

Doing Business in Africa

Are infrastructure
developments creating
an East African boom?

- 03 **Ethiopia:** Accelerating economy
- 10 **Mauritania:** Green hydrogen deal
- 21 **South Africa:** Risk management



Kreston Global in Africa

As a top 10 ranking network in Africa, Kreston Global has a significant presence in the region, spanning 28 countries, 27 firms and almost 1,400 staff. The network has seen impressive growth, including the recent addition of two new firms in Nigeria and Uganda, contributing to the move from 12th to 10th largest global accounting network in the region for 2024.

The creation of a Kreston Global Africa Committee has augmented an already strong position, with the Committee focused on creating a seamless network in the region. With such a clear vision for the continent, Committee members and their colleagues share their vision for Africa for 2024, highlighting areas for growth, stability and investment.

With East Africa highlighted as the economic engine for the region in 2024, our experts in Ethiopia and Kenya explain what is behind the transformation and how significant investment in banking and telecommunications should ensure the economic boom lasts well beyond 2024.

Our experts also discuss “Green Africa”; Mauritania poised to move away from fossil fuels and towards green hydrogen, the sustainable policies driving change in Morocco and Tunisia and the diversification of Nigeria away from fossil fuels into manufacturing.

We take a look at the challenges South African businesses are facing at the moment, and how risk management can help clients achieve sustainable growth in a turbulent economy.

If you are currently exploring doing business in Africa, our experts, with a clear view of the region’s opportunities and challenges, offer critical insight in our latest regional overview.

Contents

AFRICAN REGION

Investment boom 1

ETHIOPIA

An accelerating economy 3

KENYA

A rising star built on change 7

NIGERIA

Pivotal role in industrial revolution 11

Industrialisation vis-à-vis inward investment opportunities in Nigeria 15

GREEN AFRICA

Creating widespread resilience 19

MAURITANIA

Green hydrogen deal 23

SOUTH AFRICA

Risk management delivering sustainable growth 25

TUNISIA

A welcome home for start-ups and gateway for Africa 29

MOROCCO

Leading the way with green policy 33

Key contacts 37

Investment boom in Africa



TAREK ZOUARI

Managing Partner,
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Kreston Global expert Tarek Zouari, Managing Partner Exco Tunisie explores what is driving investment in Africa.

The United Nations Conference on Trade and Development's World Investment Report 2023 highlights that foreign direct investment (FDI) flows to Africa reached US\$ 45 billion in 2022.

Factors driving FDI in Africa

- **Natural resources:** Africa, with 30% of the world's mineral reserves, offers abundant opportunities for exploration, extraction, and export. The continent is also a hotspot for renewable energy investments, especially in solar and hydropower.
- **Demographic dynamics:** Africa's rapid population growth, with 1.4 billion people, 60% of whom are under 25, drives demand for infrastructure, agriculture, education, and healthcare.

Emerging trends and governmental policies

A significant trend is the insistence by African governments on local transformation of extracted resources, ensuring local value addition and potentially boosting FDI.

Diversity and cultural considerations

It's crucial to understand the economic, legal, and cultural diversity across African regions for successful investment and engagement.

Investment considerations

- **Cultural understanding:** Approach investments with a deep understanding of cultural nuances.
- **Local support:** Engaging the right local partners and professionals is key.

- **Business model adaptation:** Align your business model with local costs, especially in personnel expenses.

- **Knowledge transfer:** Implement plans for knowledge transfer to integrate and be recognised as a responsible company.

Legal and tax frameworks

- **OHADA:** The Organisation for the Harmonization of Business Law in Africa aims to increase legal certainty in West and Central Africa.

- **Local expertise:** Engage local advisors with international experience

Essential steps before expanding into Africa

1. **Market study:** Conduct thorough research on

local consumer behaviour and market opportunities.

2. **Tax and legal study:** Understand local regulations, legal requirements, and international treaties.

3. **Solid business plan:** Develop a detailed plan tailored to the African market.

Regulatory and financial aspects

- **Investment protection:** Evaluate the legal framework for protecting investments.

- **Dividend and capital transfer:** Understand regulations concerning profit repatriation.

- **Local currency trends:** Analyse the stability and trends of the local currency.

- **Financing options:** Explore local and international financing avenues.

Ethiopia accelerates reform and secures growth

Ethiopia is one of the fastest growing economies in the world and the country is undergoing a huge amount of reform to modernise its economy and attract investors.



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Ethiopia



Ethiopia is becoming one of the fastest growing countries in Africa, with an estimated 7.2% growth in FY2022/23. A strong growth rate builds on a longer-term record of growth over the past 15 years where the country's economy grew at an average of nearly 10% per year, one of the highest rates in the world.

But the country still has a lot of problems to overcome, the biggest being that its economy is still very much under the control of the state. In an effort to open the region up to foreign investment, Ethiopia is moving toward more private sector involvement.

To encourage this, the government has launched a 10-Year Development Plan, based on its 2019

Home-Grown Economic Reform Agenda, which runs until 2029/30. It aims to foster efficiency and introduce competition in key sectors such as energy, logistics, and telecoms. It is also focusing on solving macroeconomic imbalances such as high inflation, high levels of indebtedness and foreign-exchange deficits.

"The Ethiopian economy has faced different challenges emanating from internal conflicts and the impact of climate change," said Tesfa Tadesse, Managing Partner of TAY Authorized Accountants & Auditors, a Kreston Global firm. "Despite those challenges, there have been some remarkable developments that help fuel growth in the country, particularly in the energy sector. Ethiopia is generating

cheap electricity from the hydroelectric stations and has been investing heavily in this sector to unleash the potential. Now the country has started to sell energy to neighbouring countries such as Kenya, Djibouti, and Sudan."

China stands out as a significant investor, accounting for 60% of new Foreign Direct Investment (FDI) projects approved, with substantial investments in manufacturing and services. Other major investing countries include Saudi Arabia and Turkey. Notable investments include Safaricom's pledge to invest US\$ 300 million annually for ten years and the United Kingdom's Marriott Drilling Group securing financing for the construction of two geothermal power stations in Tulu Moya and Hawassa, which will be the country's first.

Ethiopia is also attracting direct foreign investments to the telecom and fintech sectors

"Ethiopia is also attracting direct foreign investments to the telecom and fintech sectors," said Tadesse.

"Geographically, Ethiopia is in a favourable location to link Africa with the Far East, the Middle East and Europe. The banking sector in the country has been performing exceptionally well in the past 30 years, while the service industry in general is growing and overtook the agriculture sector some years back."

The country has to make a lot of changes before it can offer a truly favourable investment environment, but it took a significant step forward in January 2024, when it announced it would issue licences to let foreign investment banks operate in the country.

