The Africa List Business Barometer

In partnership with the Wheeler Institute for Business and Development

THE AFRICA LIST

Powered by CDC Investment works

London Business School

Wheeler Institute for Business and Development

Contents

Foreword

Nieros Oyegun
Head of Network,
The Africa List

I am pleased to share The Africa List Business Barometer with you. An initiative of The Africa List, developed in partnership with the Wheeler Institute for Business and Development, it presents the perspectives of business leaders in five countries that often go under-reported: The Democratic Republic of Congo (DRC), Ethiopia, Tanzania, Uganda and Zambia.

The Africa List was established in 2014 by CDC Group, the UK's development finance institution, to support knowledge and experience sharing that equips exceptional business leaders with the skills to build lasting businesses and contribute to economic growth.

An extensive membership base across Sub-Saharan Africa puts The Africa List in a privileged position: we gain access to unique economic and business insights from these high-potential markets through the membership and through the course of our work, every day. We created The Africa List Business Barometer to share these insights with the world. I hope you enjoy it.

Amelia Whitelaw
Executive Director,
The Wheeler Institute for Business and Development

So much of what is reported on the fast-growing economies and businesses of Sub-Saharan Africa is presented either as sub-text in sweeping global studies or hard-boiled indigestible economic data. This first report from The Wheeler Institute for Business and Development, in partnership with The Africa List, focuses deliberately on these often under reported markets, providing insights to those less familiar. We have achieved this through a confidential survey process, assuring respondents of anonymity. The report has been enriched with personal profiles and reflections.

We have designed the report to be accessible, and to encourage and inform discussion around the contributions made by the private sector in these economies. It highlights investment and development opportunities and challenges, and the climates and contexts in which business leaders are shaping the future success of their countries and, in turn, the success of the region.

Beyond informing debate, my hope is that insights from this survey and future iterations will stimulate specific projects in these countries, together with further collaborative research.

If you want to look to the future of the African continent, you need to watch its rising stars.

Executive Summary

Sub-Saharan Africa's economic landscape is changing – Nigeria, Kenya and South Africa have historically attracted the lion's share of investment into the continent and have consumed the focus of most studies and surveys on Africa. African growth is now being driven from across the continent, beyond the traditional powerhouses and dominant sectors. Other countries with diversifying economies and ambitious private sectors, are bringing about rising living conditions, education and healthcare provision across the continent.

This survey – the largest of its kind – shows how business leaders in the Democratic Republic of Congo (DRC), Ethiopia, Tanzania, Uganda and Zambia navigate and perceive opportunities and challenges.

The survey is powered by over 350 of The Africa List's members in these five markets. This is a select community of business leaders, chosen based on their past performance and future potential. Members of The Africa List are predominantly based in metropolitan areas, work across a spectrum of industries, and are typically aged between 30 and 50. Through them, the report aims to uncover what is fuelling success on the ground and how these countries and industries can be at the forefront of the continent's economic growth in the years to come.

This report aims to reframe views on well-trodden, macroeconomic issues, including business confidence and market conditions, but also uncover insights into under-explored subjects related to skills, leadership, and perceptions on how businesses do good.

Alongside the survey data, this report uses the personal insights and perspectives of The Africa List's membership to complement and bring the data to life in the form of case studies. As participants in, and shapers of, the business environment, they offer a unique perspective into the main issues affecting these five vibrant economies playing a potentially transformative role in Africa and the global economy.

What's happening in the five countries?

Three key findings emerge from the survey:

1. **Confidence is high despite challenges.**
2. **Companies are investing in their workforces to address skills shortages that appear to be significant.**
3. **Participants strongly believe that generating good quality jobs is the primary way that businesses do good.**

1. Confidence is high despite challenges

Confidence is buoyant among respondents across all countries, despite many well-documented challenges.

According to 81 per cent of respondents, the current business situation of their company is good or satisfactory, and 87 per cent expect the business situation to remain stable or to improve in the year ahead compared to the current situation.

This optimism is in the context of sometimes persistent disruptions to business including regulatory challenges and unstable political environments. Respondents in DRC acknowledge the challenges of the political environment in the past year; but, at the same time, they are the most positive about the improvement in business conditions, with 75 per cent declaring they are optimistic about the next 12 months.

Optimism amongst respondents is reflected in actions. Nearly half plan to add to their headcount and 55 per cent expect to increase investment in their business in the coming 12 months.

Confidence reflects expectations of increasing consumer demand, itself driven by rising household incomes in the majority of countries. Respondents also refer to advancements in Africa's expanding digital and technological infrastructure as key reasons for optimism.

2. Companies are investing in their workforces to address skills shortages

Nearly a third of participants identify human resources issues as a constraint to growth. Skills shortages and difficulty in hiring qualified employees are most acutely felt at mid-management levels, as compared to top and senior management. This is especially the case amongst commercial and professional services.

Interviewees attribute outdated education systems and a failure to sufficiently equip students for the needs of the job market for the skills shortfall. This finding accords with the World Bank's recent emphasis on the quality of the education system across the continent.

Interviewees plan to invest considerably in training and upskilling, through workshops, training academies and partnerships with colleges. They also report that training current employees for specialist roles is more effective than hiring from a small pool of 'ready-made' talent outside the organisation.

To the business leaders interviewed, training and upskilling not only provides short-term value, but long-term commercial gain.

3. Providing good quality jobs is the primary way that businesses do good

Across all countries, participants feel that 'creating employment' is the primary way in which companies 'do good', accounting for 41 per cent of answers.

While much has been said and written about corporate social responsibility, just 12 per cent of respondents indicated this is the primary way in which businesses do good. This most likely reflects differences in the size, age, and the life cycle of firms in Africa, as compared to Western Europe, Asia, and North America.

Financial services and telecommunications stand out as sectors considered to be 'doing good'. Mining is also featuring highly. This may be due to the higher-quality jobs, salaries and worker benefits companies in this sector offer. It is important to note that this survey reflects the opinions of business managers, not customers or wider society.

A large telecommunications firm is the company considered to be doing the most good, with a perception that it has democratised 'financial inclusion' for citizens and small businesses across the continent. This chimes with the high numbers of people citing digital infrastructure as a top reason for economic optimism and growth.

Conclusion

Despite operating in challenging environments, business leaders in five of Africa's high potential growth economies appear optimistic about the future and remain firmly focused on growth.

Across all countries, industries and levels of respondents, leaders express a desire to invest in expansion, hire new employees, upskill existing talent and further develop their services to their growing customer bases.

In the eyes of respondents, the benefits of firm growth are wider: There is a strong correlation between commercial performance, growing headcount and being considered a 'good' company. Many respondents feel they can bring about lasting impact locally and nationally, by growing their companies, providing good quality jobs, and acting as responsible employers.

With this new generation of talented business executives set to be at the helm of their country's private sector in the coming years, there are promising signs that this sense of dynamic optimism can be translated into economic growth and prosperity for individuals on the ground.

Introducing the initiative

What is The Africa List?

The Africa List was established within CDC Group, the UK's development finance institution, in 2014. It is a unique membership organisation of CEOs and business leaders in Africa's most exciting growth markets. CDC has been building businesses in Africa for over 70 years and believes that the quality of leadership, more than any other single factor, determines whether a company succeeds or fails. For the private sector in Africa to thrive in the coming decades, it needs a generation of emerging business leaders who are equipped for both the opportunities and challenges ahead.

What is The Africa List Business Barometer?

The Africa List Business Barometer reflects the opinions, thoughts, concerns and ambitions of 357 business leaders and owners in the Democratic Republic of the Congo (DRC), Ethiopia, Tanzania, Uganda and Zambia. We asked questions on business confidence, investment, future economic performance, finance, the business environment, skills and how businesses contribute to society. To conduct the survey and analyse the data, The Africa List partnered with The Wheeler Institute for Business and Development at London Business School.

What is the Wheeler Institute?

The Wheeler Institute for Business and Development believes that business can be a catalyst for sustainable development.

For the Wheeler Institute, the Barometer serves to inform businesses and policy makers, civil societies, NGOs and academic communities of on-the-ground conditions. The report identifies challenges and aims to help find innovative, scalable and sustainable solutions.

Future iterations of the Barometer will benefit from trend data analysis, plus comparisons of economic forecasts against actual data. We hope that the survey population will grow, covering more countries across Sub-Saharan Africa and expanding across sectors of economic forecasts against actual data.

Who participated?

We asked business leaders, top and middle level managers.

The Africa List Business Barometer 2019 reflects the views of 357 leaders across five African economies. However, not every respondent answered every question. We should stress from the onset that the survey is not representative of business sentiment in each country; African countries are characterised by large informality and most firms employ less than five employees. In contrast, The Africa List covers large firms. Nonetheless, the survey is the largest survey of its kind conducted in these countries.

Members of The Africa List work in or around capital cities and big urban centres; as such, the views expressed are typically from the perspective of businesses in larger metropolitan areas.

A copy of questions asked is at the back of this report. Question numbers are referenced with a Q number (Q3 etc) in each chart.

Proportion of respondents by country

96%

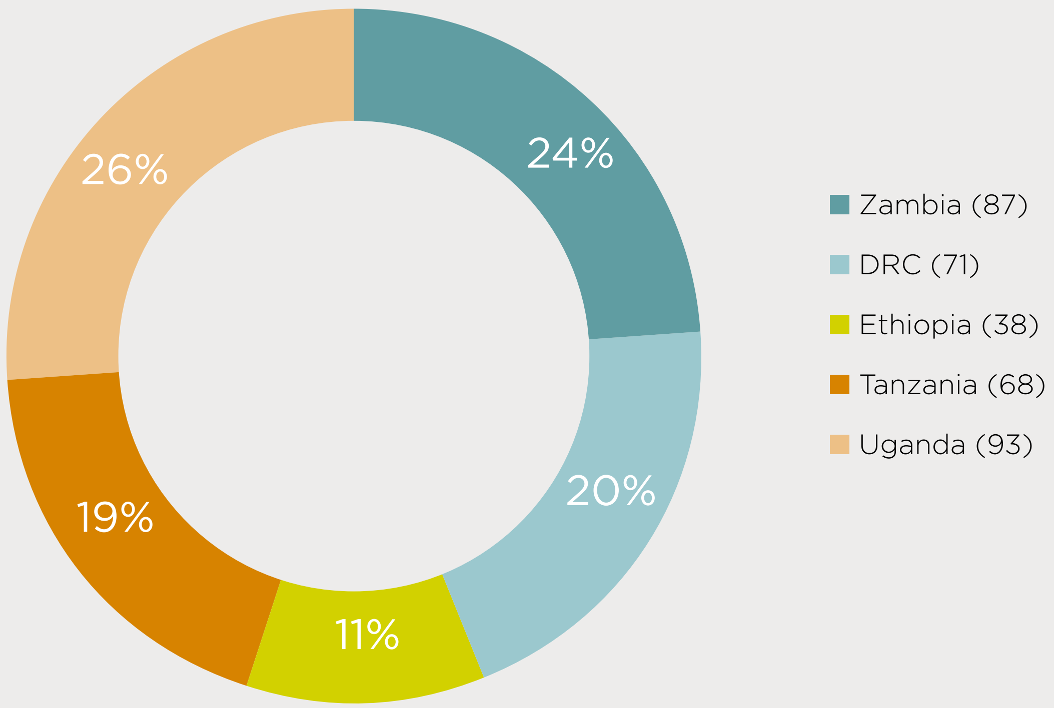
are owners, founders, or senior executives

70:30

is the male/female ratio of the opinion pool

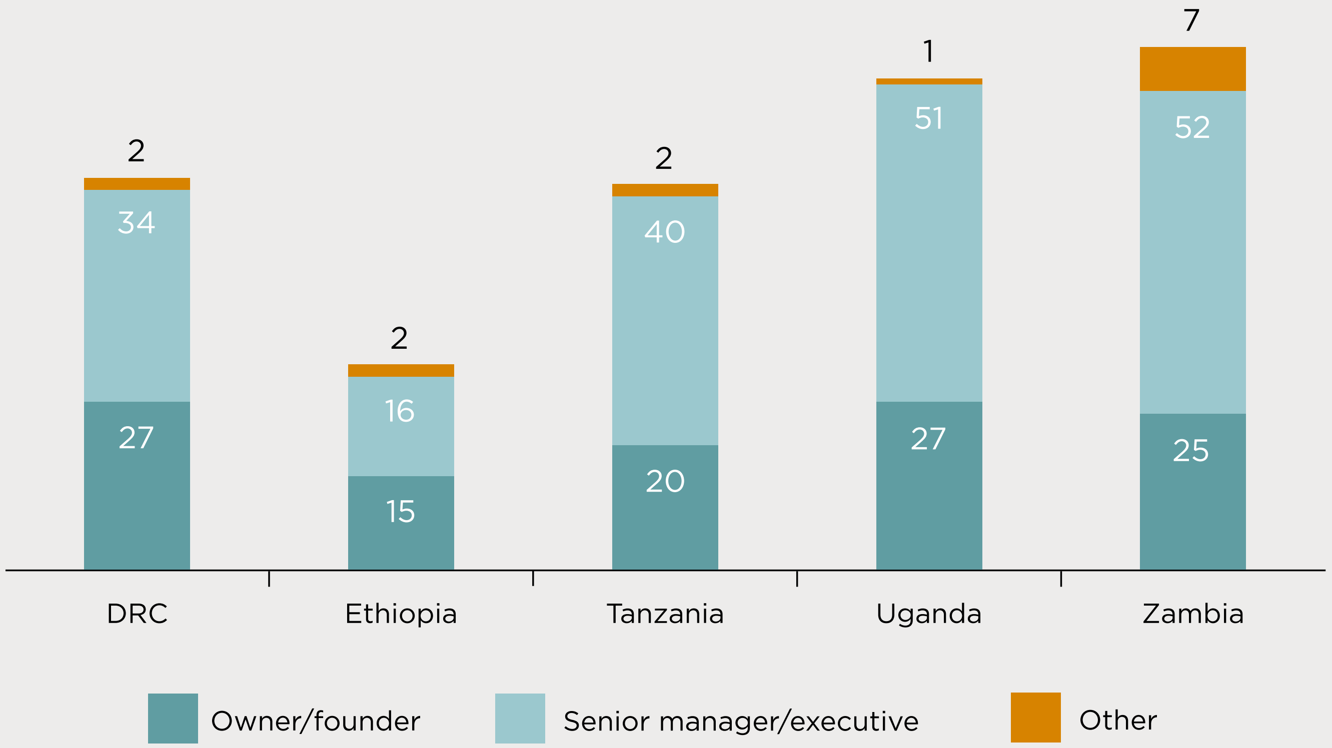
Proportion of respondents by country

Figure 1



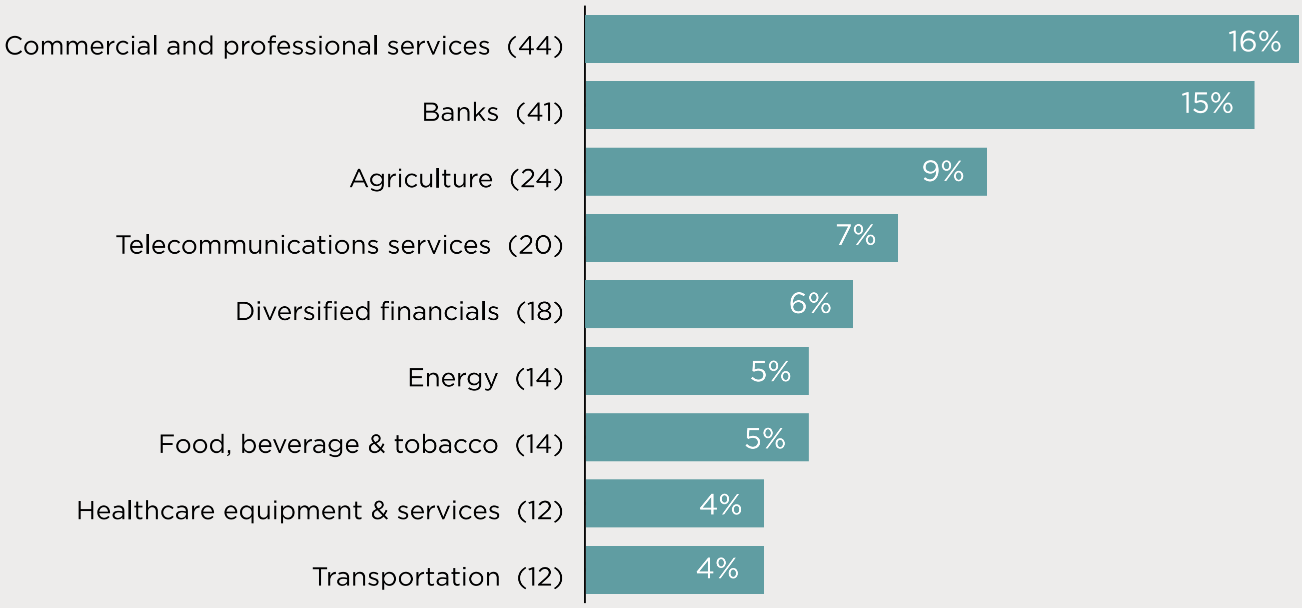
Roles of respondents

Figure 2



Proportion of respondents by sector
(Prominent sectors)

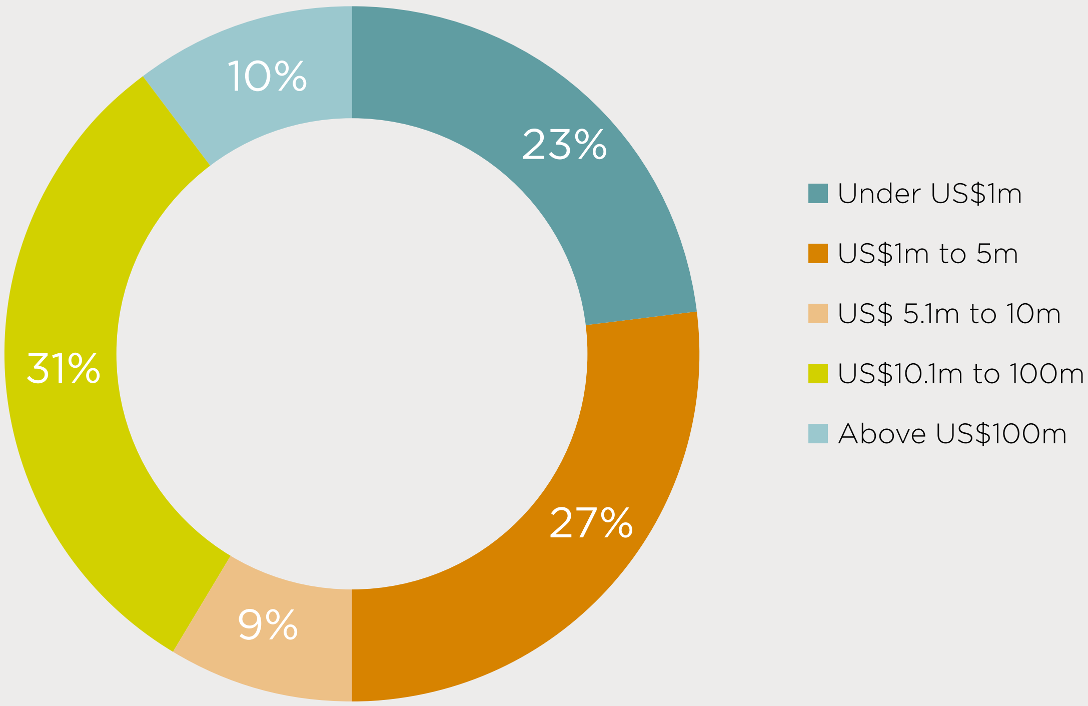
Figure 3



Base (357)

In-country revenues

Figure 4



Base (321)

For the reader unfamiliar with the countries of this study these World Bank indicators provide context:

Figure 5

Indicator	DRC	Ethiopia	Tanzania	Uganda	Zambia
Surface area (sq. km)	2,344,860	1,104,300	947,300	241,550	752,610
Population	84,068,091	109,224,560	56,318,350	42,723,140	17,351,820
Urban population (% of total)	45	21	34	24	44
Population growth (annual %)	3	3	3	4	3
Urban population growth (annual %)	5	5	5	6	4
GDP (US$m)	47,228	84,355	57,437	27,477	26,720
GDP growth (annual %)	6	7	5	6	4
GDP per capita (US$)	562	772	1,051	643	1,540
Exports (% of GDP)	34	8	15	20	37
Imports (% of GDP)	37	23	17	28	38
Life expectancy at birth 2017	60	66	64	63	63
Mobile cellular subscriptions (per 100 people)	43	36	77	57	89
Wage & salaried workers (% of total labour force – national estimate)	18	14	14	22	22
Self-employed total (% of employment, modeled ILO estimate)	82	87	86	78	78
Account ownership (% of population ages 15+) 2017	26	35	47	59	46
Access to electricity (% of population) 2017	19	44	33	22	40

Source: World Development Indicators 2017/2018. All figures 2018 except where specified 2017

Looking ahead: Economic growth

The respondents are showing cautious optimism about how their businesses will fare in the economic context of their countries over the next 12 months

According to the International Monetary Fund (IMF), overall growth in Sub-Saharan Africa is set to pick up over the next year, from 3 per cent to 3.5 per cent. On a country by country basis, indications from this survey are positive, though conservative when compared to other forecasts.

We gave respondents, the 2018 numbers for:

- **GDP percentage growth**[1]
- **Inflation rate**[2]
- **Exchange rate (vis a vis the US dollar)**[3]

Then we asked them their revenue forecast for the next year.

1. GDP

From 268 opinions, respondents from Zambia gave the lowest average forecast of 2.0 per cent, with some predicting negative growth. The highest average estimate comes from Ethiopia with a robust 7.1 per cent increase.

DRC estimates are between the IMF's estimate of 4.3 per cent and prior year growth of 3.7 per cent. In Tanzania, the National Bureau of Statistics (NBS) has disputed IMF and World Bank forecasts. Respondents' estimates here sit between the disputed forecasts and the official growth rate.

The chart plots national averages compared against published (mostly IMF) forecasts for 2019. Across all countries, business leaders estimate somewhat lower growth rates than the ones that the IMF forecasts.

We should stress here that there are many issues with the official GDP data and forecasts. Given the range of estimates and the challenges in properly measuring output, these differences are not that large.

[1] Source: IMF with the exception of Tanzania where the National Bureau of Statistics estimate was given.

