Office of Industries

Working Paper ID-046

July 2017

The Sub-Saharan African Services Economy: Insights and Trends

Abstract

This staff report provides insight into many aspects of the sub-Saharan African (SSA) services sector, describing some of its general characteristics and highlighting distinctive qualities of this segment of the region's economy. This report is a compilation of recent work, and as such, does not attempt to present summary findings or a comprehensive overview of the region's services sector. Despite this, a few broad themes do emerge from the analyses contained in the report. For example, overall services output and trade in SSA, while small, are growing rapidly: in many individual SSA countries, services account for more than half of total GDP. Nonetheless, several factors—including poor infrastructure and a lack of skilled workers, among others—continue to inhibit services sector expansion in the region.

The report begins with a brief overview of SSA services output, employment, and trade. This section also discusses a number of issues affecting the SSA services sector as a whole, including the growth in Chinese investment and foreign aid in the region, informal sector participation in the SSA services economy, and the extent of measures affecting the foreign provision of services in SSA. The second section of the report focuses on trends in particular services industries, and includes discussions on SSA markets for architecture, engineering, and construction (AEC) services; financial services (with a focus on microinsurance); telecommunications (with special attention to the recent expansion of submarine cable infrastructure and mobile money); tourism; and transportation services (with a particular emphasis on transit corridors). The final section of the report provides overviews of service sector developments in a sub-group of SSA countries, including Botswana, Ethiopia, Ghana, Kenya, Mauritius, Nigeria, Rwanda, Senegal, South Africa, Tanzania, Togo, Uganda, and Zambia.

United States International Trade Commission

The Sub-Saharan African Services Economy: Insights and Trends

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Office of Industries
U.S. International Trade Commission (USITC)
July 2017

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July 2017
No. ID-17-046

United States International Trade Commission

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Acronyms and Abbreviations

Acronym	Definition
AEC	architecture, engineering, and construction
BEA	Bureau of Economic Analysis (U.S. Department of Commerce)
BPO	business process outsourcing
CAGR	compound annual growth rate
DTIS	Diagnostic Trade Integration Study
EAC	East African Community
EBOT	Executive Briefing on Trade
ENR	Engineering News-Record
Exim Bank	Export-Import Bank of China
FDI	foreign direct investment
GATS	General Agreement on Trade in Services
GDP	gross domestic product
GVA	gross value added
GVC	global value chain
ICBC	Industrial and Commercial Bank of China
ICT	information and communications technology
IFC	International Finance Corporation, World Bank Group
IFSC	International Financial Services Center (Botswana)
ILO	International Labour Organization
iTIP	Integrated Trade Intelligence Portal
KILM	Key Indicators of the Labour Market
LLC	Landlocked countries
MCB	Mauritius Commercial Bank
MNCs	multinational corporations
MRAs	mutual recognition agreements
NBS	National Bureau of Statistics (Nigeria)
NGO	Non-government office
NTMs	nontariff measures
OECD	Organisation for Economic Co-operation and Development
P&C	Property and casualty
PPPs	public-private partnerships
RRA	Rwanda Revenue Authority
RTAs	regional trade agreements
SSA	sub-Saharan Africa; sub-Saharan African
STRI	Services Trade Restrictions Index
TEU	20-foot equivalent
UNCTAD	United Nations Conference on Trade and Development
UNECA	United Nations Economic Commission for Africa
USDOC	United States Department of Commerce
USITC	United States International Trade Commission
WITS	World Integrated Trade Solution
WTO	World Trade Organization
WTTC	World Travel & Tourism Council

Introduction

This report provides insight into many aspects of the sub-Saharan African (SSA) services sector, describing some of its general characteristics and highlighting distinctive qualities of this segment of the region's economy. Much of the content included in this report first appeared in Executive Briefings on Trade (EBOTs) published by the U.S. International Trade Commission (Commission or USITC).[1] As such, this report should be viewed as a compendium of recent Commission research and analysis on this topic, rather than a comprehensive overview of the region's services sector.

Beginning in October 2014, the Commission published a series of 14 EBOTs on the SSA services sector. Some of these focused on particular issues or industry markets—such as the Nigerian film industry (known as "Nollywood"), mobile money, and transit corridors, among others—while others provided brief, data-based overviews of services markets in particular SSA countries. Information drawn from these EBOTs has been included here and updated where possible and appropriate. This report also presents new material which expands on themes contained in the previously published EBOTs and discusses additional topics and country markets.

Data on SSA services markets are often very limited and of variable quality. Despite these difficulties, an effort was made to remain consistent from section to section. However, as this report is a compilation of papers written at different times and for different publications, data presented in each segment of the report are the most recent available as of the time that a particular segment was last updated for review. In most cases, data on gross domestic product (GDP), which are presented in constant 2010 U.S. dollars, are from the World Bank World Development Indicators database. Trade data, which are presented in current U.S. dollars, are from the World Trade Organization (WTO) Statistics Database. Finally, employment data are from the Key Indicators of the Labour Market (KILM), a database of the International Labour Organization (ILO).

In instances where another source (such as an SSA government statistical agency) publishes similar data that offer more detail on a particular country's market size or composition, these data have been included either in place of, or in addition to, World Bank, WTO, and ILO data. When possible and appropriate, data on other indicators—such as tourist arrivals, fixed-line and mobile phone subscriptions, and number of students, among many others—were also

[1] Many of these are available individually on the Commission's website at https://usitc.gov/research_and_analysis/executive_briefings.htm.

included in order to provide greater insight into trends in particular industry markets (see appendix A).

Analyses in this compendium generally cover the longest period between the years 2005 and 2015 for which data are available. However, “preliminary” data were not incorporated in these analyses. And in a few instances, data for the most recent year were not included if data for the previous year were available in significantly greater detail.

The report begins with a brief overview of SSA services output, employment, and trade. This section also discusses a number of issues affecting the SSA services sector as a whole, including the growth in Chinese investment and foreign aid in the region, informal sector participation in the SSA services economy, and the extent of measures affecting the foreign provision of services in SSA.

The second section of the report focuses on services sector trends in SSA. In certain instances, it also highlights developments in particular niche markets. It includes discussions on SSA markets for architecture, engineering, and construction (AEC) services; financial services (with a focus on microinsurance); telecommunications (with special attention to the recent expansion of submarine cable infrastructure and mobile money); tourism; and transportation services (with a particular emphasis on transit corridors). The final section of the report provides overviews of service sector developments in a sub-group of SSA countries, including Botswana, Ethiopia, Ghana, Kenya, Mauritius, Nigeria, Rwanda, Senegal, South Africa, Tanzania, Togo, Uganda, and Zambia. These countries were selected for analysis based on the size and growth of their service sectors, among other factors.

This report is a compilation of recent work, and as such, does not attempt to present summary findings. Despite this, a few broad themes do emerge from the analyses contained in the report. For example, overall services output and trade in SSA, while small, are growing rapidly: in many individual SSA countries, services account for more than half of total GDP. Nonetheless, several factors—including poor infrastructure and a lack of skilled workers, among others—continue to inhibit services sector expansion in the region.

Chapter 1
An Overview of the Sub-Saharan Africa Services Market

The services markets of sub-Saharan African (SSA) are small compared to those in developed markets, with SSA as a whole accounting for only 1.8 percent of global services value added in 2014. However, services sector output in the region has grown rapidly in recent years. SSA services value added increased at a compound annual growth rate (CAGR) of 6.3 percent during 2005–14, outstripping world services sector growth (2.6 percent) by a significant margin.[2] This chapter gives a brief overview of output and employment in the SSA services sector; highlights key markets, industries, and growth trends in SSA services trade; and discusses the relative openness of services markets in the region. The chapter concludes by focusing on one of the many issues that affect the SSA region as a whole: China's growing presence in the region.

GDP and Employment

Services account for a large and growing share of overall SSA economic output. In 2015, the services sector accounted for 58.0 percent of SSA gross domestic product (GDP), up from 47.6 percent in 2005. However, despite rapid growth, the services share of SSA's GDP remained significantly lower than the 2014 global average (68.5 percent, latest available data).[3] The extent to which individual SSA countries rely on services sector output varies widely (figure 1.1). For example, in 2015 services accounted for more than 70 percent of GDP in Cabo Verde, Mauritius, and Sao Tome and Principe.[4] Distribution services (including restaurants and hotels) and financial, business, and real estate services are large contributors to services output in each of these countries.[5] By contrast, services accounted for a particularly small share of output in Chad (33.4 percent) and Sierra Leone (33.9 percent) in 2015. The agriculture sector accounted for over half of GDP in each of these countries in 2015 (52.4 percent for Chad and 61.3 percent for Sierra Leone).

South Africa and Nigeria, SSA's two largest economies, dominate the SSA services economy, respectively accounting for 29.9 percent and 27.8 percent of SSA services value added in

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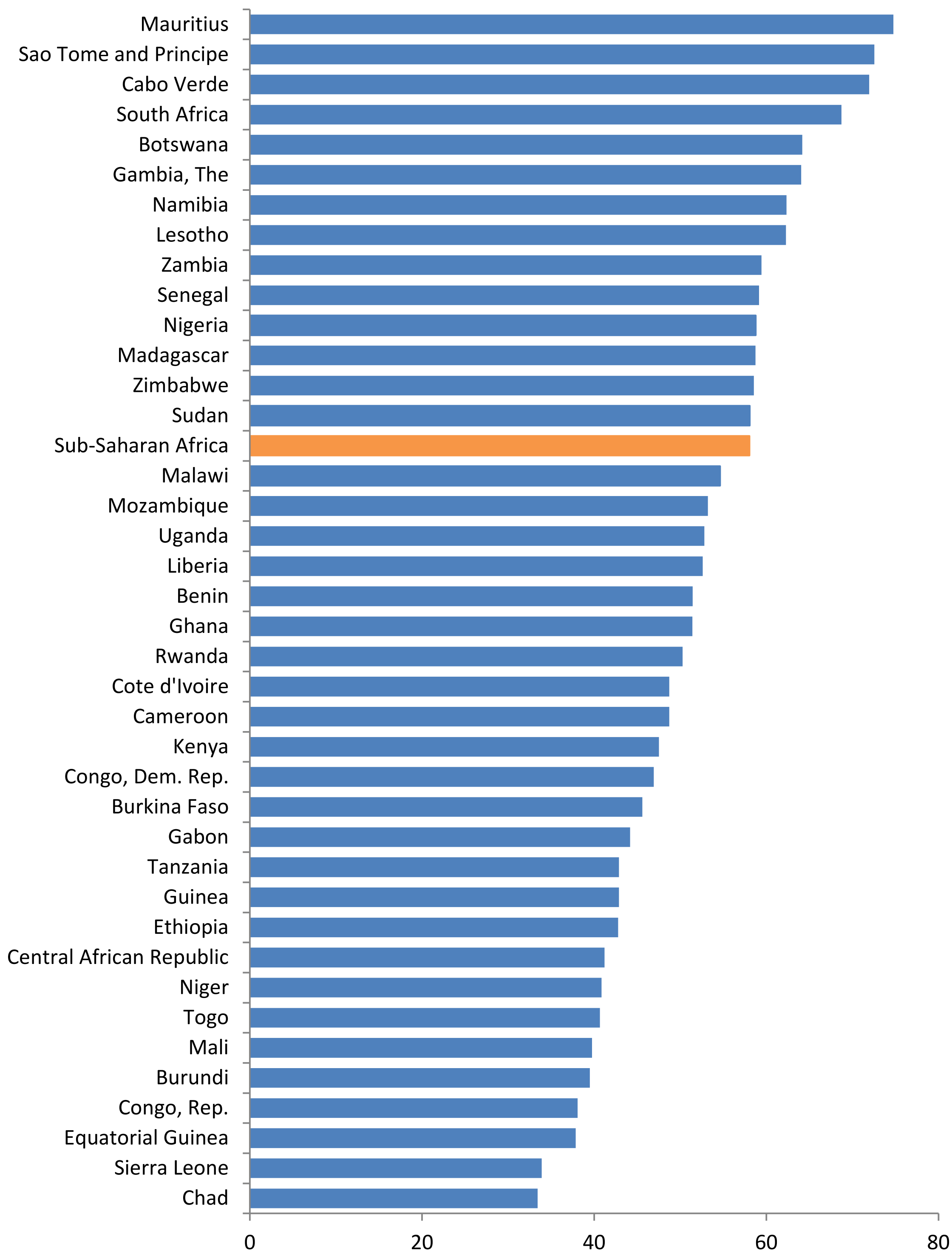
[2] World Bank, World Development Indicators database (accessed September 9, 2016).
[3] Ibid.
[4] Additonally, services accounted for 83.0 percent of GDP for Seychelles in 2014 (latest data available).
[5] Nshimyumuremyi and Simpasa, "Cabo Verde 2016," 2016, 5; Kalumiya and Bor, "Mauritius 2016," 2016, 5; Harnack, Oduor, and Temesgen, "Seychelles 2016," 2016, 4.

Figure 1.1: Sub-Saharan African services, value added (% of GDP) 2015

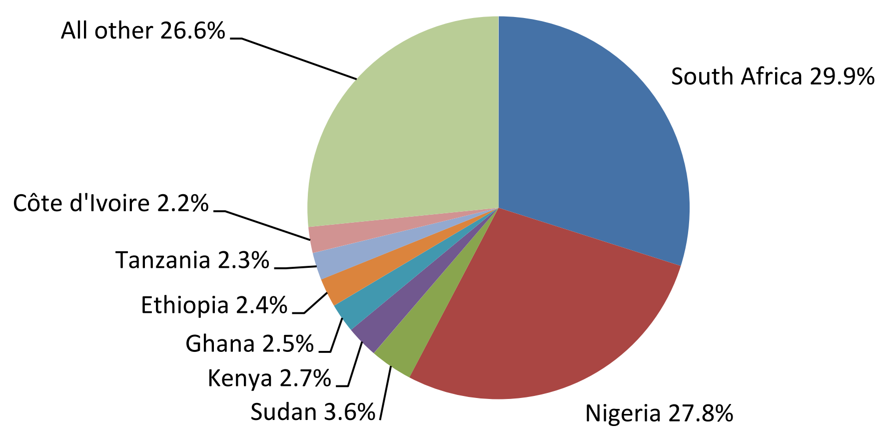


Source: World Bank, World Development Indicators database (accessed April 26, 2017). (See appendix table B.1).

2015 (figure 1.2). The next-largest services market for which data are available—Sudan—accounted for only 3.6 percent.[6] The services markets of South Africa and Nigeria are discussed in greater detail in chapter 3, along with those of four other countries which contribute at least 2 percent of SSA services value added—Kenya, Ghana, Ethiopia, and Tanzania. A specific discussion on the Sudanese services market is not included due to the relative lack of recent data available for that economy.

Employment data for the SSA services sector are sparse; even the overall number of employees in this sector is not known. However, the International Labour Organization provides some data on service sector employment in certain SSA countries. Among the 21 countries for which one or more years of data are available for 2010-15, Services accounted for particularly high shares of total employment in Seychelles (80.4 percent in 2015) and South Africa (70.6 percent in 2015),[7] and particularly low shares in Rwanda (16.3 percent in 2012) and Madagascar (16.4 percent in 2015).[8] Employment data for certain other countries are included in chapter 3, where available.[9]

Figure 1.2: SSA services value added, by country, 2015



Source: World Bank, World Development Indicators database (accessed September 9, 2016). (See appendix table B.2).
Note: Shares were calculated using data on services value added in constant 2010 U.S. dollars.

[6] The World Bank does not provide disaggregated data on services sector value added for Angola, Djibouti, Equatorial Guinea, Eritrea, or Somalia.
[7] During 2010–15, the services share of South African employment was highest in 2014 (71.9 percent).
[8] The 21 countries for which such data are available include Benin, Botswana, Cote d'Ivoire, Ethiopia, The Gambia, Ghana, Liberia, Madagascar, Mali, Mauritius, Namibia, Nigeria, Rwanda, Senegal, Seychelles, South Africa, Tanzania, Togo, Uganda, Zambia, and Zimbabwe. ILO, ILOSTAT database (accessed May 17, 2017).
[9] For information on informal sector employment, see box 1.

Box 1.1: The Informal Sector Contributes Substantially to the Sub-Saharan African Services Economy

While there are no specific data on the informal sector's contribution to the SSA services economy, estimates suggest that the overall SSA informal sector is large, and services activities generally account for a substantial share of its output and employment. Although there are multiple definitions of the informal sector, this segment of the economy is generally said to include unincorporated private enterprises that are typically run by individuals or groups on a small scale; in addition, informal businesses may employ workers who are not covered by a formal employment contract.[a] The informal sector often accounts for significant shares of employment in industries such as manufacturing and mining, but accounts for particularly large shares in services industries like retail, transportation, and finance due to the low capital requirements and lack of measures affecting entry in these industries. External constraints on economic development, such as high taxes and strict regulation, may lead to higher levels of informal economic activity by restricting the entry of firms into the formal sector.[b]

According to the most recent estimates, the informal sector as a whole accounted for approximately 60 percent of total employment in the region.[c] South Africa recorded the lowest rate of informal employment in SSA—33 percent in 2010—while Madagascar and Mali recorded the highest rates, at above 70 percent in 2004 and 2005 respectively.[d] Further, the informal sector was estimated to account for an average of 55 percent of SSA's gross national income in 2013, ranging from less than 30 percent in South Africa to almost 60 percent in Nigeria and Tanzania.[e] Common informal sector services providers in SSA include street or market vendors in the retail sector, unlicensed truck drivers in the transportation sector, and local moneylenders in the financial sector. The informal sector plays a role both in supplying intermediate inputs to services exporters in the formal sector and in providing the "last mile" of connection to the consumer. Examples of the latter include Nollywood[f] DVDs that are screened to customers of makeshift movie theaters or mobile money kiosks that facilitate international financial transactions such as the sending of remittances.[g] Informal sector service suppliers also make an important contribution to SSA goods markets. For instance, small traders (often women) who cross borders to buy and sell products, arbitraging price differences in the process, move millions of tons of agricultural produce around SSA annually.[h] Additionally, services such as cleaning, maintenance, and repair may be embedded in small-scale manufacturing. These services are often subcontracted to informal firms, contributing indirectly to the exports of SSA manufactured products.

In SSA as elsewhere, the informal sector can have both positive and negative impacts on a country's economy. The informal sector provides employment opportunities for many people who would not otherwise find jobs, and in some cases provides services more inexpensively than formal sector firms, which are subject to government regulation. However, countries with high levels of informality typically grow at slower rates and trade less than countries with lower levels of informality, due to the lower productivity of informal firms.[i] Informal employment is also often accompanied by low wages and a lack of labor protections, which can lead to bifurcated labor markets associated with higher levels of income inequality.

[a] Definitions of the informal economy differ as to the level of organization that is considered to be informal (i.e. casual employment of strangers compared to more complex informal contracts involving kinship ties) and how smallholding or subsistence agriculture is treated. However, these definitions generally agree that the informal sector is characterized by enterprises that are not recognized or protected by legal or regulatory frameworks. People who are informally employed may also work in the formal sector simultaneously. See ILO, "Guidelines Concerning a Statistical Definition," (accessed October 9, 2015); Marjit and Kar, "The Outsiders," 2011.

[b] Bacchetta, Ernst, and Bustamante, "Globalization and Informal Jobs in Developing Countries," 2009, 87–90.

[c] ILO, "Trade and Employment," 2009; Sparks and Barnett, "The Informal Sector in Sub-Saharan Africa," 2010. If the more developed economy of South Africa is excluded, informal labor arrangements account for up to 78 percent of non-agricultural employment in SSA.

[d] Key Indicators of the Labour Market database (accessed November 2, 2015). These rates reflect the ratio of the estimated number of informally employed persons to the total number of employed persons in each country, excluding the agriculture sector.
[e] AfDB, "Recognizing Africa's Informal Sector," 2013; Verick, "The Impact of Globalization on the Informal Sector," 2006. The informal sector is often not captured in official statistics such as GDP, though the coverage of activities varies by country.
[f] Nollywood is the name given to the Nigerian film industry. See also "Nigeria's Film Industry: Nollywood Looks to Expand Globally" in chapter 2 for more information.
[g] Gupta, Patillo, and Wagh, "Impact of Remittances on Poverty," 2007.
[h] World Bank, "A Step towards Formalization," August 19, 2014.
[i] Bacchetta, Ernst, and Bustamante, "Globalization and Informal Jobs in Developing Countries," 2009, 87–90.

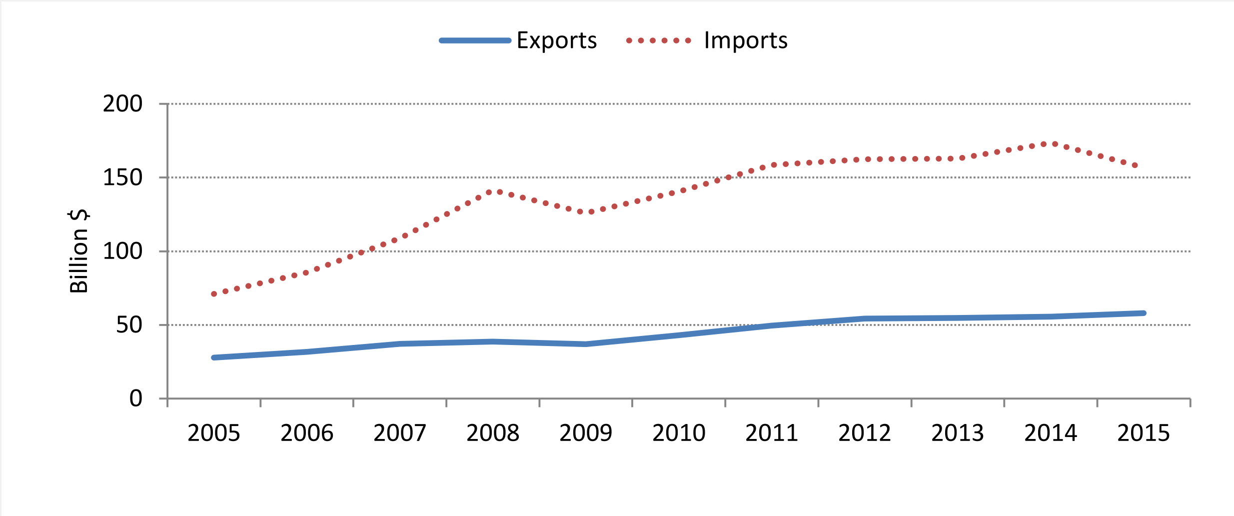
Sub-Saharan African Trade with the World[10]

SSA accounted for a small share (about 2 percent) of global commercial services trade volume in 2015. However, SSA services trade volume has grown rapidly in recent years and accounted for 24.6 percent of total SSA trade in 2015.[11] U.S. services trade with the African continent has also grown rapidly in recent years.

Commercial services[12] account for a small but growing share of total SSA trade. In 2015, commercial services accounted for 16.9 percent of total SSA goods and services exports and for 29.7 percent of imports.[13] During 2005–15, SSA exports and imports of commercial services doubled, with exports increasing by 108.1 percent to $58.1 billion and imports increasing 120.5 percent to $156.9 billion (figure 1.3).

[10] WTO reclassified data based on the Balance of Payments Manual 6. Hence 2005 is the earliest year for which the newly classified data are available.
[11] Total trade volume includes exports and imports of merchandise and service industry trade.
[12] The WTO term "commercial services" is roughly equivalent to the term "private services," which excludes government-provided services.
[13] WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)" (accessed September 14, 2016).