There are currently no investment banks in Ethiopia, and commercial banks are only able to offer limited funding to businesses due to prudential requirements. Businesses are currently paying up to 25% interest on commercial

bank funding and have to provide collateral worth 70% of the value of the loan.

The regulator is offering licences to global and regional investment banks, securities brokers and dealers and credit rating services providers who can help businesses list shares on the securities exchange and issue corporate debt.

In March 2024, the government lifted almost all of the restricted business areas to allow foreign investors

"In terms of the investment laws and the bureaucracies, there are areas that need improvement," said Tadesse. "In March 2024, the government lifted almost all of the restricted business areas to allow foreign investors. In the previous law, some business areas were restricted for local investors only. These include import and export business, and retail business including running supermarkets. Now the multinational

supermarket chains can open branches in Ethiopia."

Foreign companies now have the right to establish, acquire, own, and divest most types of business enterprises. While private land ownership is currently not permitted, land can be leased for up to 99 years. However, the government recently announced plans to introduce a law that would allow foreigners to own real estate, but there is no date yet as to when the legislation will be brought to parliament.

"The government is also trying to fully liberalise the economy," said Tadesse. "Foreign exchange control may be eased or fully liberalised. This may have short term effect of depreciating the value of the local currency."

Ethiopia is full of potential and certain sectors, such as fintech, are poised for a gold rush. If it can ease the growing pains of a reformed economy and currency, it can transform itself.



Kenya: Africa's rising economic star

East Africa is fast becoming the continent's economic powerhouse. Predictions of rapid growth in 2024 are buoyed by tourism, a resilient supply chain and investment in infrastructure such as banking and telecommunications. We spoke to Dr George Kimeu, Managing Partner at Kreston KM in Kenya, to understand his perspective.



DR GEORGE KIMEU

Managing Partner,
Kreston KM,
Kenya



Kenya's Economic Outlook

Kenya, located in East Africa, is a country known for its diverse culture, stunning landscapes, and vibrant economy. Over the years, Kenya has emerged as one of the key business hubs in Africa, attracting both local and international investors.

Kenya is strategically located as a regional hub for financial, communication, infrastructure, agriculture, and tourism with a fully liberalised economy.

Kenya, like many other countries, was on a recovery path in 2021 before the onset of the Russia-Ukraine war in February 2022. The war disrupted economic activity, leading to a slowdown in economic performance during the second quarter of 2022 onwards. Additionally, the prolonged drought adversely affected economic activity, causing downside risk to the medium-term outlook.

Kenya 2030

Despite these challenges, the country reported growth in GDP from 4.8% to 5%. This growth was attributed to macroeconomic and political stability and the implementation of the priority projects and programmes under the current government through the Bottom-Up Economic Transformation Agenda (BETA) under the leadership of President Dr. William Ruto, and the country's long-term development agenda per Kenya's Vision 2030. The current government's focus on economic reforms, technology innovation, and diversification of key sectors are some of the key contributors to growth thus creating an enabling business landscape for investors.

Why invest in Kenya?

Various factors make Kenya the best strategic region for investors. These include:

- Continuous reforms through various policies, regulatory frameworks, and incentives for business growth and investments
- The strategic location of the country, with ports and airports
- Skilled competitive labour force
- Large domestic and regional markets which have contributed to the growth of the tourism sector due to various agreements for visa-free entry to Kenya
- Business opportunities in various sectors including agriculture, ICT, tourism, construction, energy, and manufacturing sectors. Specifically, technology advancement through e-commerce and digital payments has revolutionised doing business in the country.

Business opportunities in Kenya

The digitalisation of government services has made registration of businesses easy through the Government e-citizen portal.

Kenya is famous for its wildlife and stunning landscape, making tourism a key sector of the economy that offers business opportunities in hospitality, tour operations, and ecotourism.

Kenya has and is investing heavily in infrastructure development, including roads, railways, ports, and energy which provides opportunities for investors in infrastructure development, construction, and engineering services.

Other key sectors for investors to consider include agriculture, manufacturing, and ICT. Kenya's fertile land offers great opportunities for agribusiness, value addition, and agro-processing as the country is a leading producer of tea, coffee, flowers, and vegetables. There are manufacturing opportunities in sectors such as textiles and apparel, food processing, and construction materials. Kenya has a vibrant ICT

sector with a growing demand for digital services and solutions which offers opportunities in software development, e-commerce, and cybersecurity.

Kenya's strategic location in East Africa makes it a gateway to the region, offering access to a market of over 200 million people

Gateway to Asia

Kenya is a member of the East African Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA), which has helped to promote trade and economic integration with neighbouring countries. Kenya's strategic location in East Africa makes it a gateway to the region, offering access to a market of over 200 million people. The participation of Kenya in the new trade agreements such as the African Continental Free Trade Area (AfCFTA), gives the country a competitive advantage due to available opportunities to expand market reach and benefits from reduced trade barriers within the African Continent.



Tax incentives

Kenya offers several tax incentives to attract investors and promote economic growth. Some of the key incentives include:

- 1. Investment deduction allowance:** Investors can deduct a certain percentage of the cost of qualifying assets from their taxable income, encouraging investment in new machinery, equipment, and buildings.
- 2. Investment deduction allowance for energy-efficient equipment:** Additional deduction is available for investments in energy-efficient machinery and equipment.
- 3. Initial allowance:** Investors can claim an initial allowance on the cost of qualifying assets in the year the assets are acquired and installed.
- 4. Investment deduction for investment in manufacturing:** Companies engaged in manufacturing can claim an investment deduction of up to 150% of the cost of new machinery or equipment used for manufacturing.
- 5. Tax Holiday:** Some investors, especially those

in designated priority areas, may qualify for a tax holiday ranging from 5 to 10 years, during which they are exempt from income tax.

6. Export Processing Zone (EPZ) Incentives:

Companies operating within EPZs enjoy various incentives, including a corporate tax rate of 10% for the first ten years and 15% thereafter, duty-free importation of raw materials and capital equipment, and exemption from value-added tax (VAT).

7. Double Taxation Agreements (DTAs):

Kenya has DTAs with several countries to avoid double taxation on income earned by investors in both countries.

8. Special Economic Zones (SEZs):

Companies operating within SEZs are eligible for tax incentives, including a reduced corporate tax rate of 15% for the first ten years and 25% thereafter, among others.

These incentives are key to creating a competitive environment for doing business in Kenya.

Nigeria's role in Africa's industrial evolution

Nigeria is a critical force in Africa's ambitious Agenda 2063, a sweeping blueprint for the continent's sustainable socio-economic transformation. Nigeria has achieved significant milestones in the plan's first ten years, and Kayode Oni and Tyna Adediran from Kreston Pedabo, explore the integral contributions and the broader implications for international businesses considering African markets.