[2] Source: Statista

[3] Source: xe.com

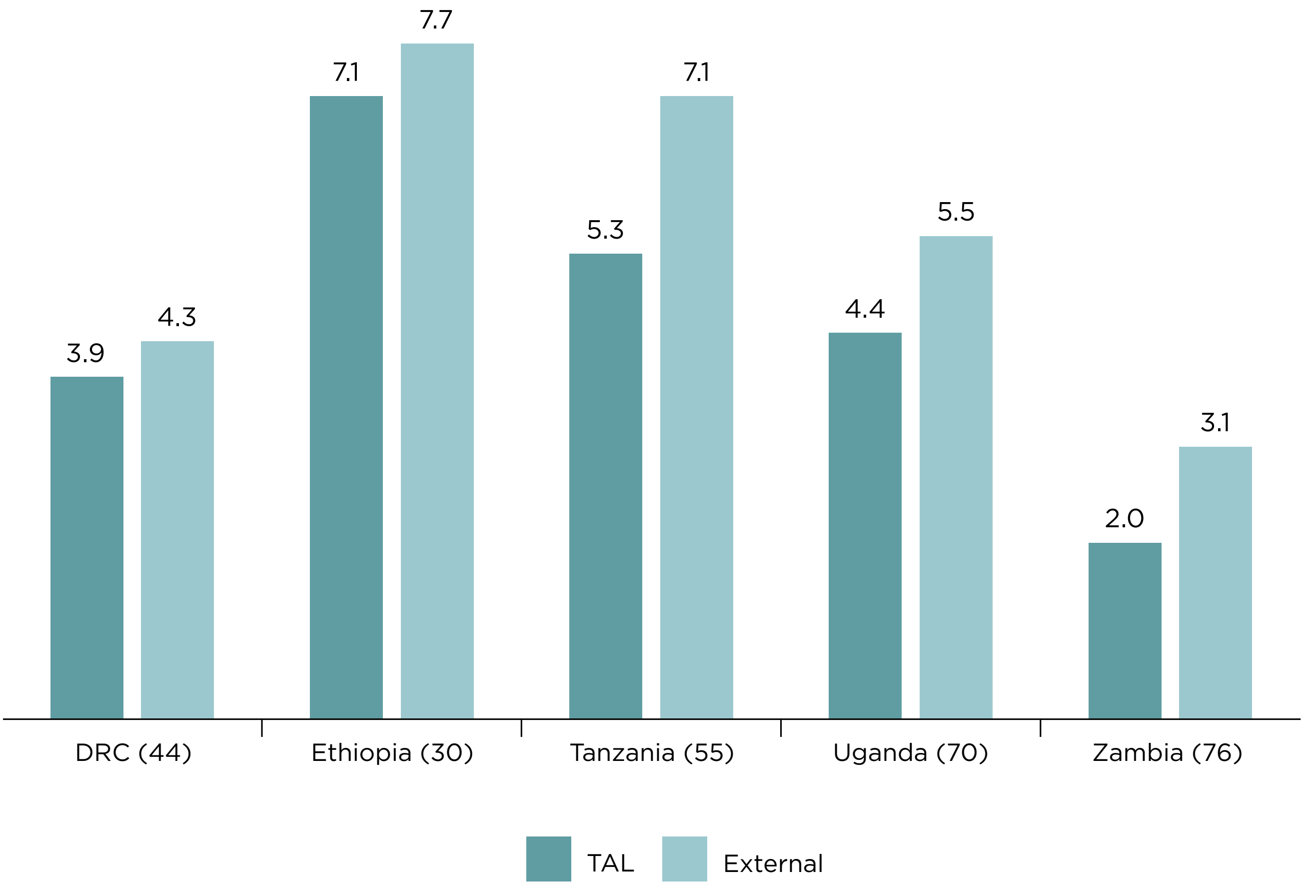
ETHIOPIA ON THE RISE

"**Economically, there is opportunity in almost every sector**. Some of the highest GDP growth over many years is here. And on the ground, **when you come to Addis Ababa the growth is tangible with the many buildings that seem to rise overnight**."

(David Solomon, Friendship Business Group, Ethiopia)

Somewhat cautious confidence: Business leaders are conservative about GDP growth compared to external forecasts (% average)

Figure 6



Source: Wheeler Institute for Business and Development. Q18. External: IMF with the exception of Tanzania (National Bureau of Statistics)

2. Inflation rates

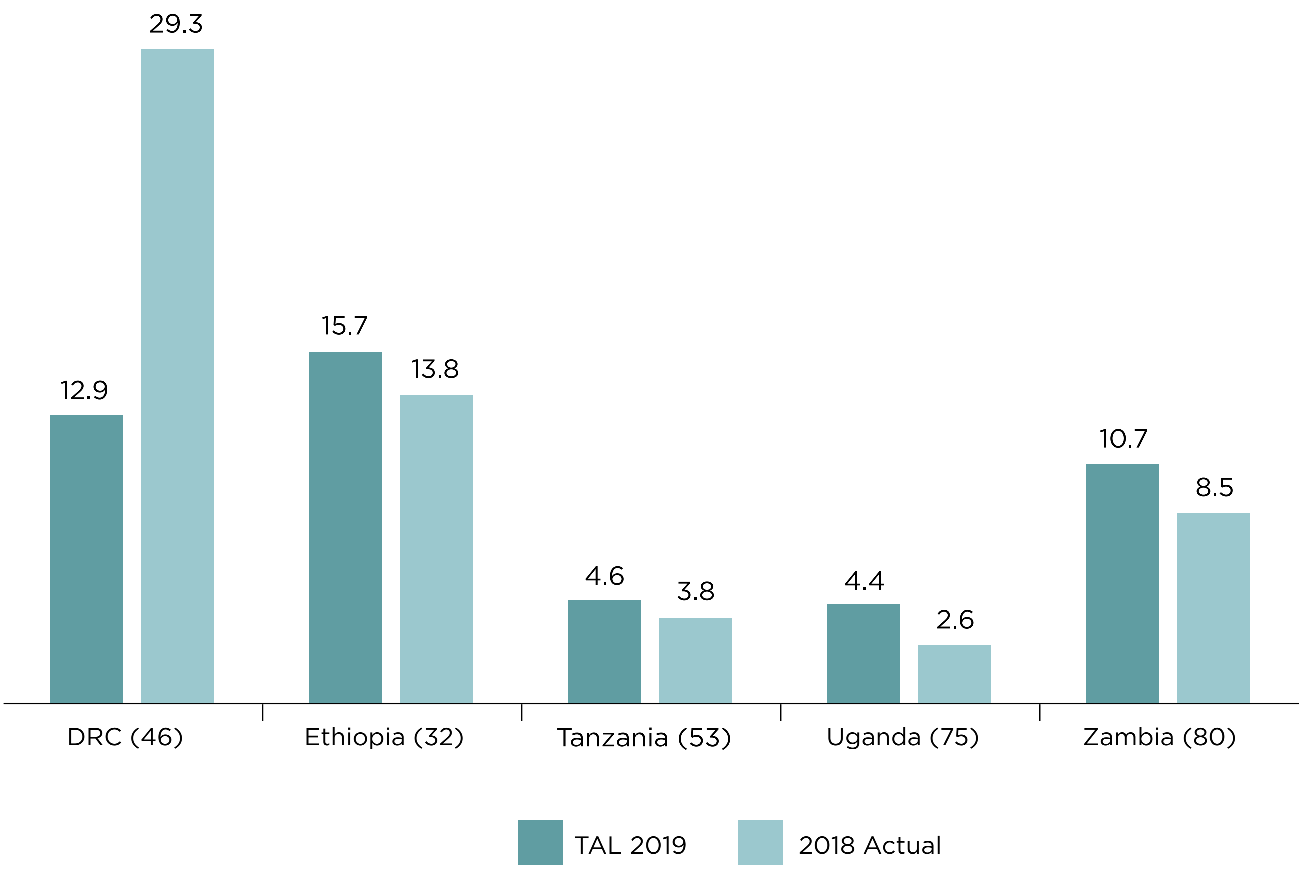
The expected increases in the price level (inflation) range from 0.9 percentage points in Tanzania to between 1.9 and 2.0 percentage points in Ethiopia, Uganda and Zambia.

DRC survey respondents on average expect a significant drop in inflation, but overall predictions ranged massively, perhaps due to the continuing volatility in the region. The IMF expects the national inflation rate in DRC in 2019 to be around five per cent,[4] following a period of economic downturn, and government fiscal policies to contain inflationary pressure.

It should be stressed that it is hard to measure prices and inflation across fragmented and often poorly connected rural markets. Given weak infrastructure and low connectivity within countries, research documents sizable differences in prices of identical goods across African regions, further complicating the analysis.

After a year of runaway inflation, DRC hopes for a more stable 2019 (% average)

Figure 7



Source: Wheeler Institute for Business and Development. Q17. Actual: Statista

[4]IMF September 2019

3. Exchange rates

Respondents across all countries expect a depreciation of the local currency vis a vis the US dollar.

The forecast depreciation ranges from three and four per cent in Tanzania, Uganda and DRC to 14 per cent in Ethiopia and 22 per cent in Zambia.

> "With the anticipated growth dividend yet to materialize, the debt burden has risen sharply, resulting in (further) currency weakness"

(IMF report on Zambia, 2019)

A tough 2018 looks to have affected respondents' hopes for stronger exchange rates (% average)

Figure 8

	End of 2018 reported actual	TAL Barometer end of 2019	Average forecast % change
DRC (55)	1622	1684	-4%
Ethiopia (33)	28.38	32.42	-14%
Tanzania (56)	2299	2361	-3%
Uganda (82)	3717	3828	-3%
Zambia (83)	11.95	14.54	-22%

Base (309)

Source: Wheeler Institute for Business and Development. Q20. 2018 source: xe.com

CURRENCY INSTABILITY PREVENTING ZAMBIA FULFILLING POTENTIAL

> "Despite all the negatives and the depreciation of the currency by 20 per cent, companies still post growth. This shows us that it could be a thriving economy if we had some stability in terms of the policies and taxes."

(Faith Mukutu, CFO at Zambeef Products Plc, Zambia)

LACK OF FOREIGN CURRENCY STALLING ETHIOPIAN INTERNATIONAL TRANSACTIONS

"The country's critical shortage of foreign currency is affecting my company's commitment to effect payment to its foreign service providers"

(Senior manager, professional services, Ethiopia)

Having given their estimates for national economic indicators, respondents were asked what they expect as firm outcomes for their own business; specifically, revenue growth.

4. Revenue growth rates

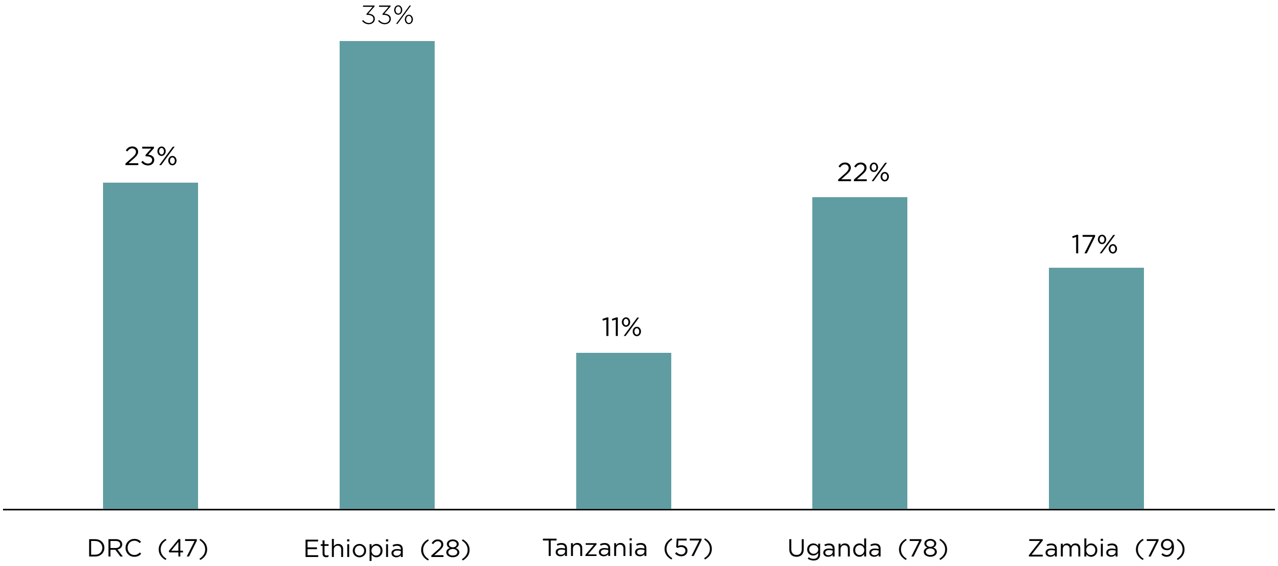
Business leaders across all countries are gearing up for a boost in firm revenue. With 86 per cent predicting growth and an average 20 per cent expected increase, people are positive and excited for what the year ahead has in store for business. Eighty-seven per cent of respondents are expecting revenue to rise.

With average growth rate forecasts ranging from 11 per cent in Tanzania to 17 per cent, 22 per cent and 23 per cent in Zambia, Uganda and DRC and 33 per cent in Ethiopia, the countries' hopes for business growth align with their predictions for GDP growth too.

For Ethiopia, note that the response base was small. Estimates there range, strikingly, from no increase to a doubling of revenues. One third of respondents expects growth of up to 20 per cent. Another third expects growth of 50 per cent or more.

Business leaders' predictions for revenue growth

Figure 9

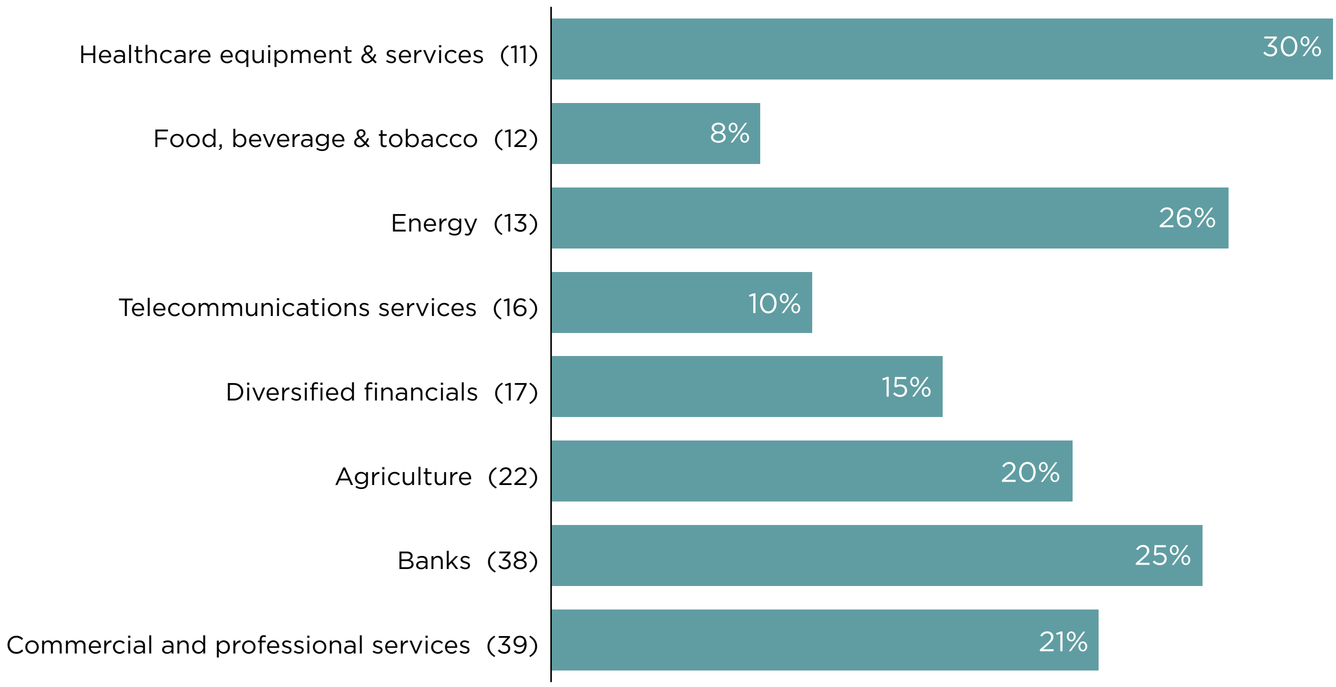


Q22

When you look at the results broken down by sector the picture gets more interesting: Leaders in the healthcare sector expect three times the amount of growth of those in the telecommunications sector. Future iterations of the survey will explore these differences in expectations.

Hopes for growth: a diverse picture across the sectors (% average revenue growth)

Figure 10



Q22

THE EXPANSION OPPORTUNITY IN PRIVATE HEALTHCARE

"When we opened, our long-term plan was to build a 200-bed hospital – since then we have been growing by demand. Originally in 2007, we opened to the public with 25 beds and as patient demand grew, we kept adding beds.

Five years ago, a private equity fund came in to help with our expansion programme and we have been working together since then. We are now heavily reinvesting. Every year we reinvest and assess what we are going to do next. We have a five-year plan and we are ticking off things in terms of investments.

I want to continue investing more in technology such as dialysis machines to meet patient demand. Improved technology also means that we can conduct more critical operations in the eyes of the consultants."

(Kawalya Kanyerezi, Executive Director of Kampala Hospital, Uganda)

Looking ahead: Confidence in the climate

Business leaders feel positive about the next 12 months. We asked them about their hopes, fears and how they intend to invest

The survey examined:

1. The current business situation
2. Expectations about business conditions over the next 12 months
3. Investment intentions

1. Present business situation

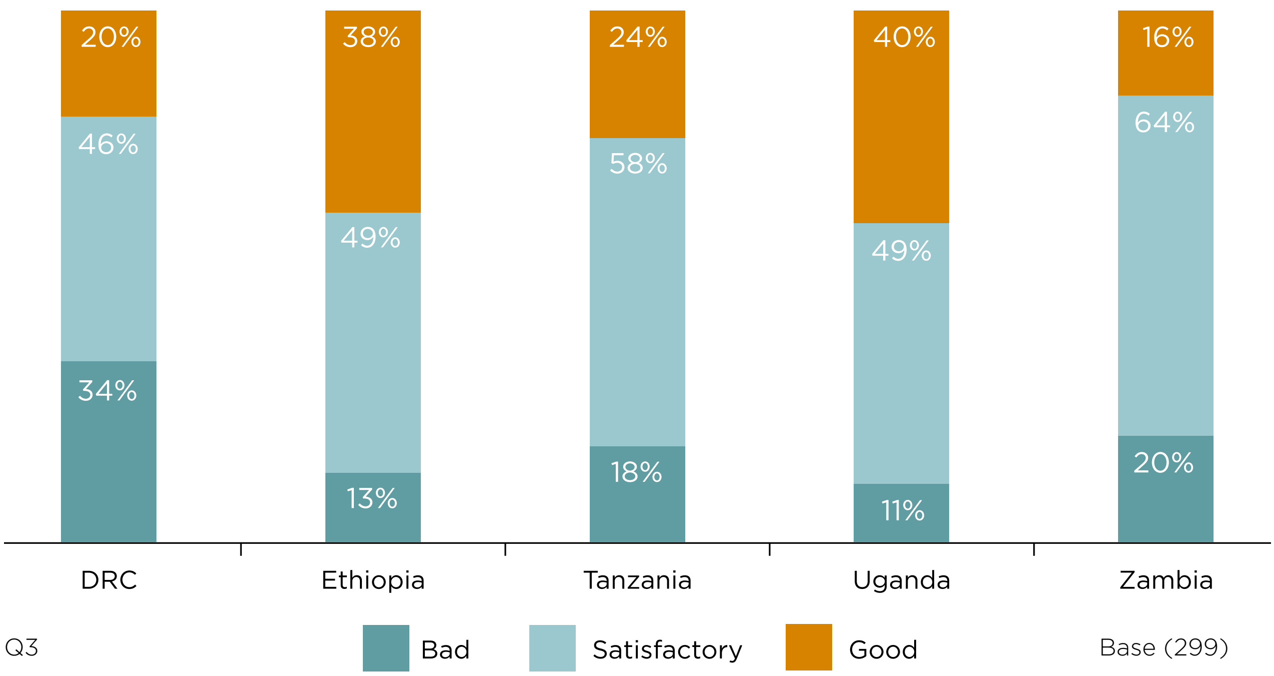
Right now, business is good. Across the five countries, 81 per cent of 357 business leaders say that the present business situation of their company is good (27 per cent) or satisfactory (54 per cent).

For those who say the business situation is good, business leaders in Uganda and Ethiopia are the most positive, with 40 per cent and 38 per cent respectively reporting it to be good.

Bigger companies have it better: the largest businesses by in-country revenues (over $100m) are most positive, while the smallest (under $1m) are most negative.

Quietly confident: Right now, most businesses across the regions say they're in a good or satisfactory place

Figure 11



CONFIDENCE REFLECTED IN INVESTMENT AND COMPANY GROWTH

"From an overall perspective the economy is heading in the right direction, despite some hiccups in terms of the ease of doing business and changing legislations.

The economy is constantly shifting. There is more of a drive towards production and a focusing on industrialising the economy.

From my side **I am quite bullish about the future** and I think there is a lot of positive development. There is so much investment in infrastructure and energy. Things can only get better."

(Geofray Masige, CFO at Sanlam General Insurance, Tanzania)

2. The business situation over the next 12 months

The forecast for the coming year is bright; 87 per cent of business leaders expect their situation to improve (58 per cent) or stay stable (29 per cent).

DRC leads the way with 75 per cent expecting their business situation to improve, followed by Uganda: Seventy-two per cent of respondents there have the sunniest outlook.

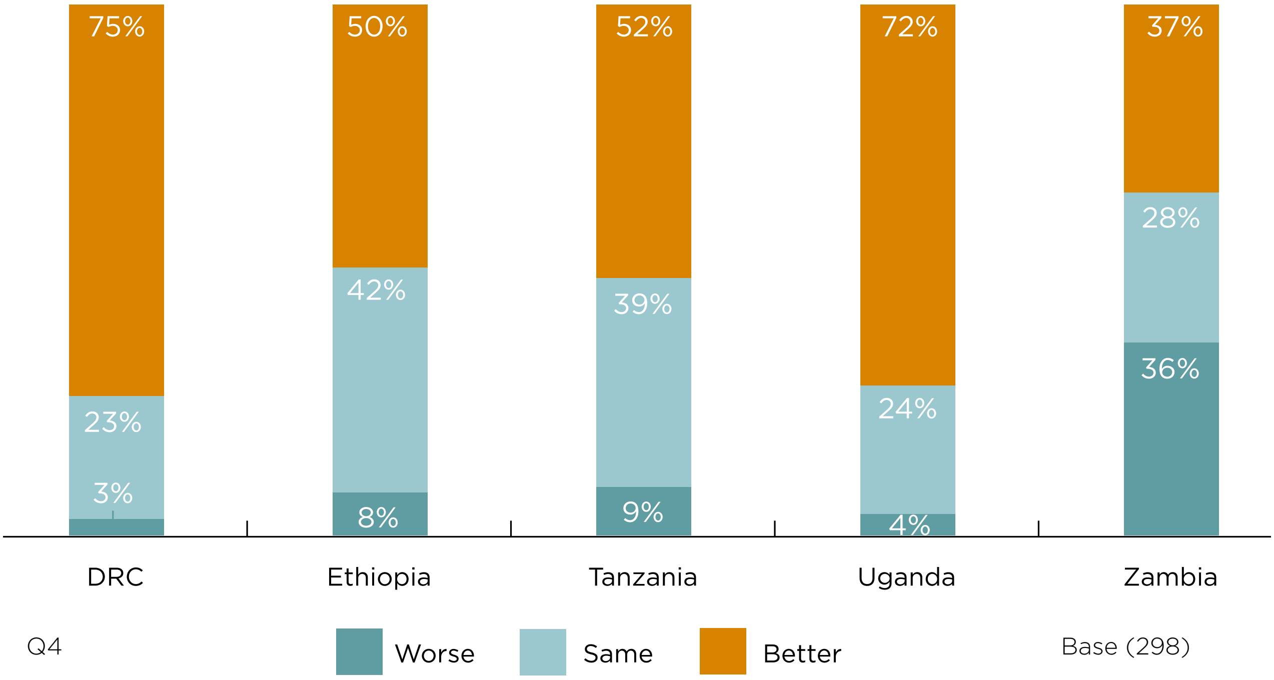
The optimism continues across most countries, with fewer than 10 per cent across DRC, Ethiopia, Tanzania and Uganda saying their situation would be worse over the year to come. You can see a marked difference from Zambia, where 36 per cent foresee a worse business situation.