Figure 1.3: Sub-Saharan African exports and imports of commercial services, 2005–15

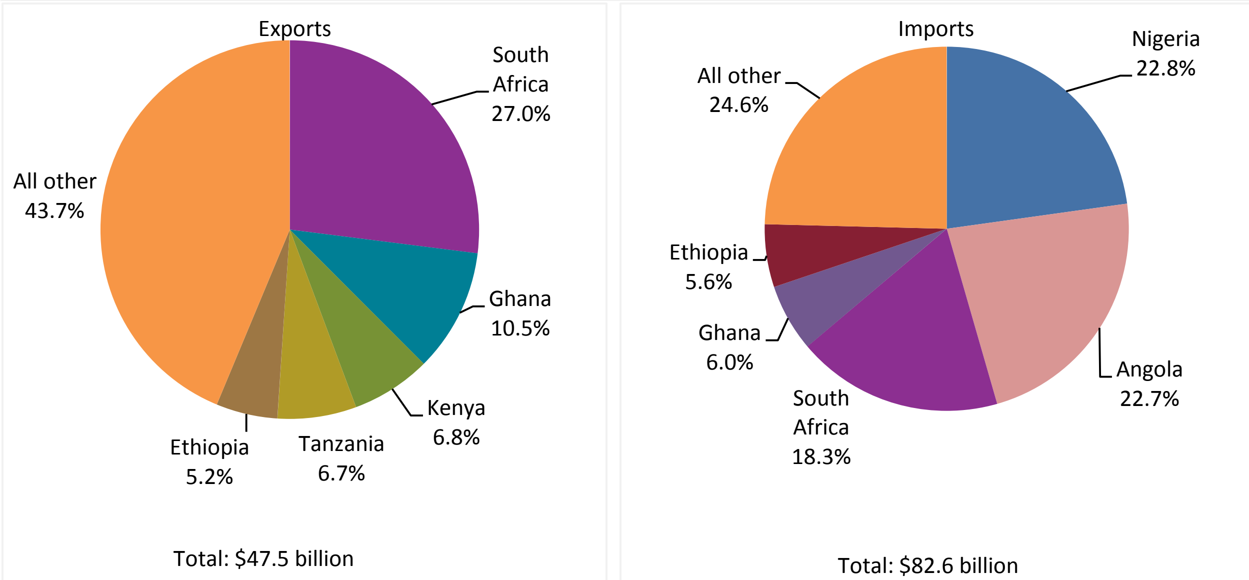


Source: WTO, Statistics Database, Time Series on International Trade,"Trade in Commercial Services, 2005–onward (BPM6)" (accessed September 14, 2016). (See appendix table B.3).

South Africa is SSA's largest commercial services exporter (figure 1.4); however, it saw a 10.9 percent decrease in commercial services exports in 2015.[14] Travel services accounted for the largest share of this decline (with exports in that industry falling by $1.1 billion during 2014–15), while exports in the maintenance and repair services industry decreased at the fastest rate (62.6 percent). By contrast, exports of personal, cultural, and recreational services grew by 17.2 percent to $170.1 million during 2014–15, the only increase among those South African service industries for which specific data are available.

[14] Among those SSA countries for which disaggregated data on commercial services exports are available, South Africa was the top exporter in both 2014 (for which data for 40 SSA countries are available) and 2015 (for which data for 21 SSA countries are available).

Figure 1.4: Sub-Saharan service exports and imports, by country, 2015



Source: WTO, Statistics Database, Time series on International Trade (accessed September 14, 2016). (See appendix table B.4).

Nigeria is the largest SSA importer of commercial services, although it, too, underwent a precipitous decline in this indicator during 2014–15; imports fell from $22.5 billion in 2014 to $18.8 billion in 2015.[15] "Other business services"[16] accounted for the largest share of this decline, as Nigerian imports of such services fell by 58.3 percent from $4.8 billion in 2014 to $2.0 billion in 2015. More information on recent trends in the Nigerian services economy can be found in chapter 3.

By industry, travel services accounts for the largest share of total SSA commercial services exports, with 47.2 percent in both 2014 and 2015. In 2014,[17] South Africa was the largest exporter of travel services by a wide margin, accounting for 35.6 percent of total SSA travel services exports, followed by Tanzania (7.7 percent), Angola (6.1 percent), and Mauritius (5.5 percent). Tourism[18] is a key contributor to the South African economy, with one source reporting that the tourism industry supports 8 percent of jobs in that country.[19] Industry-

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[15] Among those SSA countries for which disaggregated data on commercial services imports are available, Angola was the top importer in both 2014 (for which data for 40 SSA countries are available) and 2015 (for which data for 21 SSA countries are available).
[16] Other business services include research and development, professional and management consulting, technical, trade-related, and other business services not included elsewhere.
[17] Disaggregated data on 2015 exports of travel services are available for only 12 SSA countries, so it is not clear which countries accounted for the largest shares of total SSA travel services exports in that year. For this reason, 2014 data—which are available for 36 SSA countries—are used in this instance.
[18] A separate USITC Executive Briefing on Trade discussing the SSA travel service industry can be found at https://www.usitc.gov/publications/332/executive_briefings/chambers_africa_travel_ebot_final.pdf.
[19] Brand South Africa, "South Africa's Tourism Industry." https://www.brandsouthafrica.com/investments-immigration/business/economy/sectors/tourism-overview (accessed March 7, 2017).

specific data on the SSA region's commercial services imports are available only for transport services (which accounted for 13.5 percent of SSA commercial services imports in 2015) and travel services (which accounted for 12.9 percent).

U.S.-Africa Private Cross-Border Trade in Services[20]

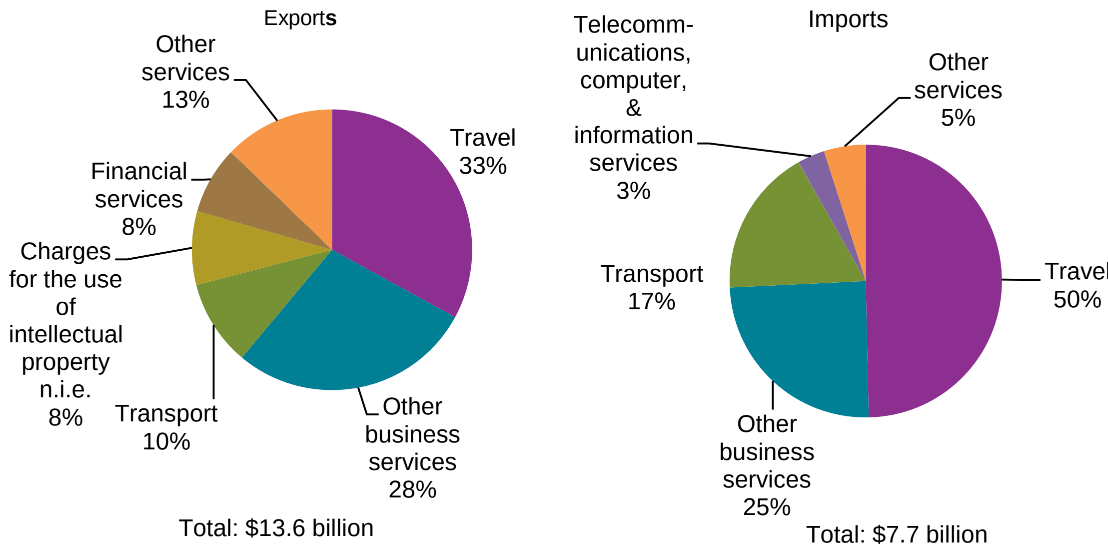
Disaggregated data on U.S. trade and affiliate transactions with SSA are not available; however, the Bureau of Economic Analysis (BEA) does publish data on U.S. trade with Africa as a whole, which include exports to and imports from both SSA and the countries of North Africa.

U.S. private services trade with all of Africa is growing, but remains a small portion of overall U.S. services trade. In 2015, both exports and imports of U.S. private services contracted slightly from the previous year.[21] Exports decreased by $92 million to $13.6 billion, while imports decreased $73 million to $7.7 billion. Travel services dominate U.S. services trade with the continent; such services accounted for the largest share of U.S. services exports to Africa and for half of U.S. services imports from Africa in 2015 (figure 1.5). While specific data on U.S. travel services trade with individual SSA countries are largely unavailable, the U.S. Department of Commerce reports that Nigeria was the leading source of SSA visitors to the United States in 2014, followed by South Africa. However, both countries accounted for extremely small shares of total visitors to the United States in that year; Nigeria made up 0.23 percent and South Africa, 0.15 percent. With regard to U.S. travel to SSA, the World Bank reports that in 2010 the United States was the leading source of tourists for five SSA countries: Ethiopia, Ghana, Rwanda, Tanzania, and Zimbabwe.

[20] The WTO term "commercial services" is roughly equivalent to the term "private services." Figures for U.S. trade with individual SSA countries are not available, with the exception of those for South Africa. South Africa accounted for $3.0 billion in exports and $1.7 billion in imports in 2014.

[21] USDOC, BEA, Interactive data, International Transactions, Services, &IIP, International Services, table 3.1, June 16, 2016 (accessed August 25, 2016).

Figure 1.5: U.S. private services exports and imports with Africa, by industry, 2015



Source: USDOC, BEA, Interactive data, International Transactions, Services, &IIP, International Services, table 3.1, June 16, 2016 (accessed August 25, 2016). (See appendix table B.5).
Note: n.i.e. = Not included elsewhere.

World Bank Indicators Suggest That Sub-Saharan African Countries Are Open to Services Trade

Sub-Saharan Africa’s services trade commitments are minimal. While 40 SSA countries have scheduled commitments under the General Agreement on Trade in Services (GATS)—a Uruguay Round agreement whose parties include all 162 members of the WTO—these commitments are not extensive. To illustrate, three-quarters of these SSA countries have made commitments in less than half of the services sectors covered by the agreement,[22] and 22 of these countries have not scheduled horizontal GATS commitments (i.e., general commitments that apply to service providers in all industries covered by the agreement) (table 1.1). Further, few SSA countries are parties to a regional trade agreement that covers services trade (figure 1.6), and only one SSA country—Mauritius—is participating in the ongoing negotiations to establish a Trade in Services Agreement (TiSA). However, available evidence suggests that even without binding international trade commitments; the openness of SSA services markets is comparable to that of developed-country service markets. One measure of services trade restrictiveness is

[22] By comparison, the United States has made commitments in all 11 of the services sectors covered by the agreement.

the World Bank's Services Trade Restrictions Database.[23] This database uses data on the services trade policies of profiled countries to create an index—the Services Trade Restrictions Index, or STRI—that ranks countries on their relative openness. Despite significant differences in the size, composition, and regulation of their economies, most of the 23 SSA countries included in the database have overall STRI scores similar to those posted by higher-income countries (figure 1.7). In fact, many have overall and industry-specific STRI scores in the "virtually open" range.

[23] Unless otherwise noted, data in this section come from the World Bank's Services Trade Restrictions Database, as presented in Borchert, Gootiiz, and Mattoo, "Policy Barriers to International Trade in Services," 2012.

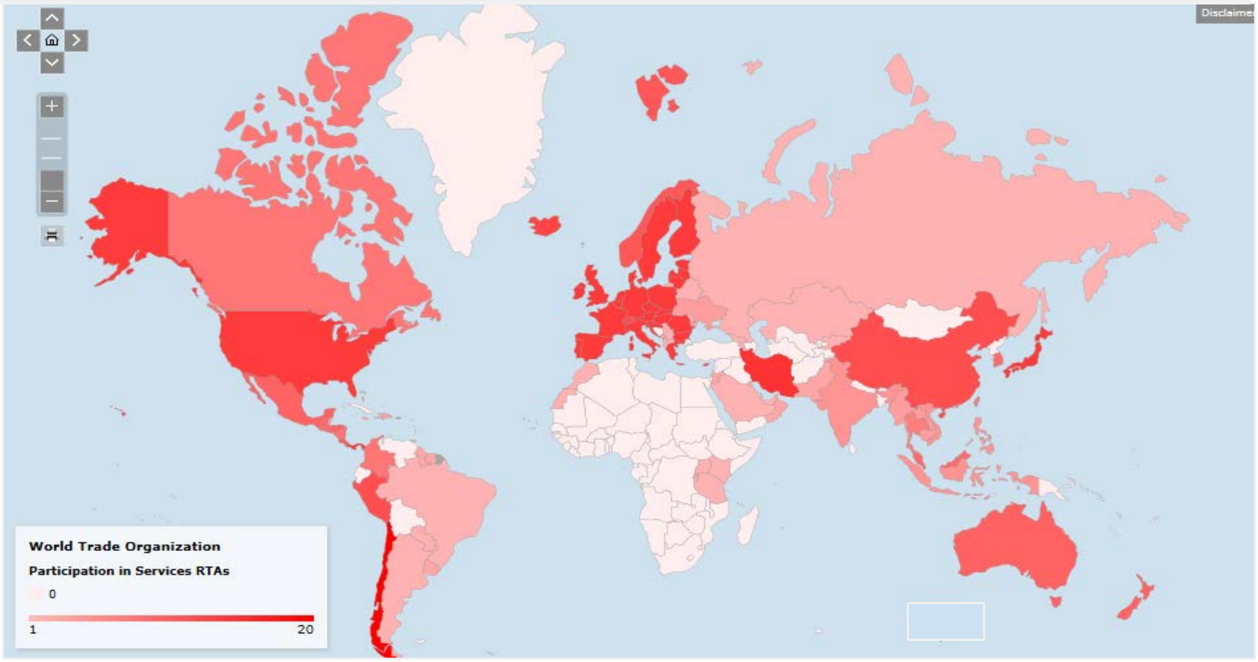
Table 1.1: GATS Schedule of Commitments, by Sub-Saharan African country and service industry

	Angola	Benin	Botswana	Burkina Faso	Burundi	Cameroon	Cape Verde	Central African Republic	Chad	Congo	Côte d'Ivoire	Congo, D.R.	Djibouti	Gabon	Gambia, The	Ghana	Guinea	Guinea-Bissau	Kenya	Lesotho
Horizontal commitments			●		●	●	●					●			●	●			●	●
Business services		●	●		●	●	●	●			●	●	●	●	●		●			●
Communications services			●				●	●			●	●	●		●	●			●	●
Construction and related engineering services					●		●				●	●		●	●	●				●
Distribution services					●		●								●					●
Educational services							●					●			●	●				●
Environmental services							●	●							●		●			●
Financial services	●	●					●				●			●	●	●			●	●
Health-related and social services					●										●		●			
Tourism and travel-related services	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Recreational, cultural, and sporting services	●						●	●		●		●	●		●			●		
Transport services		●					●				●				●	●	●		●	●
Other services															●				●	●

	Madagascar	Malawi	Mali	Mauritania	Mauritius	Mozambique	Namibia	Niger	Nigeria	Rwanda	Senegal	Seychelles	Sierra Leone	South Africa	Swaziland	Tanzania	Togo	Uganda	Zambia	Zimbabwe
Horizontal commitments		●			●		●		●			●	●	●					●	●
Business services	●	●					●			●	●	●	●	●	●				●	
Communications services					●				●		●	●	●	●				●		●
Construction and related engineering services		●										●	●	●			●		●	
Distribution services											●	●		●						
Educational services			●							●		●	●							
Environmental services										●		●	●	●						
Financial services		●			●	●			●		●	●	●	●						●
Health-related and social services		●										●	●		●				●	
Tourism and travel-related services		●	●	●	●		●	●	●	●	●	●	●	●	●	●	●	●	●	●
Recreational, cultural, and sporting services										●	●	●	●				●			
Transport services								●	●		●	●	●	●						
Other services														●						

Source: WTO, "GATS," ITIP (accessed July 28, 2015).

Figure 1.6: Global participation in regional trade agreements that include provisions on services trade



Source: WTO, "Participation in RTAs" (accessed July 28, 2015). WTO statistics on Regional Trade Agreements (RTAs) are based on notification requirements rather than on the physical number of RTAs. Thus, for an RTA that includes both goods and services, this report counts two notifications (one for goods and the other services), even though it is physically one RTA.

Overall Restrictions Index of Sub-Saharan African Countries

The World Bank's Services Trade Restrictions Database provides information for over 100 countries (including 23 SSA countries),[24] five specific service sectors (table 1.2), and an overall country score by mode of supply.[25]

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[24] The database includes almost half of SSA countries: Botswana, Burundi, Cameroon, the DRC, Côte d'Ivoire, Ethiopia, Ghana, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritius, Mozambique, Namibia, Nigeria, Rwanda, Senegal, South Africa, Tanzania, Uganda, Zambia, and Zimbabwe.

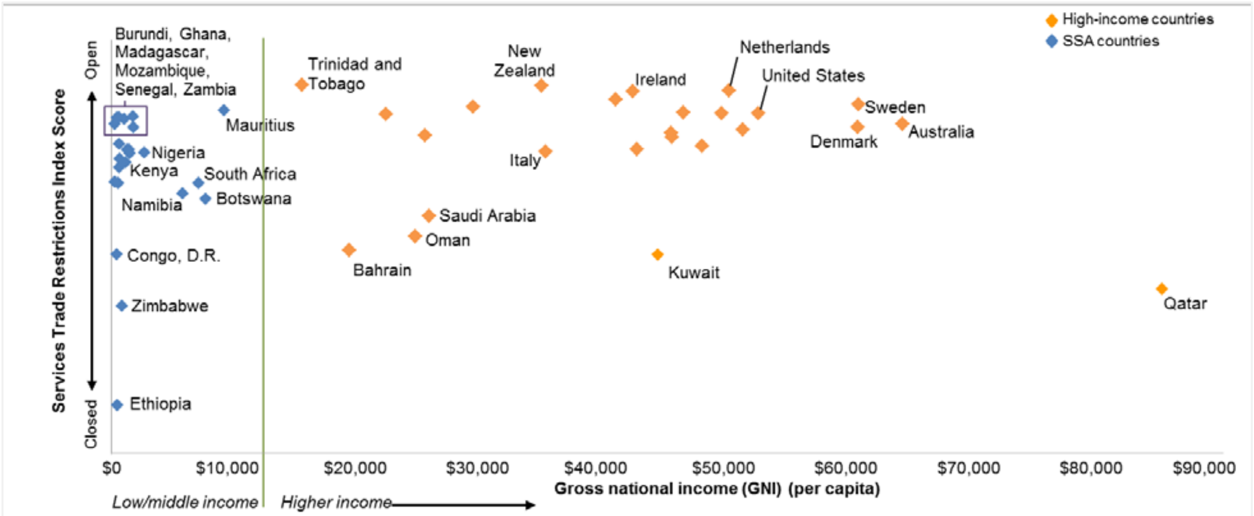
[25] The overall score for certain sectors and/or modes may be weighted. The WTO defines four modes of supply for services trade. The two used most often are cross-border trade and sales through affiliates in foreign markets. For definitions of these modes, see Borchert, Gootiiz, and Mattoo, 2012, 6.

Table 1.2: Service sectors included in the database

Service sector	Description
Financial services	Banking (lending by banks, acceptance of deposits by banks) and insurance services (auto insurance, life insurance, reinsurance)
Telecommunications	Fixed-line and mobile telecommunications
Retail	All aspects of retail services
Transportation	Air passenger (domestic and international), maritime international shipping and auxiliary services,1 domestic road freight, domestic rail freight
Professional services	Accounting, auditing, and legal services

Source: World Bank's Services Trade Restrictions (STRI) Database, as presented in Borchert, Gootiiz, and Mattoo, "Policy Barriers to International Trade in Services," 2012.
Note: Auxiliary maritime services covered in the World Bank STRI database include cargo handling services, container station and depot services, customs clearance services, freight forwarding services, maritime agency services, and storage and warehousing services. Borchert, Gootiiz, and Mattoo, "Guide to the Services Trade Restrictions Database," 2012, 12.

Figure 1.7: Services Trade Restrictions Index (STRI) scores[26] for high-income and sub-Saharan African countries



Notes: Data GNI data are for 2013 except for Bahrain (2012), Oman (2012), New Zealand (2012) and Kuwait (2011) and are from the World Bank, *Data Indicators*.

The STRI scores compiled by the World Bank range from 1 (most open) to 100 (least open) (table 1.3). Overall, most SSA countries included in the database are nearly as open as high-income countries, as shown in figure 1.7. The overall median STRI for SSA is 27.2, a few points above the median STRI of 21.0 for high-income countries. Mauritius was the most open SSA country with an overall STRI of 16.9, while Ethiopia has the most restrictions with an overall STRI of 88.2. There are several countries with particularly low or high overall STRI scores; besides Ethiopia, Zimbabwe and the DRC have particularly high (restrictive) overall scores, while

[26] The scores reflect the overall restrictiveness of key policy measures applied to a services subsector and mode of supply and not to individual measures.

Ghana, Madagascar, Mozambique, and Senegal all scored below 20. Most of the 23 SSA countries covered by the database had an overall STRI score of 38 or less (figure 1.8). While this ranked them as less open than some high-income countries, they were still in or very near the "virtually open" range. More information on the STRI scores of certain SSA countries can be found in the country profiles included in chapter 3 of this report.

Table 1.3: Services Trade Restrictions Index scale

Overall policy description	Point scale
Open without restrictions	0
Virtually open	25
Existence of major/non-trivial restrictions	50
Virtually closed	75
Completely closed	100

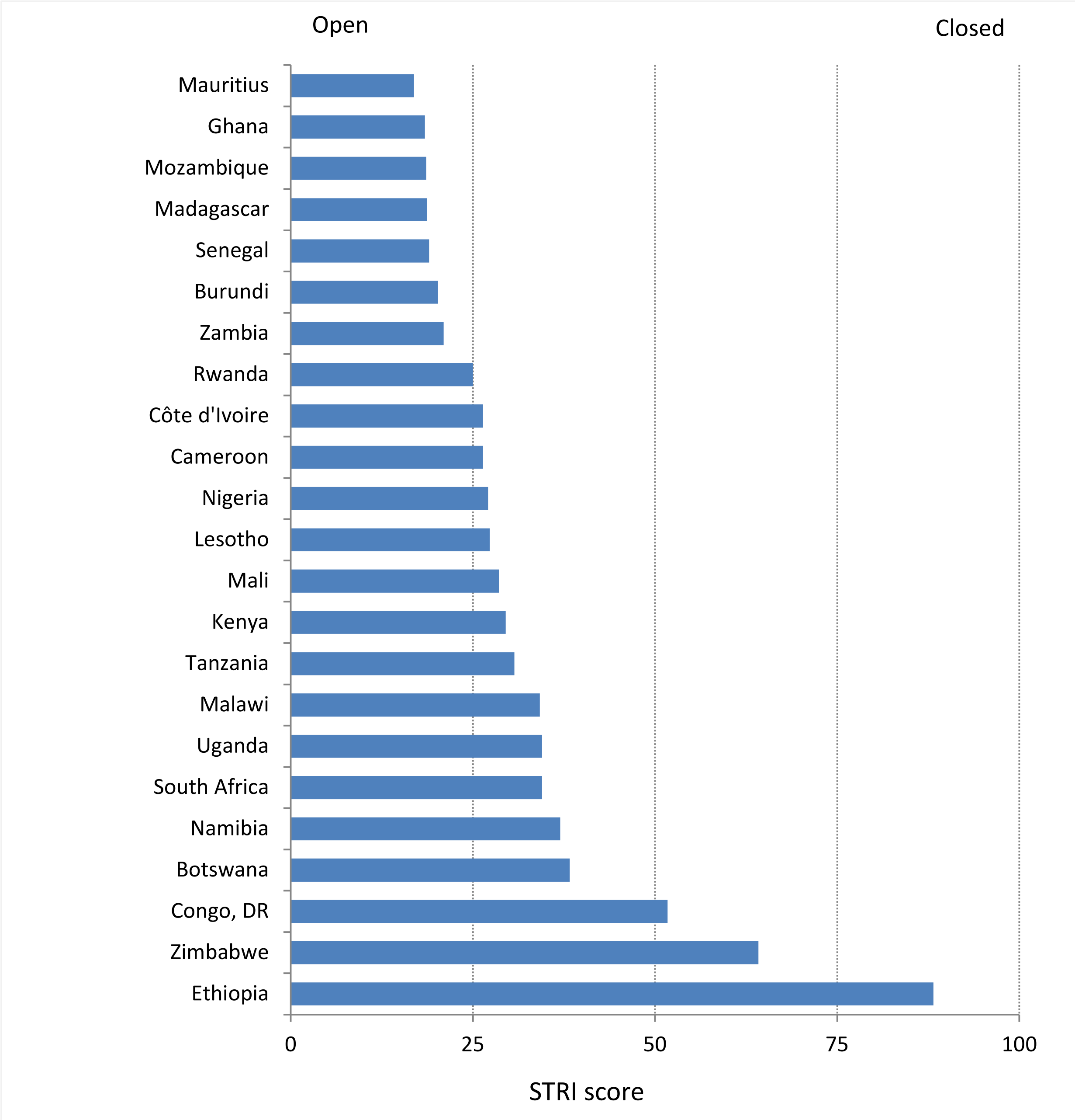
Source: World Bank's Services Trade Restrictions Database, as presented in Borchert, Gootiiz, and Mattoo, "Policy Barriers to International Trade in Services," 2012.