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Agenda 2063

Agenda 2063 is Africa's development blueprint for inclusive and sustainable socioeconomic growth and development. African Heads of State and Governments adopted the continental agenda during the golden jubilee celebrations of the Organisation of African Unity (OAU)/African Union (AU) in May 2013. Agenda 2063 seeks to deliver on seven development aspirations, each with its own goals to move Africa closer to achieving "The Africa We Want."

The blueprint contains key activities to be carried out in five Ten-Year implementation plans, ensuring that Agenda 2063 delivers quantitative and qualitative transformational outcomes for Africa's people over a 50-year timeframe.

10-year plan

The implementation of Agenda 2063 at continental, regional, and national

levels has progressed steadily during the reporting period. This is attributed to remarkable progress and achievements made towards the realisation of several goals and targets of the First Ten-Year Implementation Plan of Agenda 2063.

The data in the second continental progress report on the implementation of Agenda 2063 indicates that Nigeria has achieved a 40% score concerning the goals set for the seven development aspirations. This marks a significant increase of 208%, up from the 13% recorded in the first continental progress report on implementing Agenda 2063.

Key areas where Nigeria has contributed significantly to the implementation of Agenda 2063 include:

- Increased access to Internet and electricity
- Reduced under-five mortality rate





- Increased access to anti-retroviral treatment
- Increased women's access to sexual and reproductive health services
- Reduced prevalence of underweight among under-five children
- Reduced the proportion of Official Development Assistance (ODA) in the national budget
- Reduced unemployment rates
- Increased real GDP per capita and annual GDP growth rates
- Increased enrolment in pre-primary, primary and secondary schools
- Increase in the proportion of the population with access to safe drinking

water and safely managed sanitation services.

- Increase in the share of manufacturing in GDP.

Key beneficial legislation for international businesses

No specific, unified legislation applies to all international businesses looking to expand into Africa. The legal landscape in Africa is diverse, and each country has its own set of laws, regulations, and policies governing international business activities.

However, some regional economic communities in Africa/Trade blocs, such as the Economic Community of West African States (ECOWAS) and the African

Continental Free Trade Area (AfCFTA), have taken steps to harmonise certain aspects of business laws among member states to facilitate trade and investment.

International businesses aiming to expand into Africa typically need to navigate a range of legal considerations, including investment laws, taxation, employment laws, industry-specific regulations, trade agreements, intellectual property laws, and local content laws, among others.

Businesses must conduct thorough due diligence and seek legal advice tailored to the country or countries in which they plan to operate. Additionally, regulations and business environments can change, so it is advisable to consult legal experts with the most recent and relevant information.

A focus on Nigeria

In Nigeria, however, efforts have been made to attract foreign direct investment (FDI) through its investment promotion agency, the Nigerian Investment Promotion Commission (NIPC). The NIPC Act provides the legal framework for investments in Nigeria and incentivises investors in various sectors.

The Federal Government of Nigeria has adopted rigorous efforts to ensure that areas of concern for foreign investors, such as bureaucratic red tapes, incorporation processes, taxation, capital repatriation, and visa policies, are relaxed to the fullest extent possible to open up Nigeria's economy to fair competition and prosperity.

Consequently, in line with the NIPC Act 22,

the Nigerian Investment Promotion Commission regularly consults with crucial Government agencies to negotiate specific incentive packages in identified strategic areas of investment interest. These consultations have led to an increasingly attractive business environment with tax holidays for pioneer companies producing exportable goods, newly established industries in manufacturing, or expansion of production in sectors vital to the economy. The Government also grants non-tax incentives to non-pioneer firms in addition to industry-specific incentives.

NIPC Act

Section 24 of the NIPC Act provides that a foreign investor in an enterprise to which the Act applies shall be guaranteed unconditional

transferability of funds through an authorised dealer in a freely convertible currency of:

- Dividends or profits (net of taxes) attributable to the investment;
- Payments in respect of loan servicing where a foreign loan has been obtained; and
- The remittances of proceeds (net of all taxes) and other obligations in the case of the sale or liquidation of the enterprise or any interest attributable to the investment.

Foreign Trade Zones

Foreign investors can set up businesses directly in Free Trade Zones (FTZs) without incorporating a company

in the customs territory. Registered companies may also apply as a separate entity to operate in an FTZ that would append the company's name with the FZE (Free Zone Enterprise) suffix to gain the FTZ benefits.

FTZ incentives include:

- Exemption from all Federal, State, and Local Government Taxes, Rates, and Levies.
- Duty-free importation of capital goods, machinery/ components, spare parts, raw materials, and consumable items in the zones.
- 100% foreign ownership of investments.
- 100% repatriation of capital, profits, and dividends.

- Waiver of all import and export licenses.
- One-stop approvals for permits, operating licenses, and incorporation papers.
- Permission to sell 100% of goods into the domestic market (in which case applicable customs duty on imported raw materials shall apply).
- For prohibited items in the customs territory, free zone goods are allowed for sale provided such goods meet the requirement of up to 35% domestic value addition.
- Rent-free land during the first 6 months of construction (for Government-owned zones).

Inward investment opportunities in Nigeria



Nigeria, Africa's most populous nation, stands as a beacon of investment potential on the continent. Boasting a population exceeding 200 million people, Nigeria offers a vast and rapidly growing consumer market. Its strategic location in West Africa provides access to neighboring countries and regional markets within the Economic Community of West African States (ECOWAS), making it an attractive hub for investors seeking to tap into the broader West African economy. Endowed with abundant natural resources, including oil, natural gas, minerals, and fertile agricultural land, Nigeria presents diverse investment opportunities across sectors such as

energy, mining, agriculture, and manufacturing. By virtue of the sheer numbers and a growing middle class (irrespective of the recent setbacks), other service sectors like hospitality, medical, education, financial technology, and other technology enabled service drivers (EduTech, AgriTech, MedTech, etc.), equally offer immense investment potential.

Moreover, ongoing efforts by the Nigerian government to diversify the economy away from oil dependence and improve the business environment through regulatory reforms and infrastructure development initiatives further enhance its appeal to foreign investors. With a burgeoning entrepreneurial spirit, a

skilled labour force, and a dynamic private sector, Nigeria stands poised to offer lucrative investment prospects for those looking to capitalise on the country's vast potential and contribute to its economic growth and development.

The Central Bank of Nigeria's recent announcement regarding an upward revision of the minimum capital requirements for commercial, merchant, and non-interest banks in the country has garnered attention. These new stipulations set higher standards for banks, particularly in the commercial sector, where international operations now require a minimum capitalisation of ₦500 billion (from ₦50 billion), while

national operations necessitate ₦200 billion (from ₦25 billion). This development not only impacts the banking landscape but also presents investment opportunities for foreign investors keen on participating in Nigeria's financial services sector.