Banks and commercial and professional services respondents appear to be the most optimistic: Sixty-six per cent of banks and 59 per cent of professional services respondents see better times ahead.

What business leaders see now, they also see ahead of them: Of respondents who say their present situation is good, 72 per cent expect it to improve.

The future is bright: The optimism for the future is clear to see, with only Zambia expecting a tougher year

Figure 12



DRC IN TRANSITION

"I think that there is a general optimism across the DRC and a key milestone has been the election and the transfer of powers. We now have a new government where 80 per cent of the people are new. There is also a status quo in terms of business, as people do not know how things are going to develop. **I see this period as a transitional period** – there are some old powers still involved but on the whole, it feels like there is a new opening. For example, there is a great will to develop new sectors in DRC; the insurance sector is being liberalised and they are keen to encourage this within the energy sector also."

(Djo Moupondo, Chairman at La Clique Music Group, Executive Board Director of Sodeico Holding and CEO of Sodeico Development, DRC)

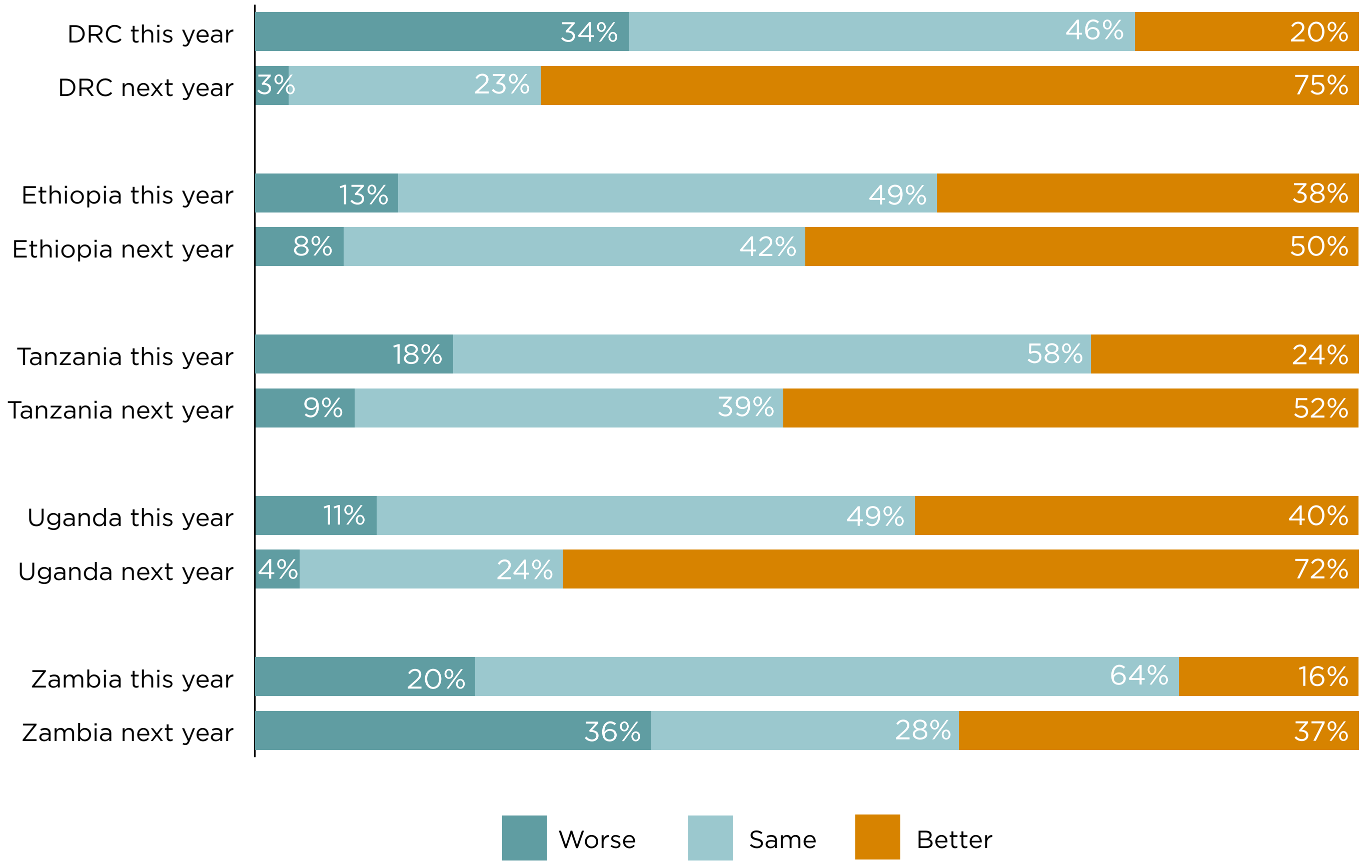
ZAMBIAN SALES TAX SET TO RAISE INFLATION IN 2019?

"How this year pans out will be greatly influenced by the timing of implementation of the proposed sales tax, which is likely to have an inflationary effect. Another factor is how the Zambian Kwacha will hold out against foreign currencies: as the country is import-oriented, a depreciating kwacha will also have an inflationary impact. Going forward, the newly enacted Employment Code Act will increase the cost of doing business significantly."

(Owner/Founder, Commercial and professional services, Zambia)

Side by side: What business leaders are seeing this year compared to what they expect for next year

Figure 13



Q3, Q4

Base (298)

DRC TO DEVELOP ENTREPRENEURS

"In December (2018) we changed the President after an election. In the programme of the new president he talked a lot about how he would develop entrepreneurs and facilitate business to create more employment opportunities and make business easier."

(Angélique Buisine, Manager of SODOPAL and Managing Director of PullUpBusinessWomen, DRC)

3. Investment intentions

Expectations for business growth are supported by an enthusiasm for reinvesting profits across all five markets: Eighty-five per cent of business leaders intend to maintain (27 per cent) or increase (59 per cent), investment in their businesses over the year ahead.

Business leaders in Zambia are the least optimistic about their chances for business success over the coming year and are perhaps reluctant to invest as a result. Responses there are almost equally split between increasing, maintaining and reducing investment.

In Tanzania, just over half of business leaders in the survey expect to increase investment, the other half do not.

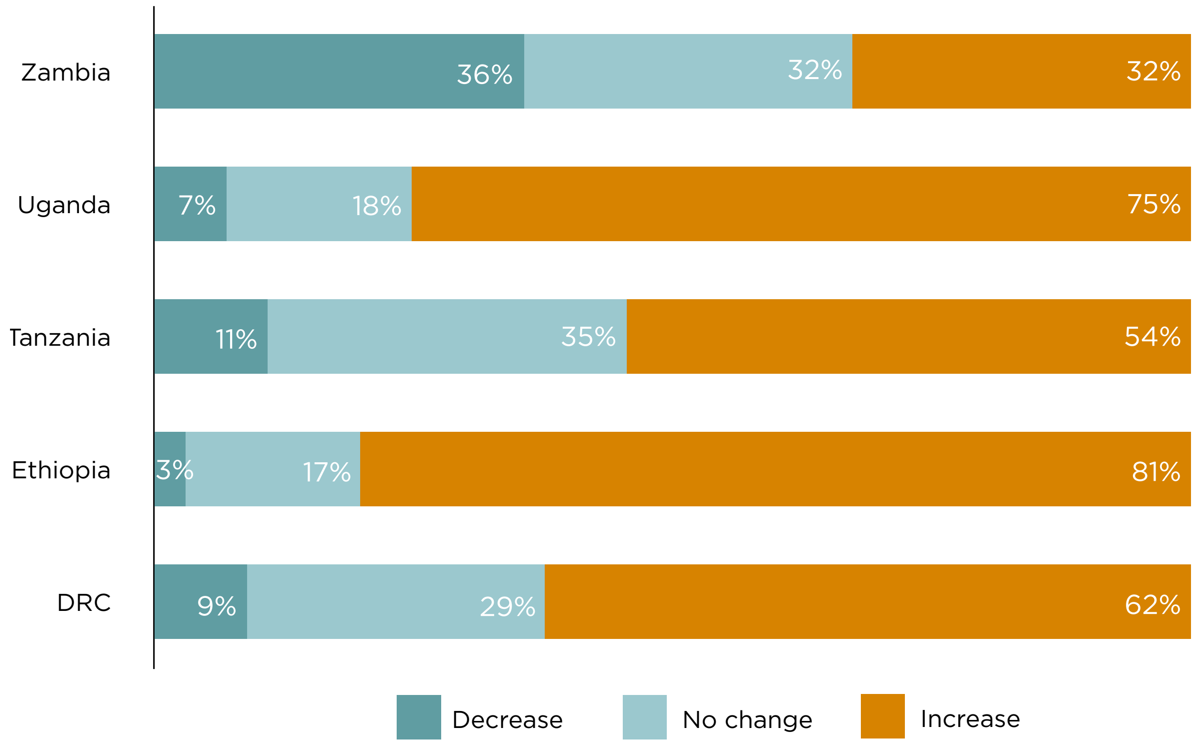
In DRC, almost two thirds expect to increase investment and fewer than one in ten indicate likely reductions in investment.

In Uganda, the appetite to invest in the next 12 months is strong, with three quarters of respondents intending to increase investment.

Respondents in Ethiopia are the most positive, with more than eight out of ten intending to invest more.

An appetite for investment: Investment intentions split by country

Figure 14

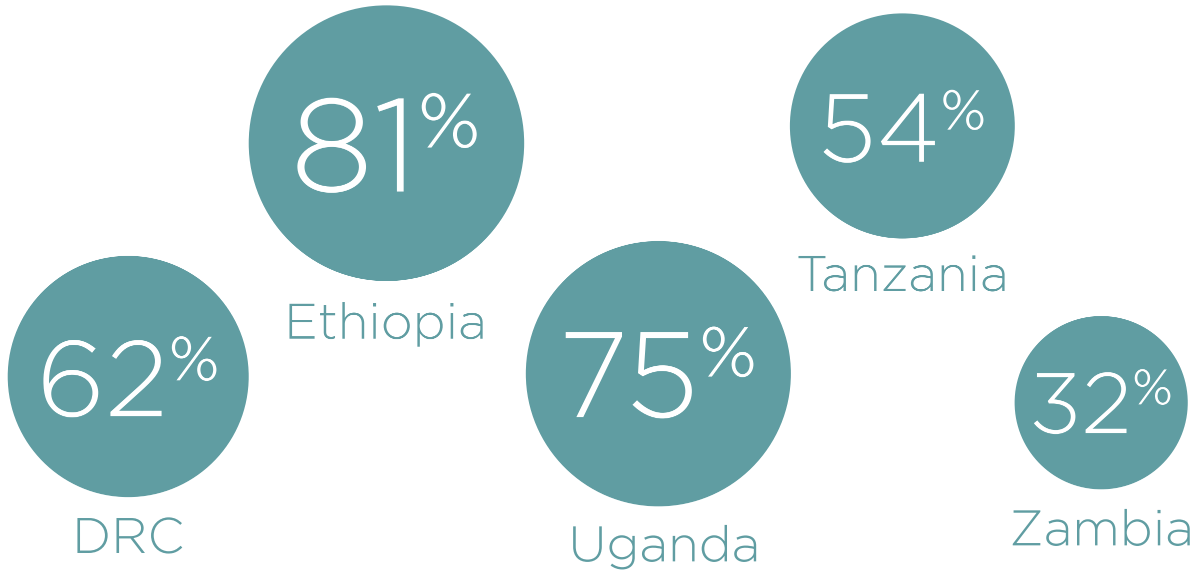


Q9

Base (292)

Leaders are looking to invest: The percentages by country over the next year

Figure 15



Q9 Base (292)

STABILITY LEADS TO CHANGING INVESTMENT PRIORITIES

"In terms of the financial services what we see is stability. Capital has stabilised, particularly compared to other countries in East Africa. The financial sector is sitting on much more comfortable margins in terms of capital. In the energy sector, if you talk to people who have been in this sector for years you will hear that it is also much more stable.

I think there is also a shift in terms of foreign direct investment. **The mindset is changing – people are not looking only for money and instead are looking at technology, better markets and access to information**."

(Geofray Masige, CFO of Sanlam General Insurance, Tanzania)

DISTRIBUTING INVESTMENT NATIONWIDE

"We forget that a lot of development we see is only in the capital. We feel that the urbanisation rate here is very low, but there are many secondary cities and regional cities, which are growing and this will help continue the country's growth into the future.

Industrial parks, owned and invested in by the government, such as the flagship Hawassa Industrial Park are a great case study to show what such projects can do to spread out investment and development throughout the country."

(David Solomon, Friendship Business Group, Ethiopia)

Opportunities and risks

Customer demand holds the most promise for growth according to business leaders

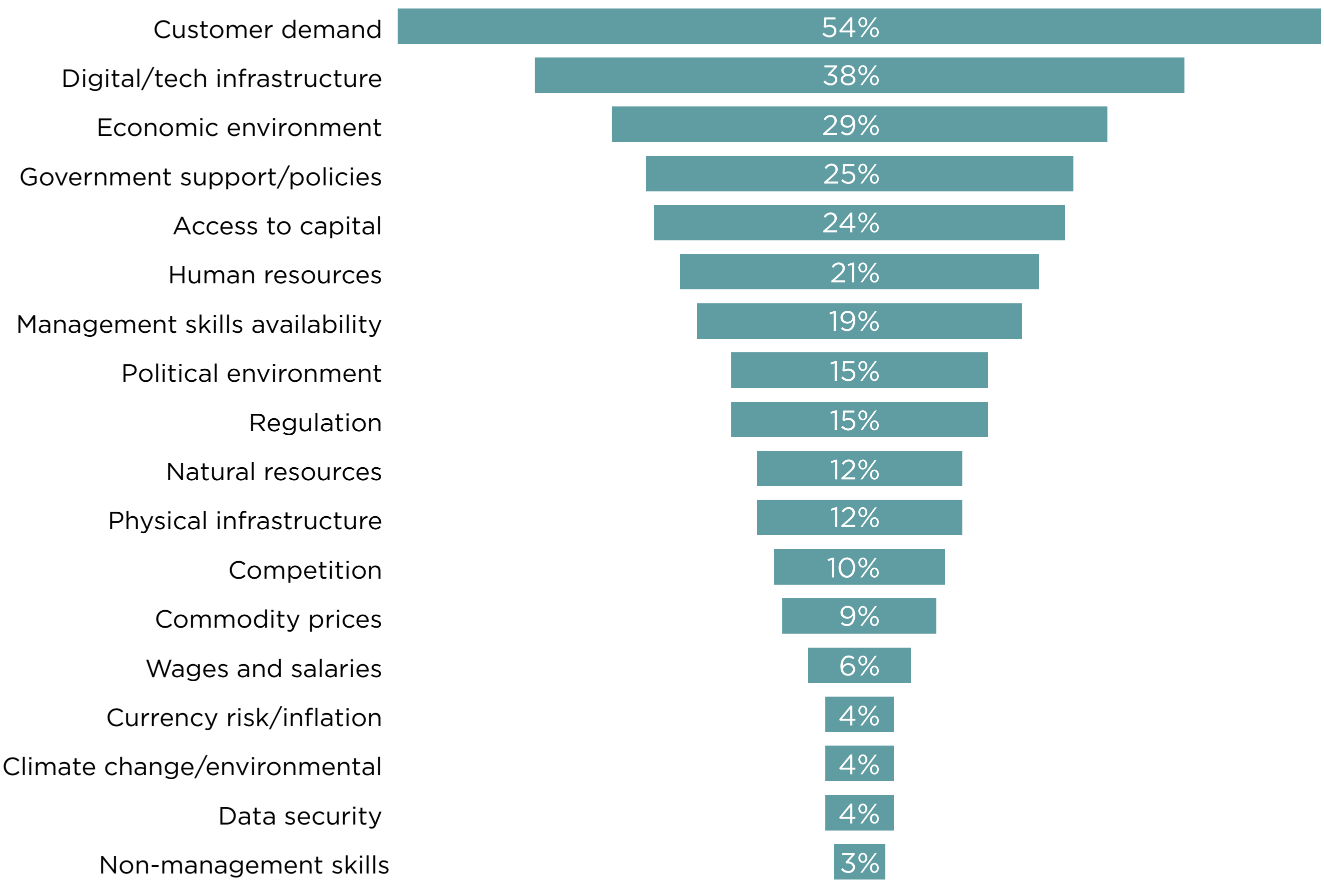
Confidence is high, and there are hopes for growth across all five countries. Where do business leaders see that growth happening, and where do they see it stalling? Each country is different, but first let's look at the overall picture.

Let it grow: Where opportunities lie

At the top of the list, customer demand is where business leaders see the biggest opportunity for growth. Second, is digital and technology infrastructure. Third, stands the economic environment, with an interesting twist: Fifty-seven per cent of respondents also see it as a risk.

Where business leaders see opportunities for growth as a percentage of respondents from across all five countries

Figure 16



Q28 Base (299)

OPENING UP ZAMBIA

"**Zambia's potential in the coming years is significantly understated**, and this might come as a surprise to a lot of people given the sustained mistaken focus on the country's structural economic risks. The next five years will be massive. With the current public sector-led road infrastructure development positively opening up the country, countrywide fibre cable connectivity, development in the telecommunication tower projects, office space infrastructure development and upgrading of capital city's roads, it will attract significant foreign direct investment to Zambia which will open up untapped opportunities."

(Kelvin Chungu, Managing Partner of Nolands, Zambia)

WIDENING ACCESS TO HEALTHCARE

"Insurance is undoubtedly allowing more people access to high-quality medical treatment. When we started the business in 2007, 80-90 per cent of our clients were cash paying patients. More people in Uganda now have access to insurance and we can see the impact – now only around 60 per cent of our patients pay purely with cash."

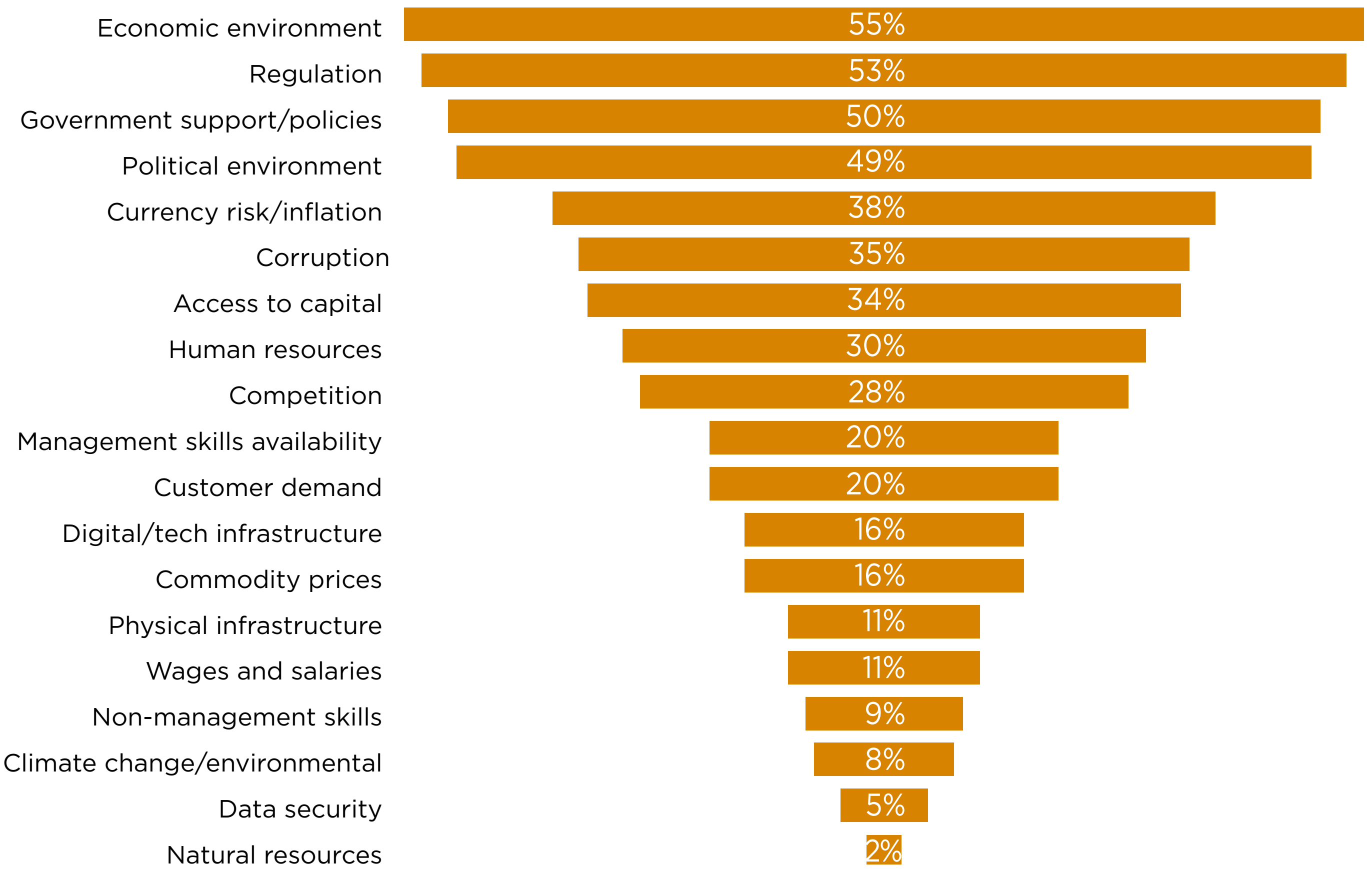
(Kawalya Kanyerezi, Executive Director of Kampala Hospital, Uganda)

Risky business: Where business leaders see obstacles to growth

Regulation, government policies and the political environment pose the biggest threats to business growth. These issues top the list.

Causes for concern: Where business leaders see risks to growth (as a percentage of respondents from across all five countries)

Figure 17



Q26 Base (299)

When you look at opportunities and risks together, it is clear that business leaders across all the countries see regulation, government support and the political environment as obstacles rather than opportunities, and the economic environment is twice as much a constraint than an opportunity. However, one in three leaders do see it as an opportunity, perhaps opening the door to more research into business leaders' perceptions of the economic environment they operate in, and the effect it has on their organisations' performance.