Sub-Saharan African STRIs by Services Sector

As with overall STRI scores, SSA countries' median STRI scores for the most of the individual services industries covered by the STRI index are at or near the "virtually open" range (figure 1.9). Overall, retail distribution, telecommunications, and financial services are the most open services industries among SSA countries.[27] However, scores vary widely from country to country. STRI scores in retail and telecommunications span the entire index, from completely open (0) to completely closed (100). Financial services and transportation STRIs for SSA countries also cover a wide spectrum, ranging from 0 to 89.7 and 0 to 72.9, respectively (table 1.4). Professional services STRIs among SSA countries have the smallest span, ranging from 30 to 84. Ethiopia was the most restrictive in all five services industries, posting STRIs of 100 for both retail and telecommunications, 89.7 for financial services, 84 for professional services, and 72.9 for transportation services.

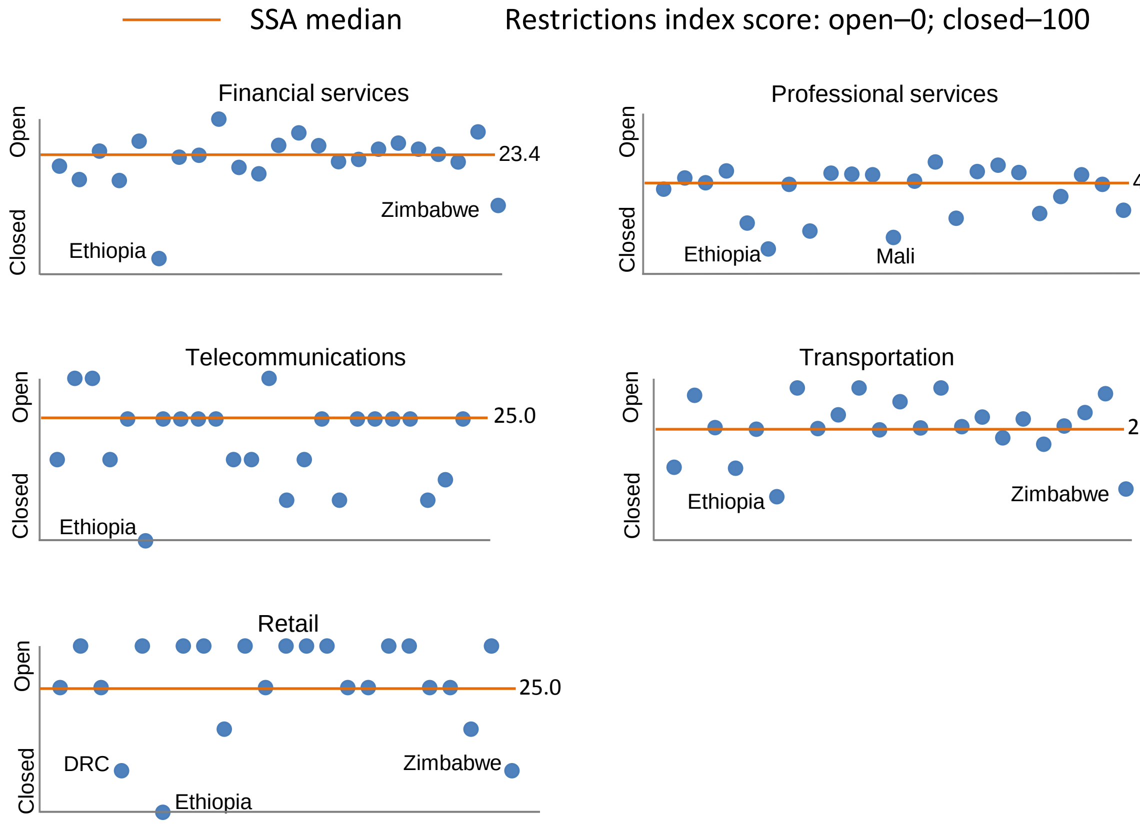
[27] Unlike scores for other sectors, overall scores for retail and telecommunications are not weighted according to the relative importance of different modes of supply. See annex table 5 in Borchert, Gootiiz, and Mattoo, "Policy Barriers to International Trade in Services," 2012.

Figure 1.8: Overall services trade restrictions index scores



Source: World Bank's Services Trade Restrictions Database, as presented in Borchert, Gootiiz, and Mattoo, "Policy Barriers to International Trade in Services," WPS6109, 2012 (accessed June 2015). (See appendix table B.6).

Figure 1.9: SSA country STRIs by selected services sector



Source: World Bank's Services Trade Restrictions Database, as presented in Borchert, Gootiiz, and Mattoo, "Policy Barriers to International Trade in Services," 2012 (accessed June 2015).
Note: The most restricted countries are labeled in the figure.

Table 1.4: STRI scores for SSA countries by industry

Country	Financial services	Professional services	Retail	Telecommunications	Transportation
Botswana	30.3	47.0	25.0	50.0	54.8
Burundi	39.0	40.0	0	0	10.5
Côte d'Ivoire	14.3	68.0	0	25.0	31.3
Cameroon	20.7	43.0	25.0	0	30.4
DRC	39.5	35.5	75.0	50.0	55.4
Ethiopia	89.7	84.0	100.0	100.0	72.9
Ghana	24.6	44.0	0	25.0	5.8
Kenya	23.4	73.0	0	25.0	31.0
Lesotho	0	37.0	50.0	25.0	22.5
Madagascar	31.2	37.5	0	25.0	5.8
Malawi	35.2	38.0	25.0	50.0	31.8
Mali	16.9	77.0	0	50.0	14.3
Mauritius	9.0	42.0	0	0	30.5
Mozambique	17.2	30.0	0	75.0	5.8
Namibia	27.4	65.0	25.0	50.0	29.7
Nigeria	25.9	36.0	25.0	25.0	23.8

Country	Financial services	Professional services	Retail	Telecommunications	Transportation
Rwanda	19.5	32.0	0	75.0	36.7
Senegal	15.6	36.5	0	25.0	25.0
South Africa	19.5	62.0	25.0	25.0	40.6
Tanzania	22.7	51.5	25.0	25.0	29.4
Uganda	27.7	38.0	50.0	25.0	21.1
Zambia	8.4	44.0	0	75.0	9.5
Zimbabwe	55.5	60.0	75.0	62.5	68.2

Source: World Bank's Services Trade Restrictions Database, as presented in Borchert, Gootiiz, and Mattoo, "Policy Barriers to International Trade in Services," WPS6109, 2012 (accessed June 2015)

Chinese Participation in the Sub-Saharan African Services Sector

In recent years, China has become an increasingly important economic partner of SSA, with rising trade and investment throughout the continent. While commodities and manufacturing account for large shares of this economic activity,[28] Chinese participation in SSA services industries has also been significant. The following section presents analyses on two illustrative facets of China's involvement in the SSA services sector: Chinese investment in the SSA financial services industry, and official Chinese assistance in SSA countries' transport and storage industries.[29]

Financial Services Industry

Chinese Financial Institutions are Expanding in Sub-Saharan African Countries

Available data and anecdotal information suggest that Chinese investment in the SSA financial services sector is significant. By the end of 2012, Chinese foreign direct investment (FDI) stock in Africa's financial services sector totaled $3.9 billion, accounting for 17.8 percent of China's total FDI stock in Africa.[30] Chinese banks and other Chinese financial institutions have expanded their presence in a number of SSA countries, including South Africa, Nigeria, and Mozambique, among others.[31] Two of the four major Chinese banks that are owned by the state—the Bank of

[28] World Bank, *Global Economic Prospects,* June 2015, 163–65 (accessed August 25, 2016).
[29] The analysis in this section makes no attempt to assess the participation of other countries in the SSA services sector—either in absolute terms or in comparison to China—although the authors recognize this as a potential topic for future research.
[30] These data reflect Chinese FDI into all African countries. China does not report sectoral data on FDI into individual SSA countries, or to the SSA region as a whole. The State Council, People's Republic of China, *"China–Africa Economic and Trade Cooperation, 2013,"* August 2013.
[31] Meyer et al., "Chinese Financial Institutions and Africa," November 2011.

China and the China Construction Bank—have established branches and representative offices in SSA countries. A third state-owned bank, the Industrial and Commercial Bank of China (ICBC), invested $5.5 billion in 2007 to acquire a 20 percent stake in South Africa's Standard Bank, making ICBC the bank's largest shareholder. Given that the Standard Bank is the largest bank based in SSA, this was a significant acquisition for ICBC. Further, in 2011, ICBC opened an office of its own in Cape Town.

Other Chinese institutions are also expanding into SSA financial services markets. For instance, Nigeria's First Bank partnered with Guangdong Xinguang International China–Africa Investment Limited in 2008, making a $500 million investment in Nigeria's Ogun State focusing on investment banking, project finance, business advisory services, and correspondent banking.[32] In another example, Geocapital—a Sino-Portuguese investment company—made a deal in 2014 to establish a new bank (Banco Mais) in Mozambique in partnership with the Tunisian Investment Fund.[33]

Drivers of Chinese Investment in SSA Financial Services Markets

Several factors have led to increased Chinese investment in SSA financial services markets. First, increasing trade between China and SSA countries has encouraged some exporters and importers to accept settlement in renminbi (RMB) instead of U.S. dollars in payment for trade, resulting in a stronger presence of Chinese banks in SSA countries to conduct RMB-related business (although the recent depreciation of the RMB has mitigated this advantage).[34] Traditionally, SSA countries and China have used the U.S. dollar as their primary settlement currency for bilateral trade. However, in 2009 the Chinese government began a campaign to reduce its exchange-rate risk, elevate its economic position globally, and lower firms' transaction costs by internationalizing its currency, including expanding the use of RMB in

[32] Meyer et al., "Chinese Financial Institutions and Africa," November 2011, 29; Davies, "Special Economic Zones," 2008, 148.
[33] Macauhub, "Geocapital Returns to the Banking Sector in Mozambique," October 13, 2014.
[34] WITS, n.d. (accessed April 22, 2015). For instance, in 2010, Bank of China's Johannesburg branch in South Africa clinched the first RMB trade settlement in Africa. By 2013, the bank had established a full range of businesses using RMB covering settlement, clearing, deposits, and loans, and its volume of RMB businesses reached RMB 12.6 billion ($2.02 billion). Standard Bank has also taken steps to expand its RMB-based businesses. Jianfeng Zhang, "Bank of China's Johannesburg Branch," November 23, 2013; Standard Bank, "Trade and Payment Solutions Using Renminbi," n.d. (accessed July, 2014).

settling international trade.[35] This led to a rapid increase in the value of RMB cross-border trade settlements between Africa and China from just RMB 5.2 billion ($0.8 billion) in 2011 to RMB 35.8 billion ($5.7 billion) in 2012.[36] From October 2010 to January 2013, South Africa accounted for 87.8 percent of cross-border RMB settlement between China and Africa, while Nigeria accounted for a further 6.0 percent.[37] Standard Chartered Research predicts that, as trade settlement between China and SSA countries grows, the value of cross-border RMB settlement between Chinese firms and top importers of Chinese goods such as Nigeria, Ghana, and South Africa will likely increase.[38]

Second, the increasing presence of Chinese government-backed investment in SSA countries has prompted higher demand for Chinese banking services in the region.[39] For instance, in June 2015, Power Construction Corporation of China, a Chinese state-owned enterprise which is mainly engaged in electricity investment and operations, signed a $1 billion contract with Amu Power Company to construct a coal-fired power plant in Lamu, Kenya.[40] ICBC has pledged a loan of $0.9 billion to ensure the successful completion of the project.[41] In June 2015, ICBC signed an agreement with the Angolan government to lend $840 million for the construction of the Soyo Power Plant.[42] Further, in August 2015, Bank of China and ICBC announced that they would jointly provide $300 million to finance a 300 MW coal-fired power plant in Zambia.[43]

Finally, the growing number of Chinese tourists in SSA has led to increasing demand for local merchants to accept the China UnionPay credit card—Chinese tourists' preferred credit card—in several SSA countries. From 2009 to 2011, the number of Chinese tourists traveling directly to Africa[44] nearly tripled, rising from 381,600 to 1,012,000.[45] The UnionPay credit card is issued by China UnionPay—China's only domestic bank card organization. China UnionPay started its

[35] In April 2009, Chinese authorities launched a pilot program to enable cross-border trade deals to be settled in RMB in five Chinese coastal cities. After a two-year trial period, in August 2011, the authorities further allowed all domestic exporters and importers to settle cross-border and international trade in RMB. Following this development, businesses from SSA countries and China began to replace the dollar with the RMB as settlement currency.
[36] Baynton-Glen, "China-Africa—CNY Internationalization," April 2013.
[37] Ibid.
[38] Ibid.
[39] From 2000 to 2012, different Chinese government agencies and state-owned enterprises have invested in more than 1,700 projects in different SSA countries, with an official financial commitment totaling $96.4 billion over the entire 2000–2012 period. China AidData, n.d. (accessed April 20, 2015).
[40] AsokoInsight, "Chinese Firm Signs $1 Billion Contract," June 9, 2015.
[41] *Observer*, "African Development: The Chinese Banks Come," June 15, 2015.
[42] ICBC, "ICBC Signs Soyo Power Plant Financing Agreement," July 9, 2015.
[43] Reuters, "Chinese Lenders Lead Team," August 5, 2015.
[44] Countries that received a substantial share of Chinese travel to SSA in 2013 included Angola, South Africa, Kenya, Mauritius, Zimbabwe, Tanzania, and Gabon. The two non-SSA African countries that many Chinese tourists preferred to visit were Egypt and Tunisia. Yao, "A Brief Introduction," March 27, 2013.
[45] Yao, "A Brief Introduction," March 27, 2013.

African market expansion in 2007, and by 2013 UnionPay credit cards were accepted for use at ATMs in over 70 percent of SSA countries.[46] In August 2013, UnionPay International and Mauritius Commercial Bank (MCB) jointly announced their cooperation in issuing UnionPay cards in Mauritius—the first UnionPay cards issued in an SSA country.[47] These cards are now in circulation.

Factors Inhibiting Chinese Investment in the Sub-Saharan African Financial Services Sector

While Chinese investment has grown rapidly in recent years, certain factors may inhibit further growth in China's SSA financial services sector investments. In some SSA countries, nontariff measures in the financial services sector have limited Chinese firms' entry and participation in local banking markets, as well as their ability to expand their RMB settlement businesses.[48]

Moreover, depreciation of the RMB may limit Chinese financial institutions' ability to expand their RMB businesses in SSA countries. On August 11, 2015, the RMB nominal exchange rate depreciated against the dollar by 1.9 percent. The depreciation continued through August 13, 2015, resulting in an overall shift in the midpoint rate from 6.12 to 6.40 RMB per dollar during August 10–13.[49] This RMB depreciation and the fluctuation of the RMB-dollar exchange rate might negatively affect businesses' confidence in the RMB as a settlement currency.[50]

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[46] China UnionPay, "UnionPay Credit Card Supported China," March 29, 2013.
[47] China UnionPay, "First Issuance of UnionPay Card in Africa," n.d. (accessed April 22, 2015).
[48] For more information on the extent of SSA countries' restrictions on the foreign provision of financial services, see the preceding section, "World Bank Indicators Suggest That Sub-Saharan African Countries Are Open to Services Trade."
[49] Chinese State Administration of Foreign Exchange, "Midpoint RMB Exchange Rate" (accessed September 9, 2015).
[50] The major reason why businesses from SSA countries and China tended to replace the dollar with the RMB as the settlement currency is that RMB was a comparatively stable currency backed by a growing economy. With the fluctuation of the RMB-dollar exchange rate, however, businesses would face greater exchange rate risks if they choose to use the RMB as the settlement currency in bilateral trade.

China’s Official Assistance in Sub-Saharan African Countries’ Transport and Storage Sector

China’s total official assistance to SSA countries[51] rose more than 10-fold during 2000–12, increasing from $877 million in 2000 to $11.6 billion in 2012.[52] The transport and storage sector in SSA countries receives a significant share of total Chinese official assistance to SSA. From 2000 to 2012, China’s official assistance to SSA countries in this sector totaled $22.4 billion, accounting for 23.3 percent of total Chinese official assistance to SSA countries during the period. Further, the annual value of Chinese official assistance to this sector grew sharply during the period, from $114 million in 2000 to $2.4 billion in 2012. Ghana, Nigeria, Sudan, Angola, and Mozambique were the top five recipient countries, accounting respectively for 26.3 percent, 15.6 percent, 8.0 percent, 7.6 percent, and 4.9 percent of such assistance from China from 2000 to 2012 (table 1.5).

Table 1.5: Top ten Sub-Saharan African countries receiving official assistance in the transport and storage sector from China, 2000–2012 (billion dollars)

Aid recipients	Total official assistance received
Ghana	5.92
Nigeria	3.50
Sudan	1.83
Angola	1.65
Mozambique	1.12
Republic of Congo	1.10
Mauritius	1.04
Ethiopia	0.95
Cameroon	0.90
Tanzania	0.60

Source: China AidData, http://china.aiddata.org, (accessed February 15, 2015).

[51] Note that China also gives official aid to African regional projects. For the purposes of this section, China’s official aid to African regional projects in which all or the majority of the beneficiaries are SSA countries is counted toward total Chinese official assistance in SSA countries. SSA countries include all African countries except Algeria, Egypt, Libya, Morocco, and Tunisia.

[52] This includes Chinese official development assistance (ODA) and other official flows (OOFs), as well as a category called Vague Official Finance. Vague Official Finance refers to projects that are clearly either ODA or OOF, but for which too little information is available to assign projects to one category or another. According to the definition from the Organization for Economic Co-operation and Development (OECD), ODA is the “flows of official financing administered with the promotion of the economic development and welfare of developing countries as the main objective, and which are concessional in character with a grant element of at least 25 percent.” OOFs are “transactions by the official sector with countries on the list of aid recipients which do not meet the conditions for eligibility as Official Development Assistance, either because they are not primarily aimed at development, or because they have a grant element of less than 25 percent.”

China's official assistance to SSA countries in the sector is predominantly directed toward the construction of transport corridors, given that poor transportation infrastructure in most of SSA is a major impediment to trade. Chinese government loans to SSA countries are sometimes paid back in the form of export commodities from these countries. For instance, in 2010, China offered Ghana a $5.9 billion concessionary loan to build a railroad to Ghana's northern border with Burkina Faso, which is to be paid back over 20 years in Ghanaian exports to China.[53] Another notable project was launched in 2003 when China agreed to sponsor the reconstruction of Ghana's Ofankor-Nsawam two-lane highway. The construction project—which cost approximately $23.2 million and was completed in 2006—was financed through an interest-free loan agreement between Ghana and China. The terms of the loan indicated that the Ghanaian government would repay it in annual installments over 10 years (from November 2012 to October 2022), using export commodities or convertible currencies to be agreed upon by the two governments.[54]

Chinese state-owned entities have also financed several rail projects in Nigeria, Sudan, and Angola. In 2006, the Nigerian government signed a memorandum of understanding with China's Guangdong Xinguang International Group for the construction of two rail systems: (1) a fast rail system from Lagos to Abuja, and (2) a light rail system connecting Murala Mohammed International Airport with Lagos, and Nnamdi Azikiwe International Airport with the Abuja city center. In September 2012 this project was financed with a $500 million loan from the Export-Import Bank of China (China Eximbank).[55] Further, in 2006, the Chinese Civil Engineering Construction Corporation and the Ministry of Transportation of Nigeria signed a contract implementing the Lagos-Kano Railway Modernization Project, for which the Chinese

[53] In September 2010, the Export-Import Bank of China (China Exim Bank) and Ghana signed a $10.4 billion concessional credit package loan for transportation, sanitation, and education. Of the $10.4 billion, $9.87 billion was committed specifically to build "road, railway, and dam works"; this was part of a $13 billion investment for transportation, oil, and agriculture. China has only signed to the allocation of $5.9 billion of that $9.87 billion. The loan is to be paid back over 20 years in Ghana's exports. The implementing agency for the railway is China National Machinery Import and Export Corporation. China AidData, "Exim Offers $5.9 Billion Oil-back LOC to Ghana" (accessed August 18, 2015).

[54] China AidData, "China Exim Bank Loans Ghana $28 Million" (accessed August 18, 2015).

[55] The project, initially scheduled for completion in 2013, became financially troubled, and China Exim Bank offered a loan to the Nigerian government to ensure the successful completion of the program. Though the World Bank's Building Bridges reported that Guangdong Xinguang International Group would be working on the project, it now appears that China Civil Engineering Construction Corporation (CCECC) is implementing it. The rail network includes two lines: one links Abuja with Nyanya, Kubwa, Maraba, and Lugbe, and the other connects Kubwa to Nnmadi Azikiwe International Airport. CCECC had already completed 25 percent of the light rail network at the time of the new term agreements in September 2012. The Nigerian government announced the new projected date of completion as 2015. ChinaAidData, "Second Exim Loan for Light Rail Network" (accessed August 18, 2015).

government offered a $2.0 billion line of export credit.[56] Two other examples of such projects are a $1.2 billion construction project in Sudan in which Chinese state-owned railway companies were involved in building a 762 km railway line from Khartoum to Port Sudan using export credits supplied by the Chinese government;[57] and a $1 billion oil-backed loan to Angola from China Eximbank to repair damaged infrastructure (mainly railway tracks).[58]

China has indicated that its financial assistance to SSA infrastructure projects is intended to improve SSA countries' investment environments and push forward Sino-African infrastructure construction partnerships.[59]

By helping SSA countries to develop their transport corridor system, China has also increased its access to natural resources needed to boost its own economic growth. For example, Chinese official assistance to the transport and storage sectors of major SSA oil exporters—particularly via oil-backed loans to Angola and Nigeria—likely have helped to improve Chinese access to these countries' crude oil reserves.[60] It is also likely that Chinese official assistance to the SSA transport and storage sector has increased China's access to key minerals and metals, as some of this assistance is paid back through exports from SSA countries that are rich in these commodities.[61]

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[56] China AidData, "Modernization of the Nigeria Railway" (accessed August 18, 2015). On April 26, 2006, the then Chinese President Hu Jintao and the then Nigerian President Olusegu Obasanjo signed an agreement to exchange four oil drilling licenses with China for a commitment of $4 billion in infrastructure. Three projects are attached to this initial agreement as part of Nigeria's "oil for infrastructure" plan: the Lagos-Kano section railway modernization project, the rehabilitation of the Kaduna oil refinery, and the building of the Mambilla hydroelectric power station. China AidData, "Infrastructure in Exchange for Preferential Oil Right" (accessed August 18, 2015).

[57] China AidData, "Construction of Railway from Khartoum to Port Sudan," n.d. (accessed August 19, 2015).

[58] China AidData, "National Rehabilitation Projects Phase 1," n.d. (accessed August 19, 2015).

[59] The State Council of the People's Republic of China, "China-Africa Economic and Trade Cooperation, 2013," August 2013.

[60] China's rapid economic growth rate caused its demand for oil to grow sharply in recent years: the country's oil consumption increased by 94.5 percent, from 4.8 million barrels per day in 2000 to 9.3 million barrels per day in 2010. In 2014, the country accounted for more than one-third of global oil demand growth, and it surpassed the United States to become the largest global net importer of oil in the first quarter of 2014. In order to ensure a steady supply of oil and mitigate geopolitical uncertainties, China has been diversifying its sources of oil imports. While the Middle East remains the largest source of China's crude oil imports, Chinese crude oil imports from SSA countries—particularly Angola—have grown quickly during the past decade. EIA, "China," last updated May 14, 2015; Foreso, Yuan, and Yang, "Africa's Crude Petroleum Exports Declined," July 2015.