Aside from the investment opportunities in the financial services sector, there are several other investment opportunities across various sectors due to the country's large population, natural resources, and ongoing economic reforms. Some of these opportunities include:

- Oil and Gas Industry:** Nigeria is one of the largest oil producers in Africa, presenting significant opportunities



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for investment in exploration, production, refining, and distribution activities. Additionally, there are opportunities in the natural gas sector, including liquefied natural gas (LNG) projects, gas processing plants, and pipeline infrastructure.

• **Agriculture and Agribusiness:** With vast arable land and favourable climatic conditions, Nigeria offers opportunities for investment in commercial agriculture, including crop cultivation, livestock farming, agro-processing, and agricultural technology solutions. There is growing demand for food products, such as rice, wheat, maize, and livestock products, providing opportunities for investors to meet domestic and regional demand.

• **Infrastructure Development:** Nigeria has a significant infrastructure deficit, particularly in transportation, power generation, water supply, and telecommunications. Investment opportunities exist in road and rail projects, airport development, seaport

expansion, power plants, renewable energy projects, water treatment facilities, and telecommunications infrastructure.

• **Manufacturing and Industrialisation:** The Nigerian government is actively promoting industrialisation and diversification of the economy. Investment opportunities exist in sectors such as automotive manufacturing, textile and garment production, pharmaceuticals, chemicals, construction materials, and consumer goods manufacturing.

• **Information and Communication Technology (ICT):** Nigeria has a rapidly growing ICT sector driven by increasing internet penetration, smartphone adoption, and digital innovation. Investment opportunities exist in telecommunications infrastructure, broadband expansion, software development, e-commerce platforms, fintech solutions, and digital services.

• **Real Estate and Construction:** Nigeria's

growing urban population and expanding middle class have created demand for residential, commercial, and industrial real estate developments. Investment opportunities exist in property development, construction projects, affordable housing initiatives, and real estate investment trusts (REITs).

• **Healthcare Services:** There is a growing demand for healthcare services in Nigeria, driven by population growth, urbanisation, and rising healthcare awareness. Investment opportunities exist in hospitals, clinics, diagnostic centers, pharmaceutical manufacturing, medical equipment supply, telemedicine, and health insurance.

• **Renewable Energy:** With abundant solar, wind, and hydroelectric resources, Nigeria offers investment opportunities in renewable energy projects, including solar farms, wind farms, mini-grid systems, and off-grid solutions to address the country's energy access

challenges and reduce reliance on fossil fuels.

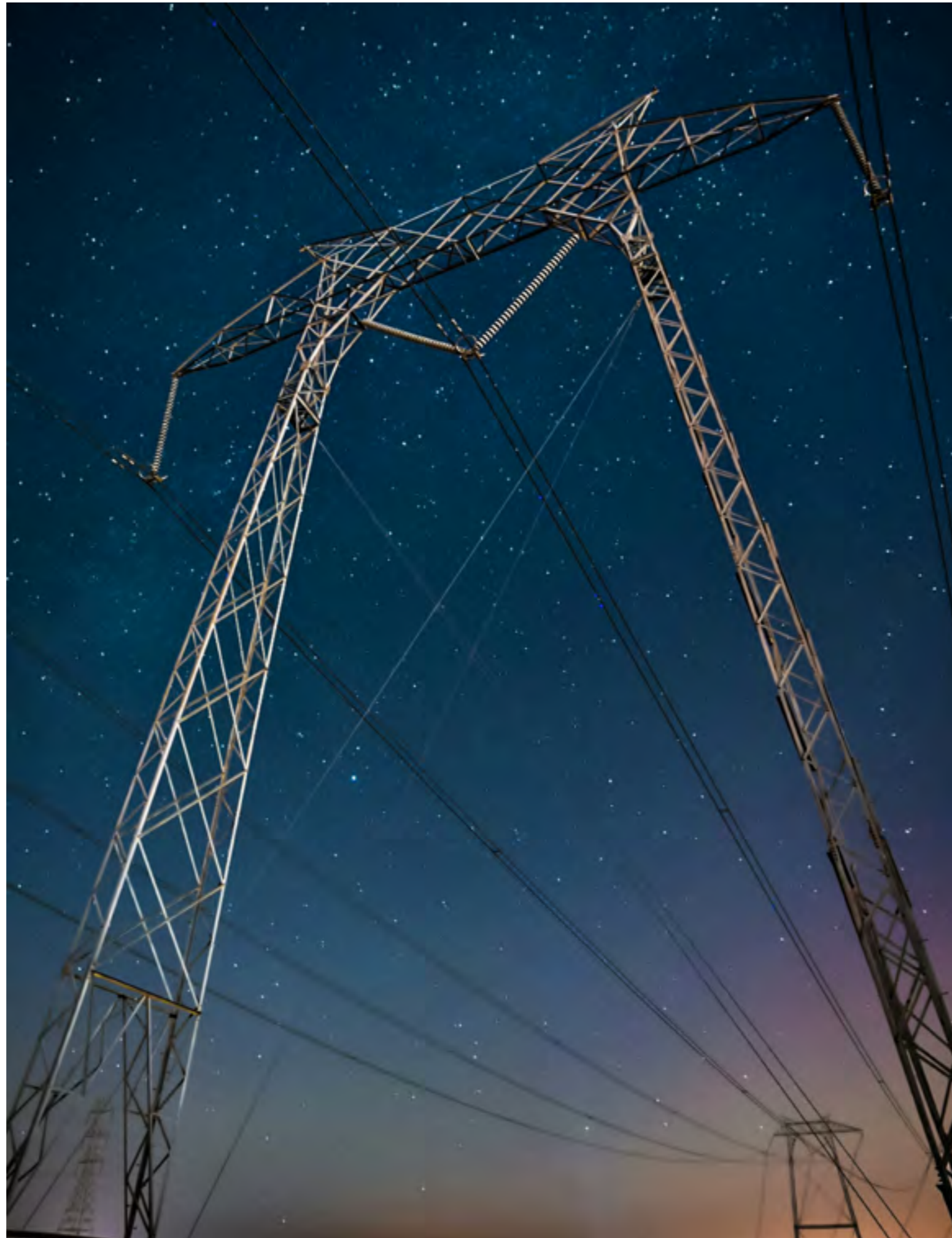
In conclusion, the above is not an exhaustive list of the inward investment opportunities in Nigeria, as there are more specialised sub-sectors of the aforementioned as well as several auspicious opportunities that arise in response to macroeconomic forces and market occurrences. As such, the African continent - with Nigeria as the largest or repeatedly in the top 3 markets - presents the next frontier for global development prospects, perhaps with admittedly higher risks mostly stemming from insecurity, corruption, and political instability, but also by far, the highest returns possible in similar opportunities in the global North.