CONSTANTLY SHIFTING BUSINESS ENVIRONMENT

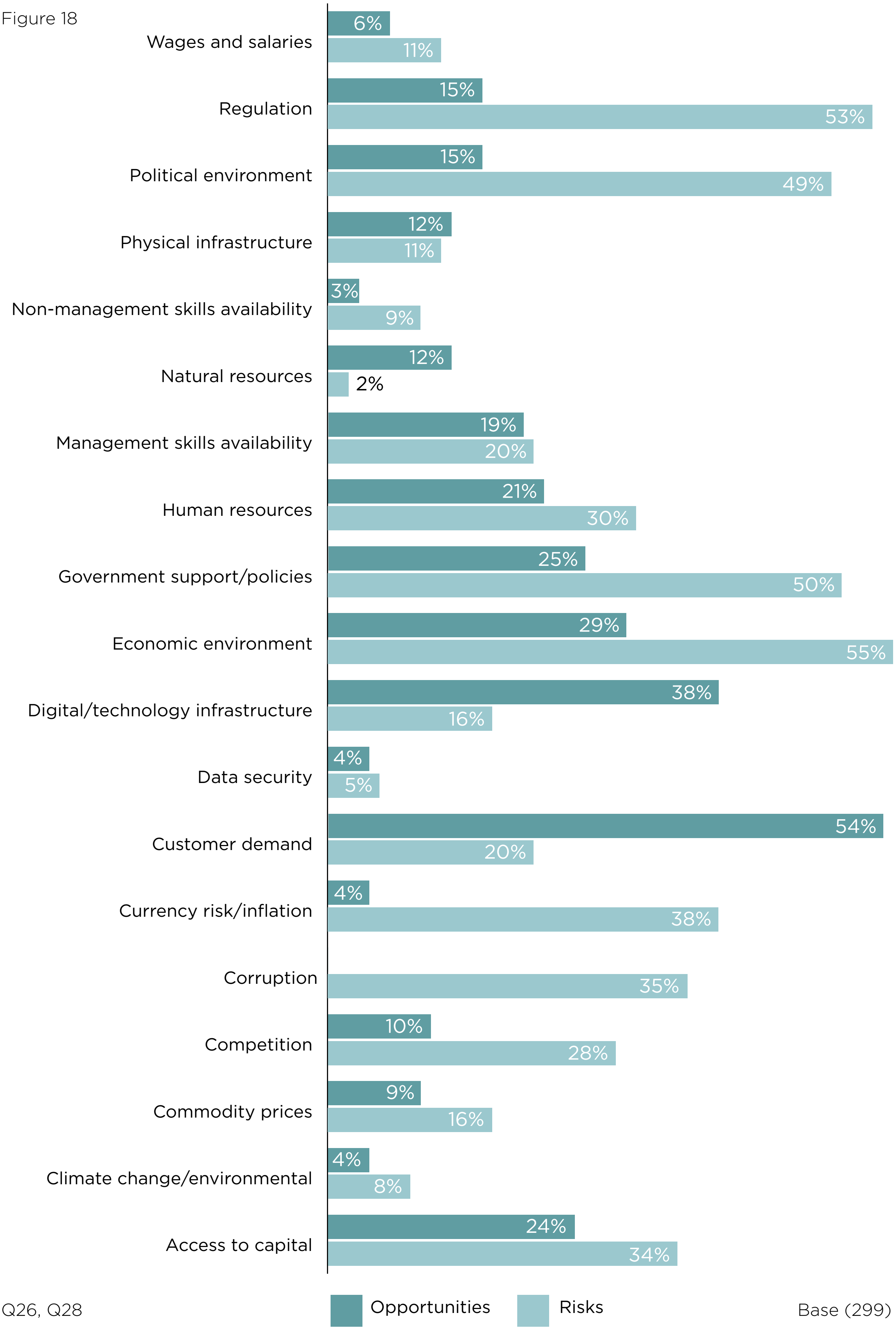
"The business environment is changing drastically all the time and having to adapt, align and stay sustainable is a daily struggle. My experience is that the environment is very sensitive and the implementation of new policy and regulation by the government is affecting a lot of businesses. I understand the government is working on strategies to improve in the future, but as it stands now there is a lot of uncertainty."

(Irene Kiwia, Founder & CEO at Frontline Media Management, eCOBbA and Twaa, Tanzania)

Respondents in all five countries see digital technology and infrastructure creating opportunities in their region, with twice as many seeing it as a potential driver for business growth, as opposed to an obstacle.

Opportunities and risks compared, shown as percentages of total number of survey respondents

Figure 18



Q26, Q28

Base (299)

Breaking the data down into the top five opportunities per country, customer demand tops the polls by far, taking first place in every country but Tanzania, followed by digital and technology infrastructure and economic environment. Interestingly, in Tanzania over half of business leaders see digital and technology infrastructure in their country as an opportunity.

IMPACT ON BUSINESSES AND THE INDIVIDUAL

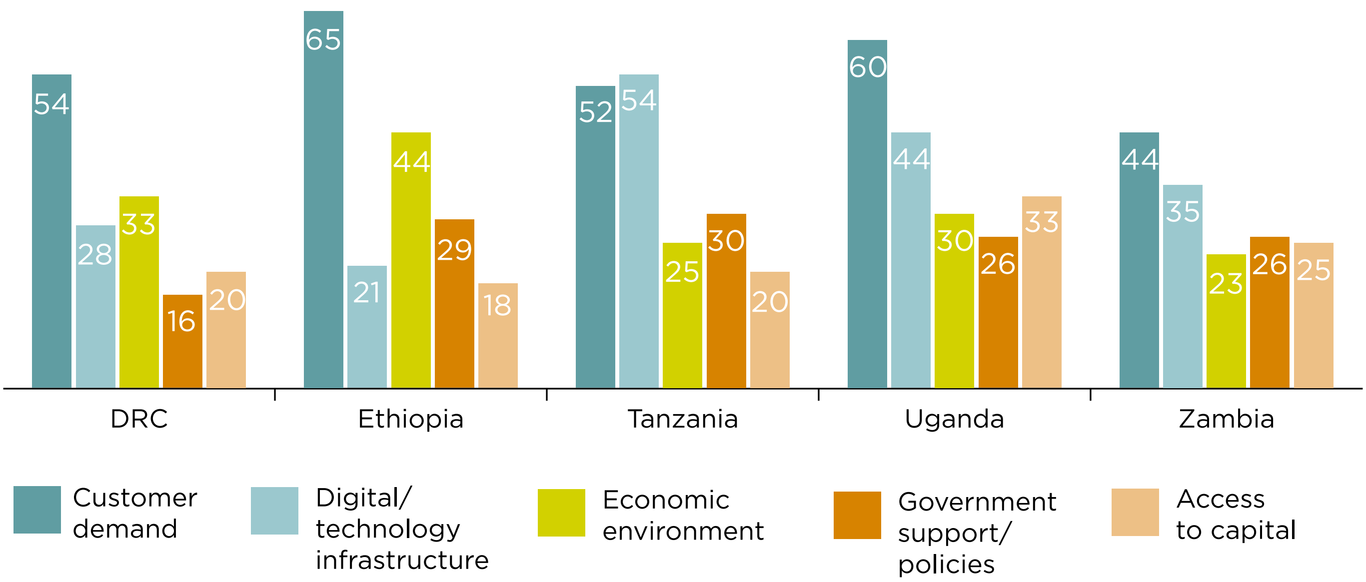
"The ripple effect of what is happening at the business level is impacting individuals. Spending habits have changed from an organisational level to a personal level.

When you look at the organisational level, the first thing you notice is that they cut off all the services and service providers to minimise costs. For individuals they are more careful about where they spend their money. So, the effect is seen everywhere."

(Irene Kiwia, Founder & CEO at Frontline Media Management, eCOBbA and Twaa, Tanzania)

Top five areas of opportunity (percentage of respondents, by country)

Figure 19

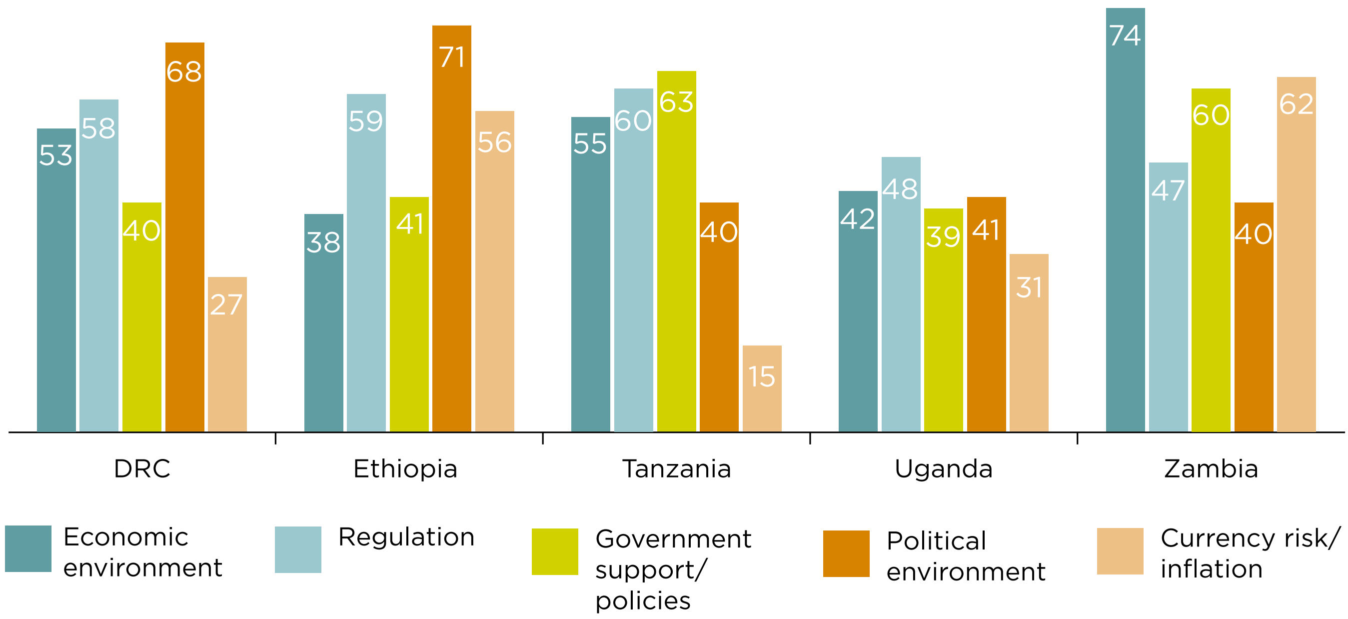


Q28

Base (299)

Top five risks (percentage of respondents)

Figure 20



Q26

Base (299)

The graph above shows us the top five risks, but when we dig deeper into the data we notice that leaders in consumer services, diversified financials and healthcare see access to capital as the most important risk factor. The same applies in food, beverage & tobacco; and telecoms. Currency risk and inflation was reported in the technology and transportation sectors, as being the most important risk factor; this may not be surprising given the high reliance of transportation on imported goods and the fact that technology is also imported by almost all African firms.

Over a quarter of leaders from banks indicated digital and technology infrastructure as a risk to growth, most likely reflecting the increasing penetration of fintech in the continent.

HARNESSING TECHNOLOGY TO INCREASE EFFICIENCY

"Insurance companies are not far removed from what other financial companies like banks and microfinance companies are doing. The biggest challenge to overcome in the industry is efficiency. There are constantly new technologies in the financial sector, so we are always having to review what they do and working out new ways of using these to help us improve the productivity of our business.

We are continually trying to amplify our technology and the development of our IT, as we know this will enable us to develop, for example by selling our insurance online. This is something which the sector in Tanzania is not used to. We are a company which understands and constantly considers the ever-changing environment.

In the long run, keeping up with changing technologies and harnessing the right ones can reduce our costs and make the company more productive."

(Geofray Masige, CFO at Sanlam General Insurance, Tanzania)

Skills gaps, employment and leadership

Business leaders expect to find the right people for the right jobs, and are determined to plug gaps in middle and senior management

The survey asked leaders questions on

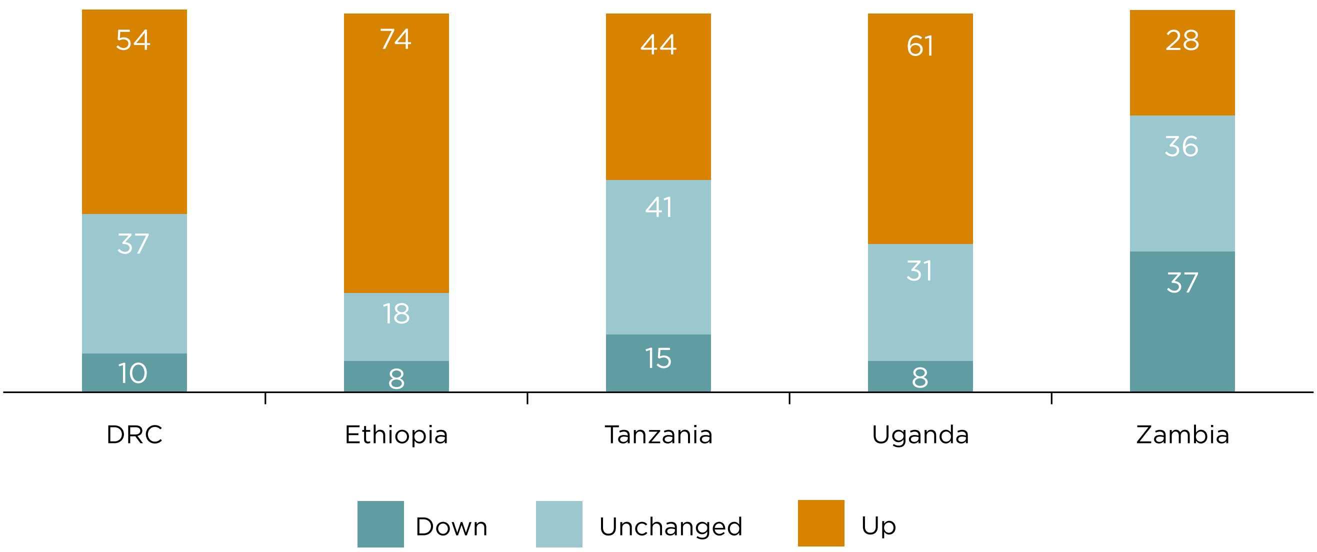
1. Employment intentions
2. Skills shortages by level
3. Skills shortages by area

1. Employment intentions: Will business leaders be hiring or firing over the coming year?

Overall, 84 per cent of business leaders expect to grow (50 per cent) or at least maintain (34 per cent) their employment base. Seventy-four per cent of Ethiopian business leaders and 61 per cent of Ugandan leaders are optimistic about increasing their employee base, followed by DRC at 54 per cent.

Percentage of business leaders by country who expect to hire more staff, shrink their employee base or keep it the same over the next year

Figure 21



Q6 Base (300)

2. Skills shortages by level: Where are the gaps?

Middle management is the most challenging area, with 62 per cent of business leaders saying their staff at this level don't have the skills to succeed. Skilled workers come next with 56 per cent of survey respondents citing room for improvement here. Top and senior management aren't far behind at 46 per cent.

At the country level and across most sectors, middle management is the level of greatest reported skill shortages.

SEEKING SKILLED WORKERS

"Closer to home, a challenge is the ability to find and retain skilled labour. There is a lot of skilled labour in the country, but it is not always available. The biggest challenge is at supervisory level and artisan level. There are very few artisans and people that have the capacity to self-direct teams. So, what you find is that a lot of businesses have a bloated structure, compensating for the lack of supervisory skills."

(Faith Mukutu, CFO at Zambeef Products Plc, Zambia)

"Access to talent is a big problem and it is mainly a problem at managerial and high level. At a lower level there is more help available, you can train them but there are certain positions that require high level expertise and that is what we lack."

(Irene Kiwia, Founder & CEO at Frontline Media Management, eCOBbA and Twaa, Tanzania)

Shortages of top and senior management are most evident in banks, diversified financials and telecoms. Business leaders see skilled workers as having the greatest skill shortages in the transportation and healthcare sectors.

DEVELOPING CORPORATE TRAINING OPPORTUNITIES

"Beyond the traditional services, we see opportunities in providing corporate training. In this space, we are providing training in International Financial Reporting Standards (IFRS), International Public Sector Accounting Standards (IPSAs), corporate governance, valuation, risk and internal audit as a separate service line. This is a relatively unique structure in the sense that there are not that many other firms engaged in providing audit, tax and accounting services who also have a separate training service line in one house."

(Kelvin Chungu, Managing Partner of Nolands, Zambia)

Business leaders of the largest enterprises (businesses with over $100m of in-country revenue) report skilled workers as lacking skills more than leaders of smaller organisations. Middle management tops the list across all the smaller categories of business by size.

Shortages of semi-skilled workers are reported as a problem in the transport sector.

We also asked respondents about unskilled workers. Across the survey only two per cent identify shortages at this level.

Respondents explained the pattern of skills shortages by level – at least partly – by faults in the participating countries' education systems. In the typical pattern there is a plethora of workers at lower levels, but shortages higher up.

EDUCATION SYSTEM FLAWS

"A lot of countries in Africa have the same problem with the education system. The whole educational programme is old and has never been upgraded. In DRC, the curriculum is over 60 years old and was implemented by the Belgians with only small changes since. The gap between education and real life has become huge and is growing."

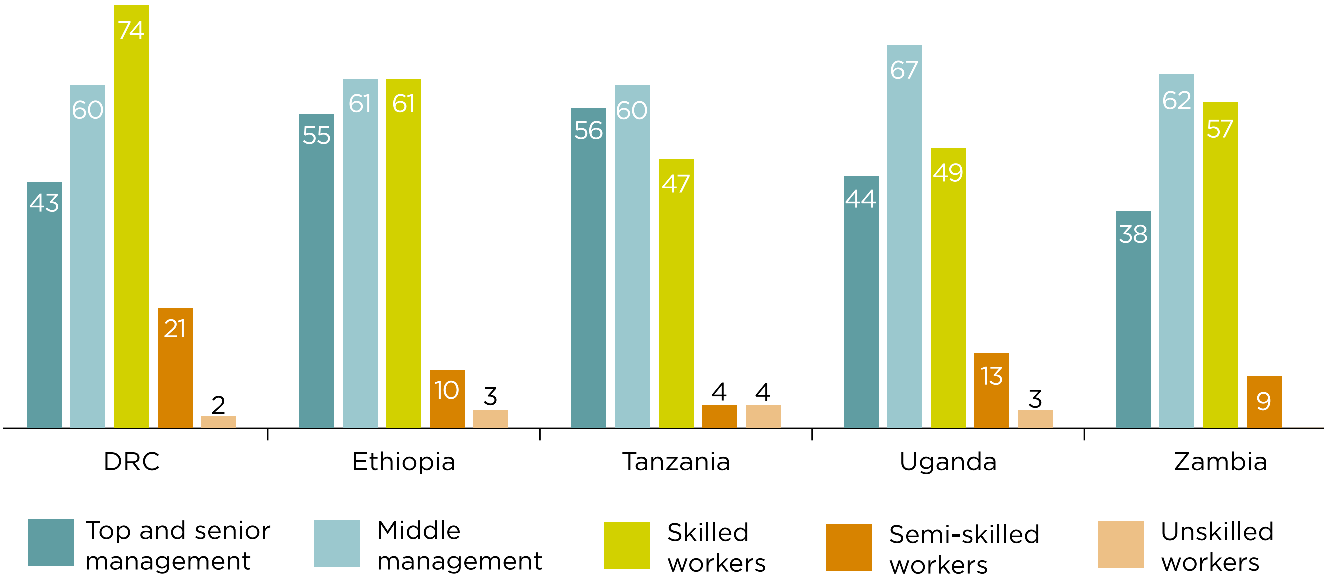
(Djo Moupondo, Chairman of La Clique Music Group, Executive Board Director of Sodeico Holding and CEO of Sodeico Development, DRC)

"The youth have no access to information, so they do not know what opportunities there are for them. They are therefore too traditional – the girls work with clothes and the boys go to work as a driver. The system does not assist people to access new technology and there is a lack of access to information and finance. They have no idea what they are supposed to and can do. The system is too traditional and with little innovation. We need more communication. In other countries the leaders write books, discuss and exchange ideas and are open. Here people hide their skills and do not share them."

(Angélique Buisine Thambwe Mwamba, Manager of SODOPAL and Managing Director of PullUpBusinessWomen, DRC)

Skills shortages by level and by country (% average)

Figure 22



Q30 Base (277)

3. Skills shortages by job area: What skills are needed

Research and development expertise is most needed across the whole spread of countries, coming in first or second place everywhere but DRC, where production takes the top spot. Note that while research and development is a significant shortage area in terms of the number of companies reporting this, there is only a small total number of jobs available in the field. Future iterations of this survey aim to draw out further insight into research and development needs by sector, and type of skills left wanting.

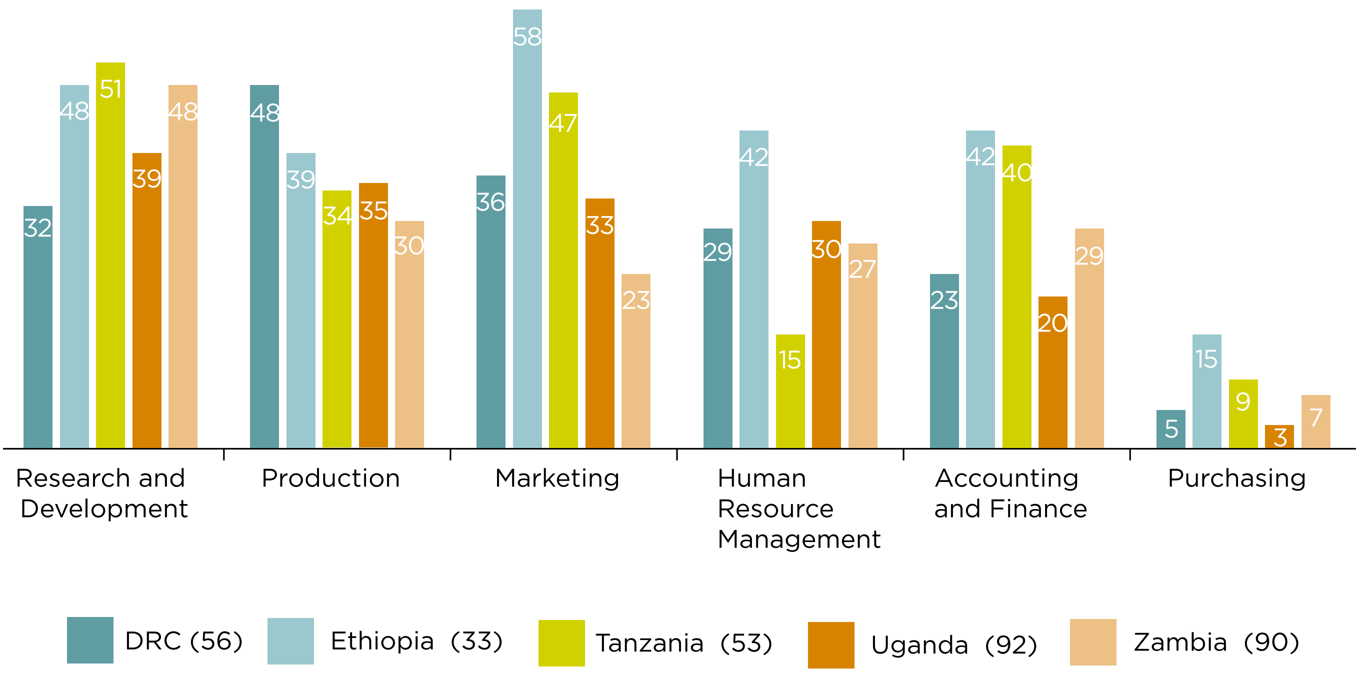
Overall, production comes next with 39 per cent of business leaders feeling the lack of production workers with the right skills. Marketing is close behind at 38 per cent. Thirty per cent of respondents feel their human resources and accounting and finance departments need to upskill. Purchasing fares the best when it comes to having the right skills for the job, with only seven per cent of business leaders seeing gaps in their teams in that area.

The overarching results are largely reflected among the countries surveyed, with deviations in the ranking of the top three skills gaps, and sometimes with human resources and finance and accounting ranking second or third. In Zambia, Uganda, and Tanzania research and development is largely noted as being the area of main skills shortage, whereas production was the highest reported area in DRC, and marketing in Ethiopia.

Smaller companies of up to 250 employees and less than US$10m revenue more often cited research and development, while production was more often reported by larger companies. Smaller companies also more frequently reported accounting and finance whereas larger companies more often reported human resources.