[61] Chinese imports of minerals and metals from its top aid recipients in SSA countries have risen manyfold in recent years. For instance, Chinese imports of minerals from Ghana increased from $13.8 million in 2000 to $177.7 million in 2012, and its imports of metals increased from $0.3 million in 2001 to $7.9 million in 2012. Chinese imports of minerals from Nigeria increased from $23.3 million in 2000 to $69.2 million in 2012, while its imports of metals from Nigeria increased from $0.03 million in 2000 to $30.2 million in 2012. World Bank, WITS database (accessed November 14, 2014).

Official assistance to the SSA transport and storage industry has also been boosted by the Chinese government's efforts to diversify the investment of its foreign reserves. China's Exim Bank has been using burgeoning Chinese foreign reserves[62] as one of its sources of funding for SSA transport and storage sector projects.[63] However, due to deterioration of the Chinese trade balance and weakening of the Chinese economy, the value of Chinese foreign reserves declined rapidly from a peak of $4 trillion in August 2014 to $3.6 trillion in August 2015, and further declined to $3 trillion in April 2017.[64] This trend may reduce the Chinese government's ability to provide assistance to SSA countries' transport and storage sectors.

[62] China's foreign reserves have increased steeply since 2000, from $0.2 trillion in 2000 to $3.8 trillion in 2014. To ensure the safety and mobility of its foreign reserves, the Chinese government invests its foreign reserves mainly in U.S. Treasury bonds, with a relatively low return.
[63] Sina.com, "Hong Kong News Media Indicates That China Will Offer," November 18, 2013.
[64] Chinese State Administration of Foreign Exchange, "Scale of China's Foreign Reserves, Time Series Data (December 1999 to August 2015)" (accessed September 9, 2015); Chinese State Administration of Foreign Exchange, "China's Foreign Reserve, 2017," May 7, 2017, http://www.safe.gov.cn/wps/portal/sy/tjsj-Inwhcb.

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Chapter 2
Recent Developments in Selected Sub-Saharan African Services Industries

Services sector growth in sub-Saharan Africa (SSA) has not been confined to a certain segment of the economy, but has occurred across a number of services industries. Many of these provide infrastructure that supports the development of the economy as a whole. This chapter gives overviews of recent development in five key SSA services industries—architecture, engineering, and construction (AEC); financial services; telecommunications; tourism; and transportation—and highlights issues and trends in these industries that are of particular importance to the region. For example, the overview of the telecommunications industry discusses the emergence of mobile money services and the expansion of the region's submarine cable network, while the transportation services overview highlights the development of SSA transit corridors.

Architecture, Engineering, and Construction Services in Sub-Saharan Africa

Introduction

SSA suffers from undeveloped road, maritime, and electricity infrastructure. These infrastructure problems increase SSA's production costs, economic distance,[65] and business uncertainty, hurting its export competitiveness.[66] SSA firms are likely to lack the local capacity in architecture, engineering, and construction (AEC) services needed to meet growing infrastructure demand, as reflected in SSA's construction services trade deficit.[67] However, an exploration into the activity of foreign AEC firms in SSA shows recent growth.

Trade and Investment

Comparable data on SSA countries' trade in architecture and engineering services are unavailable, and the World Trade Organization (WTO) provides data on trade in construction

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[65] Economic distance is defined as the time and cost of transporting goods. USITC, *Sub-Saharan Africa*, 2009, ix.
[66] USITC, *Sub-Saharan Africa*, 2009, chapter 1, 2-1.
[67] On the importance of architecture, engineering, and construction (AEC) for infrastructure development, see Geloso Grosso, et al., "Services Trade Restrictions Index (STRI)" 2014, 7, 10.

services for only certain countries and years. These data are useful in identifying the region's leading exporters and importers of construction services, but are too sparse and inconsistent to provide meaningful insight into recent trends in SSA construction services trade.

Among the 13 SSA countries for which the WTO provided 2014 data on exports of construction services,[68] Uganda was the region's top exporter ($221.3 million), likely due to increased capacity linked with growth in that country's domestic construction market. Other top exporters in that year included Burkina Faso ($86.3 million) and Senegal ($57.5 million). However, compared to the world's top exporters of construction services—South Korea ($19.4 billion in 2013) and China ($15.4 billion in 2014)—exports by SSA leaders are small.[69]

The picture is somewhat different for imports: among all countries for which the WTO reports imports of construction services, Angola ($6.7 billion) ranked third in 2014. Only Japan ($10.5 billion) and Russia ($7.5 billion) were larger importers of construction services that year.[70] WTO data for 2014, which are available for 23 SSA countries,[71] indicate that Angola and Mozambique (at a far more modest $231.5 million) were the region's top importers of construction services that year.

While trade data and anecdotal evidence indicate that SSA AEC firms provide services overseas, it is not clear whether or to what extent such firms have established a commercial presence in foreign markets. Comparable and disaggregated data are not available on SSA's inbound and outbound foreign direct investment in AEC. However, as discussed below, a number of foreign AEC firms maintain a presence in SSA countries.

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[68] These countries include Angola, Benin, Botswana, Burkina Faso, Burundi, Cape Verde, Liberia, Mauritius, São Tomé and Príncipe, Senegal, South Africa, Swaziland, Togo, and Uganda.
[69] WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)" (accessed April 15, 2015).
[70] Ibid.
[71] These countries include Angola, Benin, Botswana, Burkina Faso, Cape Verde, Comoros, DRC, Liberia, Mali, Mauritius, Mozambique, Namibia, Niger, Nigeria, São Tomé and Príncipe, Senegal, Seychelles, South Africa, Sudan, Swaziland, Tanzania, Togo, Uganda, and Zambia.

Foreign Architecture, Engineering, and Construction Firms Have a Limited but Growing Role in SSA

Many foreign AEC parent companies have African subsidiaries, including firms from Europe (Italy, Spain, France, and the UK), Australia, the United States, and India (figure 2.1).[72] For example, subsidiaries of U.S. companies are found in SSA countries, including South Africa (9 subsidiaries), Mauritius (6), Zimbabwe (4), Botswana (2), and Guinea (2) (figure 2.2). U.S. firms with such subsidiaries include AECOM, Tetra Tech Inc., and Fluor Corporation, among others.

Available information suggests that the commercial presence of foreign AEC firms in Southern Africa remains small compared with other regions.[73] The top 225 international architecture and engineering firms and the top 250 international construction firms (by revenue) generate a very low share of their international revenue in Africa. In 2015, for example, Africa accounted for only 6.1 percent of revenues for the former group and 13.3 percent of revenues for the latter group.[74] The African earnings of U.S.-based firms are likely quite limited.[75]

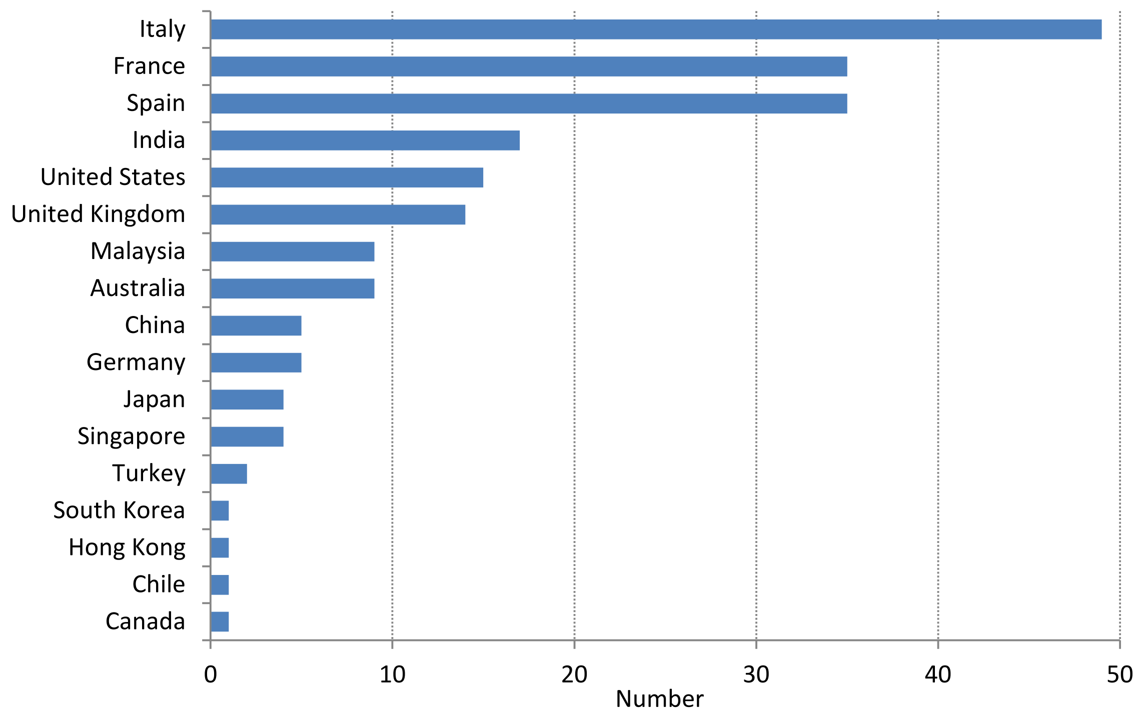
Further, while African AEC revenues of foreign firms have grown rapidly in recent years, these growth rates lag those of other developing markets (figure 2.3). Specifically, African architecture and engineering revenues grew by 13.4 percent annually during 2008–15, while construction revenues grew by 28.8 annually. This is significantly slower than the growth rates posted in Latin America and the Caribbean (48.1 percent and 129.5 percent) and in Asia (27.9 percent and 76.3 percent) during the same period.

U.S. firms command a far larger share of the African market in architecture and engineering than they do in construction. In 2015, European and U.S. firms accounted for the highest shares of revenue generated by the top international architecture and engineering firms in Africa, at

[72] Parent companies are classified as NAICS 23 (construction) or NAICS 5413 (architecture and engineering). The list in figure 2.1 refers to subsidiaries in Africa as a whole. Most data and discussion for this section are available only for the entire continent, with the exception of figure 2.2 and the SSA-specific examples found in the final section.
[73] See Dihel, Fernandes, and Mattoo, "Towards a Regional Integration," 2010, 4 and OECD and World Bank, "Sixth Services Experts Meeting," n.d., 12, on the relatively small share accounted for by Southern Africa in the overall construction and engineering market in the Middle East and Africa. Southern Africa refers to a subset of SSA countries.
[74] ENR, "The Top 250 International Contractors," August 22/29, 2016, 44; ENR, "The Top 225 International Design Firms," July 18, 2016, 62.
[75] AECOM is the only U.S.-based firm that ranks among the top 10 design firms in terms of African revenue, and no U.S.-based contractor ranks among the top 10 revenue earners in Africa. ENR, "The Top 250 International Contractors," August 22/29, 2016, 40; ENR, "The Top 225 International Design Firms," July 18, 2016, 64.

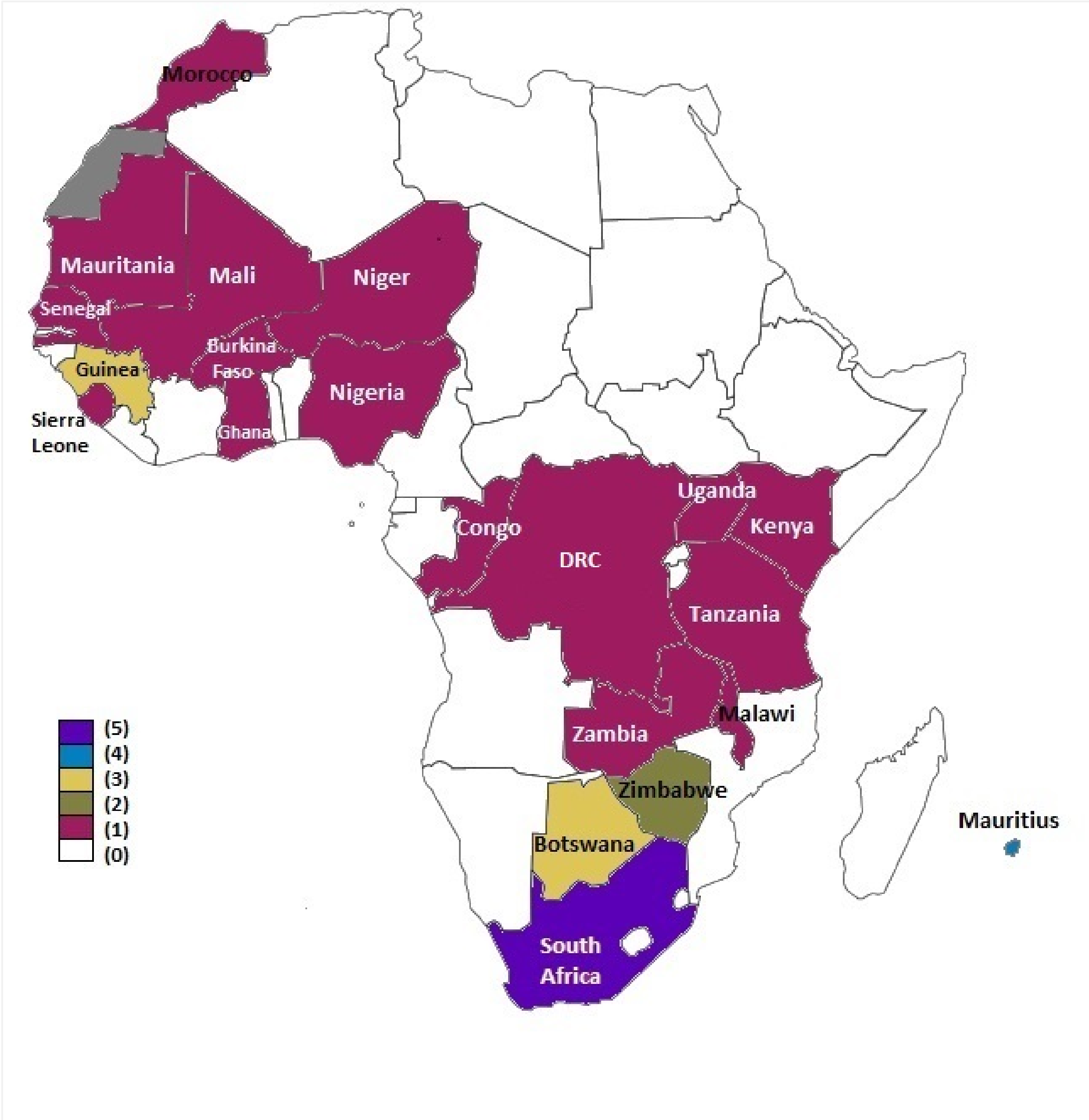
31.9 percent for European firms and 31.5 percent for U.S. ones. In the same year, European and Chinese companies accounted for the highest shares of revenue generated by the top international construction companies in the region, at 43.6 and 19.3 percent respectively, while

Figure 2.1: Number of architecture, engineering, and construction firms that maintain subsidiaries in Africa, by country of ultimate beneficial owner



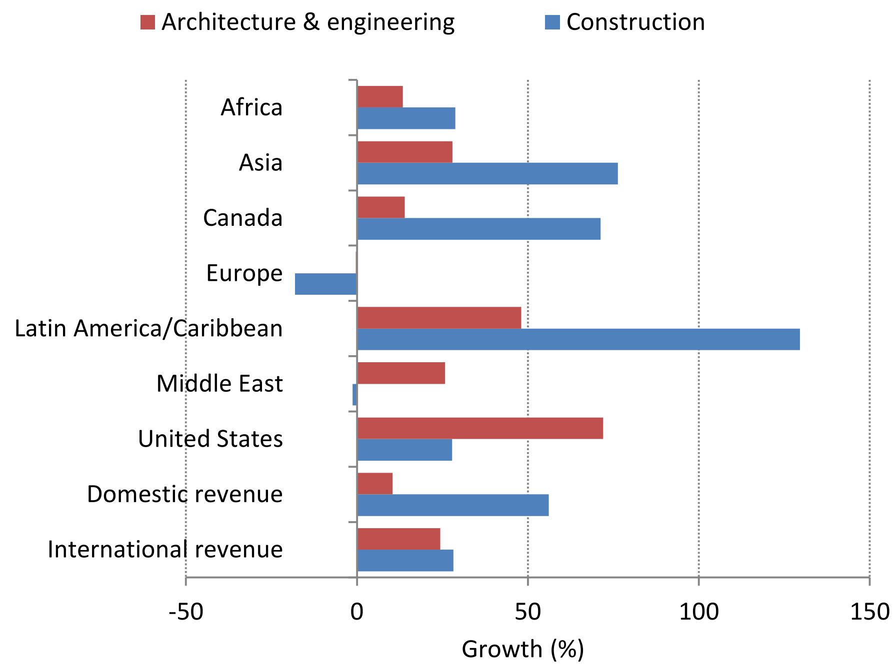
Source: Bureau van Dijk, Orbis database of companies (accessed August 30, 2016). (See appendix table B.7).
Note that in choosing a search strategy in Orbis, there are many decisions to make that could affect results. For example, a search for Italian parent companies will yield 128 company names if one specifies that the company must be the global ultimate owner of the foreign subsidiary or must own at least 51 percent of the foreign subsidiary. If one specifies just the former, which is the search strategy here, 49 companies are identified.

Figure 2.2: U.S. subsidiaries in Africa of parent architecture, engineering, and construction companies



Source: Bureau van Dijk, Orbis database of companies (accessed August 30, 2016).
Note: The disputed territory of the Western Sahara is approximated by gray shading.

Figure 2.3: Growth of revenue by top architecture, engineering, and construction firms, by region, 2008–15



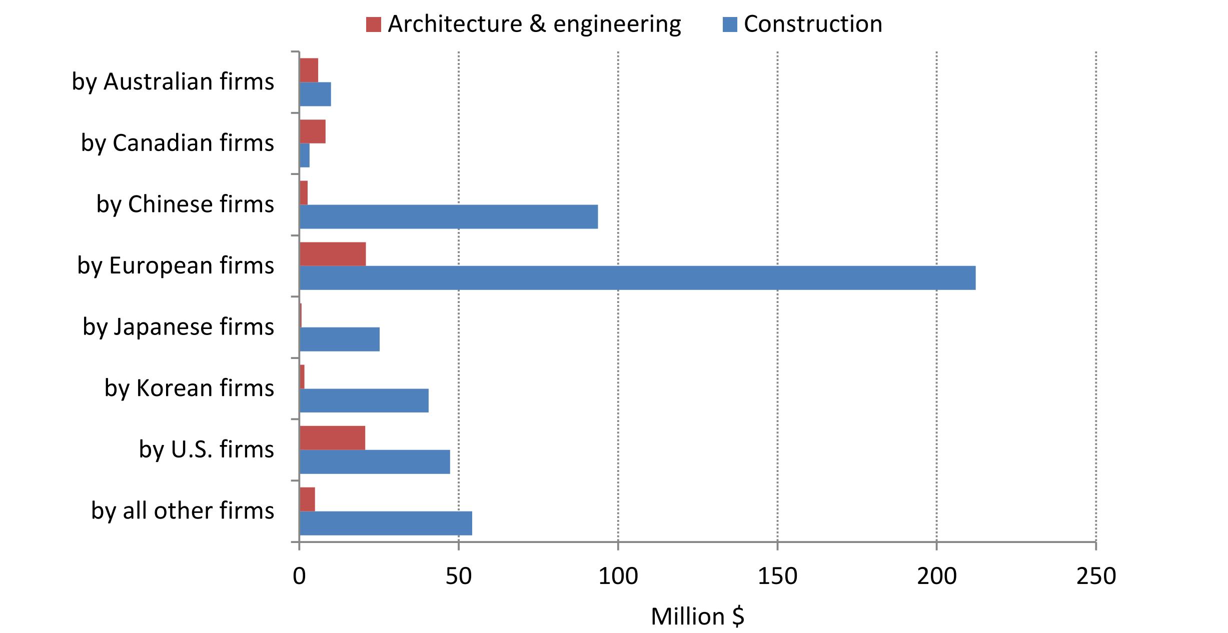
Source: Engineering News Record (ENR), "The Top 225 International Design Firms," July 18, 2016, 62; ENR, "The Top 200 International Design Firms," July 27, 2009, 46; ENR, "Top 225 International Contractors," August 31, 2009, 41; and ENR, "The Top 250 International Contractors," August 22/29, 2016. (See appendix table B.8).

U.S. companies accounted for only 9.7 percent (figure 2.4).[76] This reflects the recent growth of Chinese contractors' activity in African markets, particularly Nigeria.[77]

A few examples will help to suggest the range of foreign firms' participation in SSA infrastructure projects. In 2013 the U.S. firm AECOM was chosen to manage construction, engineering, and procurement for 15 different projects in South Africa, including the construction of port buildings and new rail infrastructure.[78] Several foreign firms are contributing to port expansion at Mombasa, Kenya, including Dutch firms Boskalis and Van Oord Dredging and Marine Contractors, the Japanese firm Toyo Construction, and China Road

[76] ENR, "The Top 225 International Design Firms," July 18, 2016, 62; ENR, "The Top 250 International Contractors," August 22/29, 2016.
[77] ENR, "The Top 250 International Contractors," August 26/September 2, 2013, 7.
[78] Oirere, "European, U.S. Firms Still Dominate Africa Infrastructure Market," December 18, 2013.

Figure 2.4: Revenue generated in Africa, 2015, Architecture, engineering, and construction firms



Source, ENR, "The Top 225 International Design Firms," July 18, 2016, 62 and ENR, "The Top 250 International Contractors," August 22/29. 2016. (See appendix table B.9).

and Bridge Construction Corp.[79] Two other Chinese firms—China Aero-technology Engineering International Corp. and Anhui Civil Engineering Group—will build a new terminal at the Jomo Kenyatta International Airport in Nairobi, Kenya, designed by UK firm Pascall+Watson.[80]

Enabling foreign AEC firms to expand their presence or provision of services in SSA markets would supplement local capacity and financing, and thereby benefit local infrastructure development. Further, the presence of foreign firms can boost domestic productivity.[81]

Financial Services in Sub-Saharan Africa

Introduction

The SSA financial services market is small and comparatively underdeveloped relative to other regional markets around the world. However, the size and sophistication of individual SSA country markets varies widely, as some countries—such as South Africa and Mauritius—have

[79] Oirere, "African Ports Undergo Major Expansions," February 11, 2013.
[80] Oirere, "$650-Million Airport Project in Kenya Breaks Ground," January 6, 2014.
[81] Lesher and Miroudot, "FDI Spillovers and Their Interrelationships with Trade," 2008; Dihel, Fernandes, and Mattoo, "Towards a Regional Integration of Professional Services," 2010, 1; Arnold, Mattoo, and Narcisco, "Services Inputs and Firm Productivity in Sub-Saharan Africa," 2008.

relatively strong financial services industries. SSA financial services markets have also grown in recent years, both in traditional industry segments and in niche markets such as microinsurance.

Sub-Saharan African Markets for Banking and Insurance

Available evidence suggests that most SSA banking markets are extremely small. According to the World Bank, banking-sector value added in 2011 (latest available) did not exceed $3.0 billion in any of the 21 SSA countries for which data are available,[82] with the exception of South Africa. However, while the South African banking market is very large compared to other markets in the region (with value added totaling $77.8 billion in 2011), it is substantially smaller than developed-country banking markets.[83] Further, while banking sector output may account for a significant share of overall value added in certain SSA countries,[84] their contribution to global banking output remains very small.

Commercial banking activities are relatively underdeveloped in most SSA markets. For example, 19 percent of SSA firms used banks to finance investment in 2015, compared to 24 percent across all low- and middle-income countries and 31.5 percent in high-income countries.[85] In addition, among the 138 countries assessed in the World Economic Forum's Global Competitiveness report, only 6 SSA countries (South Africa, Mauritius, Namibia, Botswana, and Rwanda) rank among the top 70 in terms of the financial sector's ability to meet business needs.[86]

Retail banking penetration in most SSA countries is also low. SSA countries have fewer commercial bank branches per capita than countries in other world regions (figure 2.5).

