources (minerals, land, and people), most of which are still untapped. However, the continued growth of African giants, South Africa and Nigeria is critical to have a stable platform for growth in the rest of the continent.

We believe that infrastructure development and heightened regional integration will enable increased investment flows into the continent and will allow Africa to participate in the world economy as a truly global competitor.

Annexures: Africa's Economic Fast Facts

Africa's Economis Output by Regional Hub
GDP (Billions USD)



Sources: World Bank, and IMF World Economic Outlook Database
(2012 figures based on estimates)

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African countries ranked by GDP size

Regional Hub	Country	2012 GDP Estimate (Billions USD)	GDP % Change Year-on-Year (2012)	2011 Inflation Rate	2012 Population Estimate (Millions)	2012 GDP per Capita **
Southern Africa	South Africa	390.9	2.6	5.0	51.2	7 635.6
West Africa	Nigeria	272.6	7.1	10.8	164.8	1 654.3
North Africa	Egypt	255.0	2.0	10.1	82.0	3 109.5
North Africa	Algeria	206.6	2.6	4.5	36.5	5 659.8
Central Africa	Angola	114.8	6.8	13.5	20.2	5 681.0
North Africa	Morocco	97.2	2.9	0.9	32.5	2 987.8
North Africa	Libya	85.1	121.9	*	6.6	12 879.8
North Africa	Sudan	51.6	-11.2	*	33.5	1 539.2
North Africa	Tunisia	44.7	2.7	3.6	10.8	4 152.0
East Africa	Ethiopia	41.9	7.0	33.2	88.9	471.1
East Africa	Kenya	41.8	5.1	14.0	42.1	993.7
West Africa	Ghana	40.1	8.2	8.7	24.9	1 609.6
East Africa	Tanzania	28.0	6.5	12.7	43.0	650.4
Central Africa	Cameroon	24.5	4.7	2.9	21.5	1 142.2
West Africa	Côte d'Ivoire	24.3	8.1	4.9	23.4	1 038.6
Southern Africa	Zambia	20.7	6.5	6.4	13.9	1 485.5
Central Africa	Equatorial Guinea	20.7	5.7	6.9	1.4	14 856.1
East Africa	Uganda	20.5	4.2	18.7	35.6	573.9
Central Africa	Democratic Republic of the Congo	17.7	7.1	*	74.7	236.8
Southern Africa	Botswana	17.6	3.8	8.9	1.9	9 408.0
Central Africa	Gabon	16.8	6.1	1.3	1.5	10 902.0
Southern Africa	Mozambique	14.6	7.5	10.4	22.5	651.9
West Africa	Senegal	14.0	3.7	3.4	13.8	1 013.4
Central Africa	Republic of Congo	13.7	4.9	1.3	4.1	3 357.8
Southern Africa	Namibia	12.2	4.0	5.0	2.2	5 635.4
Southern Africa	Mauritius	11.9	3.4	6.5	1.3	9 198.1
East Africa	South Sudan	11.5	53.0	*	10.4	1 102.4
Southern Africa	Zimbabwe	10.8	5.0	*	12.6	858.8
West Africa	Burkina Faso	10.3	7.0	2.8	17.4	591.7
East Africa	Madagascar	10.1	1.9	9.5	22.4	448.5
Central Africa	Chad	9.7	7.3	-4.9	10.7	905.0
West Africa	Mali	9.6	-4.5	2.9	16.3	587.3
West Africa	Benin	7.5	3.5	2.7	9.4	806.3
East Africa	Rwanda	7.0	7.7	5.7	10.4	666.9
West Africa	Niger	6.6	14.5	2.9	15.6	421.8
West Africa	Guinea	5.7	4.8	21.4	10.9	528.8
Southern Africa	Malawi	4.5	4.3	7.6	16.6	270.0
West Africa	Mauritania	4.1	5.3	5.7	3.6	1 130.1
West Africa	Sierra Leone	3.8	21.3	16.2	6.2	620.5
Southern Africa	Swaziland	3.7	-2.9	6.1	1.2	3 117.0
West Africa	Togo	3.6	5.0	3.6	6.3	574.2
East Africa	Eritrea	3.1	7.5	*	5.7	549.6
Southern Africa	Lesotho	2.6	4.3	5.0	2.0	1 340.2
East Africa	Burundi	2.5	4.2	9.7	8.8	288.3
Central Africa	Central African Republic	2.2	4.1	1.3	4.9	446.3
West Africa	Cape Verde	1.9	4.3	4.5	0.5	3 548.4
West Africa	Liberia	1.8	9.0	8.5	4.0	445.1
East Africa	Djibouti	1.4	4.8	4.4	0.9	1 570.4
East Africa	Seychelles	1.0	3.0	2.6	0.1	10 543.5
West Africa	The Gambia	0.9	-1.6	4.8	1.8	508.7
West Africa	Guinea-Bissau	0.9	-2.8	5.0	1.7	511.6
East Africa	Comores	0.6	2.5	0.9	0.7	864.6
Central Africa	São Tomé and Príncipe	0.3	4.5	11.9	0.2	1 511.6
North Africa	Western Sahara	*	*	*	*	*

** Data unavailable*
*** GDP per capita is GDP divided by population, based on internal calculations*
Sources: World Bank, and IMF World Economic Outlook Database

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