Percentage of business leaders in each country rating top six skills shortages by field

Figure 23



Q31

ACCESS TO GOOD EDUCATION

"Access to good education has historically been quite low. However, I am optimistic about the future – the level of talent has roughly doubled in the last five years. This is because there have been some big changes in the way higher education is organised. You can observe the change across the country. Companies are focusing on their productivity and graduates are coming out of university better equipped to enter the corporate world."

(Geofray Masige, CFO of Sanlam General Insurance, Tanzania)

INVESTING IN DEVELOPING TALENT

"We invest a lot to upskill workers and keep employees that are deemed to be talented. We understand it is a matter of growing your own talent, rather than fighting for the few talented people out there."

(Faith Mukutu, CFO of Zambeef Products Plc, Zambia)

Business for good: How business improves our world

The verdict was clear: Providing good quality jobs is the best way businesses can make the world a better place

It's a big question. When we asked business leaders 'What's the foremost way in which businesses do good?' they had five answers to choose from. Of course, there are many ways to answer this question but we intentionally limited the possible responses. The question construct and response options have been developed and used with multiple research groups and audiences of business executives.

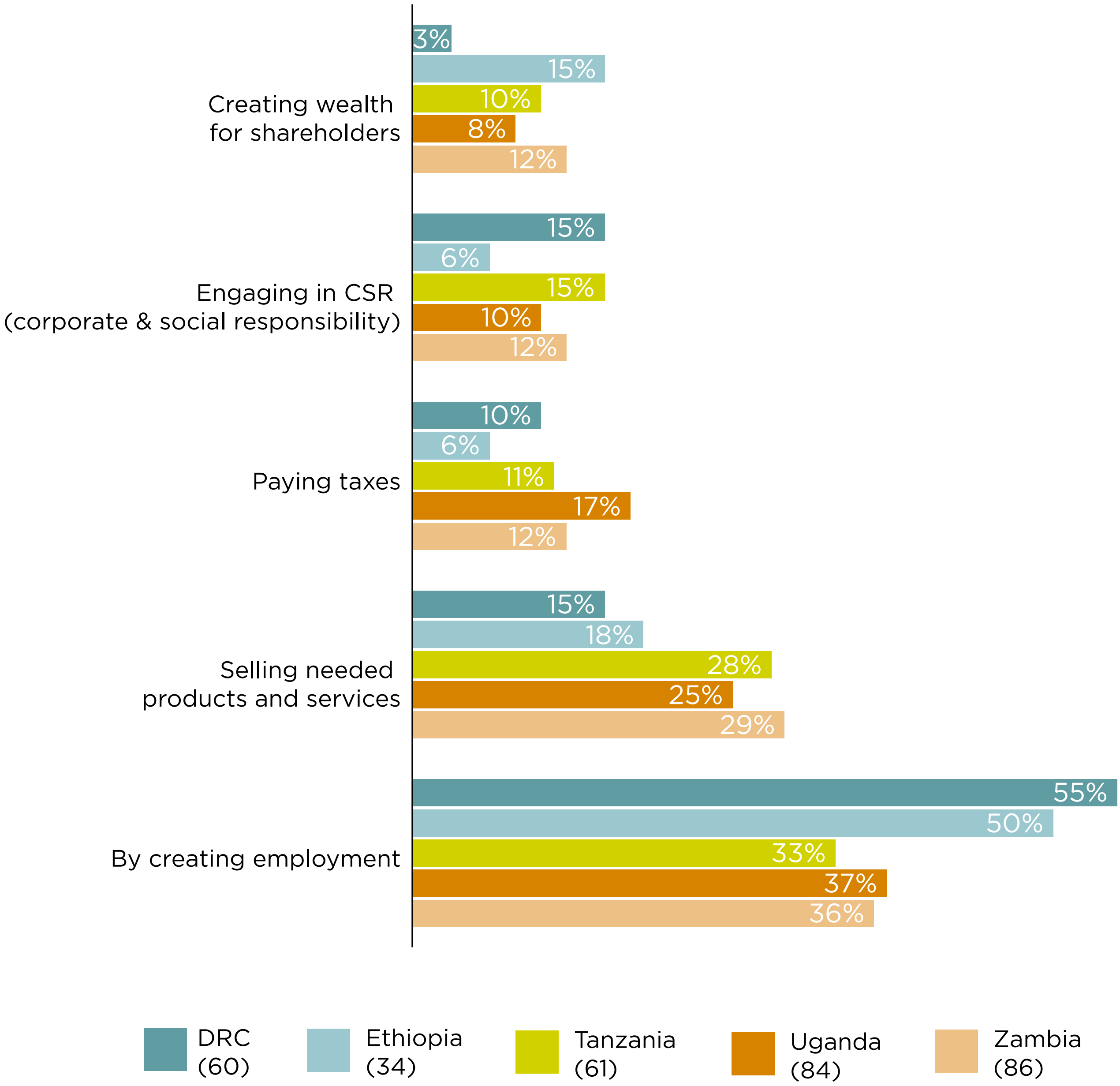
Business leaders in all of of the five countries say creating employment is the primary way for businesses to do good, followed by providing needed products and services.

Interestingly, less than one in ten leaders of businesses in these countries chose 'creating wealth for shareholders' even though most respondents are senior managers/executives (60 per cent) and owner founders (37 per cent). This may be because members do not equate private firm objectives – profit to shareholders – with public good.

In DRC and Ethiopia, more business leaders chose 'creating employment' than in Tanzania Uganda and Zambia.

Percentage of leaders by country rating how businesses do the most good

Figure 24



Q33

Creating employment is top of mind in each country overall, but views differ by sector. For example, more business leaders in energy and healthcare see providing needed products and services as the best way business can give society what it needs. For leaders in agriculture and transportation, it's creating employment. The answers most likely reflect the realities of each industry.

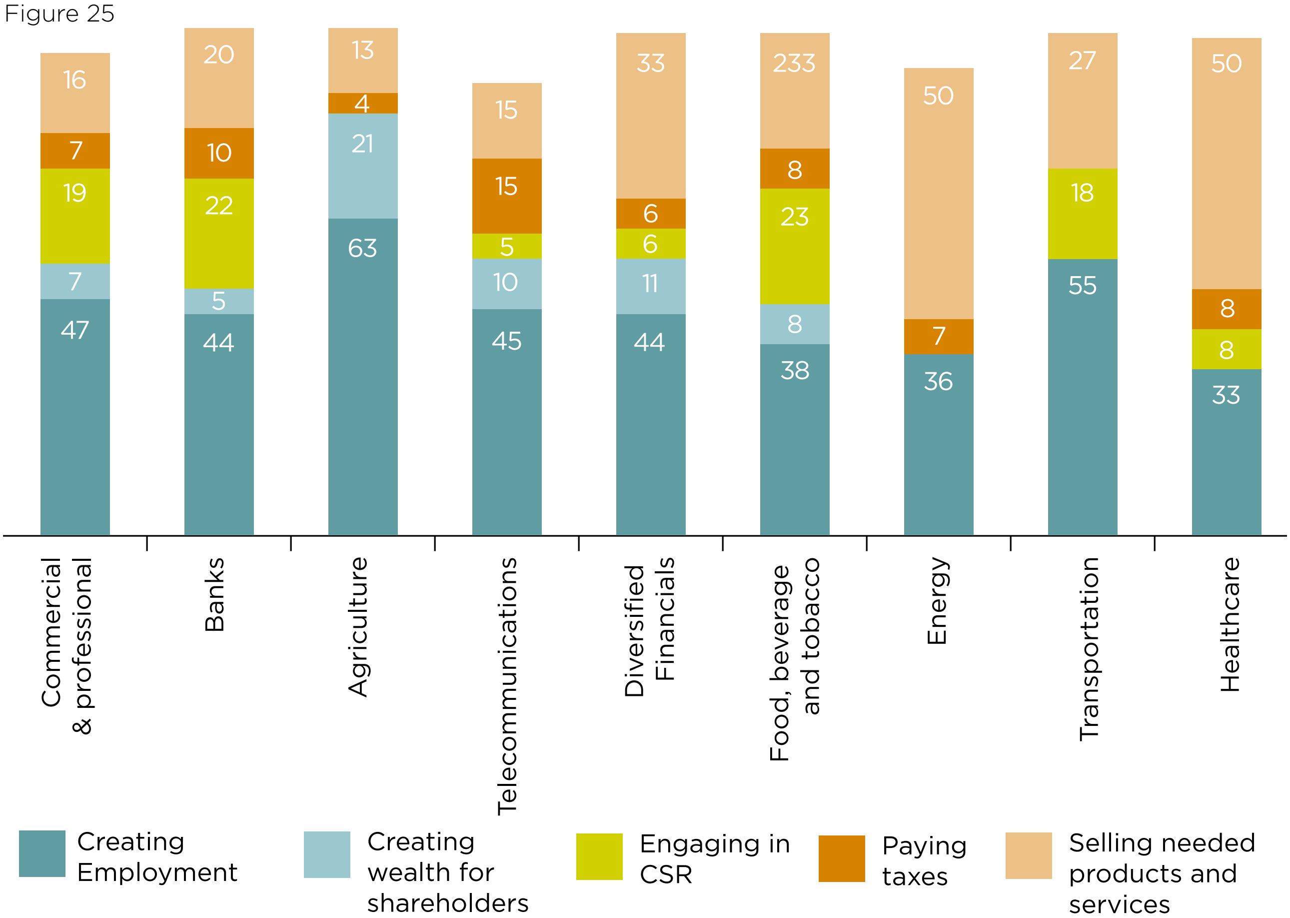
HEALTHCARE IN UGANDA

"Uganda is a country with a population of about 40 million. Historically healthcare in this part of the world has traditionally been managed by the government. Knowing that a lot of patients were using their money for medical tourism – leaving the country for their healthcare – our hospital's proprietors decided that they wanted to provide high-end equipment and care so patients could be diagnosed and assessed by medical professionals in Uganda. As a result, we are now doing major operations for people who previously would have gone outside the country."

(Kawalya Kanyerezi, Executive Director of Kampala Hospital, Uganda)

Percentage of leaders by sector rating how businesses do the most good

Figure 25



Q33 Base (298)

Creating employment is the best way for businesses to create a better society according to leaders across all sectors too. However, senior executives do give different answers by sector, with leaders in energy and healthcare prioritising saying their products and services do more good than creating jobs. It is notable that respondents from the energy sector do not select CSR. Perhaps they all engage in it but do not see it as the principal means by which they do good.

For the final question, respondents suggested up to three businesses doing good in their country. Some chose sectors, many named businesses they respected. Some gave explanations, some didn't. In the analysis we coded named businesses into sector groups. We received over 600 suggestions.

Financial services is the sector seen to be doing the most good, with several people citing financial inclusion initiatives as a reason to select telecoms firms like MTN and Airtel. Breweries were mentioned 28 times, perhaps due to the number of jobs they create.

MTN in Uganda and Zambia, Zambeef in Zambia, and Equity Bank in DRC were amongst the most cited 'doing good' companies.

Some respondents added comments to explain their selections. Further research will take a deeper dive into the question of why business leaders choose particular companies, and what specifically those companies do that is seen as 'doing good' in these countries.

Conclusion

Business leaders in five of Africa's rising economies are optimistic about the future.

Despite ongoing challenges related to political and regulatory uncertainty, the responses and interviews point to a desire to continue investing (using both internal revenues and external finance), hire new employees and develop existing talent internally.

The majority of respondents intend to grow their businesses over the next 12 months. The survey results further show that leaders perceive 'creating employment' as a key feature of a 'good' company. In the eyes of the business leaders, there is a strong connection between commercial performance, growing headcount and being considered a 'socially good' company.

As the business leaders in these countries continue to implement and develop training, upskilling and mentoring initiatives for their growing workforces, the potential for these countries to continue on their upwards trajectories – and for employees to make a positive mark at a local, national or global level – is considerable.

Methodology

We invited 635 members of The Africa List to complete the Barometer survey during June 2019 via an online survey.

The head of The Africa List invited named members in personal emails and sent up to three targeted reminders. Participation was voluntary. No questions were compulsory. Respondents were assured of confidentiality. Fifty-seven per cent (364 members) opened the survey.

Of those who opened the survey, 357 (98 per cent) answered questions and were included in the analysis and reporting. This demonstrates a high level of engagement from responding members. Of these, 326 (91 per cent) completed all sections and 315 (88 per cent) agreed to take part in the interview. 90 per cent (321 respondents) took up the incentive of a customised summary report for their country: these country analyses are included at the end of this report

Figure 26

Opened the survey	364	
Opened the survey and answered questions (survey base)	357	98%
Opened the survey and completed all sections	326	91%
Requested a summary report	321	90%
Agreed to follow up	315	88%

Levels of employment: definitions

Top and senior managers are individuals at the highest level of an organisation who have the executive task of managing that organisation or a significant part of it.

Middle management is the intermediate management level of an organisation that is subordinate to the executive management and responsible for 'team leading' line managers and/or 'specialist' line managers. Examples of middle management roles are purchasing manager, department head, divisional head and plant superintendent.

Skilled work requires specialised training or skills and frequently a qualification. Skilled workers are capable of exercising judgment and have knowledge of the particular trade or industry they work in.

Semi-skilled work is the performance of routine operations of limited scope; generally of a routine nature where the major requirement is not judgment and skill but 'proper discharge of duties assigned'. Important decisions are made by others.

Unskilled work requires no particular skills and is unlikely to require any formal qualification. This type of work usually involves simple duties that don't require judgment.

DRC

Country analysis

DRC | Country analysis

Figure 27

National Indicators

Indicator	DRC
Surface area (sq. km)	2 344 860
Population	84 068 091
Urban population (% of total)	45
Population growth (annual %)	3
Urban population growth (annual %)	5
GDP (US$m)	47 228
GDP growth (annual %)	6
GDP per capita (US$)	562
Exports (% of GDP)	34
Imports (% of GDP)	37
Life expectancy at birth 2017	60
Mobile cellular subscriptions (per 100 people)	43
Wage & salaried workers (% of total labour force – national estimate)	18
Self-employed total (% of employment, modeled ILO estimate)	82
Account ownership (% of population ages 15+) 2017	26
Access to electricity (% of population) 2017	19

Source: World Development Indicators 2017/2018

Big country, big potential

One of the largest countries by land in Africa, DRC has vast potential for economic success based on the abundance of natural resources such as land, water, and minerals. However, the country has been faced with significant challenges related to political instability, high poverty rates, and recurring disease outbreaks. To further understand the current working climate and prospects in the DRC, the Barometer sought the views of current and future business leaders on business confidence and investment, future economic indicators, sources of finance, the business environment (risks and opportunities), skills shortages, how businesses might be a force for good, and examples of businesses to be recognised as doing good for the country.

Business confidence

The Africa List Business Barometer sought the views of current and future business leaders on a range of economic and business indicators. What is most pronounced in the responses from DRC – when compared with the other countries surveyed, Ethiopia, Tanzania, Uganda and Zambia – is the significant shift from a pessimistic current state to an overwhelmingly optimistic future outlook.

Considering the present situation, DRC respondents were the most negative with over a third of respondents (34 per cent) citing the current business situation to be ‘bad’. This is the highest reported negative business confidence amongst the countries surveyed, compared to The Africa List Index of 19 per cent. However, the outlook for the future is positive, with 75 per cent of respondents seeing the business situation improving in the year ahead, much higher than most other country’s business leaders surveyed with The Africa List Index of 58 per cent. Related, more than half of business leaders (54 per cent) expect their employment numbers to increase in the next 12 months, tracking closely to The Africa List Index.

This positive outlook does not go unchecked by other concerns stemming from investment intentions. Nearly half of respondents indicate that access to credit is difficult (45 per cent), in line with The Africa List Index of 42 per cent, and almost a third of respondents (30 per cent) saw a decrease in investment from 2017 to 2018, higher than the index across other countries of 18 per cent. However, there is hope for investment improvements, with nearly two thirds (62 per cent) of respondents anticipating an increase in investment in 2019, tracking with The Africa List Index.

Continuing to emphasise the hope DRC leaders have for the future of the country’s economy, as this study came to a close, DRC’s president Félix Antoine Tshilombo Tshisekedi stated: “The eradication of poverty and hunger is today an urgent issue. The Democratic Republic of the Congo can be part of the solution, with its 80 million hectares of arable land and its abundant water sources that are enough for more than two billion people.”

Opportunities and constraints to growth

Additional context was provided by business leaders to explain their perspectives on the current state and future expectations of the economy; responding to questions about the greatest risks to growth, the top answers were the political environment, regulation, and corruption. This is followed by the economic environment (all indicated by over half of respondents).

Recent efforts have been made to introduce reforms throughout the country’s economy, but they have resulted in limited economic benefit. Despite the challenges described by leaders, there may be anticipation that future government fiscal policies will be implemented to contain inflationary pressure following a period of economic downturn; DRC respondents predict on average a 16.4 point drop in inflation in the coming year (to 12.9 per cent from 29.3 per cent 2018). This is linked with other positive expectations, including expectations of GDP growth at 3.9 per cent and a 23 per cent increase in revenue growth for businesses. Future iterations of this survey will further reveal whether DRC business leaders remain optimistic despite facing continued challenges.

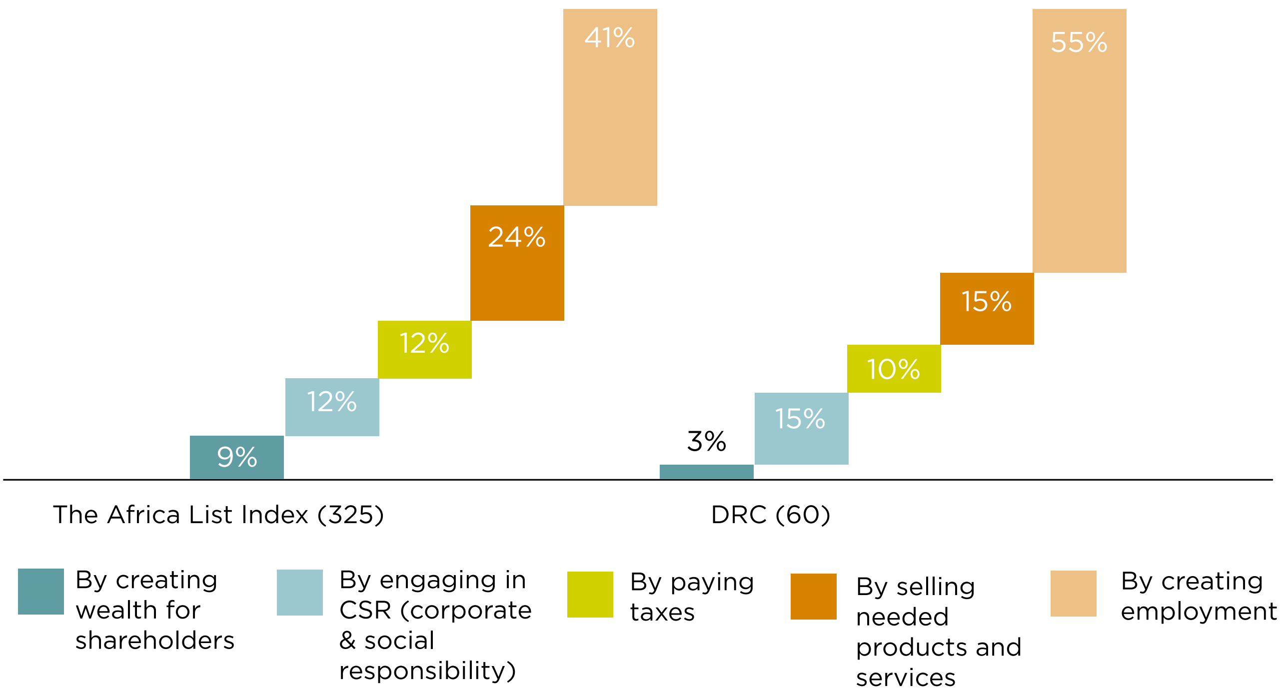
Additionally, business leaders note opportunities for growth. In line with the other countries surveyed, more than half (54 per cent) of business leaders see customer demand as a major opportunity for growth within their markets in DRC. And some even see opportunities in the economic and political environment, with a third indicating the economic environment and over a quarter indicating the political environment as opportunities, not constraints (compared to The Africa List Index of 29 per cent and 15 per cent, respectively).

These opportunities for future growth may be further challenged by available labour. More than in other countries, three quarters of DRC business leaders report skilled workers as the largest skill shortage, compared to other countries where middle management is reported more. This figure is higher than The Africa List Index where only about half of respondents across the five countries (53 per cent) report skilled labour shortages.

In line with business leaders in other countries, the challenge of middle management is seen as a significant issue, reported by 60 per cent of leaders in DRC. This is seen as a much greater challenge than semi-skilled shortages, reported by one in five (21 per cent).

How businesses do good

Figure 28



Q33

Similar to the ways businesses can do good reported in other countries, the greatest proportion of business leaders in DRC indicate 'creating employment' is the foremost way that businesses do good. Notably more than half of leaders (55 per cent) selected this, the highest proportion across all five countries in the study.

Almost 100 examples of sectors and individual businesses were cited by respondents to the survey and are worth exploring for the impact they have been able to have on DRC's growth. References to financial services, telecoms, agriculture, and mining were most common, and Vodacom, Equity Bank, Orange, and Bralima were all mentioned multiple times.

Sources:
World Food Program Annual Country Report 2018
Africa's Pulse APRIL 2019 | VOLUME 19
https://www.usaid.gov/democratic-republic-congo/cdcs
https://www.worldbank.org/en/country/drc/overview
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Djo Moupondo

Chairman at La Clique Music Group

Executive Board Director of Sodeico Holding, Global Strategy & Business Development and CEO of Sodeico Development

A new phase for DRC

I think that there is a general optimism across the DRC and a key milestone has been the election and the transfer of powers. We now have a new government where 80 per cent of the people are new.

But there is also a status quo in terms of business, as people do not know how things are going to develop. I see this period as a transitional period – there are some old powers still involved but on the whole, it feels like there is a new opening up across government. For example, there is a great will to develop new sectors in DRC; the insurance sector is being liberalised and they are keen to encourage this within the energy sector also.

Overcoming challenges

The biggest challenges have continued to be the ongoing fallout from the political crisis in 2016 and economic problems. For a while the objective was to try and ride out the crisis and although we work with multinational companies, it was still difficult to get new clients in a time of political uncertainty.

This meant that the group decided not to put all its eggs in one basket and diversify, making sure to push our developments in different countries across Africa.

However, Sodeico is 30 years old. As one of the oldest companies in DRC today, the majority shareholders are older. They are not always willing to invest and take on new challenges so that is a challenge as it means we sometimes have to give up a good opportunity. But we have to open the doors and show ourselves to Africa.

Regulation

Currently regulation bodies are operating more like tax policing agencies. In my view a regulation agency is there to help, guide and punish if the rules are broken, not hide away and see where they can make companies pay more tax.

For example, the HR sector is not regulated. There are big companies that create an HR company in order to evade taxes. They do not have any policies, medical policies or social obligations and do not declare taxes. These companies are destroying the market and it makes it difficult to prosper as a clean company. This is where a regulator needs to come in and it needs to be done right.

Education system flaws

A lot of countries in Africa have the same problem with the education system. The whole educational programme is old and has never been upgraded. In DRC, the curriculum is over 60 years old and was implemented by the Belgians with only small changes since. The gap between education and real life has become huge and is growing.

Vocational academy

We started a project creating a vocational academy that would provide specialist courses addressing the needs of the employment sector. We launched this as a pilot last year. The aim is that people will be productive in the workplace within six months, rather than after two years which is the current norm. We hope it will give us the opportunity to bring skilled people into the market.

The academy is also training existing professionals that need the continuous development and support in their career; you can help a company flourish by ensuring their senior executives have the skills they need to manage the company and its business.