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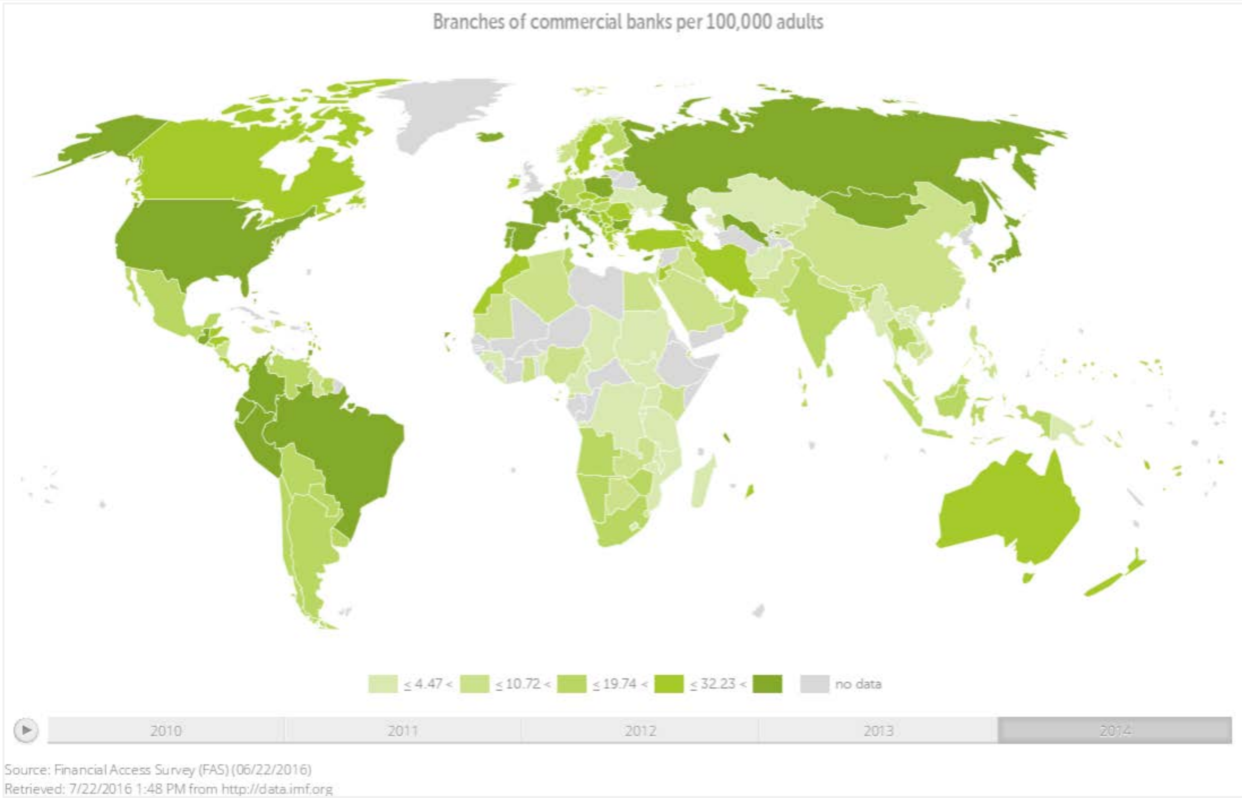
[82] The World Bank's Africa Development Indicators give 2011 data (in current 2011 $US) on value added in the banking industry for 21 SSA countries: Botswana, Burkina Faso, Burundi, Cape Verde, Ethiopia, The Gambia, Ghana, Guinea, Kenya, Lesotho, Mauritania, Mauritius, Namibia, Rwanda, Seychelles, Sierra Leone, South Africa, Swaziland, Tanzania, Togo, and Zambia. World Bank, Africa Development Indicators database, February 22, 2013.
[83] World Bank, World Development Indicators database, February 22, 2013. For example, the U.S. Bureau of Economic Analysis (BEA) reports that value added for banking activities in the United States totaled $437.8 billion in 2011. This figure covers credit intermediation, the activities of Federal Reserve banks, and other related activities. USDOC, BEA database, "Value Added by Industry" (accessed May 10, 2016).
[84] Using USITC staff calculations of Africa Development Indicators, banking value added comprised 19 percent of GDP in South Africa, 11 percent of GDP in Botswana and The Gambia, and 9 percent of GDP for Kenya.
[85] World Bank, World Development Indicators database (accessed November 22, 2016).
[86] It is notable that South Africa's financial sector is judged to be very good at meeting business needs, ranking 2nd among 138 countries in terms of this indicator. World Economic Forum, *The Global Competitiveness Report 2016–2017*, 2016.

Further, World Bank data indicate that while a relatively high share of individuals over the age of 15 had an account at a financial institution in Mauritius (82.2 percent) and South Africa

Figure 2.5: Branches of commercial banks per 100,000 adults



Source: World Bank, "Commercial Bank Branches (per 100,000 Adults)," http://data.worldbank.org/indicator/FB.CBK.BRCH.P5?end=2015&start=2015&view=map (accessed July 22, 2016).

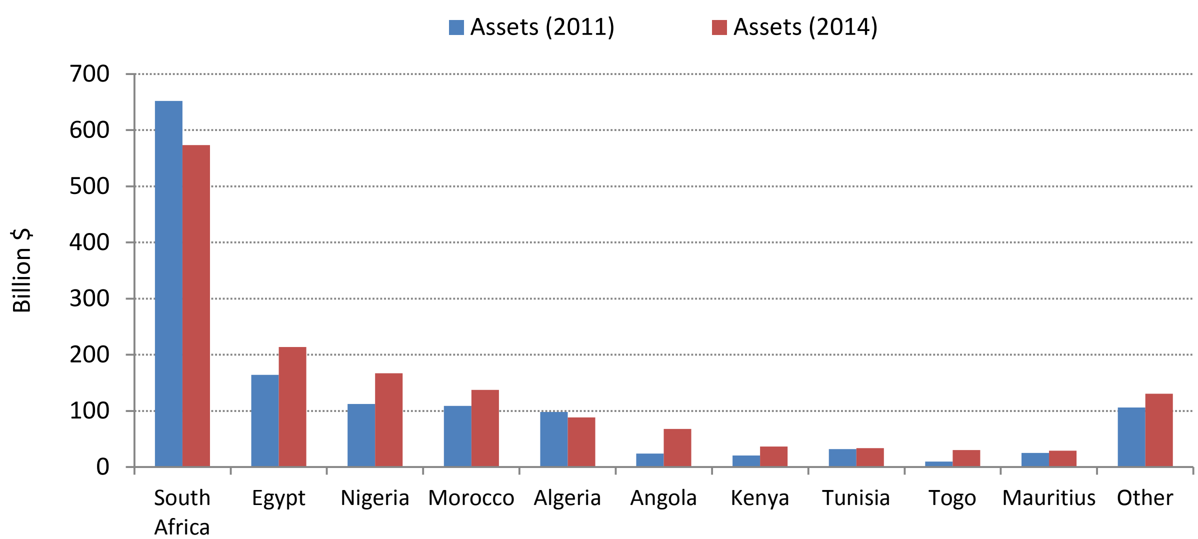
(68.8 percent) in 2014, in most SSA countries this share was below the world average of 60.7 percent. In fact, in six SSA countries—Burundi, Chad, Guinea, Madagascar, Niger, and Somalia—less than 10 percent of the over-15 population had an account at a financial institution in 2014.[87]

Nevertheless, the SSA banking market has grown markedly in recent years. The total assets of Africa's 200 largest banks reached $1.5 trillion for the first time in 2014. This group of 200 banks—as identified by the Africa Report's rankings for 2014—is dominated by South African banks, with the Standard Bank Group's total assets exceeding those of Africa's second-largest bank by more than $80 billion. However, market concentration has declined over the last four years as the share of assets held by the continent's five largest banks declined from 46 percent in 2011 to 33 percent in 2014. Assets of banks in North, East, and West Africa made

[87] World Bank, World Development Indicators database (accessed May 9, 2016).

gains, while those of banks in Central Africa declined as a share of total African banking assets.[88] Countries that experienced particularly large increases in banking assets during 2011–14 include Zambia (where banking assets grew by 376 percent, from $704 million to $3.3 billion); Sudan (300 percent, from $1.7 billion to $6.9 billion); and Senegal (270 percent, from $3 billion to $11 billion). In addition, Togo—led by Ecobank Transnational Incorporated, with $24 billion in assets—moved up two spots in the country rankings during 2011–14, with banking assets growing by a total of 215 percent (from $9.6 to $30.3 billion) (figure 2.6).[89]

Figure 2.6: Top 10 Countries' Total Assets in 2011 and 2014



Source: Staff calculations based on "Top 200 Banks," Africa Report, October–December 2015, 83; "Top 200 Banks in Africa 2011" The Africa Report. http://www.theafricareport.com/Top-200-Banks/top-200-banks-in-africa-2011.html (See appendix table B.10).

Like banking markets, insurance markets in most SSA countries are very small, both in comparison to developed- and developing-country markets in other regions of the world and as a share of individual country GDP. Africa as a whole (including SSA and North Africa) accounted for less than 1.5 percent of world insurance premiums in 2015. In that same year, insurance premiums as a share of African GDP, or insurance penetration, stood at 2.8 percent, lower than the average insurance penetration ratio for the world as a whole (6.2 percent) and for every

[88] *Africa Report,* "Top 200 Banks,"October–December 2015, 83.
[89] Staff calculations based on *Africa Report*, "Top 200 Banks in Africa 2011," March 28, 2011; *Africa Report,* "Top 200 Banks," October–December 2015, 83.

other world region.[90] A number of factors—including poverty, consumer distrust of insurance suppliers, inadequate capitalization of insurance firms, poor legal systems, reliance on informal and community support systems, and a lack of resources, among others—have hindered the development of SSA insurance markets.[91]

Unlike most other countries in the region, South Africa has a relatively large and robust insurance market. In 2015, South Africa accounted for more than 70 percent of total African insurance premiums, and posted an insurance penetration ratio of 14.7 percent.[92] Factors such as industry sophistication and competition, consumer trust of financial firms, a large population with the means to purchase insurance, and high car accident and crime rates have contributed to the development of the South African insurance sector.[93] Namibia and Mauritius are the only other SSA countries with an insurance penetration ratio (7.0 percent and 6.4 percent, respectively) higher than the world average, and no other SSA country accounts for more than 0.04 percent of the global insurance market.[94]

In both the banking and insurance segments of the SSA financial services market, firms have been able to expand business by offering unique products that cater to the specific needs and resource constraints of SSA consumers. For example, mobile money services, microinsurance, and other types of microfinancing are relatively inexpensive and accessible options for individuals with limited means and/or that reside in remote areas.[95] Microinsurance is discussed in more detail at the end of this section, while mobile money services are discussed later in this chapter.

Trade and Investment

The WTO publishes comparable data on trade in both financial services (excluding insurance and pension services) and insurance and pension services (hereafter insurance services)[96] for certain SSA countries and certain years. While these data are too sparse to provide an accurate overview of financial and insurance services trade in the SSA region as a whole, they are useful

[90] Swiss Re, "World Insurance in 2015," June 29, 2016, 38. More precisely, insurance penetration is defined as premiums written by commercial insurers for life and P&C insurance products as a percentage of GDP.
[91] KPMG, *Financial Services in Africa*, 2013.
[92] Swiss Re, "World Insurance in 2015," June 29, 2016, 40, 46.
[93] KPMG, *Financial Services in Africa*, 2013.
[94] Swiss Re, "World Insurance in 2015," June 29, 2016, 40, 46.
[95] UNCTAD, "Economic Development in Africa Report," 2015, 89; Ernst & Young, "Sub-Saharan Africa Banking Review," 2015; KPMG, "Financial Services in Africa," 2013.
[96] For more information on the activities included in these categories, see WTO Statistical data set—Metadata, http://stat.wto.org/StatisticalProgram/WSDBStatProgramTechNotes.aspx?Language=E#Def_Meth_Services_BPM.

in identifying the region's leading exporters and importers of these services and country-specific trade trends.

Among the SSA countries for which the WTO provides 2014 data on trade in financial services,[97] South Africa was the region's top exporter ($874 million), followed by Kenya ($170 million) and Mauritius ($97 million).[98] South Africa's dominance of SSA banking exports is not unexpected, given that the top five African banks are based in South Africa, and that only two other SSA countries—Nigeria and Togo—are home to institutions that rank among the continent's top 20 banks.[99] However, as compared to the world's top exporters of financial services in 2014—the United States ($87.3 billion) and the UK ($81.9 billion)—exports by SSA leaders are small.[100]

A lack of data and the very low value of trade reported for several SSA countries make a meaningful country-to-country comparison of growth in SSA financial services exports impossible. However, several countries in the region experienced strong financial services export growth during 2005–14, including regional leaders such as Mauritius (whose financial services exports increased at a compound annual growth rate, or CAGR, of 21.3 percent during the period) and Burkina Faso (23.8 percent), among others.

The region's top importer of financial services is Nigeria, whose imports of such services increased at a CAGR of 53.8 percent during 2005–14 to reach $1,231 million. Financial services imports by Angola—SSA's second-largest financial services importer—grew at an average annual rate of 23.5 percent during the period, with such imports reaching $108 million in 2014. Other top SSA importers of financial services in 2014 included South Africa ($107 million), Burkina Faso ($103 million), and Mauritius ($93 million).

As with financial services, WTO data[101] indicate that insurance services exports by SSA leaders—South Africa ($241 million), Kenya ($114 million), and Zambia ($79 million)—were far

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[97] The WTO provides 2014 data on financial services exports for 25 SSA countries: Benin, Botswana, Burkina Faso, Burundi, Cape Verde, DRC, Guinea-Bissau, Kenya, Lesotho, Liberia, Malawi, Mali, Mauritius, Mozambique, Namibia, Niger, Nigeria, Senegal, Sierra Leone, South Africa, Sudan, Swaziland, Tanzania, Togo, and Uganda. WTO data on 2014 imports of such services are available for these countries (with the exception of Malawi), as well as for Angola, São Tomé and Príncipe, Seychelles, and Zambia.

[98] WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)" (accessed May 3, 2017).

[99] *Africa Report,* "Top 200 Banks 2012," September 10, 2013.

[100] WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)" (accessed May 3, 2017).

[101] The WTO provides 2014 data on insurance services exports for 26 SSA countries: Benin, Botswana, Burkina Faso, Burundi, Cape Verde, Comoros, Ghana, Kenya, Lesotho, Liberia, Malawi, Mali, Mauritania, Mauritius, Namibia, Niger, Nigeria, Senegal, Sierra Leone, South Africa, Sudan, Swaziland, Tanzania, Togo, Uganda, and Zambia. WTO data on 2014 imports of such services are available for all of these countries, as well as for Angola, D.C.R., Guinea-Bissau, Mozambique, São Tomé and Príncipe, and Seychelles.

lower than those by the world's leading exporters of such services—the UK ($33.4 billion) and the United States ($17.4 billion). South Africa ($603 million), the Democratic Republic of the Congo (DRC) ($474 million), and Angola ($397 million) were the top SSA importers of insurance services.[102]

While disaggregated data are not available on the value of foreign direct investment (FDI) in the SSA financial and insurance services industry, anecdotal evidence indicate that a large number of foreign financial services firms maintain a presence in SSA countries. In fact, the share of banks in SSA countries that are foreign owned is both relatively high and increasing, having grown from a regional average of 42 percent in 1995 to 56 percent in 2013.[103] This FDI growth followed the implementation of banking sector liberalization and privatizations in many SSA markets during the 1980s. While some of this foreign investment is from non-SSA sources—particularly from markets with which SSA countries have colonial ties—intra-regional investment in the SSA banking sector has also grown in recent years, allowing SSA banks to take advantage of their knowledge of the regional market.[104] Among the foreign banks that have established SSA locations, U.S. firm Citibank is present in 12 SSA countries, UK firm Standard Chartered operates in 15 SSA countries, and German firm Deutsche Bank maintains locations in Mauritius, Nigeria, and South Africa.[105] Further, several SSA financial services firms have established a presence in other SSA countries and beyond. For example, South Africa's Standard Bank Group maintains a presence in almost 20 SSA countries as well as in the United States, Brazil, China, and several other foreign markets.[106]

Among the 40 SSA countries that are members of the WTO, only 18 have scheduled WTO commitments that specifically pertain to the financial services sector, and the scope of these

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[102] WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)" (accessed May 3, 2017).
[103] Claessens and van Horen, "The Impact of the Global Financial Crisis," October 2014, 43–45. According to this article, foreign-owned banks accounted for an average of 36 percent of total banks across all countries worldwide in 2013.
[104] UNCTAD, *Economic Development in Africa, Report 2015: Unlocking the Potential*, 2015, 92–93, 94.
[105] Citibank's SSA locations include Cameroon, DRC, Côte d'Ivoire, Gabon, Ghana, Kenya, Nigeria, Senegal, South Africa, Tanzania, Uganda, and Zambia, while Standard Chartered operates in Angola, Botswana, Cameroon, Côte d'Ivoire, The Gambia, Ghana, Kenya, Mauritius, Nigeria, Sierra Leone, South Africa, Tanzania, Uganda, Zambia, and Zimbabwe. Citigroup, "Europe, Middle East & Africa," http://www.citigroup.com/citi/about/countrypresence/emea.html (accessed April 20, 2016); Deutsche Bank, "Locations Worldwide," https://www.db.com/company/en/location-finder.htm (accessed April 20, 2016); Standard Chartered, "Standard Chartered Locations Worldwide," https://www.sc.com/en/about-us/standard-chartered-worldwide/ (accessed April 20, 2016).
[106] Standard Bank, http://www.standardbank.com/pages/StandardBankGroup/web/ContactUs.html (accessed October 22, 2015).

commitments varies widely.[107] However, while formal commitments are somewhat limited, many SSA countries maintain fairly open regimes toward foreign financial services providers. Among the 23 SSA countries for which the World Bank provides Services Trade Restrictions Index (STRI) scores, 16 have been assigned scores of 30 or less, suggesting that these markets are fairly open to the foreign provision of financial services. By contrast, the scores for Ethiopia and Zimbabwe are relatively high (89.7 and 55.5, respectively), reflecting these countries' restrictive financial services trade regimes.[108]

Microinsurance in Sub-Saharan Africa

The World Bank states that "ensuring that poor households have access to insurance services is a high priority in Africa," as it will significantly improve the social safety net, reduce poverty and stimulate economic growth.[109] The continent needs to develop both the commercial insurance sector and the microinsurance sector. Global insurance and reinsurance companies, such as U.S. firms Metropolitan Life Insurance Company (MetLife) and American International Group (AIG), are playing an increasing role in both the microinsurance and general insurance sectors in SSA.

Microinsurance Aims at Poverty Reduction and Economic Growth

Insurance companies provide risk protection for individuals and businesses. They give policyholders more access to credit and allow businesses to operate with less risk of failure and less volatile income and profits. The microinsurance segment of the industry offers products designed specifically to address the needs of low-income individuals—often with incomes as low as $1 to $4 per day. Microinsurance policies permit heads of families, farmers, or small business owners with very low incomes to protect themselves and their families from economic ruin from illness, death, or crop failure.[110]

By providing this safety net, microinsurance products encourage savings and investment, and therefore economic development, while reducing individuals' reliance on publicly funded support.[111] This is helpful because African countries spend comparatively little on healthcare—in 2014, they ranked second lowest behind South Asia. For this reason, government policy

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[107] WTO and the World Bank, I-TIP Services database, http://i-tip.wto.org/services/ (accessed May 19, 2016); UNCTAD, *Economic Development in Africa, Report 2015: Unlocking the Potential*, 2015, 102–4.
[108] World Bank, Services Trade Restrictions database (accessed May 19, 2016).
[109] The World Bank, "Insurance for the Poor," December 2012, 1.
[110] Biese, McCord, and Sampong, "The Landscape of Microinsurance Africa 2015," June 27, 2016, 9.
[111] Akinlo, Taiwo, and Apanisile, "Relationship between Insurance and Economic Growth," February 2014, 120–27. Gross premiums written are found to be a significant factor explaining GDP growth in 30 SSA countries 1986–2011, along with physical capital formation, labor force size, inflation, interest rates, and openness to trade.

makers and global development organizations see microinsurance as an important element in the broader push for greater financial inclusion. [112]

By lowering overall risk, both the commercial and microinsurance sectors are considered to have a positive impact on investment, contributing to economic growth in low-income countries. As financial intermediaries, commercial insurance companies also pool funds that are available for long-term investments, and therefore often contribute to funding important infrastructure projects. Microinsurance products, especially long-term life insurance policies, also encourage the accumulation of savings, which can then be employed to build a small business or farm.[113]

The products typically offered by commercial insurers, whether life insurance or property and casualty (P&C) insurance products, have not met the needs of the poorer populations in Africa. In SSA, insurance penetration is very low compared to other regions of the world, including other emerging markets. The SSA market represents only 1.3 percent of world premiums written.[114] SSA countries—in particular, South Africa, Kenya, Nigeria, Namibia, Angola, and Mauritius—account for about 80 percent of the African insurance market, but South Africa's share (72 percent) dwarfs that of all the others.[115] Insurance for commercial P&C risks and group life insurance are the most developed subsectors; individuals' uptake of life insurance is very low.[116]

Fast Growth, but from a Low Base

To fill the gap in coverage of individuals, the provision of microinsurance has grown significantly in the past decade. The International Labour Organization (ILO) estimated in 2009 that 14.7 million people in Africa were covered by microinsurance products, equivalent to 2.6 percent of the population living on less than $2 per day.[117] More recent studies estimate that the provision of microinsurance in Africa increased by nearly 200 percent (albeit from a

[112] World Bank, World Development Indicators database (accessed September 14, 2016).
[113] ILO and Munich Re Foundation, *Protecting the Poor: A Microinsurance Compendium*, Vol.2I, 2012, 2.
[114] Swiss Re's estimate for premiums written in SSA excluding South Africa in 2011 was $8.9 billion, and its estimate for South Africa was $52.4 billion. Swiss Re, "Insurance in Sub-Saharan Africa," November 2012, 36.
[115] Swiss Re, "World Insurance in 2015," *sigma* No. 3, June 29, 2016, 38–46.
[116] Swiss Re, "Insurance in Sub-Saharan Africa," November 2012, 17–18. In some markets, such as Nigeria, a limiting factor is the suspicion of some individuals (because of poor industry practices historically and cultural factors) that promised payouts will not be paid. To address this, Nigeria is introducing regulations to reduce misselling and to promote insurance education, as well as widening the allowed distribution channels to include NGOs, credit cooperatives, and the Nigerian Postal Service (NIPOST). Microinsurance Network and Munich Re, "Report: 8th International Microinsurance Conference 2012," November 6–8, 2012, 4; Akinlo, Taiwo, and Apanisile, "Relationship between Insurance and Economic Growth," February 2014, 126.
[117] The World Bank, "Insurance for the Poor," December 2012, 1.; Matul et al., "Landscape of Microinsurance in Africa," March 2010, v.

low base) in 2008–11, and by a further 29 percent in 2011–14. This brought the total number of lives or properties insured to just under 62 million, although at 5.4 percent of the African population, market penetration remained very low.[118] Over 56 percent of coverage is in South Africa. Seven other countries each cover more than 1 million lives or properties, together accounting for around an additional 35 percent of coverage.[119]

Types of Microinsurance

Three types of insurance have been identified as especially important to furthering social protection of the poor in Africa in the next few years:

•**Life insurance.** Life insurance products represent the major share of the microinsurance market (75 percent), with 46.4 million people covered in 2014, while credit life coverage (insurance that pays off the policyholder's debt if they die) totaled 16.4 million. South Africans have the highest coverage ratio with 57 percent of the population covered, followed by Swaziland (21.4 percent), Ghana (20.4 percent), and Zambia (16.4 percent).