Kreston Pedabo provides an Industry Spotlight series that showcases the insights of industry sub-sectors in Nigeria, to provide entrepreneurs, interpreneurs and global leaders a glimpse into the potential of same for probable investment and economic stimulation.



Africa's green economy to create resilience

Africa has a burgeoning "green economy." Tarek Zouari, the Managing Partner and founder of Exco Tunisia, explains.



TAREK ZOUARI

Managing Partner,
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Africa's green economy to create resilience

Zouari believes that the green economy in Africa is set to grow and will play a pivotal role in developing resilience for the whole continent.

"Not only is there an appetite for foreign investment, but a growing population means there is demand for green innovation that creates a climate-resilient food supply, workforce, and economy."

Zouari also notes the dual role of Africa as both a victim of and solution to climate change: "This presents both opportunities and challenges for Africa's future development, positioning the continent as highly vulnerable to the effects of climate change and also a site of great renewable potential as the green economy evolves."

Investment opportunities in the green economy

Renewable energy

Renewable energy represents a significant opportunity, with an abundance of solar, wind, hydro, and geothermal energy resources across the continent. Zouari believes Africa's energy transition could present a US\$ 100 billion per year investment opportunity, with climate-resilient infrastructure offering potential investments between US\$ 130 billion and US\$ 170 billion.

Agriculture and agribusiness

Sustainable agricultural practices present an avenue for investors to make a real impact. Zouari suggests, "Foreign investors can participate in the development of sustainable agriculture projects, invest

in agribusiness companies that prioritise sustainability, or provide financing to smallholder farmers to adopt sustainable farming practices.”

Waste management and recycling

“Waste management and recycling are also emerging sectors in the African green economy,” Zouari continues. Investments in infrastructure and waste management practices could significantly improve sustainability across the continent.

Green technology in mining

“Natural resources are a significant contributor to continental GDP, so green technology is increasingly being adopted in the mining industry as companies seek to reduce their environmental impact and improve sustainability,” Zouari said.

Accounting’s role in Africa’s green agenda

Accounting also plays a critical role in Africa’s

green agenda, Zouari notes, by providing a framework for measuring, reporting, and managing environmental impact. “With the growing global focus on sustainable development, companies operating in Africa are increasingly expected to report on their environmental, social, and governance (ESG) performance,” he adds.

He emphasises the importance of adhering to these standards, stating, “A foreign investment’s ESG principles may determine their fate in the African market as governments, regulators and international funding bodies such as the World Bank, the African Development Bank, and the United Nations, increasingly prioritise ESG considerations in their project approval and funding decisions.”

Zouari also stresses the responsibility of the finance and accounting sector to support foreign green investment into Africa, “by conducting ESG assessments and audits to evaluate a company’s environmental, social, and governance practices and identify areas

for improvement.” They also play a role in providing sustainability reporting and assurance services, as well as offering sustainability training and capacity building.

ESG reporting

ESG reporting is becoming increasingly important for companies across Africa, as investors and other stakeholders look for more information about how companies are managing their environmental, social, and governance risks and opportunities.

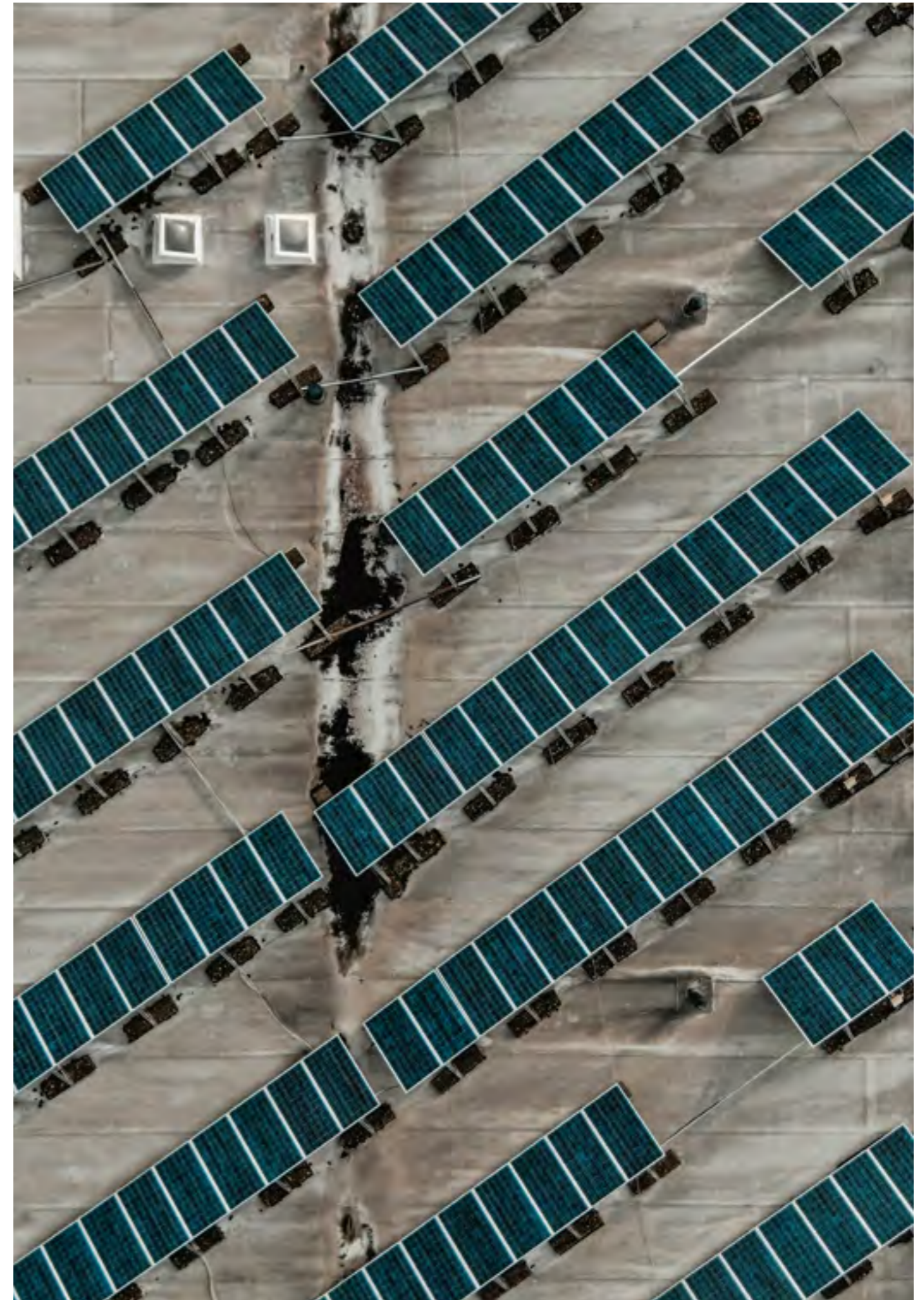
South Africa is one of the leading countries in Africa when it comes to ESG reporting. The Johannesburg Stock Exchange (JSE) has a Sustainability Reporting Directive that requires all listed companies to report on their ESG performance. The directive is aligned with the Global Reporting Initiative (GRI) Standards, which are a set of international standards for sustainability reporting.