The African market

I think it is useful to see Africa as one market and the countries within it as different segments of that market. Many big brands and companies have made the mistake of trying to enter the African market without realising that one strategy will not work everywhere. For example, before entering into Zambia, we made sure we got to know the market before launching.

The African Trade Resolution that was signed a few months ago will open up Africa. I think with this togetherness, Africa can become the strongest continent in 50 or 200 years. Africa will be able to take its true place in the world.

Brexit may also be considered a milestone as the UK is very involved in Africa. We may find a lot of companies in Britain start to turn and work more internally and it will all have an impact on Africa.

Angélique Buisine Thambwe Mwamba

Manager at SODOPAL
and Managing Director at PullUpBusinessWomen

About Sodopal

I work in a company that does transport on the river. We cross the river Congo from Kinshasa to Kisangani. 1734 kilometres by border. It is a family company. It was created by my father, but I have been the manager of the company for five years. We have four boats and six barges, and we transport 20,000 tonnes of merchandise per year.

Lack of information holding back youth

The youth have no access to information, so they do not know what opportunities there are for them. They are therefore too traditional – the girls work with clothes and the boys go to work as a driver.

The system does not assist people to access new technology and there is a lack of access to information and finance. They have no idea what they are supposed to and can do. The system is too traditional and with little innovation.

Nurturing a new generation of leaders

We need more communication. In other countries the leaders write books, discuss and exchange ideas and are open. Here people hide their skills and do not share them. I run an incubator for young girls - we connect these young girls with people who are already successful so they can learn how to be a leader for tomorrow. We show that the problem is the lack of information. Young girls do not know that in their country people like them succeed. In this project incubator we connect them.

Challenges and opportunities

The challenge in my sector for the past three or four years has been survival. The regulation is not very fair for business. We are over-taxed and the company rent is very high. But the opportunity is also to survive – to succeed in the business and to develop new markets.

Currently we transport the merchandise of other people. But in future we would like to own our own merchandise, to develop our own shop in country and maybe, like others in Amsterdam and Europe, develop to transport goods by containers. We need to develop our multimodal transport and the services related to river navigation, including insurance, certification, school of navigation.

Need for new infrastructure

We need new policies that will help develop the infrastructure – we for example more ports and to be able to do transport by night which requires signs along the rivers.

We need a smooth navigation, 24 hours a day throughout the year and a common regulation.

Investing in men and port infrastructure is the most cost-effective way of encouraging the development of provinces, agriculture, road and rail infrastructure, creating new opportunities in business, tourism, industrialization and human development whilst limiting rural exodus.

Technology

Technology can facilitate the compatibility and communications with clients, between boats, the river authorities and especially the different points of removal at the ports, therefore it is very important for us to develop it. Across DRC we now talk more about technology and encourage its use. Despite the low penetration rate of the internet, we can really progress here.

New beginnings for DRC?

In December we changed the President after an election. In the programme of the new President he talked a lot about how he would develop entrepreneurs and facilitate business to create more employment opportunities and make business easier.

Last year it was a very bad year. We had many disruptions to business because of the security situation. We are now awaiting the new regulation and hoping to see a positive impact. In the meantime, we continue to work hard and create new opportunities and new ideas.

Desire to expand operations beyond DRC

I have just worked for the République Centrafricaine where I had to transport freight, and this was difficult because of the river. However, if I can develop my transport business to transport throughout the DRC and develop it to do the complete logistics with other countries, there are great possibilities for trade. We have nine neighbours, so we could exchange many things.

In terms of the new ACFTA sometimes we are afraid of the trade agreement, sometimes we are confident. If we deal with the agreement correctly, we can use the opportunity to develop economic zones in DRC near the borders.

Public/private sector collaboration

We hope this year we can create a real partnership between the government and the private sector. We hope our advocacy will help develop the country and encourage entrepreneurs to grow new businesses which will create value in the country.

There is a new generation of entrepreneurs who want to participate in the development of our country as individuals and in work. They want to work for the country, work in the country and work with other countries, in order to develop and act as advocates for DRC.

Ethiopia

Country analysis

Ethiopia | Country Analysis

Figure 29

National Indicators

Indicator	Ethiopia
Surface area (sq. km)	1 104 300
Population	109 224 560
Urban population (% of total)	21
Population growth (annual %)	3
Urban population growth (annual %)	5
GDP (US$m)	84 355
GDP growth (annual %)	7
GDP per capita (US$)	772
Exports (% of GDP)	8
Imports (% of GDP)	23
Life expectancy at birth 2017	66
Mobile cellular subscriptions (per 100 people)	36
Wage & salaried workers (% of total labour force – national estimate)	14
Self-employed total (% of employment, modeled ILO estimate)	87
Account ownership (% of population ages 15+) 2017	35
Access to electricity (% of population) 2017	44

Source: World Development Indicators 2017/2018

Continued fast growth for East African icon

With a population exceeding 109 million people, Ethiopia is the second most populous nation in Africa after Nigeria, and the fastest growing economy in the region. In this context, the Barometer sought the views of current and future business leaders on business confidence and investment, future economic indicators, sources of finance, the business environment (risks and opportunities), skills shortages, how businesses might be a force for good in Ethiopia's ongoing development and examples of businesses to be recognised as doing good for the country.

It is important to note that the number of business leaders in Ethiopia in the survey is lower than other countries. With 38 businesses represented, the composition is broadly representative of the wider The Africa List membership (comprising 93 organisations in Ethiopia). The panel profile is included at the end of this summary. It is expected that the number of organisations and respondents will be greater in the next iteration of the Barometer.

Considering the present business situation, 87 per cent of responding members in Ethiopia see it as good or satisfactory. Fewer than one in seven reports the current situation to be bad. These numbers are notably more positive than The Africa List Index – in particular, the proportion reporting the current situation to be good is almost 40 per cent compared to 27 per cent.

Asked how they see the business situation across the next 12 months, half of all respondents in Ethiopia expect it to be better and 92 per cent expect it to be the same or better. This strong positive outlook is broadly in line with The Africa List Index. Few business leaders expect the business situation to worsen in the year ahead.

This reported positivity tracks across to investment intentions: eight out of ten business leaders expect to increase investment in the year ahead. This is the highest across all five countries of this study and more than 20 points ahead of The Africa List Index.

Opportunities and constraints to growth

So what are the contextual factors driving business confidence? the vast majority (89 per cent) of leaders of businesses in the survey expect their annual revenues to increase in the year ahead by at least 10 per cent. The average forecast revenue growth across the Ethiopia panel is 33 per cent and one in three expects revenue growth of at least 50 per cent.

Two thirds of business leaders identify customer demand as a major opportunity for growth within their markets in Ethiopia, followed by the economic environment cited by 44 per cent and government support/policies (29 per cent).

Business leaders identify the political environment, regulation and currency risk/inflation as their greatest concerns. Against these factors, across all respondents in Ethiopia, their average estimates for economic indicators are GDP growth of 7.1 per cent, inflation at 15.7 per cent and the Ethiopian Birr to fall to 32.4 against the US dollar by the end of 2019 (from 28.38 at the end of 2018). We know from across the countries of The Africa List Index most business leaders are conservative in their estimates of economic indicators when these are compared against government or external forecasts.

On the theme of management skills, 55 per cent of business leaders report skills shortages at the top and senior management level. The challenge of middle management was seen as a bigger issue, reported by almost 61 per cent of leaders in Ethiopia. Also in line with The Africa List Index, just over half (55 per cent) reported shortages of skilled labour. This is seen as a much greater challenge than semi-skilled shortages, reported by one in ten panel members. The profile of skills shortages in Ethiopia is in line with shortages reported by business leaders in the other four countries,

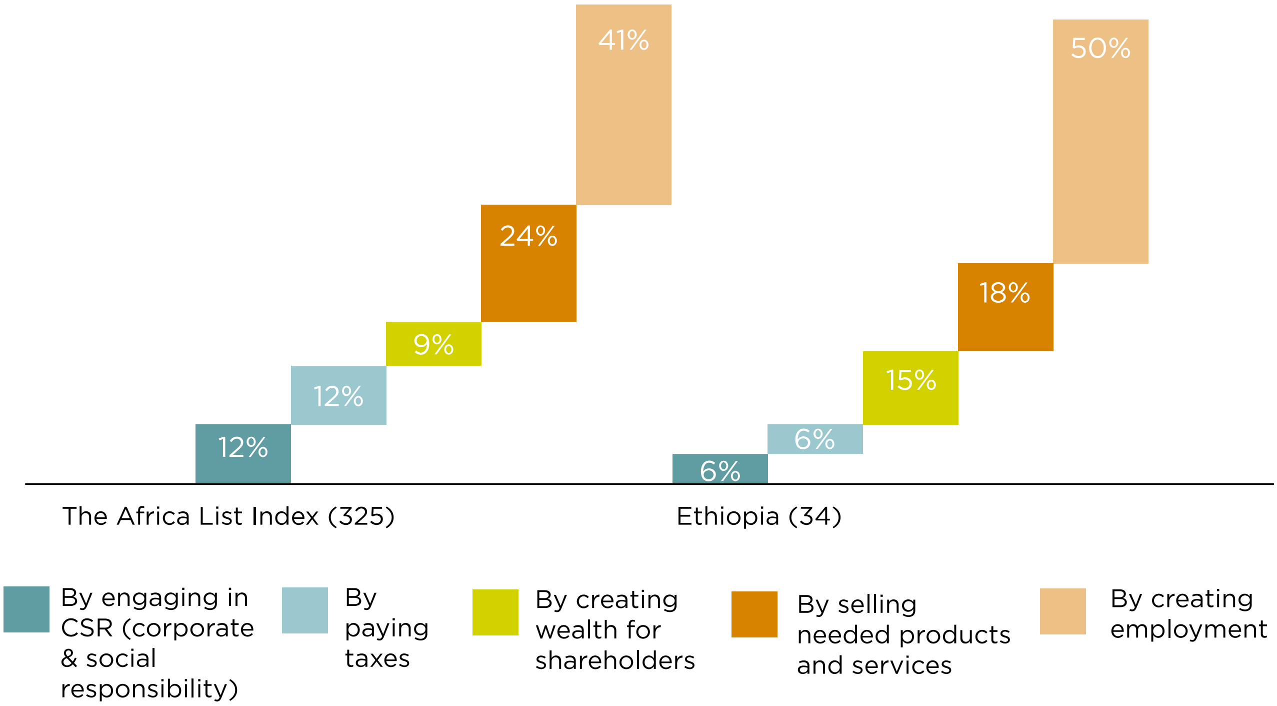
Providing some context to these findings and further to the Second Growth and Transformation Plan (GTP II: 2016-2020), in September 2019 the government of Ethiopia unveiled what it describes as a "Homegrown Economic Reform" agenda aimed at further unlocking the country's development potential. Prime Minister Abiy Ahmed speaking at a UN conference in Addis Ababa said "Several months in the making and spearheaded by some of Ethiopia's finest minds, our initiative aims to propel Ethiopia into becoming the

African icon of prosperity by 2030". The Agenda outlines macroeconomic, structural and sectoral reforms intended to advance job creation, poverty reduction, and inclusive growth.

The government is reported to have taken a series of measures to shift the economic landscape of Ethiopia, such as reforms in investment laws and business climate, intended to reduce or remove regulatory obstacles that hamper investment.

How businesses do good

Figure 30



Q33

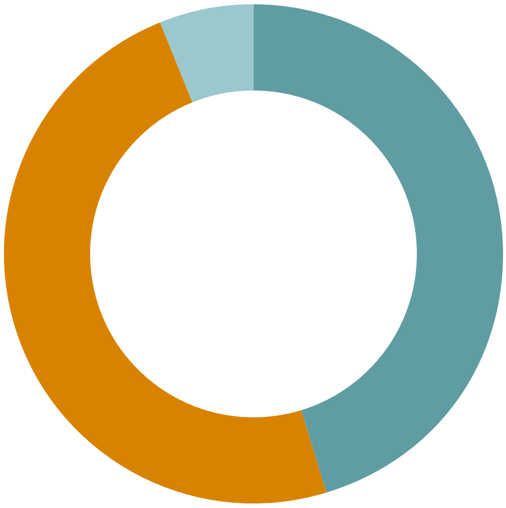
In the context of Ethiopia's challenges of poverty, employment and skills development, it is important to note that the greatest proportion of business leaders in Ethiopia, when asked "what is the foremost way businesses do good?", report that it is by creating employment.

More than 50 examples of sectors and individual businesses were cited by respondents to the survey. These examples, and business leaders' reasons for highlighting them, are worthy of further research. Most frequent references were made to agriculture and financial services followed by aviation. Companies named for doing good include Greenpath, Ride, ICOG Labs, Ethiopian Airways and Ethiochicken.

Ethiopia panel profile

Figure 31

- Under US$1m
- US$1m to 5m
- US$ 5.1m to 10m
- US$10.1m to 100m
- Above US$100m



- Owner/founder
- Senior manager/ executive
- Other

- Commercial and professional services
- Agriculture
- Food, beverage & tobacco
- Healthcare equipment & services
- Materials
- Transportation
- Other

Base (38)

https://www.worldbank.org/en/country/ethiopia/overview

https://www.businessghana.com/site/news/politics/195589/Ethiopia-unveils-blueprint-to-drive-economic-growth

https://www.uneca.org/stories/ethiopia-unveils- per centE2 per cent80 per cent98blueprint per centE2 per cent80 per cent99-drive-economic-growth

https://en.unesco.org/creativity/policy-monitoring-platform/second-growth-transformation-plan

Sector deep dive: Overview of consumer goods sector in Ethiopia

This sector deep dive has been provided by the Africa Foresight Group

Ethiopia has a large consumer base of 22.7 million households[1] and has, on average, been the fastest growing economy in Africa for the last decade. The new prime minister is leading economic reforms, but significant issues to sustainable progress still remain. Ethiopia's dependency on imports and infrastructure spending has led to a high net trade deficit creating significant pressure on its currency. For consumer goods companies this means a high exposure to FX risk when it comes to importing inputs from abroad. Economists expect FX challenges to persist given the trade imbalance Ethiopia faces. The low average annual income of US$1,821 per household implies a high price elasticity for most common consumer goods.

Figure 32

Key statistics for consumer goods players

Total number of households	22.7 million[1]
Average household income	US$1,821 per annum[2]
Number of middle-income households	2.7 million (assuming annual household middle income level of >US$2,731)[2]

LESSONS LEARNT

"Ethiopia is a fascinating market that has lately attracted interest from investors from around the world. We have seen very interesting deal opportunities captured here, leading from consumer goods companies to education and also tech companies. However, investors tend to underestimate the face time required in-country to make a deal successful. The culture and language barriers encountered as an international business person in Ethiopia are fairly significant and without having a local representative on your team it might make you miss important observations or opportunities."

Yasmin Kumi, CEO & Partner, Africa Foresight Group

Figure 33

Challenge-opportunity matrix

	Challenge	Opportunity
Consumer preferences	Ethiopians have a highly developed and differentiated culture that influences their consumer choices; for example, the majority of the population has several fasting periods a year during which many foods are not eaten	Carrying out original market research to find pockets of opportunity that are unserved due to the early-stage development stage of the consumer goods market in Ethiopia
Purchasing power	At US$772 GDP per capita, purchasing power is still low in Ethiopia. This creates a commodity-market like situation for many consumer goods, such as soap or processed foods	Building partnerships that can help to capture the bottom of the pyramid, for example with food aid programmes, which are very present in rural Ethiopia, as a food manufacturing company
Distribution	Distributors based out of the capital, Addis Ababa, are powerful price dictators given their vast network cross-country and the lack of alternatives to achieve national distribution	Investing in consumer businesses that have managed to build regional distribution networks in order to optimise their cost-to-serve footprint

Consumer goods companies to watch in Ethiopia

1. East African Holding (EAH): Largest manufacturer of household goods in Ethiopia
2. Alle Bejimla: Alle Bejimla is a leading wholesaler and distributor in Ethiopia
3. Brothers Flour & Biscuit Factory: Leader in the Ethiopian biscuit market at 70 per cent market share

Sources:

[1]World Bank country data

[2]The 2015/16 Ethiopian Household Consumption – Expenditure (HCE) Survey, World Bank Country data

David Solomon

Friendship Business Group,
a family business in the commercial real estate industry

Ethiopia on the rise

Economically, there is opportunity in almost every sector. Some of the highest GDP growth over many years is here. And on the ground, when you come to Addis Ababa the growth is tangible with the many buildings that seem to rise overnight.

One time I decided to look up during my morning commute and I was just shocked at what I saw! That certain building was not there a few months ago. It is amazing.

Underlying problems

While you see a lot of growth there are also areas where there is room for improvement – you can go half the day without water or a third of the day without electricity. These things are not going to be fixed immediately. They take a lot of time, but when they are resolved it will help drive growth further.

Expanding beyond the capital

We forget that a lot of development we see is only in the capital. We feel that the urbanisation rate here is very low, but there are many secondary cities and regional cities, which are growing and this will help continue the country's growth into the future.

Industrial parks, owned and invested in by the government, such as the flagship Hawassa Industrial Park are a great case study to show what such projects can do to spread out investment and development throughout the country.

Outlook on the continent

So much has happened within Africa in the past two years. For the first time you have African heads of state stepping down and transitioning peacefully. These are the right steps you need towards a democratic society.

AfCFTA

The signing of the African Continental Free Trade Agreement is a massive deal. Now the conversation is about what we can bring in from neighbouring African states without import tariffs, similar to South East Asia, where the majority of the trade happens with neighbouring countries.

Tanzania

Country analysis

Tanzania | Country Analysis

Figure 34

National Indicators

Indicator	Tanzania
Surface area (sq. km)	947 300
Population	56 318 350
Urban population (% of total)	34
Population growth (annual %)	3
Urban population growth (annual %)	5
GDP (US$m)	57 437
GDP growth (annual %)	5
GDP per capita (US$)	1 051
Exports (% of GDP)	15
Imports (% of GDP)	17
Life expectancy at birth 2017	64
Mobile cellular subscriptions (per 100 people)	77
Wage & salaried workers (% of total labour force – national estimate)	14
Self-employed total (% of employment, modeled ILO estimate)	86
Account ownership (% of population ages 15+) 2017	47
Access to electricity (% of population) 2017	33

Source: World Development Indicators 2017/2018

High economic growth means a bright horizon for business

On the east coast of Sub-Saharan Africa, bordering eight countries, Tanzania is home to approximately 56 million citizens. The country has sustained relatively high economic growth over the last decade, averaging six to seven per cent a year. Tanzania will hold presidential and parliamentary elections in October 2020. In this context, the Barometer sought the views of current and future business leaders on business confidence and investment, future economic indicators, sources of finance, the business environment (risks and opportunities), skills shortages, how businesses might be a force for good in Tanzania's ongoing development and examples of businesses to be recognised as doing good for the country.

82 per cent of members in Tanzania see the present business situation in the country as good or satisfactory. Fewer than one in five reports the present situation as 'bad'. These numbers track closely with The Africa List Index.

Asked how they see the business situation across the next 12 months, more than half (52 per cent) expect the business situation to improve and nine out of ten business leaders (91 per cent) see it either improving or remaining the same. Fewer than one in ten see the business situation worsening in the year ahead. These numbers are broadly in line with The Africa List Index.

This reported positivity tracks across to investment intentions where more than half of business leaders (54 per cent) expect to increase investment in the year ahead. Just one in ten expects to reduce investment. With the benefit of external comparison, these indicators can be seen to be marginally more positive than The Africa List Index of participating countries, where the benchmark indicators show around one in six expecting to reduce investment.

Opportunities and constraints to growth

So what are the contextual factors holding back a proportion of businesses? Business leaders identify government support/policies, regulation and the economic environment as their greatest concerns. This is in line with The Africa List Index where these three concerns also top the list. Against these factors, across all respondents in Tanzania, their average estimates for economic indicators are GDP growth of 5.3 per cent, inflation at 4.6 per cent and the Shilling to fall to 2361 against the US dollar by the end of 2019 (from 2299 at the end of 2018). What we can say, as a positive response to these concerns, is that across The Africa List Index most business leaders are conservative in their estimates of economic indicators when these are compared against government or external forecasts.

On the positive side, eight out of ten leaders of businesses in the survey expect their annual revenues to increase in the year ahead, on average by 11 per cent.

And there are opportunities for growth. More than half (52 per cent) of business leaders see customer demand as a major opportunity for growth within their markets in Tanzania. Most significantly, more than half (54 per cent) also see digital/technology infrastructure as an opportunity, significantly ahead of The Africa List Index (38 per cent). Interestingly the third most cited opportunity for growth is government support/policies (30 per cent), against the 63 per cent who see this as a risk.

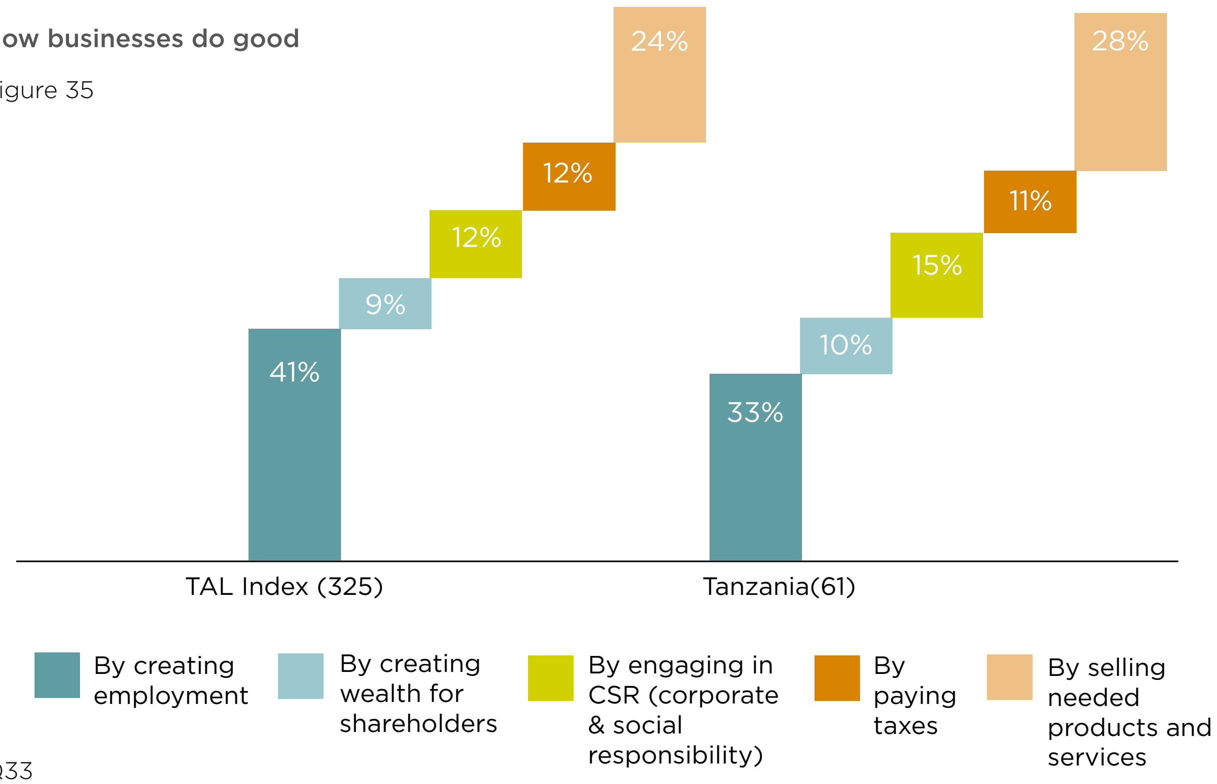
Speaking in October 2019, subsequent to the Barometer survey, Prime Minister Kassim Majaliwa said the government was keen to deal with the challenges facing investors in the country and improve the business environment: "The President received your complaints of too much and unnecessary bureaucracy and he formed a ministry to deal with investments to be led by the Minister of State under Prime Minister's Office. We understand there are still some challenges. The government has begun taking appropriate measures to make sure that the challenges are solved. We will work with the private sector to ensure that the business environment continues to be improved," he said.