•**Health insurance and accidental death and disability insurance.** According to a 2012 Munich Re survey, health microinsurance coverage stagnated over the 2008–11 period despite some significant initiatives on the part of both government and nongovernmental organizations (NGOs). More recently, however, coverage in this segment has increased to about 8.4 million people. Personal accident microinsurance covered 13.1 million people in 2014. Ghanaians have the highest coverage ratio of health insurance with 15.5 percent of their population covered, followed by Comoros (8.5 percent), Cameroon (1.8 percent), and Kenya (1.7 percent).

•**Agricultural insurance and other property insurance.** Several innovative pilot projects have been launched to provide property and agricultural microinsurance products. These products covered around 1.0 million properties in 2011. By 2014 coverage had increased to around 5.7 million properties, reflecting strong growth from an extremely modest base only a few years earlier. Rwandans have the highest coverage ratio for agricultural insurance with

[118] In SSA, Southern Africa dominates in microinsurance coverage, with East and West Africa becoming important. In North and Central Africa, coverage is very limited. West Africa experienced the highest growth rate in 2008–12, growing 251 percent to cover 4.4 million, followed by Southern (246 percent, covering 30.5 million) and East Africa (114 percent covering 8.5 million). Munich Re and GIZ, *The Landscape of Microinsurance in Africa 2012*, March 2013, viii; and Munich Re and Microinsurance Network, *The Landscape of Microinsurance Africa 2015*, June 27, 2016, 39–40.
[119] Munich Re and Microinsurance Network, *The Landscape of Microinsurance Africa 2015*, June 27, 2016, 39–40.

1.2 percent of their population covered, followed by Kenya (0.4 percent), Nigeria (0.3 percent), and Mozambique (0.08 percent).[120]

Commercial Providers Now Dominate the African Microinsurance Sector, but Foreign Insurers Face Nontariff Measures in Some Countries

In Africa, community-based organizations such as cooperatives, unions, and NGOs are the most frequent form of risk carriers (77 percent), but since most of these are small, they account for only 9 percent of all covered lives and properties. The second most common type of microinsurance provider—regulated commercial insurers—represent 13 percent of the organizations taking on microinsurance, but account for 78 percent of all covered lives and properties.[121] Commercial providers are likely to be the source of growth in the sector, rather than small-scale, local organizations, because of the economics of the industry. In order to make microinsurance a viable business proposition, given the low margins that can be achieved, providers need to offer standardized products through a highly automated delivery system.[122]

The microinsurance market in Africa is an opportunity recognized by several of the world's leading insurers including MetLife, AIG, Zurich, Allianz, Munich Re, and Swiss Re. These firms are increasing their operations across Africa through both greenfield investments and joint ventures with local firms.[123] Most African countries do not impose foreign equity caps in this sector, but Kenya limits foreign ownership of insurance firms (67 percent cap) and Ethiopia does not allow any foreign ownership at all. Nigeria does not permit greenfield investments, but does allow foreigners to acquire 100 percent of a domestic entity. Minimum capital requirements, limitations on the scope of permitted activities, and onerous licensing

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[120] Munich Re and Microinsurance Network, *The Landscape of Microinsurance Africa 2015*, June 27, 2016, 39–40; World Bank, "Insurance for the Poor," December 2012; Munich Re Foundation and GIZ, *The Landscape of Microinsurance in Africa 2012*, March 2013, viii.
[121] Munich Re Foundation and GIZ, *The Landscape of Microinsurance in Africa 2012*, March 2013, ix.
[122] KPMG, "Micro-insurance— Managing Risk," (accessed July 17, 2014).
[123] See, for example, a description of AIG entering the microinsurance market in Uganda in 1997: Lloyd's, "Insurance in Developing Countries," Lloyd's Risk Insight report, 2012. MetLife's microinsurance efforts initially focused on Latin America and Asia, but have since expanded: Botero and Kennedy, "Metlife Explores Microinsurance," July 12, 2010. Munich Re and Microinsurance Network, *Report: 9th International Microinsurance Conference 2013*, November 12–14, 2013, 86; Microinsurance Network, "Commercial Insurers in Microinsurance," 2011 Insurance Information Institute, "Microinsurance and Emerging Markets," July 2016, 1; Vincent, "Swiss Re Drought Cover for 10 African Countries," September 28, 2007.

requirements are other nontariff measures that are present in some sub-Saharan African countries.[124]

Mobile and Digital Technologies Are Creating an Important Distribution Channel

In 2012, member groups, including mutual and cooperatives, represented the largest distribution channel for microinsurance products in SSA, delivering their own products to their members. Non-insurance financial institutions such as banks and credit unions were also prominent, and the use of specialized and specific microinsurance agents had increased since 2008 (especially in South Africa). In the last few years, however, there has been a significant swing toward mass-market channels, including mobile network operators, retailers, and funeral parlors. These together accounted for 44 percent of total distribution in 2014.[125]

As with banking, mobile phones are transforming distribution in several countries: an increasing number of insurers are linking their products, typically life insurance, to mobile service providers.[126] Mobile network operators accounted for 13 percent of total lives covered by life microinsurance in 2014.[127] BIMA, a leading mobile insurance platform, provides a forum for insurance companies to distribute microinsurance products in partnership with mobile network providers in Ghana, Tanzania, Senegal, and Mauritius (as well as 12 other countries in Asia and South America).[128] In Kenya, microinsurance intermediation relies heavily on the mobile payment system M-Pesa, a service provided by Vodafone telecommunications partnered with ICICI Bank Ltd. M-Pesa has joined forces with a leading commercial insurance provider, UAP Holdings, to introduce mobile-based micro personal accident coverage, aiming to sell to the large uninsured population. Bundling the insurance program with the mobile communication company's service reportedly helps to increase customer loyalty.[129]

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[124] World Bank, *Investing across Borders 2010,* 2010, 24–27, 108, 111, 121, 137, 153.
[125] Munich Re and Microinsurance Network, *The Landscape of Microinsurance Africa 2015*, June 27, 2016, 23.
[126] Munich Re Foundation and GIZ, *The Landscape of Microinsurance in Africa 2012*, March 2013, ix; Merry, Prashad, and Hoffarth, "Microinsurance Distribution Channels: Insights for Insurers," June 2014, 14.
[127] Munich and Microinsurance Network, *The Landscape of Microinsurance Africa 2015*, June 27, 2016. 7.
[128] *Financial Times*, "Africa's Insurance Market," June 28, 2016.
[129] Swiss Re, Mobile Insurance Distribution in Emerging Markets," May 2015, 3; UAP, "UAP Launches the First Mobile," September 20, 2011; Munich Re and Microinsurance Network, *Report: 8th International Microinsurance Conference 2012*, November 6–8, 2012, 6; Munich Re and Microinsurance Network, *Report: 9th International Microinsurance Conference 2013*, November 12–14, 2013, 21–22.

Telecommunications

Overview of the Sub-Saharan Africa Telecommunications Market

Over the past 20 years, the driving force behind SSA's telecommunications services industry has been the explosive growth of the mobile telecommunications sector. The number of mobile (cellular) telephone subscriptions in the region grew from 602,000 in 1995 to 684 million in 2014, registering an average annual growth rate of 45 percent.[130] In absolute terms, the number of mobile phone subscriptions grew by an incredible 13,516 percent. By the end of 2014, the share of the SSA population that owned a mobile phone (the mobile penetration rate) stood at 71 percent. This was up from less than 1 percent 20 years earlier, although significant variation existed between countries.[131] In 2014, the mobile penetration rate in SSA ranged from 6 percent in Eritrea to 210 percent in Gabon; 39 of 48 countries had a mobile penetration rate above 50 percent and 15 countries had a penetration rate above 100 percent. By contrast, the number of fixed-line (landline) telephone subscriptions in SSA totaled roughly 11 million in 2014, representing a penetration rate of only 1 percent.[132] The SSA Internet market is similarly small, with only 3.5 million broadband Internet subscribers in 2014, or less than 1 percent of the population.[133]

Overall, fixed-line penetration levels—and by extension, broadband Internet penetration—has been hindered by the expense of deploying fixed-line network infrastructure.[134] This work involves digging trenches and laying copper and/or fiber-optic cabling along roads, train tracks, and other rights of way, as well as to individual homes and businesses. Additionally, the high prices of such services, which are partially the result of limited network deployment, are typically unaffordable to the average African.[135]

By contrast, wireless penetration has surged in recent years due to the relatively low cost of deploying wireless infrastructure. Although long-haul networks are still necessary to transmit calls between towns and cities, cellular towers can connect hundreds of local subscribers, bypassing the time and expense required to dig trenches to individual residences and businesses. In addition, technological advancements and manufacturing economies of scale

[130] International Telecommunications Union (ITU), World Telecommunications/ICT Indicators 2015 database.
[131] Calculated by Commission staff using data from the ITU World Telecommunications/ICT Indicators 2015 database.
[132] ITU, World Telecommunications/ICT Indicators 2015 database.
[133] Ibid.
[134] TIA, *TIA's 2015–2018 ICT Market Review and Forecast, 2015*, 6–84.
[135] Ibid, 6-76.

have resulted in ever-cheaper mobile telephone handsets, while innovative prepaid pricing plans have made basic telephone services—largely telephone calls and text messages—affordable to the average African.[136]

In SSA, cross-border trade in telecommunications services consists almost entirely of international telephone calls, and there are few, if any, barriers to such trade. Unfortunately, WTO data on telecommunications services trade were aggregated with data on computer and information technology services, limiting their usefulness in isolating trends in telecommunications services trade.

Although data pertaining to investment in SSA's telecommunications services sector are likewise limited, it is clear that substantial ongoing investment in mobile network infrastructure has been necessary to support the astonishing growth in this industry. Domestic companies—some of which are fully or partly owned by the government—often predominate in SSA countries. However, so-called pan-African carriers—telecom companies operating in a large number of African countries—have also played a leading role in the development of SSA's telecommunications market. The leading pan-African carriers, which have made significant investments in SSA's mobile network infrastructure over the years and offer basic telecommunications services to millions of Africans, include MTN Group, Bharti Airtel (Airtel), Orange, and the Vodacom Group. South Africa-based MTN, for example, offers mobile services in 19 SSA countries, whereas Airtel (India) offers such services in 15 SSA countries, and Orange, formerly known as France Telecom, also has operations in 15 SSA countries.[137] Vodacom, a South Africa-based subsidiary of the UK's Vodafone, offers mobile services in 5 SSA countries.[138]

The rapid growth of SSA's mobile telecommunications sector over the past couple of decades has laid the foundation for two emerging trends: the rise of so-called mobile money in East Africa (box 2.1), particularly Kenya, and the installation of several high-bandwidth undersea cables around the perimeter of SSA. The remainder of this section examines these new trends more closely.

[136] Ibid, 6–91.
[137] Mobile Telephone Networks (MTN) Group (accessed May 16, 2016); Bharti Airtel (accessed May 16, 2016); Orange (accessed May 16, 2016).
[138] Vodacom (accessed May 16, 2016).

Box 2.1: Mobile Money Services in Sub-Saharan Africa

In the decade since Safaricom launched M-Pesa in Kenya, mobile money (MM) services have spread across SSA, although such services have reportedly struggled to gain traction in many countries. To gain a detailed view of the extent of MM service offerings in SSA, as well as the adoption of such services by the general population, USITC analysts conducted primary research on 229 companies in 48 SSA countries, largely by reviewing company websites. Secondary research included newspaper and academic articles, trade association reports, and central bank websites. This research, conducted during June–September 2016, is summarized below.

Most SSA countries (79 percent) have at least one MM services provider. Most of these have at least two providers, and many have three or more. All MM providers offer cash transfer and remittance services; a large majority offer payment services for bills (e.g., electricity, digital television, and water) and for goods and services, often with select merchants.

Overall, MM services in SSA are primarily offered by large, established telecommunications companies, including several multinational providers—namely Airtel, MTN, and Orange—that operate in numerous countries. However, a noticeable group of small, entrepreneurial companies are also active in SSA's MM market.

Only a few banks in SSA offer MM services directly, although several have teamed up with MM providers to allow customers to conduct basic banking activities like checking account balances or transferring funds. Very few banks offer loans through a MM platform.

Inconsistent reporting of subscriber numbers makes it difficult to determine the rate of adoption of MM services by the general population in SSA countries. With the exception of Kenya, subscriber information is difficult to find at both the carrier and country levels. However, GSMA, a trade association representing the global mobile telecom industry, collects and reports subscriber statistics—termed "registered accounts"—at the SSA level; country-level breakouts of such data are not available.[a] As of December 2015, GSMA reported that there were 222.8 million registered mobile money accounts in SSA in total, although only 38 percent (84.1 million) of these accounts had been active during the previous 90 days.[b]

Overall, East Africa still appears to be the MM hotspot, due not only to widespread adoption in Kenya, but also in Somalia. In Somalia, the banking system has effectively collapsed, leaving MM services as virtually the only means of safekeeping money and/or paying for goods and services.

[a] Email from GSMA representative, October 5, 2016.
[b] GSMA, Mobile Money: State of the Industry Report, 2015, 33

Mobile Money in Kenya

"Mobile money" is the term used to describe mobile telephone-based financial services offered by telecommunication services companies. Deposits are made using local agents—typically gas stations and corner stores—that credit a monetary amount to users' mobile money accounts (less a small fee) in exchange for cash payments; account balances and other user data are stored on users' mobile phone SIM cards. Cash transfers, by far the most common mobile-money service, can be carried out using menu-based commands on mobile phones ranging from inexpensive, low-spec models to smartphones; recipients can withdraw cash from more than 135,000 local agents across Kenya.[139] Other common services introduced over the past few years include bill payments, point-of-sale payments, basic savings accounts, short-term microloans, bulk payments (payroll), and international money transfers.[140]

The leading provider of mobile money services in Kenya is Safaricom, a Kenya-based telecommunications company jointly owned by the government of Kenya (60 percent) and the UK's Vodafone (40 percent). Safaricom's mobile money service, called M-Pesa,[141] was developed in 2007 in conjunction with Vodafone (which provided the technology) and the UK Department of International Development (which provided partial financing).[142] Originally started to facilitate microfinance loan repayments, M-Pesa was quickly repurposed as a remittance service; remittances are still the most common transaction.[143] As of September 2015, M-Pesa had 22 million customers, representing a market share of 77 percent; competitors include Airtel (11 percent market share), MobiKash (6 percent), Equitel (4 percent), Tanzaga Money (2 percent), and Orange Money (1 percent).[144] In the fiscal year ending March 31, 2016, M-Pesa revenues totaled $410.6 million, representing 21 percent of Safaricom's total revenues.[145]

Mobile money has grown very rapidly in Kenya. During 2007–14, the number of accounts, transaction volume, and transaction value grew at compound annual growth rates of 53 percent, 108 percent, and 104 percent, respectively (table 2.1). By July 2013, 74 percent of Kenya's adult population used mobile money services.[146] Such rapid growth was fueled by a combination of factors, several of which are unique to Kenya. First, a large portion of Kenya's population did not have a bank account due to high fees, inadequate personal documentation, geographic inaccessibility, and mistrust of banks. As a result, millions of farmers, traders, craftspeople, and other workers in the informal, cash-based economy had few safe places to keep money. Under such conditions, the safe storage of cash is mobile money's bedrock service.

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[139] Financial Sector Regulators Forum, *Kenya Financial Sector Stability Report 2014*, August 2015, 36.
[140] Safaricom, "Personal: Do More with M-Pesa" (accessed May 16, 2016).
[141] "M" stands for "mobile," and "pesa" means "money" in Swahili.
[142] Runde, "M-Pesa and the Rise of the Global Mobile Money Market," August 12, 2015.
[143] Ibid.
[144] Wainaina, "M-Pesa Leads in Mobile Money," December 23, 2015. Market shares do not add to 100 percent due to rounding.
[145] Safaricom, "FY 2016 Results Presentation," May 11, 2016, 28.
[146] Di Castri and Gidvani, "The Kenyan Journey to Digital Financial Inclusion," July 2013.

Table 2.1: Mobile money and market statistics in Kenya, 2007–14

	2007	2008	2009	2010	2011	2012	2013	2014	CAGR 2007–14
Agents	1,582	6,104	23,012	39,449	50,471	76,912	113,130	123,703	86.4%
Accounts (mil.)	1.3	5.1	8.9	16.4	19.2	21.1	25.3	25.2	52.7%
Transaction volume (mil.)	5.5	62.7	193.5	311.0	433.0	575.0	733.0	911.0	107.5%
Transaction value (mil. $)	242	2,408	6,120	9,241	13,165	18,189	22,080	26,976	96.1%

Source: Financial Sector Regulators Forum (Kenya), Kenya Financial Sector Stability Report 2013, August 2014, 70.
Note: CAGR is an abbreviation for the compound annual growth rate.

Second, there was strong demand for cash transfer services due to the large number of migrant workers within Kenya—typically young men moving to cities to work—creating the need to send money to relatives in rural areas. Before the advent of mobile money, such transfers were risky and cumbersome, typically requiring individuals to deliver cash personally, often by bus, or to find a trustworthy bus driver.[147] As a result, the safe and efficient cash transfers made possible by mobile money services were very popular with migrant workers. Third, M-Pesa was introduced by Kenya's dominant mobile services provider using a marketing campaign that was clear and simple: "Send money home."[148] Fourth, Kenya's banking regulator did not try to regulate M-Pesa like a bank, instead allowing it to freely develop on an experimental basis. Last, some observers have noted that the outbreak of violence after a disputed election in 2008 (which occurred just as the Safaricom's service was getting off the ground) spurred the uptake of mobile money subscriptions, as many Kenyans used such services to send emergency money to friends and relatives trapped in the slums of Nairobi, the capital city.[149]

Sub-Saharan Africa's Undersea Cable Boom

Undersea cables, which consist of several strands of fiber optic cable surrounded by a protective covering, are a critical part of the global telecommunications infrastructure. Used to connect the land-based telecommunications networks of countries that are separated by large bodies of water, undersea cables are laid on the seabed, stretching between the coastal landing stations of two or more countries. Submarine cables—which offer very high levels of data transmission capacity ("bandwidth")—transport more than 95 percent of international telecommunications traffic.[150]

[147] Botsman, "Mobile Money: The African Lesson We Can Learn," February 18, 2014.
[148] Ibid.
[149] *Economist*, "Why Does Kenya Lead the World?" May 27, 2013.
[150] Bookman, "Submarine Cable Operators Hunt for New Routes," April 18, 2013.

Although the emergence and growth of the Internet in the late 1990s stimulated the large-scale construction of submarine cables in many parts of the world, SSA was largely ignored. To illustrate, until 2009, the west coast of Africa was served by a single, older-generation submarine cable (called SAT-3).[151] During this period, satellite services, which are slow, unreliable, and expensive, were SSA's only other source of international telecommunications connectivity.[152] As a result, during 2004–09, SSA accounted for only 0.2 percent of global telecommunications bandwidth.[153]

However, during 2007–12, more than $3 billion flowed into the construction of submarine cable networks around Africa. Several factors spurred this large-scale construction effort. First, rapid growth in the number of mobile phone subscriptions over the previous decade increased telecom carriers' revenues, making more funding available for network expansion. Second, large-scale financing became more widely available as private investors and international financial institutions (mainly the World Bank and the African Development Bank) increased lending for African telecom projects, particularly fiber optic networks. Third, builders and suppliers of fiber optic networks shifted their focus to Africa to maintain revenue growth as submarine cable construction projects in other parts of the world neared completion.[154]

Following several years of planning, installation, and testing, Africa's first new-generation cable in Africa, SEACOM, was activated in 2009. Running from France through the Mediterranean and Red Seas to South Africa, SEACOM provided data transmission capacity to connected countries that was more than 10 times greater than that offered by existing communications satellites. Over the next three years, another six submarine cables were activated around Africa (table 2.2).

Table 2.2: African submarine cables

System	Route	Countries	Ownership	Cost, $ m	In service	Capacity[a]
ACE	France-S. Africa	18	Consortium	700	2012	5.12 tbps
WACS	UK-S. Africa	10	Consortium	600	2011	5.12 tbps
EASSy	Sudan-S. Africa	7	Consortium	265	2010	4.72 tbps
Main One	Portugal-Nigeria	2	Private	240	2010	1.92 tbps
GLO-1	UK-Nigeria	5	Private	800	2010	2.50 tbps
TEAMS	Kenya-UAE	1	Public partnership	130	2009	1.28 tbps
SEACOM	France-S. Africa	5	Private	650	2009	1.28 tbps
SAT-3	Portugal-S. Africa	11	Consortium	N/A	2002	340.00 gbps

Source: Websites of listed submarine cable systems.
[a] Capacity abbreviations: terabits per second (tbps) and gigabits per second (gbps).

[151] GBI, "The Naked Truth about Submarine Cables!" January 19–22, 2014.
[152] Terabit Consulting, *Submarine Telecoms Industry Report*, 2013, 57; *Economist*, "Cabling Africa's Interior," July 5, 2014.
[153] ITU, "Africa's New Submarine Cables," 2010, 1.
[154] Terabit Consulting, *Submarine Telecoms Industry Report*, 2013, 57.

The activation of these new high-bandwidth submarine cables on the east and west coasts of Africa was heralded as a historic achievement. Many commentators stated that submarine cable access would bring reliable international communications, faster Internet access, and lower prices, which would, in turn, stimulate increased commercial and entrepreneurial activity and, ultimately, economic growth. In addition, many analysts have noted that Africa's demand for international bandwidth since 2009 has been robust and have predicted that is likely to continue to grow. For example, a 2013 study conducted by Terabit Consulting found that demand for international bandwidth in many African markets had grown at an annual rate of more than 100 percent during 2009–12.[155] Looking forward, TeleGeography, a telecom industry research consultant, estimated that Africa's demand for international bandwidth would grow at a compound annual rate of 51 percent during 2012–19.[156]

The arrival of these new submarine cables has spurred intercity network construction in many countries. The majority of SSA countries have, at a minimum, constructed a fiber-optic link between submarine cable landing stations and their capital cities, and many are in the process of building, or have completed, a national fiber-optic network connecting major towns and cities.[157] In Tanzania, for example, the government launched a national network in 2012 connecting 34 cities to adjacent countries and to the East African Submarine System (EASSy) consortium's undersea fiber-optic cable system.[158] Liquid Telecommunications Holdings (Liquid Telecom)—a private company based in Mauritius—has so far constructed a 40,000 km pan-African network across 10 SSA countries via a combination of new construction, acquisitions, and leases.[159]

Although SSA's new submarine cables benefit the general population over the long term, several near-term challenges will likely restrain demand for high-bandwidth Internet services in this market segment. The first challenge is that low per capita incomes in most SSA countries make personal computer/smartphone ownership difficult for many. Second, most mobile networks in SSA operate on 2G technologies, which are adequate only for low-bandwidth phone calls and text messages, dampening mobile traffic volumes.[160] Third, many countries' domestic networks are often unreliable due to poor installation/maintenance practices; they

[155] Ibid., 59.
[156] TeleGeography, "Africa's International Bandwidth Growth to Lead the World," October 31, 2013.
[157] ITU, "Africa's New Submarine Cables," 2010.
[158] Bates, "Submarine Cables in Sub-Saharan Africa," April 15, 2014; GBI, "The Naked Truth about Submarine Cables!," January 19–22, 2014.
[159] Liquid Telecom, "About Us," https://www.liquidtelecom.com/about-us/network-map (accessed May 18, 2016); *Economist*, "Cabling Africa's Interior ," July 5, 2014.
[160] Terabit, *Submarine Telecoms Industry Report*, 2013, 60.

also typically suffer from a lack of connections to individual consumers, particularly in rural areas.[161]

Although international bandwidth demand in SSA will likely grow at a rapid rate over the next few years, such growth will start from a very low base. In the near term, demand for large-scale bandwidth will likely not be derived from SSA's general population, but instead from large domestic companies and multinational corporations. Such companies have a strong demand for international services and are located in major cities, which typically have more extensive local networks. Additionally, large domestic companies and multinational companies usually have sufficient funds to lease local network facilities, which are typically expensive due to a lack of competition.