Tunisia is another country that is making progress in ESG reporting. The

Tunisian Financial Market Authority (AMF) has issued a guide on ESG reporting for listed companies. The guide recommends that companies report on their ESG performance in line with the GRI Standards.

Mozambique is also taking steps to promote ESG reporting. The Mozambican Stock Exchange (BVM) has launched a sustainability reporting initiative for listed companies. The initiative aims to encourage companies to report on their ESG performance and to provide investors with more information about how companies are managing their ESG risks and opportunities.

Kenya is another country that is seeing an increase in ESG reporting. The Nairobi Securities Exchange (NSE) has launched a sustainability reporting initiative for listed companies. The initiative aims to encourage companies to report on their ESG performance and to provide investors with more information about how companies are managing their ESG risks and opportunities.



Green Hydrogen in Mauritania:

Advancing towards sustainable energy future



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Mauritania, aware of the current climate challenges, has taken ambitious steps in energy transition, with a focus on green hydrogen as one of the pillars of its strategy. As climate change continues to threaten populations worldwide, this Sahelian nation has chosen to position itself as a key player in the fight against climate change.

Mauritania has set clear objectives, including reaching a 60% share of renewable energies in its energy mix by 2030

Since the adoption of its national energy transformation strategy in 2020, Mauritania has set clear objectives, including reaching a 60% share of renewable energies in its energy mix by 2030. This approach is in line with its nationally determined

contributions (NDCs) under the Paris Agreement.

Mauritania's energy potential relies on several assets. First, the upcoming exploitation of the offshore Grand Tortue Ahmeyim (GTA) gas field, shared with Senegal, will provide a vital source of liquefied natural gas (LNG) to meet domestic demand and assert itself in the global market. Additionally, the country benefits from a significant potential in renewable energies, particularly solar and wind, with estimated capacities of 457.9 GW and 47 GW respectively.

The challenge of future energies has led Mauritania to explore the potential of green hydrogen. Preliminary studies have confirmed the viability of this energy source, supported by the country's solar and wind resources. In 2021,

framework agreements were signed with international companies specialised in energy transition, marking a crucial step in the development of this sector.

The first agreement, concluded with CWP Global, aims to develop a project of 30 gigawatts of wind and solar energy, powering electrolyzers for green hydrogen production. This partnership was reaffirmed at the COP26 climate summit in Glasgow, highlighting the ongoing commitment to this initiative.

The second agreement, signed with Chariot Ltd in partnership with Total Eren, involves the development of the Nour project, covering a vast land and sea area. This ambitious project, aiming to achieve an electrolysis capacity of 10 GW, demonstrates Mauritania's growing commitment to

green hydrogen and its role in global energy transition.

In 2023, these initiatives progressed with concrete steps towards the implementation of green hydrogen projects in Mauritania. International partnerships are strengthening, while feasibility studies are advancing, paving the way for a new energy era for this West African country.

In conclusion, green hydrogen represents a major opportunity for Mauritania to diversify its energy mix, reduce its carbon footprint, and actively contribute to the global fight against climate change.

Through these innovative projects, Mauritania is positioning itself as a regional leader in the transition towards a green and sustainable economy.

South Africa tears up rule book for risk management



South Africa has its own unique challenges to growth and if businesses want to thrive, they need to stop following the latest trends and focus on what it takes to survive in South Africa.

South Africa, despite all its resources, is continuing to be a difficult business environment. The latest fears are that if the South African Reserve Bank (SARB) maintains its high interest rates, the country could experience a recession. South Africa's economy is grappling with low economic growth and a weakening rand. Investment is slowing - the Johannesburg Stock Exchange has seen a decline in foreign participation over the past five years.

While it is tempting to look at what firms are doing in other countries, Steven Firer, IFRS Specialist Consultant for Kreston SA, warns that local firms need to focus on the trading conditions of South Africa and divert the bulk of their resources to managing them.

'South Africa's economy is not slowing down, it is barely surviving,' said Firer. 'We have corruption, no electricity, and incompetence. South Africa compared to the rest of the world has different priorities. We have to rid ourselves of corruption, fraud, and incompetency. We have too many reporting rules and regulations in a country that has very few skills.'

Many of the growth areas that accounting and consultancy firms are looking to capitalise on in other parts of the world simply do not apply to South Africa. For instance, Firer pointed out that local companies are delisting from the Stock Exchange as there are simply too many rules and regulations to keep abreast of.

'For South African companies navigating the landscape of 2024, several key considerations should be at the forefront of their strategic planning, especially given the challenges posed by corruption and competency issues within the country,' said Firer. 'These considerations can help companies mitigate risks, capitalise on opportunities, and foster sustainable growth in a complex environment.'

Top of the list should be robust governance and compliance frameworks. 'Implementing strong governance and compliance structures is paramount,' said Firer. 'This involves establishing clear policies and procedures that comply with local and international standards to prevent corrupt

practices and ensure ethical business operations.'

In terms of risk management, developing a comprehensive risk management strategy that specifically addresses corruption and operational risks is essential for South African firms. This involves regular risk assessments, the establishment of internal controls, and the adoption of best practices in risk mitigation.

A priority for any firm looking to make a wise investment for its funds over the coming year is in its own staff. 'Addressing competency issues by investing in employee development, training, and retention strategies is crucial,' said Firer. 'Building a skilled and motivated

STEVEN FIRER

IFRS Specialist Consultant,
Kreston SA,
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workforce can enhance efficiency, innovation, and resilience against external challenges.'

Improving communication and building relationships with stakeholders and outside organisations is the best thing South African companies can do if they want to build a reputation of trust and credibility in such a difficult environment.

Firer advises companies to prioritise transparency in their operations and decision-making processes. This includes open communication with stakeholders and the implementation of transparent reporting practices to build trust and credibility.