On the theme of management skills, 56 per cent of business leaders report skills shortages at the top and senior management level. This figure is higher than The Africa List Index where across the five countries 46 per cent report skills shortages at the top.

In line with business leaders in other countries, the challenge of middle management was seen as a bigger issue, reported by almost two thirds (60 per cent) of leaders in Tanzania. Also in line with The Africa List Index, just under half (47 per cent) reported shortages of skilled labour. This is seen as a much greater challenge than semi-skilled shortages, reported by fewer than one in 20 (four per cent).

How businesses do good

Figure 35



Q33

In the context of Tanzania's challenges of poverty, employment and skills development, it is important to note that the greatest proportion of business leaders in Tanzania, when asked "what is the foremost way businesses do good?", report that it is by creating employment.

More than 100 examples of sectors and individual businesses were cited by respondents to the survey. These examples, and business leaders' reasons for highlighting them, are worthy of further research. Most frequent references were made to telecoms and financial services, followed by conglomerates, construction companies and food and beverage businesses (in that order). Notable examples to consider are Vodacom and Bakhresa Group, NMB (National Microfinance Bank) and Tigo.

Sources:

https://www.worldbank.org/en/country/tanzania/overview

Africa's Pulse APRIL 2019 | VOLUME 19

"World Bank. 2019. World Development Report 2019 : The Changing Nature of Work. World Development Report;. Washington, DC: World Bank. © World Bank.

https://www.reuters.com/article/us-tanzania-gdp/tanzanias-economic-growth-slows-in-first-quarter-as-construction-softens-idUSKCN1UN07F

https://allafrica.com/stories/201910140081.html

Tanzania: Foreign Goods' Flow Irks PM, 19 October 2019, Tanzania Daily News (Dar es Salaam)

Sector deep dive: Overview of consumer lending sector in Tanzania

This sector deep dive has been provided by the Africa Foresight Group

Tanzania is a country to watch – with a population of 57 million, it belongs to the larger East African nations and has a vibrant financial services industry that often remains unnoticed. The top five banks have a combined share of 54 per cent of total banking assets and six mobile money providers have successfully achieved a sizable penetration that might reach the one of Kenya in the near future. Fintech will play a vital role in Tanzania going forward, even though internet penetration is still on the low side at 13 per cent.

Figure 36

Key statistics	
Employed labour force	25.7m (2018)[1]
Banked population	5.3m people (2017)[2]
Mobile money users	12.1m people (2017)[2]
Bank non-performing loans to total gross loans (%)	10.3% (2018)[3]
Borrowers from commercial banks per 1000 adults	27 (2015)[4]

LESSONS LEARNT

"Tanzania currently is a hidden target for financial services investments in our opinion, especially when it comes to financial technology. The entrepreneurial ecosystem is surprisingly advanced and large payments companies from across the continents are actively looking out for potential targets to invest in. However, the regulatory environment for financial services is going through a lot of changes and it is hard to foresee how policies might change in the future for the sector."

Yasmin Kumi, CEO & Partner, Africa Foresight Group

Figure 37

	Challenge	Opportunity
Credit enforcement	Current legal protection of lenders in case of default is highly insecure in Tanzania	There are only two private credit reference bureaus in Tanzania that cover <5 per cent of the adult population[5]
Financial inclusion	80 per cent of Tanzania's workforce are active in agriculture and highly fragmented as a target group, making it difficult to gain reach as a financial services provider	Moving into secondary cities outside of Dar es Salaam to drive financial inclusion (Dodoma, Aruba)
Alternative lending products	Unsecured lending products are mostly accessible to public sector employees (oversaturated market)	Considering lending to other target groups such as education loans for young professionals in the private sector
Internet-enabled services	Despite the gains made so far, internet penetration is still low (13% of population) in Tanzania limiting the potential to roll out internet based financial services	Early moves in the fintech services space in order to capture the future expected growth of the market, especially with regards to SME coverage or other aggregated opportunities

Financial services companies to watch in Tanzania

1. Sarafu (Azam Pay): Own payment channel for distributors and now rolling out to merchant network
2. Vodacom: operates one of Tanzania's largest telecom operated payment platforms, M-Pesa
3. Selcom: Largest payment aggregator that also does agency banking

[1]Labour Market Profile 2018

[2]FinScope Tanzania 2017

[3]Bank of Tanzania Annual Report 2017/18

[4]World Bank

[5]2015 IFC Mobile Money Scoping Country Report on Tanzania

Irene Kiwia

Founder & CEO at Frontline Media Management, eCOBbA and Twaa, Tanzania

About Frontline

Frontline Management is a PR company and operates in Tanzania and throughout Africa. We work across industries such as technology, telecom, aviation, mining and energy.

Other projects

I also run Coba, a fintech company focused on community savings and digital loans processes. We are currently piloting in Tanzania where there are a lot of community saving groups.

Twaa is my other association which is a learning and mentoring platform for women and girls in Africa. I started working with women and girls in 2007 in Tanzania running transformational programmes for young girls in the cities and rural Tanzania. In 2016, we started building a tech platform where women can access mentors, can connect with each other and access resources. We now have over 10,000 users on the platform in over eight countries. Next, we plan to expand further across Africa to reach various women's groups and networks..

Business environment

The business environment is changing drastically all the time and having to adapt, align and stay sustainable is a daily struggle. My experience is that the environment is very sensitive and the implementation of new policy and regulation by the government is affecting a lot of businesses. I understand the government is working on strategies to improve in the future, but as it stands now business is tough.

Impact on individuals

The ripple effect of what is happening at the business level is impacting individuals. Spending habits have changed from an organisational level to a personal level.

When you look at the organisational level, the first thing you notice is that they cut off all the services and service providers to minimise costs.

For individuals they are more careful about where they spend their money. So, the effect is seen everywhere.

Finding funding to grow a business

There are a lot of opportunities for micro businesses, but there is not enough structure in place to support them to become medium enterprises. Even the ones that manage to become medium enterprises often lack the resources to support themselves. For example, alongside my main work I have two amazing tech innovations that I believe are extremely relevant. I am at a point where I need funding. Most of the funds that are available are from international organisations that do not necessarily understand what is happening on the ground. To access their money you have to dance to their music, which may not necessarily fit what you are doing as a company.

What I am doing with these companies is built out of the reality on the ground. So, there is a huge disconnect and that is currently my biggest challenge.

Working overseas

The biggest thing that gets affected when operating internationally is in e-commerce. Intercountry payments are a major challenge in Africa when doing e-commerce. For me that is a big challenge because most of my business is digital. I have to set it up in each country rather than having one centralised system and just doing cross country payments.

Nurturing women and girls

When you look at the Tanzanian landscape, especially when it comes to women, we are very enterprising. A lot of women run their own businesses either formally or informally. A lot have two or three businesses running parallel, however the challenge is business development. People are not trained in how to build sustainable businesses that can grow, and we lack the processes needed. Even businesses that are formal are run too informally. If that is improved we will see a lot of change and the impact will be huge.

High level talent access

Access to talent is a big problem and it is mainly a problem at managerial and high level. At a lower level there is more help available, you can train them but there are certain positions that require high level expertise and that is what we lack. We are trying to solve it by partnering with companies, rather than having resources in house.

Geofray Masige

CFO at Sanlam General Insurance, Tanzania

Confidence in Tanzania's future

From an overall perspective the economy is heading in the right direction, despite some hiccups in terms of the ease of doing business and changing legislations.

The economy is constantly shifting. There is more of a drive towards production and a focusing on industrialising the economy.

From my side I am quite bullish about the future and I think there is a lot of positive development. There is so much investment in infrastructure and energy: Things can only get better.

Harnessing technology to increase efficiency

Insurance companies are not far removed from what other financial companies like banks and microfinance companies are doing. The biggest challenge to overcome in the industry is efficiency. There are constantly new technologies in the financial sector, so we are always having to review what they do and working out new ways of using these to help us improve the productivity of our business.

We are continually trying to amplify our technology and the development of our IT, as we know this will enable us to develop, for example by selling our insurance online. This is something which the sector in Tanzania is not used to. We are a company who understands and constantly considers the ever-changing environment.

In the long run, keeping up with changing technologies and harnessing the right ones can reduce our costs and make the company more productive.

Upskilling to reflect technological development

I think upskilling is crucially important, in particular as technology is changing industries. There is currently a gap around investment in training and development for older people.

Technology is something everyone has to get on board with, and currently whilst the younger generation grow up with new technology, the older generations are aware that they need to engage more although it does not always come easily.

It can be a struggle for older executives to keep pace with the younger generation, so this means that jobs will often go to younger people in this sector.

Access to good education

The access to good education has historically been quite low. However, I am optimistic about the future: the level of talent has roughly doubled in the last five years. This is because there have been some big changes in the way higher education is organised. You can observe the change across the country. Companies are focusing on their productivity and graduates are coming out of university better equipped to enter the corporate world.

Stabilising sectors and changing priorities

In terms of the financial services what we see is stability. Capital has stabilised, particularly compared to other countries in East Africa. The financial sector is sitting on much more comfortable margins in terms of capital. In the energy sector, if you talk to people who have been in this sector for years you will hear that it is also much more stable.

I think there is also a shift in terms of foreign direct investment. The mindset is changing. People are not looking only for money and instead are looking at technology, better markets and access to information.

Expanding business in Tanzania

I work for a company that works with more than 30 African countries. Here in Tanzania we focus on making sure our service is good quality, and we are helping our clients achieve financial security.

That is our first priority, however we are also always thinking about development and expansion.

In Tanzania we have a lot of ground to cover. We are a big country geographically compared to other East African countries. When thinking about trying to expand our business we need to turn to technology. With technology you can access new areas with less cost.

Uganda

Country analysis

Uganda | Country Analysis

Figure 38

National Indicators

Indicator	Uganda
Surface area (sq. km)	241 550
Population	42 723 140
Urban population (% of total)	24
Population growth (annual %)	4
Urban population growth (annual %)	6
GDP (US$m)	27 477
GDP growth (annual %)	6
GDP per capita (US$)	643
Exports (% of GDP)	20
Imports (% of GDP)	28
Life expectancy at birth 2017	63
Mobile cellular subscriptions (per 100 people)	57
Wage & salaried workers (% of total labour force – national estimate)	22
Self-employed total (% of employment, modeled ILO estimate)	78
Account ownership (% of population ages 15+) 2017	59
Access to electricity (% of population) 2017	22

Source: World Development Indicators 2017/2018

A positive outlook in the Pearl of Africa

Bordering five other countries the Pearl of Africa benefits from an abundance of natural resources and access to potential trade opportunities with Central, East, and Southern African countries. The country has seen recent periods of positive reform and economic growth, although this has been paired with challenges associated with a rapidly growing population, an influx of refugees, and continued widespread undernutrition. To further understand the current working climate and prospects in the Uganda, the Barometer sought the views of current and future business leaders on business confidence and investment, future economic indicators, sources of finance, the business environment (risks and opportunities), skills shortages, how businesses might be a force for good, and examples of businesses to be recognised as doing good for the country.

Business confidence

The Africa List Business Barometer sought the views of current and future business leaders on a range of economic and business indicators. What is most pronounced in the responses from Uganda – when compared with the other countries surveyed, DRC, Ethiopia, Tanzania and Zambia – is the marked positive outlook on the current and future business climate.

Considering the present business situation, Ugandan respondents have the most positive outlook, with 40 per cent seeing the current situation as 'good' (the highest per cent and greater than The Africa List Index of 27 per cent) and only 11 per cent seeing the current situation as 'bad' (the lowest per cent and less than The Africa List Index of 19 per cent). This didn't hamper perceptions about the future, though, as nearly three-quarters of respondents (72 per cent) anticipate their company's situation to be better in the next 12 months (compared to The Africa List Index of 58 per cent) and only four per cent anticipating it to get worse (compared to The Africa List Index of 13 per cent). Nearly 50 per cent of companies were hiring in the past year (48 per cent compared to an index of 39 per cent), but still expect this to continue to grow with 61 per cent of respondents expecting to increase employment in the next 12 months (compared to 50 per cent on The Africa List Index).

This positive outlook follows through to investment intentions, with less than one in three reporting difficulty accessing credit (29 per cent versus The Africa List Index of 42 per cent), the lowest reported in the survey. This was also seen in investment projections for the future, as Uganda was amongst the countries with the highest reported number of companies with increased investment in 2018 (72 per cent of respondents vs. an Index of 58 per cent) and who anticipate continued increases in investment (75 per cent of respondents vs. 59 per cent).

Opportunities and constraints to growth

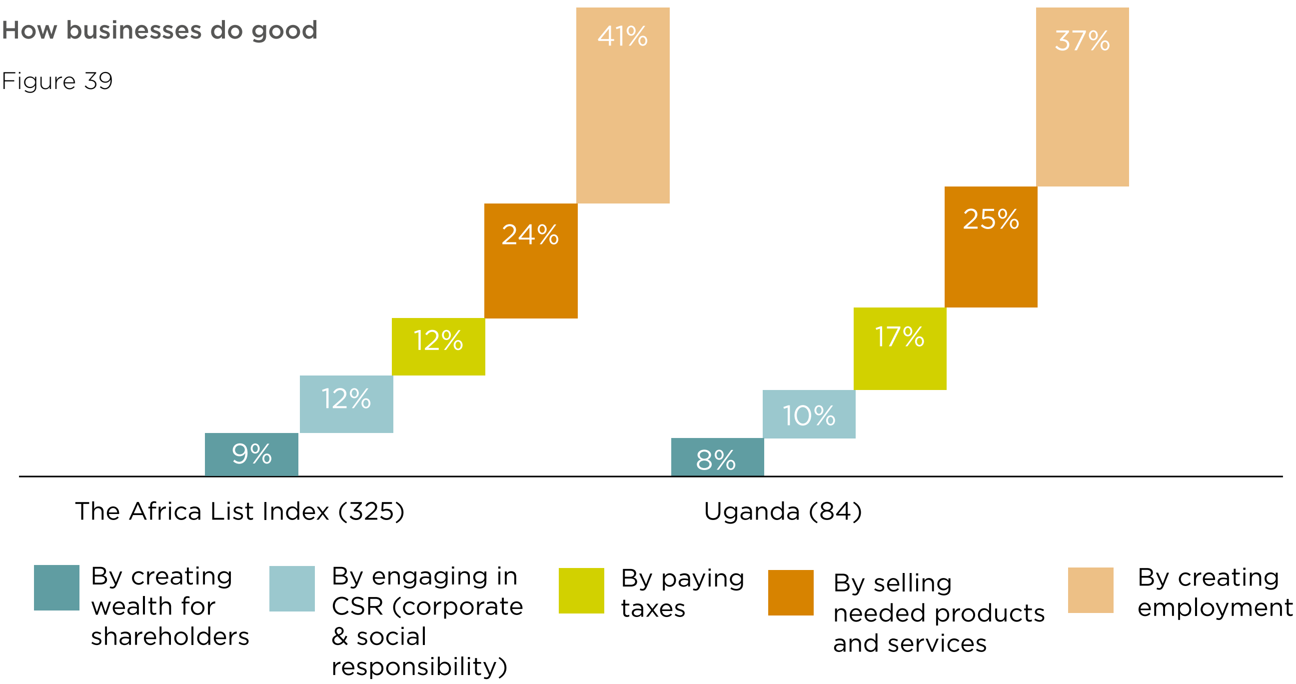
Additional context can be provided to business leaders' perspectives and expectations. There were nearly 300 opportunities for growth identified, with the largest number of opportunities per respondent reported (at 3.5, compared to the average across countries of 3.0). More than half (60 per cent) of business leaders see customer demand as a major opportunity for growth within their markets in Uganda. And largely in line with The Africa List Index, more than a third (44 per cent) see digital/technology infrastructure as an opportunity. Additionally, the access to capital is noted as an opportunity for further growth, indicated by one third of respondents (compared to The Africa List Index of 24 per cent).

These opportunities do not exist without known challenges. The largest risks to growth reported include regulation (48 per cent of respondents) and corruption (45 per cent) followed by the economic (42 per cent) and political (41 per cent) environment and human resources (40 per cent). These results are largely in line with The Africa List Index, however corruption and human resources were reported more frequently as a risk for Uganda (10 percentage points higher) than in other countries. Other expectations for economic indicators also support these findings, with an expected inflation rate of 4.4 per cent (up 1.8 points against 2018) and average expected GDP growth of 4.4 per cent against external forecasts of 5.5 per cent. For their own businesses, leaders are forecasting annual revenue growth of 22 per cent in line with The Africa List Index average (20 per cent).

In line with business leaders in other countries, the challenge of middle management is seen as the largest issue, reported by 67 per cent of leaders in Uganda. This is followed by skilled workers (49 per cent of respondents) and top management (44 per cent), also following The Africa List Index. This is seen as a much greater challenge than semi-skilled shortages, reported by only 13 per cent.

How businesses do good

Figure 39



It is interesting that, despite the more optimistic outlook of Ugandan business leaders, there are very similar perceptions of how businesses can do good. 'Creating employment' is seen as the most predominant way that businesses can do good, reported by more than a third of leaders.

Over 170 examples were provided of sectors and individual businesses that are doing good, and are worth further exploration for the reasons why and the difference that have been able to make in Uganda. A large portion of sectors that business leaders believe are doing the most good are financial services and telecom companies, with food service and beverage providers (like Uganda Breweries, Coca Cola, and Nile Breweries) and agriculture also cited frequently.

MTN and Stanbic stood out as businesses known for doing good, both mentioned by more than a dozen leaders during the survey. Reasons for MTN's status on this list included their efforts to make connectivity easy and affordable to the masses, increasing financial inclusion via a mobile money platform, and their reputation for paying taxes and activities around corporate and social responsibility. Stanbic was noted for 'doing good' in Uganda based on the investments made in societal projects and increasing access to banking services.

Sources**:** African Development Bank Group: African Economic Outlook 2019

https://www.worldbank.org/en/country/uganda/overview

Africa's Pulse APRIL 2019 | VOLUME 19

Anonymous

Banking

We support a lot of the international players who come into Africa and Uganda. We are their support systems and the ones that provide the service to the market and other markets within here.

Diversity and inclusion

One challenge that is talked about a lot is diversity and inclusion and I am glad to see so many institutions taking this to heart. Diversity means a lot of things and it has moved away from just being about women and gender to people's wider orientation of what they believe. The bank has done a great job in handling this, largely through education. The gender pay gap is not unique among my female network. It is a global issue and we need to sort out how to deal with it. It is something we have to address. Interestingly, in terms of balance here, females surpass the males.

Challenges and opportunities

The main challenge in banking is to do with there being such a small market. We have a population of roughly 40 million, but we think only 10 million people bank. Financial inclusion and penetration is still low and this presents real challenges.

We do not see many changes in the country affecting us because we have been here a long time. The regulation in place is robust and it should not be too affected by things like inflation. The bank is focused on offering solutions and in that respect has the advantage of being able to look ahead.

The impact of technology

We have a great opportunity as we are a market leader in using cutting edge technology uniformly across the network. We are using the same platform as those in the UK or Singapore and no one market is getting preferential treatment.

More banking is going on smart phones and every year we are seeing more bricks and mortar branches becoming obsolete. The application of technology is being driven very seriously as it gives you a platform that means you can give a consistent product and experience every day.

However, Uganda has a very high unemployment rate so when jobs are replaced with a digital platform it means that individual will be out of work for a long time as demand for employment is so high and hard to come by.

There is also a social media tax in place in Uganda which means most of the time people are offline. At the lower end of society this means people do not have access to social media.

Skills and training

Understanding how we can get the best from people and training is a new thing for us as we realise there are skills gaps and that people are not ready for the next stage.

It has become our new focus to ensure that young ones can cope in the new business environment as skills can be lacking in a variety of areas. It can be as simple as the ability to write, the ability to express business language or the ability to be in certain situations and handle them correctly.

In-house we push training and get people up to speed, however you cannot guarantee a person from another institution will have the same training and skills.

Mentoring

I mentor people and I have found that mentoring helps. I mentor my team and take time doing this. I like to remind them that they need to look beyond their circle and to grow themselves by looking outside of this space.

I mentor to help them because I will not be here forever, so someone else should be able to do what I can do. They need to know more than what they do now.

Corporate Social Responsibility

Corporate social responsibility is a big opportunity as it allows you to operate in a market where you can make a difference in that community.

Kawalya Kanyerezi

Executive Director of Kampala Hospital

Healthcare in Uganda

Uganda is a Third World country with a population of about 40 million. Historically healthcare in this part of the world has traditionally been managed by the government. Knowing that a lot of patients were using their money for medical tourism - leaving the country for their healthcare – our hospital's proprietors decided that they wanted to provide high-end equipment and care so patients could be diagnosed and assessed by medical professionals in Uganda. As a result, we are now doing major operations for people who previously would have gone outside the country.

Specialising in women and children

In Uganda 65% of the population are below the age of 35. Many of those we see between 25 to 35 are women giving birth to their first, second or third child, and seeking out private medical facilities. This is largely who we cater to. We have paediatricians for the children and top consultants to care for the women.

Insurance opening doors

Insurance is undoubtedly allowing more people access to high-quality medical treatment. When we started the business in 2007, 80-90% of our clients were cash paying patients. More people in Uganda

now have access to insurance and we can see the impact - now only around 60% of our patients pay purely with cash. However, medical insurance still does not cover everything for patients and most still have to fill in the rest of the cost for medical cover.

Therefore, in order to improve accessibility, unlike other hospitals, we are open to all insurance schemes and create packages for each one.

Funding expansion

When we opened, our long-term plan was to build a 200-bed hospital - since then we have been growing by demand. Originally in 2007, we borrowed two million dollars and opened to the public with 25 beds and as patient demand grew, we kept adding beds.

Five years ago, a private equity fund came in to help with our expansion programme and we have been working together since then. We are now heavily reinvesting. Every year we reinvest and assess what we are going to do next. We have a 5-year plan and we are ticking off things in terms of investments.

I want to continue investing more in technology such as dialysis machines to meet patient demand. Improved technology also means that we can conduct more critical operations in the eyes of the consultants.

Moving Ugandan healthcare forwards

We were the first hospital to bring MRI and other high-end diagnostic equipment into the country. There is now a ripple effect and others are now investing in the higher-end diagnostic equipment which they were not using before.

We say that we work in collaboration, not competition with other health providers. For instance, if they did not have a piece of equipment, they are able to bring the patient in the ambulance to us and then return with a report from the radiologist.

We know that with only 100 beds we cannot currently take care of a population of 40 million under our own roof, so we are proud of being able to take in and diagnose external patients.

Accessing and sharing the best medical knowledge & talent

What we have done from the beginning is set up a system where the medical professionals are not on payroll; instead, we have an income revenue share with them for their consultancy and operational fees. That has helped us bring in the top talent for the business at the hospital a lot.

For example, we have only six neurosurgeons in the whole of this country. If you put a neurosurgeon on payroll at your hospital, you are denying the rest of the country access to one of those six. So, what happens is they run clinics at different hospitals at different times on different days. For us, this creates a win-win situation – we have a specialist consultant at our hospital, but we do not own this person full time.

