

MEDIA RELEASE
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Nigeria moves to second place as Africa's most attractive investment destination

In Rand Merchant Bank's (RMB) third annual *Where to Invest in Africa: A guide to corporate investment*, Africa continues to show an improvement in its attractiveness as a destination. The Top 10 most attractive investment destinations remain the same as last year's list, and South Africa is still the most attractive country in Africa.

RMB uses three main factors to determine the investment attractiveness of each country in its report: market size (GDP); economic growth (GDP growth forecasts over the next five years); and an operating environment index.

One of the most notable conclusions is that Nigeria's investment attractiveness continues to progress. It has moved into second place from third last year and is now close on the heels of South Africa, which remains in first position, for now. South Africa could possibly be overtaken by Nigeria in the next two to four years, or even sooner depending on Nigeria's rate of economic growth.

Another notable movement is Ghana, ranked 10th in 2007, which has moved up to fourth place despite being only a fifth of the economic size of the three continental giants (South Africa, Egypt and Nigeria). North and East African countries are jostling for positions within the bottom half of the Top 10 with Morocco overtaking Tunisia and Tanzania moving ahead of Kenya.

Although Egypt is ranked third, continued political discord has detracted from its favourable characteristics such as its sizeable market, large population and decent operating environment, which should support investment once tensions subside. The 2013/2014 ranking was formulated before the recent flare-up of tensions in Egypt and Libya, which has therefore not been taken into account in the latest attractiveness scorings. However, the outcomes of the report are meant to inform long-term investment decisions, and more clarity should arise over the next year.

Of the 52 countries ranked in RMB's *Where to Invest in Africa* report, 42 showed an improvement in their investment attractiveness. Some of the most troubled countries on the continent showed the best improvements, notably Sao Tome and Principe, Gabon, Cameroon, Sierra Leone, Congo, Mauritania and Liberia. Those slipping backwards include Algeria, Angola and Equatorial Guinea. Over the last decade, 41 countries in Africa improved their attractiveness while three deteriorated: Equatorial Guinea, Zimbabwe and Swaziland.

As a supplementary ranking, RMB also determines whether regional affiliation improves an economy's attractiveness. Mauritius emerges as the primary investment destination in Africa based on its access to broader markets within SADC and COMESA. Rwanda's favourable macroeconomic scores embellish its exceptional operating environment, propelling it to the number two spot. South Africa is ranked third per RMB's regional methodology, underscoring its importance as a gateway into Africa. Namibia's standing at number 15 (per the regional scoring) is testimony to the benefits of an effective, well managed trade arrangement.

African countries still have some way to go to compete with those in the rest of the world as the most attractive investment countries. Out of all the countries ranked, China and the US are placed at

the top of the list with only two African countries ranked in the Top 40: South Africa at 33rd between Israel and Russia; and Nigeria 38th, below Ireland and above Denmark.

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