

Quick Start Guide to Investing in Africa

The only man I envy is the man who has not yet been to Africa – for he has so much to look forward to. - Richard Mullin

African countries are brimming with potential.

As a continent, Africa is fast becoming the hub of global development both in infrastructure and technology worldwide. This has earned it a place in the countries referred to as emerging markets for the tremendous growth possibilities it infers.

Emerging economies are expected to grow two or three times faster than developed nations like the United States, according to International Monetary Funds estimates. This is evidenced in the fact that three out of the top 10 world's fastest growing economies are in Africa.

For an investor, investing in almost-virgin economies is most profitable. Around 70% of world growth over the next few years will come from emerging markets such as those in Africa.

Why Invest In Africa

Our strength is in our numbers. - Anonymous

This statement has never been truer with regards to Africa.

Africa is the world's second largest and second most-populous continent with a population of 1.2 billion people and projected to hit 2.4 billion by 2050. Of this population, a huge percentage is of working class age and this increases the availability of affordable labour that can contribute to the growth of the economy.

After careful consideration of the direction of world trends and technological advancements, Footprint to Africa has chosen certain areas as areas of high returns on investment in the next decade in Africa.

They are:

- **Agriculture**
- **Power Generation**
- **Mining**
- **Education**
- **Infrastructural Development**
- **Real Estate**
- **Medical Tourism**

Agriculture

Africa is blessed with abundant natural resources. It's a massive continent, equivalent to the land masses of Europe, the United States, India, China and Argentina combined. This means lots of arable land. Most of this has been largely untapped due to dependence on subsistence farming. But with technological advancements and the use of mechanized farming, there exist investment opportunities in processing, packaging, food transportation, preservation and exportation.

Food will always be needed and those who provide the services that meet this need will be well compensated.

Medical Tourism

In time past, Africa was called the “Dark Continent” as its customs and practices resisted innovation. No sector suffered more of the eventual repercussion than the health sector.

Fortunately, there are indigenous innovations that use available resources with technology to create health solutions. Private partnerships are being formed with Government to build a sustainable medical system and improve the WHO ratings on Africa especially with regards to infant mortality and accessibility to quality health care.

Power Generation

The lack of energy is crippling. Without power there is no development, economic or intellectual.

Energy is the single most important key to eliminating poverty. Without power, you don't have the agriculture that's required. You don't have the economic development that's required. You don't have the education or the health that you need.

Today, millions of Africa's poorest people are paying among the world's highest prices for energy because of the cost barriers separating them from affordable, efficient and accessible renewable technologies.

This presents a huge opportunity to intra-African and global investors in the power generation and its value chain sector.

Almost every middle-class household possesses a generator set.

Providing steady power supply to every household in Africa will be a huge leap in the direction of positive development. This is not just for comfort for individuals but will provide an enabling environment for businesses to thrive.

Mining

Africa boasts of huge, untapped mineral reserves. Africa's borders hold nearly 40% of earth's total gold reserves and 30% of its mineral deposits. Additionally, the continent features vast amounts of oil and natural gas, which are just now beginning to be exploited in places like DRC, Mozambique and Nigeria.

Investing in mining is a long term profitable venture that most governments would be happy to go into a Public-Private Partnership to establish.

Infrastructure

Based on pure demographics, infrastructure projects — roads, rail ways, bridges, communication, sewage, airports and sea ports, etc. — in developing countries, with their booming populations, offers significant prospects for long-term growth and profit. Such projects enable both public and private investors to bank on capital appreciation for decades. And, while servicing the vital infrastructure needs of billions of young people, these populations will, in turn, generate greater economic growth.

Out of the 1.25 billion people who live in Africa, 635 million live in areas with no electricity which is 57% of the entire population – Dr Abbas Sharaky, Head of Department of Natural Resources, Institute of African Research Studies, Cairo University.

The Telecommunications industry has seen a phenomenal boom in the African market in the last decade. The effect has seen civilization and global communication reach rural areas that were totally cut off from civilization before.

Waste disposal and recycling is another area of infrastructure that can meet the needs of the African people and generate profits for all with invested interests.

Real Estate

As a direct impact of the population, there is an increasing need for quality accommodation especially in areas that are located close to big metropolitan cities. This will reduce the congestion in the cities and consequently, the cost of living in big cities. Development will therefore be spread across the continent, one community after another.

Why Invest in These Sectors?

Proven Success Ventures:

These sectors will be replicating the successes that have recorded in other developed countries. So, because there already has been a record of success elsewhere, it'd be easy to implement and record same, after tweaking to suit the countries' specifics.

Set the tone for other sectors:

These sectors are fundamental to the growth of the economy in that they facilitate the development of other sectors. For instance, when power generation is stabilized, there'll be an influx of investors and business boom as the cost of running businesses will reduce.

Long term profits:

These sectors are long term or recurring ventures. There'll always be need for power, good health, infrastructure etc as the population grows. Within each sector, there is the possibility for expansion and diversification giving even more areas to invest in.

Fears About Investing In Africa

We are not oblivious to the fact that Africa comes with its peculiar challenges. The key issues affecting the growth of investments in Africa include corruption, ethnic divides, stringent policies, political instability and rising debts in some countries.

The good news is that Violence and political strife has been replaced with strong economic growth in more than a few places. Africa features many attributes that put it on par with many other emerging market leaders like China and India.

Governments are gradually coming to the realization that diversification is necessary to foster meaningful growth. But transformation cannot be achieved in isolation. Structural reforms and greater private sector participation are crucial to unlocking Africa's potential.

Here's Your Best Option

To invest safely and profitably in Africa, you need assistance from a professional and seasoned African investment company.

At Footprint to Africa Investor Service, we act as a bridge between global investors, African business owners and government agencies. We help intra African and foreign investors find the right partners and opportunities, form joint ventures or partnerships, and to establish presence through public private partnership (PPP).

Our deep understanding of the African business environment enables us to carry out thorough due diligence on private companies and government agencies in Africa, for foreign companies who want to make a foray into the African market.

So if you are an international investor or you're looking to leverage the ever expanding African Market, or an African brand looking to extend into other African markets? Become a part of the African success story by contacting us today.

Remember, if you are not in Africa, you are not in business yet. – Osita Oparaugo