In addition, a lot of our own consultants are still attached to the main medical school, Makerere, and do a lot of teaching which is beneficial to the next generation.

Medical education

A lot of medical professionals are trained at the medical school in Uganda. There are 100 to 200 graduates each year. Unfortunately, statistics say that 60-70% leave the country for greener pastures. That is also true of nursing schools and therefore getting the combination of well-trained and well-qualified is not easy.

Slowly we have attracted some to come back after 15 to 20 years in countries such as South Africa and Kenya. As part of this we have expanded our training for nurses and sought people with good experience and exposure.

Impact of AfCFTA

It will help make movement of labour freer and easier but also harmonise the tax regimes, whilst creating a market large enough for all of us.

We are already treating patients from DR Congo, South of Sudan, North-Western part of Tanzania. We will continue to receive these kinds of patients, but it will also widen our market.

Zambia

Country analysis

Zambia | Country Analysis

Figure 40

National Indicators

Indicator	Zambia
Surface area (sq. km)	752 610
Population	17 351 820
Urban population (% of total)	44
Population growth (annual %)	3
Urban population growth (annual %)	4
GDP (US$m)	26 720
GDP growth (annual %)	4
GDP per capita (US$)	1 540
Exports (% of GDP)	37
Imports (% of GDP)	38
Life expectancy at birth 2017	63
Mobile cellular subscriptions (per 100 people)	89
Wage & salaried workers (% of total labour force – national estimate)	22
Self-employed total (% of employment, modeled ILO estimate)	78
Account ownership (% of population ages 15+) 2017	46
Access to electricity (% of population) 2017	40

Source: World Development Indicators 2017/2018

A large and landlocked country in the centre of southern Africa, Zambia benefits from being Africa's second largest copper producer and a strong services sector but is challenged by high levels of poverty. In this context, the Barometer sought the views of current and future business leaders on business confidence and investment, future economic indicators, sources of finance, the business environment (risks and opportunities), skills shortages, how businesses might be a force for good in Zambia's ongoing development and examples of businesses to be recognised as doing good for the country.

Considering the present business situation, 80 per cent of members in Zambia see it as good or satisfactory. Only one in five reports the present situation as 'bad'. These numbers track closely The Africa List Index. The notable exception is the proportion reporting the current business situation as 'good'. This number is markedly smaller than The Africa List Index (16 per cent vs 27 per cent).

Asked how they see the business situation across the next 12 months, more than a third (37 per cent) expect the business situation to improve and almost two thirds (65 per cent) see it either improving or unchanged. However, a significant proportion (36 per cent) see the business situation worsening in the year ahead. This proportion is almost three times greater than The Africa List Index of negative future confidence (13 per cent).

These reported concerns track across to investment intentions where fewer than one third of business leaders (32 per cent) expect to increase investment in the year ahead. More than one third (36 per cent) expect to reduce investment. With the benefit of external comparison, these indicators can be seen to be significantly less positive than The Africa List Indexof participating countries, where the benchmark indicators show 59 per cent of business leaders expect to increase investment in the year ahead and less than one in six (15 per cent) expecting to reduce investment.

Providing some context to these findings, soon after the fieldwork phase of this study Zambia's President Edgar Chagwa Lungu stated: "Our economy has, in the recent past, faced some serious headwinds. The country registered a Gross Domestic Product growth rate of 3.7 per cent as at end of 2018. The growth rate for 2019 was earlier projected at around 4 per cent but is being revised downwards to about 2 per cent on account of adverse weather conditions, which has affected the energy and agricultural sectors."

Opportunities and constraints to growth

So what are the contextual factors holding back a proportion of businesses? Business leaders identify the economic environment, currency risks/inflation and government support and policies as their greatest concerns. Against these factors, across all respondents in Zambia, their average estimates for economic indicators are GDP growth of two per cent, inflation at 10.7 per cent and the Zambia Kwacha to fall to 14.54 against the US dollar by the end of 2019 (from 11.95 at the end of 2018). What we can say, as a positive response to these concerns, is that across The Africa List Index most business leaders are conservative in their estimates of economic indicators when these are compared against government or external forecasts.

On the positive side, most leaders of businesses in the survey expect their annual revenues to increase in the year ahead, on average by 17 per cent.

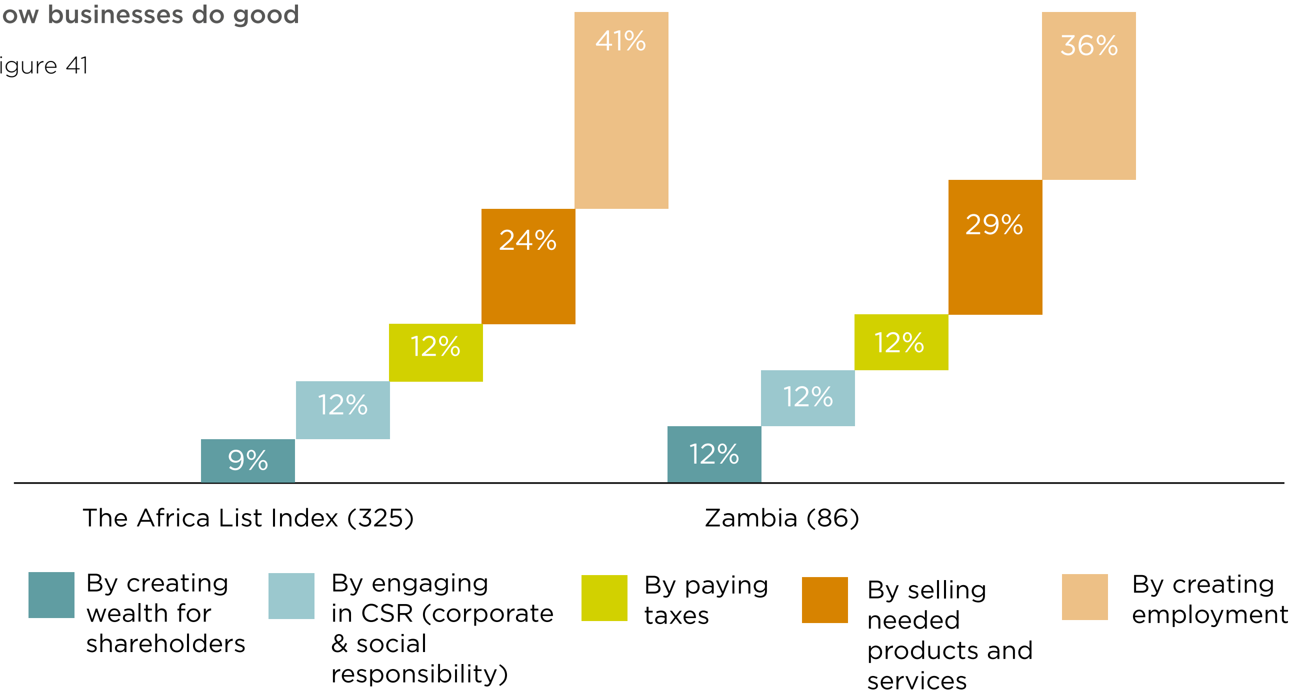
And there are opportunities for growth. More than half (54 per cent) of business leaders see customer demand as a major opportunity for growth within their markets in Zambia. In line with The Africa List Index, more than a third (35 per cent) see digital/technology infrastructure as an opportunity not a constraint. And the availability of management skills was highlighted as an opportunity by 30 per cent of business leaders. This figure is more than half as much again as The Africa List Index where fewer than one in five see management skills as an opportunity (19 per cent).

On the theme of management skills, 38 per cent of business leaders report skills shortages at the top and senior management level. This figure is lower than The Africa List Index where almost half of all respondents across the five countries (46 per cent) report skills shortages at the top.

In line with business leaders in other countries, the challenge of middle management is seen as a bigger issue, reported by almost two thirds (62 per cent) of leaders in Zambia. Also in line with The Africa List Index, just over half (53 per cent) reported shortages of skilled labour. This is seen as a much greater challenge than semi-skilled shortages, reported by fewer than one in ten (nine per cent).

How businesses do good

Figure 41



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In the context of Zambia's challenges of poverty, employment and skills development, it is important to note that the greatest proportion of business leaders in Zambia, when asked "what is the foremost way businesses do good?", report that it is by creating employment. More than 170 examples of sectors and individual businesses were cited by respondents to the survey. These examples, and business leaders' reasons for highlighting them, are worthy of further research. Most frequent references were made to financial services, mining, telecoms, food and beverage, staples, consumer products and agriculture (in that order). Notable examples to consider are Zambeef, First Quantum, Trade Kings and MTN.

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Africa's Pulse APRIL 2019 | VOLUME 19

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Faith Mukutu

Former Finance Director at Zambia Sugar Plc
Currently CFO at Zambeef Products Plc

Regional sugar market

The most recent challenge we have seen as a business is the low world market price on sugar which has impacted our export market. The world sugars produced in, for example Thailand, India and Brazil, are finding their way into Africa and into the primary markets we used to dominate, putting pressure on prices.

Currently, we export to South Africa, Southern and Eastern DRC, Rwanda, Burundi and Kenya, and price realisation in these markets has been negatively impacted.

In terms of the local market, Zambia is protected because it is a net exporter of sugar, however due to the porous borders we have seen increased incidents of smuggling into the country from Zimbabwe over the last two years.

In order to protect our local market, advocacy is top of the agenda, to ensure that the Ministry of Agriculture does not issue any import permits and we work closely with the Zambia Revenue Authority to ensure they are not getting any revenue leakage through the porous borders.

Regulatory environment

There is a lot of uncertainty from a tax regulatory perspective which makes it difficult to plan and make investment decisions. The level of trust between industry and government needs to be worked on. If industry and government came together, this economy could thrive beyond expectation.

Despite all the negatives and the depreciation of the currency by 20 per cent, companies still post growth. This shows us that it could be a thriving economy if we had some stability in terms of the policies and taxes.

Pressure on disposable incomes

There is a lot of pressure on disposable income which is affecting the purchasing power of the whole population in Zambia.

The Kwacha now is worth less than it was a year ago and you find that a lot of companies are not compensating their workers for the rising cost of living.

People are trying to rebalance their finances and evaluating what they need to spend money on, choosing the essentials rather than luxuries. Sugar could easily be considered a luxury for many.

In response, we have introduced smaller, more affordable packs so we can sell to the lower end of the market and capture this segment as well.

Seeking and training skilled workers

Closer to home, a challenge is the ability to find and retain skilled labour. There is a lot of skilled labour in the country, but it is not always available.

The biggest challenge is at supervisory level and artisan level. There are very few artisans and people that have the capacity to self-direct teams. So what you find is that a lot of businesses have a bloated structure, compensating for the lack of supervisory skills.

On the artisan side, there just are not enough in the country. From the Zambia Sugar perspective, we might train up these artisans, but they can just move on because they will be paid better elsewhere.

We invest a lot to upskill workers and keep employees that are deemed to be talented. We are lucky enough to have an academy in Durban where people are sent to develop specific skills as well.

We have to understand it is a matter of growing your own talent, rather than fighting for the few talented people out there.

Support for leaders

From an individual perspective, I get a lot of support. I have been fortunate enough to have had employers who have invested a lot in terms of leadership and growth. Where talent is identified, a lot of businesses will go out of their way to grow that talent and get the best out of them.

The Africa List is something which I hold in high esteem. Last year we had a leadership workshop at Victoria Falls town and that was good in that it brings you back to reality and encourages knowledge sharing between peers.

In general, however, more can be done. It comes down to the companies, but times are tough, and these leadership programmes are not cheap, so they are an easy area to cut when reviewing budgets. However, what I find when talking to my peers is that people are willing to use their own money to invest in themselves and contribute to costs, such is the value of them.

Kelvin Chungu

Managing Partner at Nolands, Zambia

Advisory services on-the-ground

The area of significant focus for a number of audit firms in Zambia is servicing the traditional services lines of audit, tax and accounting. Notwithstanding that, a number of firms in Zambia have advisory practices offering risk, IT and transaction advisory services, however in many cases, the personnel that are engaged to do the work in the advisory space tend to be outsourced from places like Zimbabwe and South Africa and partly on account of that we think those are particular areas we can effectively compete in because of our reach as Nolands and because of the way we are structured.

Opportunity in business education: providing a more diverse advisory service

In the audit sector, there is immense competition and a sort of price war centred on undercutting of audit fees. In this regard, the regulator, the Zambia Institute of

Chartered Accountants (ZiCA) is currently working on a statutory minimum fee to be charged for external audit service that is aimed at averting this practice. However, looking at their current proposals, our assessment is that this will ultimately result in the cost of accessing external audit services in Zambia being quite expensive relative to other countries in the region.

However, beyond the traditional services, we see opportunities in providing corporate training. In this space, we are providing training in International Financial Reporting Standards (IFRS), International Public Sector Accounting Standards (IPSAs), corporate governance, valuation, risk and internal audit as a separate service line. This is a relatively unique structure in the sense that there are not like many other firms engaged in providing audit, tax and accounting services who also have a separate training service line in one house.

Cost of credit

One of the significant challenges in Zambia is the cost of credit to the private sector, partly on account of the current local national debt position and government arrears to the private sector. The cost of debt to the private sector is augmented by the high yields obtained from the government securities which have crowded out the private sector. Meanwhile government arrears to the private sector have resulted in inflated non-performing portfolios for a number of banks, which in itself forces banks to drive up the cost of credit. In this regard, the government arrears to the private sector of around K15 billion is huge relative to our GDP. As a result, this is negatively impacting a number of businesses because of its adverse multiplier effect on private companies' cash flows, leading to a significant lag in terms of receiving and affecting their sales revenue.

Seizing Zambia's competitive advantage

If we, in Zambia, do not upscale investment in skills training in industries that give us competitive advantage and begin to create innovative ways of increasing access to capital, we will not be able to compete with international companies, particularly if we open up our markets. There is a need for us as a country to seriously reflect on our competitive advantages and realign our resources to focus on these areas.

We have been predominantly a copper producing country since time immemorial, notwithstanding that, we have a high proportion of fresh water rivers and lakes and waterfalls in the region, which would make the enhancement of our production of hydro energy resources a competitive advantage for us, despite the droughts that we have experienced in recent years.

Additionally, there are other opportunities in the energy sector to invest in renewable alternative energy sources in wind, gas, biofuel or solar. As a practical point, we need to be generating a minimum of around 3000 megawatts of power by 2021, in Zambia, an addition of over 1000 megawatts from our current capacity to successfully service the local sector. There are further opportunities to export power to some of our neighbouring countries.

There are also substantial opportunities in agriculture, the mining sector, the tourism sector, and untapped opportunities in the service sector. These are what I would call our barely exploited opportunities that are basically lacking capital, technological knowhow and entrepreneurial supportive structures.

Opening up Zambia

Zambia's potential in the coming years is significantly understated, and this might come as a surprise to a lot of people given the sustained mistaken focus on the country's structural economic risks. The next five years will be massive. My assessment is that with the current public sector-led road infrastructure development positively opening up the country, countrywide fibre cable connectivity, development in the telecommunication tower projects, office space infrastructure development and upgrading of capital city's roads, it will attract significant foreign direct investment to Zambia which will open up untapped opportunities.

One just needs to look at the current developments in Lusaka, which has become a construction site from the unfettered upgrading of the inner roads linkage and office space development to understand the possibilities. In the next two to five years the current developments will ease road congestion, provide more inexpensive office space and ultimately lead to increased human capital productivity for private businesses.

If communication and movement is easier and access to modern amenities is enhanced, I see an increase in the potential to attract investment from within the region, including internationally. The increased productivity as a productive factor of the current infrastructure development will likely begin to be seen over the next two to five years and should open up a lot of direct opportunities in the service sector and the agricultural sector.

Implementing international standards.

I worked in Guernsey in the Channel Isles, UK and Bermuda for over 11 years and came back in June 2012. On my return I immediately enrolled with ZICA (Zambia Institute of Chartered Accountants) to become one of their training resource and for the last five years I have been involved in facilitating IFRS, International auditing standards and IPSAs workshops. I passionately wanted to do this because I saw a huge awareness gap and so, as a firm, we have built on that and have been providing training in various cities to a number of different corporates.

I then began to see the potential to, not only focus on accounting and audit, but to also extend our focus into risk, valuation, audit and corporate governance.

Stabilising the Kwacha

A current significant challenge in Zambia is the stability of the Kwacha. We are low on international reserves - less than two months, and this is having an effect on the strength of our Kwacha.

Positive infrastructure development

On the positive end I think a major event in Zambia has been the significant infrastructure development, especially the road networks particularly in towns as we have had significant traffic congestions on major inner city roads and my biggest concern was the loss of productivity as a consequence. As a firm, our employees are meant to be going to meet clients as an imperative and for most of the time, they are getting stuck on the road which means our productivity is adversely affected.

The development will also make Lusaka much cleaner, more modern and will likely attract tourists to take an extended interest and stay longer. The improvement in the outlook of the city in itself will likely create opportunities for investors, who are used to modern amenities and services, to want to come here in the first place. I am optimistic about it.

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The Africa List Business Barometer 2019

Q1 All questions are optional. The more you answer, the more powerful the survey findings will be.

All responses are anonymised and you are assured of confidentiality.

These questions invite your opinion on the present, future and recent business situation in [country].

Your answers will help to highlight the unique business climate and promote interest in the country.

There are just 3 screens (sections). It should take no more than 10 minutes to complete.

Q3 Do you consider that the present business situation of your company in [country] is:

- ☐ Good (1)
- ☐ Satisfactory (2)
- ☐ Bad (3)

Q4 Do you expect that the business situation of your company in [country] over the next 12 months will be:

- ☐ Better (1)
- ☐ Same (2)
- ☐ Worse (3)

Q5 Over the past 12 months the number of people employed full time in your company in [country] went...?

- ☐ Up (1)
- ☐ Unchanged (2)
- ☐ Down (3)

Q6 During the next 12 months the number of people employed full time in your company in [country] is likely to go...?

- ☐ Up (1)
- ☐ Unchanged (2)
- ☐ Down (3)

Q7 Is the current situation regarding access to credit for your company in [country]...

- ☐ Easy (1)
- ☐ Normal (2)
- ☐ Difficult (3)

Q8 In your company, did your investment in 2018 increase or decrease compared to 2017?

- ☐ Increase (1)
- ☐ No change (2)
- ☐ Decrease (3)
- ☐ Don't know (4)

Q9 In your company, do you expect investment in 2019 to increase or decrease compared to 2018?

- ☐ Increase (1)
- ☐ No change (2)
- ☐ Decrease (3)
- ☐ Don't know (4)

Q11 By what percentage (approximately) did you increase/decrease investment 2018 relative to 2017? Tick below if 'don't know'

-100	-60	-20	-20	60	60
☐	☐	☐	☐	☐	☐

Investment increase 2018 v 2017 ()

Q13 By what percentage (approximately) do you expect to increase/decrease investment in 2019 relative to 2018? Tick below if 'don't know'

-100	-60	-20	-20	60	60
☐	☐	☐	☐	☐	☐

Investment increase 2019 v 2018 ()

Q16 Approximately, what do you expect inflation to be in [country] in 2019? Tick below if 'don't know'. Official inflation rate was 8.5% in 2018 (Statista)

0	3	6	9	12	12
☐	☐	☐	☐	☐	☐

Inflation 2019 (%) ()

Q18 Approximately what do you expect real GDP growth rate to be in [country] in 2019? Tick below if 'don't know'. Official real GDP per capita growth was 4.1% in 2017 (World Bank)

-5	0	5	10	15
☐	☐	☐	☐	☐

GDP growth 2019 ()

Q20 Approximately what do you expect the exchange rate of [country currency]:USD$1.00 to be at the end of 2019? Tick below if 'don't know'. Official exchange rate was [country currency exchange rate:USD$] at the end of 2018 (xe.com)

8	10	12	14	16	18	20
☐	☐	☐	☐	☐	☐	

[country currency]: US$ ()

Q22 Approximately what percentage revenue growth rate do you expect your company to achieve in this financial year? Tick below if 'don't know'.

-20	10	40	70	100
☐	☐	☐	☐	☐

Revenue growth 2019

Q24 What is/are currently your company's main source(s) of finance in [country]? Please tick all that apply.

- ☐ Revenue (1)
- ☐ Private Equity (2)
- ☐ Private Investor (3)
- ☐ Bank borrowing (4)
- ☐ Partner equity (5)
- ☐ Crowd funding (6)
- ☐ Foreign investment (7)
- ☐ Other (8)

Q26 Which of the following pose the greatest risks to growth for your company in [country]? Please tick all that apply,

- ☐ Access to capital (1)
- ☐ Regulation (2)
- ☐ Physical infrastructure (3)
- ☐ Natural resources (4)
- ☐ Human resources (5)
- ☐ Digital / technology infrastructure (6)
- ☐ Government support/policies (7)
- ☐ Corruption (8)
- ☐ Competition (10)
- ☐ Customer demand (11)
- ☐ Management skills availability (12)
- ☐ Non-management skills availability (13)
- ☐ Economic environment (14)
- ☐ Political environment (15)
- ☐ Wages and salaries (16)
- ☐ Currency risk / inflation (17)
- ☐ Data security (18)
- ☐ Commodity prices (19)
- ☐ Climate change/environmental (20)
- ☐ Other (21)

Q28 Which of the following present the greatest opportunities for growth for your company in [country]? Please tick all that apply.

- ☐ Access to capital (1)
- ☐ Regulation (2)
- ☐ Physical infrastructure (3)
- ☐ Natural resources (4)
- ☐ Human resources (5)
- ☐ Digital / technology infrastructure (6)
- ☐ Government support/policies (7)
- ☐ Competition (8)
- ☐ Customer demand (9)
- ☐ Management skills availability (10)
- ☐ Non-management skills availability (11)
- ☐ Economic environment (12)
- ☐ Political environment (13)
- ☐ Wages and salaries (14)
- ☐ Currency risk / inflation (15)
- ☐ Data security (16)
- ☐ Commodity prices (17)
- ☐ Climate change/environmental (18)
- ☐ Other (19)

Q30 At what levels are the main skills shortages in your company in [country]? Please tick all that apply.

- ☐ Top and senior management (1)
- ☐ Middle management (2)
- ☐ Skilled workers (3)
- ☐ Semi-skilled workers (4)
- ☐ Unskilled workers (5)
- ☐ None of the above (6)

Q31 In what areas are the main skills shortages in your company in [country]? Please tick all that apply.

- ☐ Production (1)
- ☐ Research and Development (4)
- ☐ Purchasing (5)
- ☐ Marketing (including the selling function) (6)
- ☐ Human Resource Management (7)
- ☐ Accounting and Finance (8)

The next two questions might seem unusual. They are your opportunity to contribute to a national picture of how businesses contribute most positively, in [country].

Q33 What is the foremost way in which businesses do good?

- ☐ By engaging in CSR (corporate & social responsibility) (1)
- ☐ By paying taxes (2)
- ☐ By creating wealth for shareholders (3)
- ☐ By creating employment (4)
- ☐ By selling needed products and services (5)
- ☐ Other (6)
- ☐ Don't know (7)

Q35 In your opinion, which business currently does the most good in [country]? You can list up to three businesses - feel free to say why in your response.

Business 1:

Business 2:

Business 3:

Q38 Thank you - that is all the opinion questions answered. We may wish to follow up some responses for additional detail. Are you happy to be contacted again?

- ☐ Yes (1)
- ☐ No (2)

Q39 Would you like to receive a personal copy of the summary Barometer report for [country]?

- ☐ Yes (1)
- ☐ No (3)

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