Travel Services in Sub-Saharan Africa

The SSA share of the world tourism market is small but growing, up from 2.4 percent of total global arrivals for all transportation modes in 1990 to 3.3 percent in 2010. From 2005 to 2013, there has been a steady increase in SSA exports of travel services (i.e., foreign visitors to SSA countries for personal travel, business travel, and travel for health and education purposes). At the same time, import growth (SSA residents traveling outside of their home countries) has been more volatile owing to currency fluctuations. Investment in hotels in SSA has risen to meet the potential increase in demand driven by both overseas tourism and growth in the African middle class. However, relatively costly transportation and lodging compared to other global destinations, as well as perceived political instability, pose challenges for future growth.

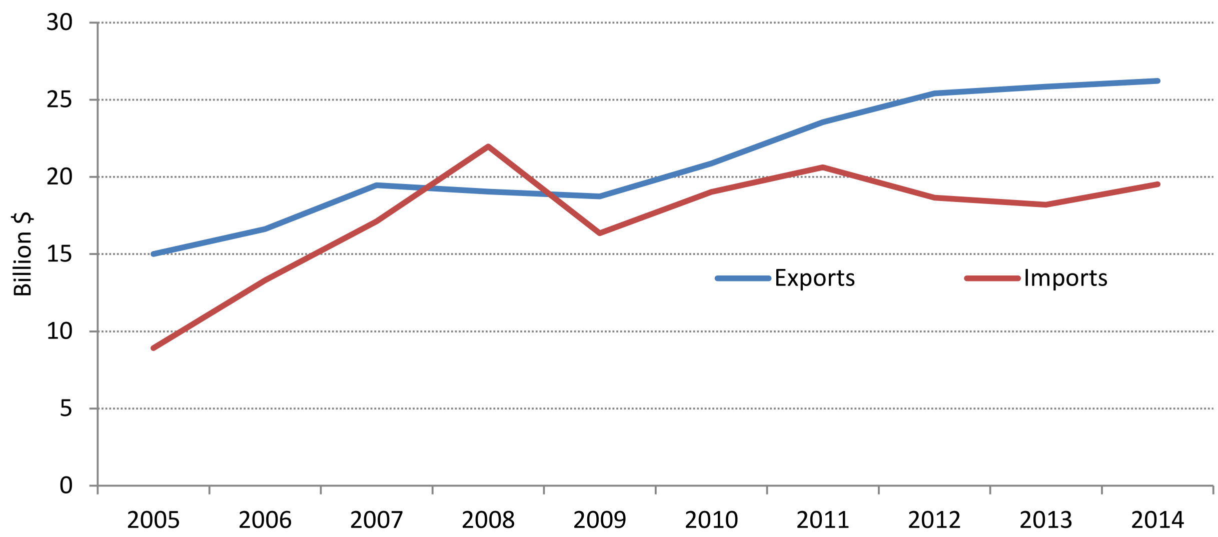
Cross-Border Trade

SSA exports of travel services[162] rose from \$15.0 billion in 2005 to \$26.2 billion in 2014 (a 6.4 percent compound annual growth rate, or CAGR) (figure 2.7). Travel exports dropped slightly during the global financial crisis of 2007–09 before resuming their growth in 2010. South Africa (with 36 percent of the total), Tanzania (8 percent) and Angola (6 percent) were the top three SSA exporters of travel services in 2014.[163] The South African tourism market benefits from its high-quality infrastructure—particularly transport and lodging—as well as

[161] Bates, "Submarine Cables in Sub-Saharan Africa," April 15, 2014.
[162] Travel services are measured through foreign nationals' purchases of goods and services, such as food and lodging, while traveling abroad. An American's visit to a foreign country would be considered a U.S. import of travel services, and a foreign national's visit to the United States would be considered a U.S. export.
[163] WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)" (accessed October 3, 2016). Data for 2016 have not yet been released, and data for 2015 are incomplete.

from its direct air links to the United States and Europe. It ranks higher than any other African country (48th in 2015) on the global Travel and Tourism Competitiveness Index, which rates markets based on tourism-related regulation, business conditions, and human capital.[164] South Africa draws larger shares of inbound tourism spending from business travelers than the SSA average. It also benefited from a boost in tourism when it hosted the World Cup in 2010, with the number of tourist arrivals almost doubling during 2008–13.[165]

Figure 2.7: Trade in SSA Travel Services, 2005–14



Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005-onwards (BPM6)," (accessed October 3, 2016). (See appendix table B.11).

SSA imports of travel services (SSA travelers visiting other countries) increased from $8.9 billion in 2005 to $19.5 billion in 2014 (9.1 percent CAGR). However, this growth has been uneven, and imports have not fully recovered from a sharp decline in 2008–09.[166] The fluctuations in SSA travel imports have been largely driven by currency movements in Nigeria and South Africa. From 2008 to 2013, Nigeria's spending on outbound travel grew 2.3 percent in local currency terms, but fell 9.6 percent in U.S. dollar terms.[167] This discrepancy was due to a 25 percent devaluation in Nigeria's currency relative to the dollar in 2008, largely owing to sharp declines in both the price of oil and Nigeria's oil exports.[168] South Africa's currency also depreciated relative to the dollar, chiefly due to an outflow of foreign capital. Despite these currency

[164] World Economic Forum, *Travel and Tourism Competitiveness Report 2015*, May 5, 2015, 5, 20.
[165] World Travel and Tourism Council (WTTC), "Travel and Tourism Economic Impact 2014: South Africa," 2015.
[166] WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)" (accessed April 14, 2015).
[167] WTTC, "Travel and Tourism Economic Impact 2014: Nigeria," 2014.
[168] *Financial Times*, "Nigeria Battles Looming Currency Crisis," November 13, 2014.

fluctuations, both Nigeria and South Africa remain top SSA importers of travel services. Nigeria's sizable population and large diaspora (in other African nations and elsewhere) mean that Nigerians do more foreign traveling than other SSA residents, while South Africa's relatively large middle class and relatively well developed business sector promote foreign travel.

France was the largest source of non-SSA tourists traveling to SSA in 2009 (latest information available), with the UK, Germany, and Portugal also sending large numbers of tourists. European travel patterns in SSA tend to reflect former colonial and linguistic connections, with French tourists prominent in West Africa and British visitors concentrated in Southern and East Africa.[169] The United States is the largest source of extra regional tourists in Ethiopia, Ghana, and Rwanda. Chinese visitors to Africa (including North Africa) grew 110 percent from 2012 to 2013, while tourist flows from Brazil and Russia have also increased in recent years as the middle classes in these countries have become more affluent.[170]

In addition, over 10 million tourists[171] travel across borders within SSA each year, accounting for about one-third of total international visitors to SSA.[172] South Africans are estimated to make up almost half of SSA travelers visiting other African countries. The World Tourism Organization (UNWTO) forecasts that 75 percent of all tourists in SSA will be intraregional travelers by 2021, as the African middle class expands.[173] However, poor road quality and the lack of rail transportation on much of the continent continue to limit intra-SSA travel, while air fares within SSA remain substantially more expensive than in other regions.[174] Efforts to liberalize the air sector in SSA are beginning to bear fruit, as the number and frequency of SSA destinations served have risen. An important factor in this trend is the launching of new routes linking East and West Africa directly (previously such flights would often be routed through Europe). Deregulation has also increased competition and lowered prices for certain destinations, fostering the emergence of budget airlines such as FastJet (2012) in Tanzania and

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[169] World Bank, "Tourism in Africa," 2015, 41.
[170] AfDB, *Africa Tourism Monitor*, September 2013. This figure is derived from a survey of online travel reservations. Other sources estimate the annual growth in the number of Chinese tourists visiting Africa at anywhere from 80 percent to 150 percent. For context, Chinese tourists made 1.8 million trips to Africa in 2013. *China Daily*, "Chinese Tourists to Africa on Rise," November 28, 2014.
[171] In this instance, tourists include individuals that travel across borders to visit friends and relatives, shop, seek medical treatment, and attend religious events.
[172] This statistic is likely an underestimate owing to weak statistical capacity in some SSA countries, the informality of many border crossings on the continent, and seasonal migrant labor in South Africa (which is not tourism in the traditional sense but falls under the WTO definition of travel services).
[173] World Bank, "Tourism in Africa," 2015, 56; UNWTO, *Tourism Highlights 2010*, 2010, 11. Over half of African households are projected to have some discretionary spending power by that year.
[174] Teravanithorn and Raballand, "Transport Prices and Costs in Africa," July 2008; IATA, *Transforming Intra-African Air Connectivity*, July 2014, 32.

Kulula (2001) in South Africa.[175] Quality and safety are also improving, but many markets are still dominated by unprofitable national carriers. Implementation of a 1999 agreement to establish a single African air transport market is ongoing.[176]

Investment

Total capital investment (foreign and domestic) in the SSA tourism sector was approximately $18 billion in 2013, up from $10 billion in 2005.[177] Foreign direct investment (FDI) plays a significant role in the tourism sector, alongside non-equity modes of investment (such as management contracts and franchises). SSA has drawn roughly 7 percent of the world's foreign investment in hotels, slightly higher than the SSA share of total global FDI (5 percent). In 2011, South Africa led SSA in inbound FDI flows in tourism (with $6.1 billion received), followed by Kenya ($404 million) and Ghana ($270 million).[178] Large overseas brands have recently begun showing more interest in SSA as a result of increased political stability and sustained economic growth. For example, in 2014, Marriott acquired Protea Hospitality's holdings in seven African countries for nearly $200 million, doubling the number of rooms Marriott has on the continent. Hilton also reportedly planned to add over 20 properties with 6,000 rooms to its SSA holdings, including in Sierra Leone and Chad.[179]

Some hotel companies active in SSA work to mitigate political and economic risks by operating properties through management or franchise contracts, rather than buying them directly. As an example, management fees earned from a hotel that Hilton operates in Lagos, Nigeria, are among the most lucrative for that company anywhere in the world. In recent years, growth in revenue per hotel room in SSA has averaged 7–15 percent, double the average growth rate for Asia and the United States.[180] However, of the estimated 390,000 hotel rooms in SSA, only 10 percent—half of which are in South Africa—currently meet international quality standards.

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[175] *Financial Times*, "Fastjet Looks South to Expand Cut-price Flights," May 24, 2015; IATA, *Transforming Intra-African Air Connectivity*, July 2014, 43.
[176] *Economist*, "Aviation in Africa," February 16, 2016. One state-owned carrier, Ethiopian Airlines, is estimated to generate higher profits than the rest of the SSA airline industry combined. Mwanza, "Ethiopian Airlines Make More Profit," August 24, 2015. Implementation of a 1999 agreement to establish a single African air transport market, which would liberalize intra-African air travel, is ongoing. For more information see Schlumberger, Charles, "Open Skies for Africa," 2010. http://www.worldbank.org/en/topic/transport/publication/open-skies-for-africa.
[177] WTTC, "Travel and Tourism Economic Impact 2014: Sub-Saharan Africa," 2014. Capital investment in tourism is equivalent to the gross fixed capital formation for tourism. It includes spending by industries directly involved in travel and tourism, as well as investment spending by other industries on assets used in tourism, such as accommodation, passenger transportation, and restaurants.
[178] World Bank, "Tourism in Africa," 2015, 43.
[179] Marriot International, "Commitment to Expansion across Africa Gathers Momentum," October 2, 2014; Hilton Worldwide, "Hilton Announces First Hotel in Chad," August 10, 2011.
[180] PricewaterhouseCoopers, "Passport to Africa," June 2014, 6; *Business Day*, "Hilton Worldwide to Speed Its Growth in Africa," September 20, 2012.

Hotel development costs in SSA are estimated to be 25–100 percent above the world median due to relatively high capital costs and complex, lengthy procedures for securing property titles and permits.[181]

Future Prospects

The rise in business travel resulting from greater economic integration (both within SSA and between SSA and other regions) and the emergence of industries like medical tourism present opportunities to diversify SSA's tourism industry. In fact, in 2015 an estimated 36 percent of tourism spending in SSA was on business travel, and South Africa alone welcomed nearly 400,000 medical travelers in 2010, up from 327,000 in 2006.[182] However, major challenges remain. Overseas flights to SSA cost 50 percent more than flights to comparable destinations abroad such as Asia, while safari tours were 38 percent more expensive than in Asia and Latin America (chiefly due to costlier accommodations).[183] The United States also maintains travel warnings for some SSA countries due to threats of violence or instability, including for large tourist markets such as Kenya. In addition, Nigeria and South Africa, like other SSA countries, still struggle to meet demand for electricity and other essential services.

Transportation Services

Trade in transportation services by SSA countries increased significantly during 2005–14, reflecting overall growth in the region's commerce and a resulting increase in the demand for freight transport. In recent years, SSA countries have aimed to further promote inter-regional trade and economic growth through the development of transport corridors—networks of roads and railways that connect major SSA markets to each other and to the region's largest maritime ports. These corridors are fast becoming an important segment of the region's transportation services sector.

[181] World Bank, "Tourism in Africa," 2015, 46.
[182] WTTC, "Travel and Tourism Economic Impact 2015: Sub-Saharan Africa," 2015, 10; Crush, Chikanda, and Maswikwa, "Patients Without Borders," 2012, 13.
[183] World Bank, "Tourism in Africa," 2015, 48.

Cross-Border Trade and Investment

WTO data on cross-border trade in transportation services—including road, rail, air, and maritime transport services—indicate that trade by SSA countries in this industry has grown rapidly in recent years.[184] During 2005–14, SSA exports of transportation services increased by nearly 50 percent, from $7.2 billion to $12.9 billion, whereas SSA imports more than doubled from $19.9 billion to $43.8 billion. The top five SSA exporters of transportation services in 2014 were South Africa ($3.3 billion), Kenya ($2.2 billion), Ethiopia ($2.2 billion), Tanzania ($900 million), and Nigeria ($768 million), while the top five SSA importers were Nigeria ($8.7 billion), South Africa ($7.5 billion), Angola ($5.5 billion), Ethiopia ($3.1 billion), and Côte d'Ivoire ($2.1 billion). Growth in merchandise trade in SSA countries may account for some of the increase in transportation services trade, particularly by the oil-rich countries of Angola and Nigeria. For example, Nigeria experienced a 7 percent average annual increase in merchandise imports during 2004–14 due to the country's increased appetite for capital and consumer goods.[185] In addition, recent efforts to improve transport infrastructure by SSA countries may have contributed to increases in the region's transportation services exports and imports. For example, the port of Lagos has undergone extensive reform since 2000, and both the ports of Dar es Salaam (in Tanzania) and Durban (in South Africa) continue to be upgraded and expanded to reinforce their position as regional maritime hubs.[186]

Investment in the SSA transport and storage sector increased during 2013–14, principally through mergers and acquisitions. Cross-border mergers and acquisitions in this sector showed especially strong growth. The value of those in which an African firm was purchased by a foreign entity increased from $27 million to $425 million between 2013 and 2014; where an African firm was the acquiring entity, investment increased from $27 million to $74 million. By contrast, greenfield FDI in Africa's transport, storage, and communications sector fell from

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[184] Cross-border transportation services trade data in SSA are from the WTO. The WTO defines transport as "the carriage of people and objects from one location to another as well as related supporting and auxiliary services. Transport can be classified according to: (1) mode of transport, namely, sea, air, or other ('other' may be further broken down into rail, road, internal waterway, pipeline, and space transport as well as electricity transmission); and (2) what is carried—passengers or freight. Also included are postal and courier services." WTO, "World Trade Statistical Review 2016," 80, https://www.wto.org/english/res_e/statis_e/wts2016_e/wts16_toc_e.htm (accessed February 15, 2017).

[185] WTO, International Trade Statistics, 2015, table 1.7, "Leading Exporters and Importers," 44. . In this case, Nigeria's transportation services imports reflect the carriage of the country's goods imports on foreign airlines or ships.

[186] PricewaterhouseCoopers, *Africa Gearing Up*, 2013, 26, 62, 71, 78, 87.

$7.8 billion in 2013 to $5.9 billion in 2014. Further, Africa invested $2.3 billion in outward FDI in this sector in 2014, less than the $2.9 billion invested in the previous year.[187]

Anecdotal information also suggests that FDI in SSA's transportation sector is growing. For example, in 2013, the China Eximbank financed at least two large railway projects in SSA. The first project, which was estimated to cost $13.8 billion, connects the port city of Mombasa, Kenya, to the country's capital, Nairobi.[188] The second project, which required an investment of $3 billion, connects Ethiopia's capital, Addis Ababa, to its neighbor, Djibouti. In addition, in 2013, an Egypt-based financial firm (together with its Kenyan partner) invested $300 million in the Rift Valley Railway line. The railway line spans more than 1,300 miles between Mombasa, Kenya, and Kampala, Uganda.[189] Separately, the France-based Bollorė Group operates three long-term rail concessions in SSA, including those in Burkina Faso, Cameroon, and Côte d'Ivoire.[190]

Infrastructure improvements in SSA's transport corridors have led to growth in the region's total international trade; however, these gains are partially offset by corruption and lack of regulatory oversight at customs checkpoints.[191] For transport corridors to successfully foster trade in the region, SSA countries would need to continue their efforts to reform customs procedures. In fact, some researchers suggest that customs reform is just as important to facilitating trade and corridor performance in SSA as is the continued improvement of the region's transport infrastructure.[192]

[187] UNCTAD, *World Investment Report 2015*, 33, "Table C: Cross-border M&As by Industry, 2013–14" and "Table A: Announced Greenfield FDI Projects by Industry, 2013–2014." Data on cross-border mergers and acquisitions pertain to the transportation and storage industries. Data on greenfield investment pertain to the transportation, storage, and communication industries. Investment data are for all regions in Africa, including North Africa, East Africa, West Africa, Southern Africa, and Central Africa.
[188] Honan, "Chinese-Built Railway Line to Cut through Nairobi National Park," July 31, 2015.
[189] Blas, "Chinese Investment Triggers New Era," November 27, 2013.
[190] Bolloré Transport & Logistics, "Bolloré Africa: Rail" (accessed November 30, 2015).
[191] Cantens et al., "Reforming African Customs,"1 (accessed September 27, 2016).
[192] World Bank, Logistics Performance Index (LPI) database (accessed November 27, 2015). Overall, SSA has a combined LPI score of 2.45, compared to a more robust score of 3.70 for OECD countries. World Bank, *Connecting to Compete*, 2014, 17, "Box 1.6: The LPI Scores of Landlocked and Coastal Countries."

The Development of Transport Corridors in SSA

Developed over the past few decades, SSA's transport corridors are a collection of routes that link the region's seaports to major inland markets and offer connections to its many landlocked countries, or LLCs (16 out of the 48 SSA countries).[193] Roughly $200 billion in goods are transported each year along the more than 10,000 km of routes—chiefly roadways—that make up the main geographic corridors in SSA (table 2.3).[194] These shipments include goods that are traded between SSA and foreign countries, making transport corridors an important conduit for the region's international commerce. Many transport corridors in SSA are developed through public-private partnerships between national governments and private entities. These partnerships focus on improving the physical infrastructure of roads and railways, enhancing customs efficiency at border checkpoints, and lowering overall transport costs to promote trade and development in the region.

Transport corridors include both physical infrastructure (i.e., roads, railways, warehouses, border posts, seaports, and intermodal facilities) and institutional frameworks built on agreements between governments of SSA countries. These agreements establish policies to lessen transit and border delays and integrate regional road and rail networks. Over time, the development of transport corridors in SSA has become a way to foster regional integration as well as economic development.[195]

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[193] The 15 LLCs in SSA are Botswana, Burkina Faso, Burundi, the Central African Republic, Chad, Ethiopia, Lesotho, Malawi, Mali, Niger, Rwanda, South Sudan, Swaziland, Uganda, Zambia, and Zimbabwe. Most of these are classified as least-developed countries; only Botswana, Uganda, and Swaziland are classified as middle income. World Bank, *Improving Trade and Transport in LLDC*, November 2014, 18; UNECA, "The Development of Trade Transit Corridors," 2014, 241.

[194] Gwilliam et al., "The Burden of Maintenance: Roads in Sub-Saharan Africa," June 2008, iv. Although the term "corridor" refers most directly to road- and railways that connect two geographic points, transport corridors also include such logistics infrastructure as seaports, inland container depots, border posts, bonded warehouses, and intermodal facilities. In addition to the transport services (road, rail, and maritime) provided along such corridors, other services supplied include, for example, logistics, freight forwarding, and customs brokerage. Hartman, *Corridor Transport Observatory Guidelines*, November 2013, 1–2.

[195] African Trade Policy Centre (ATPC), "The Development of Trade Transit Corridors," September 2010, 2–3.

Table 2.3: Selected transport corridors in SSA, routed from major port cities to inland destinations

Corridor	Distance	Transport mode(s)
Central Africa		
Douala Corridor: Port of Douala, Cameroon, to the Central African Republic to Chad	1,800 km	Road, some rail
Lobito Corridor: Port of Lobito, Angola, to Lubumbashi, DRC, to Lusaka, Zambia	1,345 km	Road, some rail
South Africa		
Walvis Bay Corridors: Port of Walvis Bay, Namibia, to Lusaka, Zambia, to DRC Port of Walvis Bay to Botswana to DRC	(1) 2,100 km to Lusaka (2) 1,800 km	Road
West Africa		
Port of Abidjan, Côte d'Ivoire, to Burkina Faso to Mali	1,200 km	Road, some rail
Lagos to Niger	1,500 km	Road
East Africa		
Central Corridor: Port of Dar es Salaam, Tanzania, to Rwanda to Burundi to Uganda to DRC	1,600 km to Kampala, Uganda	Road, rail, inland waterways
Northern Corridor: Port of Mombasa, Kenya, to Rwanda to DRC	2,000 km	Road, rail, inland waterways

Source: UNECA, The Development of Trade Transit Corridors, 2014, 2014, 248, table 7.1: "Main Corridors in Africa."