'Embracing technological solutions can help mitigate the impact of corruption and incompetencies,' he said. 'Technologies such as blockchain can offer greater transparency in transactions, while automation and AI can improve operational efficiencies and reduce human error.'

As previously mentioned, South Africa has a lot of rules and regulations and a shortage of professionals who can keep up with them all. Maintaining a proactive relationship with regulatory bodies and staying abreast of changes in legislation and compliance requirements is vital. This includes engaging in dialogue with regulators to understand expectations and to influence policy development positively.

If companies want to stand out from the crowd, they cannot afford to neglect their corporate social responsibility (CSR). 'Adopting a strong CSR approach and demonstrating ethical leadership can differentiate a company in a challenging market,' said Firer. 'This involves committing to social and environmental responsibility, which can improve reputation and stakeholder relations.'

Collaboration, communication and focusing strongly on their own market is the only way South African companies are going to thrive in a very difficult environment.



Tunisia: A beacon of opportunity in the Mediterranean

TAREK ZOUARI

Managing Partner,
Exco Tunisie,
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Tunisia's evolving economic landscape offers a plethora of opportunities for businesses and investors, positioning itself as a beacon of resilience and innovation in the wake of the Arab Spring. The country's strategic geographical location, bridging Africa and Europe, along with its commitment to fostering a skilled workforce and a progressive economic environment, establishes Tunisia as an attractive destination for foreign investment and business expansion especially in agribusiness, aerospace, infrastructure, renewable energy (notably green hydrogen), and IT services.

Trade Agreements and International Relations

Tunisia has a wide array of multilateral and bilateral trade agreements with around 127 countries. Key trade agreements involving Tunisia include the African Continental Free Trade Area (AfCFTA), the Common Market for Eastern and Southern Africa (COMESA), the European Free Trade Association (EFTA), the Free Trade Agreement with EFTA States (Switzerland,



Liechtenstein, Norway, and Iceland), the General Agreement on Tariffs and Trade (GAFTA), the Maghreb Arab Union Agreement, and the Agadir Agreement. Additionally, Tunisia has numerous bilateral trade agreements with various countries like the UK and Pakistan.

Tunisia has taken significant steps to nurture a talent pool, especially in science and technology sectors

Highly Skilled Workforce

Tunisia has taken significant steps to nurture a talent pool, especially in science and technology sectors, through a focus on education and skill development initiatives since the 1960s. This has resulted in a highly skilled workforce, ranked 5th worldwide in terms of science and engineering graduates (Global Innovation Index, 2022), capable of meeting the demands of a rapidly evolving global market. The multilingual proficiency of its IT sector employees, in

Arabic, French, and English, further positions Tunisia as an attractive hub for companies seeking a capable and dynamic labour force.

Sustainability Initiatives

Tunisia has implemented a national strategy for the green economy. The areas of focus include organic farming, eco-tourism, sustainable transport and infrastructure, sustainable eco-buildings, green industries, ICT, energy efficiency and energy use, renewable water conservation and water reuse, and integrated waste treatment management. The Tunisian Budget Law for 2024 introduces measures aimed at promoting green finance and sustainable development, offering tax incentives for environmentally friendly projects in green, blue, and circular economies.

Support for startups and entrepreneurship

Implemented in 2018, the Startup Act is playing a key role in promoting innovation

in Tunisia. Startups benefit from the exemption of income tax and social security contributions during the validity of the startup Label. Investors benefit from the exemption from capital gains tax. Entrepreneurs benefit from an allocation given to the co-founder and shareholder of a startup at launch to cover living expenses for one year.

Cost competitiveness

Tunisia stands out for its cost-effectiveness, particularly in terms of labour costs and the overall cost of living. The country boasts a cost of living that is 2.31 times lower than the global average, positioning it at 190th out of 197 countries in terms of affordability.

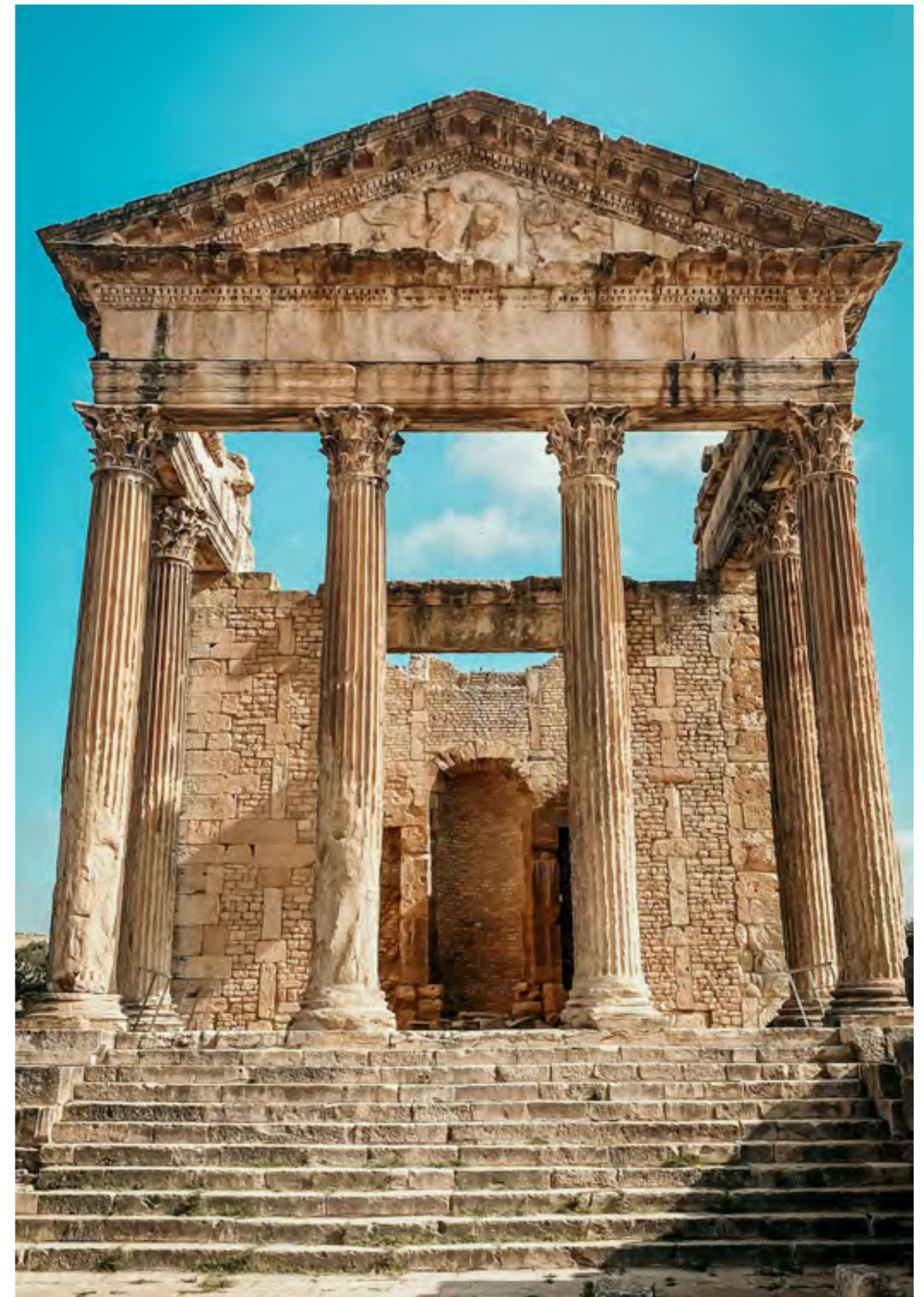
Recently, the National Institute of Statistics (INS) released its "Employment and Salaries" survey for 2022, shedding light on key insights. The survey reveals that the average basic salary in Tunisia for the year 2022 is 924 dinars, approximately 276€.

Moreover, Tunisia's Investment Law of 2017

offers compelling incentives. For example, Projects of National Interest, defined as those with a minimum investment cost of fifty million Dinar (approximately 15M€) or those creating a minimum of 500 jobs within a 3-year period, are eligible for a range of benefits. These include deductions of benefits from the tax base over a 10-year period, an investment grant up to 1/3 of the project's cost capped at 30 M TND, state subsidies for infrastructure development, and a 10-year exemption from employer contributions.

Outlook and strategic positioning

In summary, despite its relatively small local market size, Tunisia's strategic location, skilled workforce, progressive economic climate, and commitment to sustainability and innovation collectively establish it as a gateway to Africa and Europe, offering abundant prospects for businesses aiming to expand their presence in Africa or for those looking to move closer to Europe.



A bold economic agenda

In recent years, Morocco has undergone significant transformations, positioning itself as a formidable player on the global stage. This strategic repositioning has not only altered perceptions of the North African nation but has also greatly influenced the landscape for doing business within its borders. Morocco's emergence as a global player has ushered in a wave of opportunities.



NAJAT MOUGHIL

Partner,
Exco ACDEN,
Morocco



A bold economic agenda

Positioned at the crossroads of Europe and Africa, Morocco plays a pivotal role in linking the economies of both continents, fostering trade, investment, and collaboration in various sectors.

Morocco is a member of the African Union and the leading investor in West Africa. Major Moroccan institutions such as Attijariwafa Bank, Bank of Africa, and the OCP Group, a leading player in phosphate and fertilizer production, now exert significant influence in Africa.

Concerning Europe, Moroccan exports are primarily aimed at the Old Continent, comprising approximately two-thirds of the country's total exports.

Casablanca Finance City, an economic hub hosting over 200 international companies, is crucial in Morocco's role as a bridge between Europe and Africa.

Thanks to its geographical location and political stability, strong and modern infrastructures, the implementation of ambitious sectoral strategies, high-speed industrialization, the development of green energies and the signing

of several free trade agreements with the world's major economic players, Morocco offers a favourable environment for investing in various sectors: aeronautics, automotive, textiles, leather, agri-food and agrotech, electronics, tourism, information technology, infrastructure and even energy.

In order to strengthen its position as a logistics hub, Morocco made important investments in logistics projects, in ports and railways. In the automotive and aeronautical sectors, Morocco's logistical role has already grown and investments in production



facilities and logistical solutions have been made. Morocco's automotive industry, aircraft parts manufacturing and mining are traditional industries that offer important export opportunities.

Morocco is also moving forward with various policies to unleash the potential of the private sector, including reform of the vast network of public enterprises and a revision of the investment charter.

The 2030 World Cup will provide Morocco with a unique opportunity to extend its influence beyond the continents of Africa and Europe

The hosting of the 2030 World Cup will provide Morocco with a unique opportunity to extend its influence beyond the continents of Africa and Europe, as the tournament could inject up to US\$ 1.2 billion into the Moroccan economy. In preparation, the country plans extensive upgrades to stadiums and infrastructure, aiming to attract investments through incentives. Tourism is also expected to boom. Banks will benefit from increased infrastructure financing, while the telecoms sector will see higher traffic and investments in 5G technology. Despite the costs, the World Cup offers Morocco a lucrative return on investment and a lasting national legacy.

Such a robust economic agenda requires the implementation of complementary social reforms to ensure its benefits are equitably distributed and accessible.

Morocco's strategic social policies

Amidst efforts to fortify businesses, a parallel consideration arises for initiatives aimed at enhancing the welfare and security of Moroccan households.

The efforts have so far focused on the social sectors, with a landmark initiative to expand access to national health insurance and family allowance systems.

In recent months, the Moroccan government has officially launched the registration process for the Direct Social Support program. This program is devised to offer direct aid to families, particularly those in need, including school-age children, children with disabilities, newborns, economically vulnerable families, and those supporting elderly individuals. The program's aim to improve socio-economic conditions will foster economic stability, benefitting businesses operating in the country.

The Moroccan authorities remain committed to an ambitious program of structural reforms designed

to put Morocco on a more solid and equitable growth path.

Morocco's sustainable journey: Leading in renewables and environmental initiatives

The government's commitment to social welfare is paralleled by its ambitious environmental agenda. Just as the Direct Social Support program aims to uplift Moroccan households, the "Morocco Offer" seeks to elevate the country's standing in the renewable energy sector, thereby securing

a sustainable future for all its citizens. On March 11th 2024, the Moroccan government made an official announcement unveiling the "Morocco Offer," aimed at nurturing the growth of the green hydrogen sector. Prime Minister released a circular outlining a framework of incentives and assistance for potential project developers. This proposition targets investors keen on manufacturing green hydrogen and its byproducts and has attracted approximately a hundred domestic and international investors.

Morocco possesses significant potential for advancing its renewable energy sector, thanks to its

abundance of wind and solar energy resources. With the world's largest photovoltaic plant already in operation, the North African nation is committed to swiftly reducing its carbon footprint. Furthermore, prominent Moroccan companies such as OCP Group, demonstrate remarkable commitment to integrating renewable sources of water and energy into their production processes.

The alternative energies, energy efficiency and the circular economy are becoming the most attractive sectors in Morocco.

In 2030, the country aims to reduce its energy consumption by 15% and to

reach 52% of renewables in its power capacity.

Morocco's strategic repositioning as a global player has significantly transformed its business landscape, attracting an influx of international investors. With many projects in progress, such as the gas pipeline between Nigeria and Morocco, the country is poised to become an even more significant player on the global stage.

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