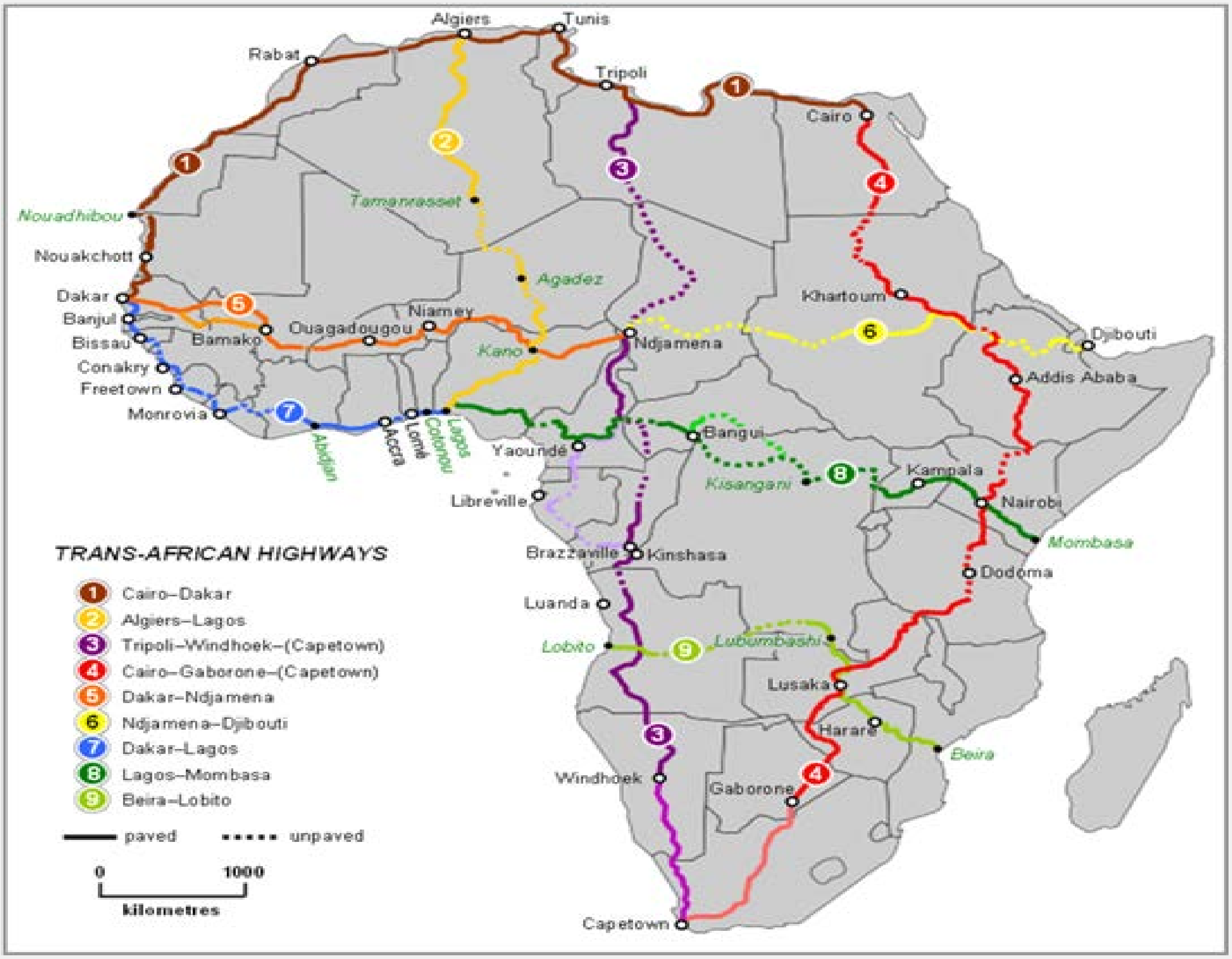
SSA's major corridors are roughly divided among its four geographic regions (central, south, east, and west). Each corridor is composed of several smaller transport routes that connect inland destinations to coastal ports.[196] Although these corridors largely remain unconnected to one another, the African Development Bank, the African Union, and the UN Economic Commission for Africa (UNECA) are working together to plan the development of the Trans-African Highway network (figure 2.8). The network would connect each of SSA's major corridors by filling infrastructure gaps within the region's transport network.[197] Planners estimate that about 7,000 km of added roadways and 10,000 km of added railways will be needed to complete the highway network, at a total cost of roughly $32 billion.[198]

Much like a port authority, public-private entities manage the infrastructure needs and daily operation of SSA corridors. These entities also partner with service providers to supply a range of transport-related services, such as warehousing and logistics. The Walvis Bay corridor, for example, is composed of several transit routes that connect LLCs in southern Africa to seaports in Namibia. The corridor is overseen by a management team and board of directors that set

[196] See also USITC*, Trade Facilitation in the East African Community*, July 2012, 2–12 and 2–18.
[197] UNECA, "The Development of Trade Transit Corridors," in *Assessing Regional Integration in Africa* (ARIA IV), 2010, 248, table 7.1: "Main Corridors in Africa." http://www.mcli.co.za/mcli-web/downloads/ARIA4/chap7.pdf (accessed February 22, 2017).
[198] African Union Commission, "The Trans-African Highway Network," November 2014, 4. This includes both northern and sub-Saharan African transport infrastructure development.

corridor policies, determine infrastructure needs, and seek investment from public and private partners. The Walvis Bay Corridor Group (which includes, for example, the Namibia Logistics Association, the Walvis Bay Port Users' Association, and the Namibia Chamber of Commerce and Industry) also conducts outreach to attract trade and investment in southern Africa and to promote the corridor and accompanying ports in Namibia as viable entry points for African merchandise trade.[199]

Figure 2.8: The African transcontinental highway network



Source: rexparry Sydney, n.d. https://en.wikipedia.org/wiki/Trans-African_Highway_network#/media/File:Map_of_Trans-African_Highways.PNG (accessed December 9, 2015), verified by USITC staff.

[199] The Walvis Bay Corridor originated as two separate corridors: the Trans-Kalahari Corridor, formed from the Trans-Kalahari Highway in 1998, and the Trans-Caprivi Corridor, formed from the Trans-Caprivi Highway in 1999. Walvis Bay Corridor Group, http://www.wbcg.com.na/ (accessed June 3, 2015).

Issues Affecting the Operation of SSA Transport Corridors

UNECA estimates that for 12 of the 13 LLCs in SSA which are classified as least-developed countries,[200] transport costs account for an average of 77 percent of the value of goods exports. For these countries, improved corridors may reduce the longer-than-average transit times for the export and import of cargo and lessen the costs of freight transport between remote inland markets and coastal hubs.[201] Nonetheless, SSA countries must establish effective corridor management policies to realize these benefits. One problem is that many transit countries (countries that provide coastal access to their landlocked neighbors) compete with neighboring LLCs for international trade and, therefore, have little incentive to offer LLCs ready access to their maritime ports. In addition, corruption and inefficiency at SSA customs checkpoints hinders the movement of goods along many of the region's corridors.[202] The potential benefits of transport corridors in SSA are also dampened by the poor condition of SSA's road and rail networks.[203] In 2009, unpaved secondary roads made up about 80 percent of all roads in the region.[204]

Efforts Toward Improvement

Efforts to improve SSA transport corridors have focused on upgrading road and rail infrastructure and reducing border delays. In Kenya, plans are underway (as of 2014) to build a new rail link between the Port of Mombasa and inland container depots. The country also introduced a single customs window in 2015, aimed at consolidating and integrating customs-related procedures previously overseen by 24 separate government agencies. The single window permits customs documentation to be filed electronically, increasing transparency and decreasing the time, costs, and potential for corruption associated with customs processing.[205] In the DRC, rehabilitation of roadways along the country's main corridors—partially funded by

[200] South Sudan is not included in this estimate.
[201] UNECA, "The Development of Trade Transit Corridors," in *Assessing Regional Integration in Africa* (ARIA IV), 2010, 241, http://www.mcli.co.za/mcli-web/downloads/ARIA4/chap7.pdf (accessed February 22, 2017). Landlocked developing countries expend, on average, twice as much as their export revenues on transport and insurance as do developing countries with coastal access, and three times as much as developed countries.
[202] ATPC, "The Development of Trade Transit Corridors," September 2010, 1–2.
[203] According to World Bank data, between 2000 and 2009, 18.8 percent of roadways in SSA were paved, compared to 44.8 percent for all low- and middle-income countries. South Africa has the largest rail network in the region, totaling 22,051 ton-km, compared to only 259 ton-km in Uganda and 622 ton-km in Burkina Faso. (A ton-km refers to the transport of one metric ton of goods for a distance of one kilometer.)
[204] Trading Economics, "Roads—Paved (% of Total Roads)" (accessed November 27, 2015).
[205] *Journal of Commerce*, "Kenya's Single Window Customs System Begins July 1," June 22, 2015.

Chinese investment—continues to improve freight transport.[206] SSA countries have also cooperated to improve corridor performance. For example, Angola, the DRC, and Zambia have worked to upgrade rail links that connect these three countries along the Lobito Corridor.[207]

Overall, according to the World Bank's Logistics Performance Index, the quality and quantity of SSA's transport infrastructure improved by 8 percent during 2007–14, with a 5 percent increase recorded among the region's LLCs.[208] In addition, the number of days needed to export and import goods from SSA fell by about 20 percent during 2006–12 (the most recent period for which such a comparison is available). These improvements have had a positive effect on LLCs' trade performance; they experienced a 3.2 percent average annual increase in merchandise trade during 2006–12, although their share of global merchandise trade remained less than 1 percent in 2012.[209]

[206] *Economist*, "African Roads and Rails," February 28, 2015.
[207] Macauhub, "Angola, DR Congo and Zambia to Put Together a Joint Plan," February 19, 2013.
[208] Calculated by Commission staff using data from the World Bank, Logistics Performance Index, and World Bank and United Nations, *Improving Trade and Transport*, November 2014, annex 5: "Logistics Performance of Landlocked Developing Countries," 72–73.
[209] World Bank and United Nations, *Improving Trade and Transport,* November 2014, "Table 2: Landlocked Developing Countries: Merchandise Exports," 3.

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Chapter 3
Profiles of Services Markets in Selected Sub-Saharan African Countries

While many individual sub-Saharan African (SSA) services markets share similar characteristics related to their relative size and level of development, there are also important differences among them. Those differences stem from factors such as their distinct political and economic environments, resource endowments, and geographic locations. This chapter focuses on services sector developments in 13 SSA countries: Botswana, Ethiopia, Ghana, Kenya, Mauritius, Nigeria, Rwanda, Senegal, South Africa, Tanzania, Togo, Uganda, and Zambia. These countries were chosen for analysis based on a number of factors, including geographic location, the size and growth of their services sectors, and the availability of data and other information.

The discussions in this chapter rely heavily on data obtained from the World Bank, the World Trade Organization (WTO), and the International Labour Organization (ILO), but other data sources were used when available and appropriate. As this chapter is a compilation of papers written at different times and for different publications, data presented in each segment of the chapter are the most recent available as of the time that a particular segment was last updated for review. Additional information on the data used in particular country overviews is provided in appendix A. Note as well that the following profiles focus on individual SSA countries and generally do not compare one country's services market to another. However, comparisons of some of these countries appear in chapter 1 of this study.

Botswana

While the Botswanan economy has traditionally relied heavily on mining, recent downturns in commodity prices, particularly for diamonds, have led to a push to diversify economic activity toward manufacturing and services.

Output and Employment

Services sector value added has more than doubled in Botswana since 2005, from $4.6 billion in 2005 to $9.7 billion in 2015. During that same period industry sector[210] value added shrank slightly, from $4.5 billion to $4.3 billion. As a result, the services sector grew to account for 64.2 percent of Botswanan GDP, up from 50.3 percent in 2005, while the industry sector's contribution decreased from 47.6 percent to 33.4 percent.[211] Some of this shift is due to a decrease in demand for mineral exports in the world market, which led to a drop of 33 percent in Botswanan diamond production and of 76 percent in the country's copper and nickel production between 2014 and 2015.[212]

Employment in Botswana's services sector has also grown in recent years, both in absolute terms and as a share of total Botswanan employment. Specifically, Botswanan services employment stood at 325,000 and accounted for 56.1 percent of the country's total employment in 2010 (latest data available), up from 296,000 (or 54.9 percent) in 2006.[213]

According to Statistics Botswana, the fastest-growing segments of the country's services sector in 2015 were trade, hotels and restaurants (6.5 percent growth), transport and communications (5.3 percent), and finance and business services (3.8 percent).[214] Much of the growth in the services sector is linked to government-administered services and state-owned enterprises, as the government is the sole supplier of several infrastructure services (including electricity, water, and fixed telecom) and accounts for 40 percent of formal employment in the country.[215] In 2005, however, the Botswanan government created the Privatization Master Plan to identify public enterprises that would benefit from privatization.[216] After some delays, the government took a first step toward privatizing one of seven targeted state-owned enterprises by opening up Botswana Telecommunications Limited (BTCL) to private shareholders in April 2016. The

[210] This sector includes manufacturing as well as mining, construction, electricity, gas, and water.
[211] World Bank, World Development Indicators database (accessed July 12, 2016).
[212] Honde, "Botswana 2016," 2016, 14; World Bank, World Development Indicators database (accessed July 12, 2016).
[213] By comparison, employment in Botswana's industry sector grew from 82,000 (or 15.2 percent of total Botswanan employment) in 2006 to 102,000 (17.5 percent) in 2010, while employment in the agriculture sector fell from 161,000 (29.9 percent) to 153,000 (26.4 percent). It should be noted that according to the ILOSTAT database, data on Botswanan employment in 2006 and 2010 are based on two different sources. ILO, ILOSTAT database (accessed May 17, 2015).
[214] Statistics Botswana, "Gross Domestic Product, First Quarter 2016," 2016, 4.
[215] OECD, "OECD Investment Policy Reviews: Botswana 2014," 2014, 24 ; Honde, "Botswana 2016," 2016, 14.
[216] Government of Botswana, "Private Sector Key to Economic Growth," September 21, 2011.

company is still majority government owned, but following its initial public offering, now is 44 percent private-sector owned.[217]

The Botswanan government has also taken steps to attract foreign investment in financial services through its International Financial Services Center, which was established in 2003. However, the center's success has been limited by measures requiring companies to have substantive business operations located in Botswana. Additionally, despite government efforts to increase regulatory transparency, Botswana's banking regulations do not provide a mechanism for sharing information with other tax authorities, which has given the country a reputation as a tax haven.[218]

One of the factors hindering potential services sector growth in Botswana is limited access to electricity. A long-term agreement with South African power company Eskom Holdings was allowed to expire in 2012, as Botswana expected to be able to meet its electricity needs domestically. When technical problems delayed the opening of one of Botswana's power plants, the country was compelled to import electricity without a guarantee of supply, leading to chronic shortages and diminished competitiveness throughout the economy.[219] Since no new domestic plants are scheduled to come online until 2020, electricity shortages will likely be a continuing problem in the coming years.[220]

Trade

Botswana is a net exporter of services and has generally seen stable growth in its services trade balance since 2010 (figure 3.1). The travel industry dominates Botswanan services exports, having accounted for 78.4 percent of the country's total commercial services exports in 2014 (figure 3.2).[221] Wild game reserves are Botswana's principle tourist attractions, and to promote wildlife conservation, the Botswanan travel industry focuses on low-volume but high-value tourist activity. Fragile ecosystems highlight a need to diversify the tourism sector away from the two main sites (Okavango Delta and Chobe).[222] According to the Botswana ministry of tourism, the United States is the largest consumer of Botswanan tourism services after

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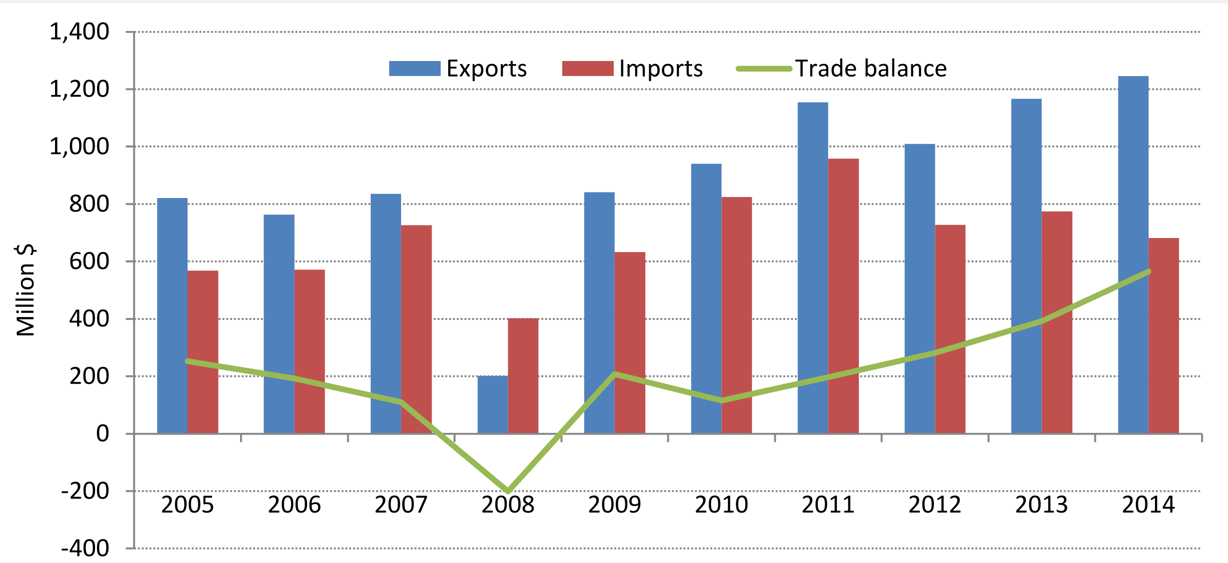
[217] EIU, "Government Issues Shares in Telecommunications Company," January 28, 2016; U.S. Department of State, "2012 Investment Climate Statement: Botswana," June 2012; Mguni, "History Made: BTCL Lists 1BN Shares," April 11, 2016.
[218] Most notably, Botswana was put on a list of 12 "tax havens" at the 2011 G20 summit. In response, French President Nicholas Sarkozy called for excluding those 12 countries from the international business community. EIU, "Legislation to Put an End to Banking 'Secrecy,'" July 2013.
[219] World Bank, *Botswana: Systematic Country Diagnostic,* March 2015, 66.
[220] EIU, *Country Report: Botswana*, July 2016, 6.
[221] USITC staff calculations based on data obtained from the WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)" (accessed September 14, 2016).
[222] World Bank, *Botswana: Systematic Country Diagnostic,* March 2015, 30.

neighboring South Africa, accounting for almost 10 percent of all holiday arrivals in the country in 2014.[223] Botswanan services imports are less concentrated in travel, which accounts for 40.5 percent of the country's services imports, with other business services [224] (29.2 percent) and transport (9.4 percent) also accounting for large shares (figure 3.3).[225]

Botswana's score of 38.3 on the World Bank's Services Trade Restrictions Index (STRI) (where 0 is completely open and 100 is completely closed) is higher than the median score for the SSA countries included in the index (27), suggesting that it is somewhat less open to services trade than other countries in the region. In banking, foreign ownership of greenfield investment is capped at 50 percent, and foreign holding of state-owned banks is capped at 49 percent. Foreign participation in the Botswanan insurance industry is even more limited, as the country maintains bans on the establishment of foreign insurance branches and limits foreign equity holding in state-owned insurance firms to 49 percent.[226]

Figure 3.1: Botswanan commercial services exports, imports, and trade balance, 2005–14



Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016). (See appendix table B.12).

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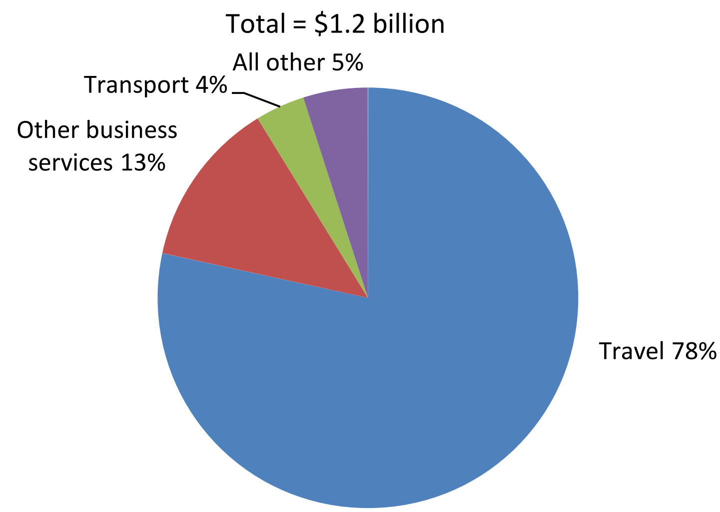
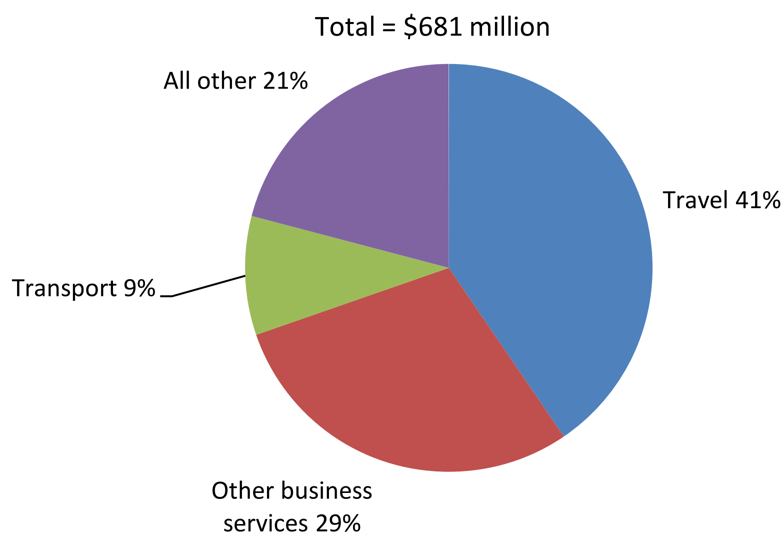
[223] South African tourism accounts for 18 percent of arrivals.
USITC staff calculations based on data obtained from Statistics Botswana, "Tourism Statistics Annual Report 2014," 2016, 23.
[224] Other business services include research and development, professional and management consulting, technical, trade-related, and other business services not included elsewhere.
[225] USITC staff calculations based on data obtained from the WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)" (accessed September 14, 2016).
[226] World Bank, Services Trade Restrictions database (accessed July 14, 2016).

Figure 3.2: Botswanan commercial services exports, by industry, 2014



Source: WTO, Statistics Database, Time Series on International Trade, “Trade in Commercial Services, 2005–onward (BPM6),” (accessed September 14, 2016). (See appendix table B.13).

Figure 3.3: Botswanan commercial services imports, by industry, 2014



Source: WTO, Statistics Database, Time Series on International Trade, “Trade in Commercial Services, 2005–onward (BPM6),” (accessed September 14, 2016). (See appendix table B.14).

Ethiopia

Ethiopia had the world's fourth-fastest growth rate in GDP per capita in 2014 (7.5 percent),[227] and the country's services sector has been an important contributor to that development. However, government activities likely account for a relatively high share of Ethiopia's services sector output, as the Ethiopian government remains a key provider of certain services, such as air transport and telecommunications. Furthermore, Foreign Service providers face measures that substantially limit their ability to provide services in large segments of the Ethiopian services sector,[228] and some segments are effectively closed to foreign participation.

Output and Employment

Value added in Ethiopia's services sector increased at a compound annual growth rate (CAGR) of 14.7 percent during 2005–15, expanding from $6.1 billion to $21.0 billion to surpass agriculture as the largest contributor to the country's GDP. Furthermore, although agriculture remains the largest source of employment, workers in Ethiopia's services sector are 20 percent more productive than those in the industry sector[229] and 400 percent more productive than those in the agriculture sector, as measured by value added per worker (table 3.1).[230] However, despite these trends, the services share of GDP has generally held steady since 2005 as overall Ethiopian GDP growth was also high during the period (figure 3.4).

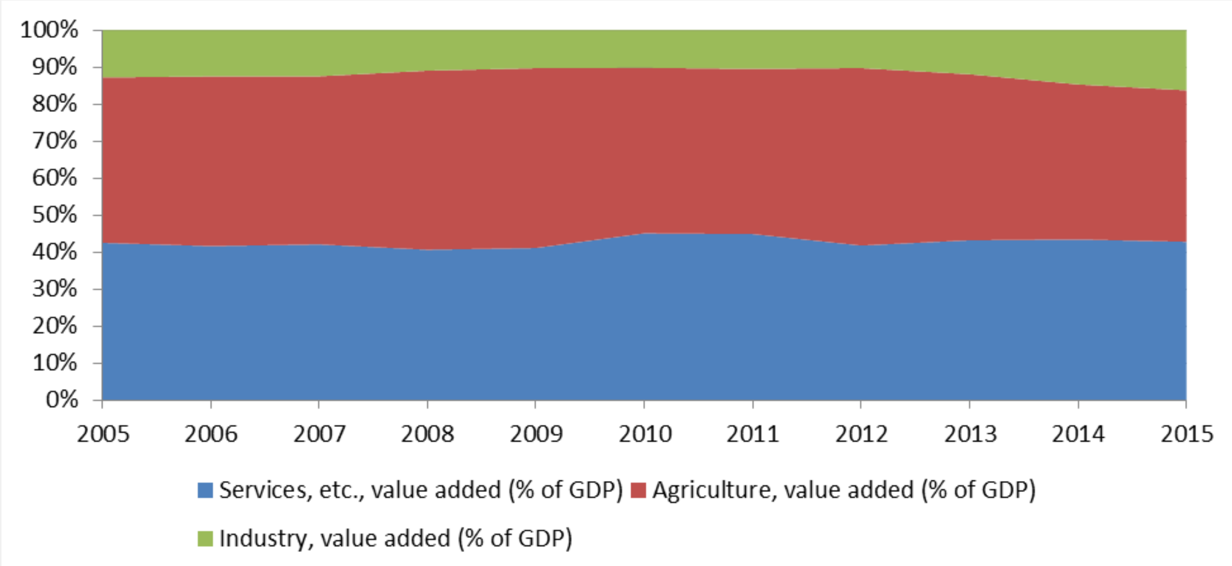
Table 3.1: Value added of workers in Ethiopia, 2013

Sector	% of Workforce	Value added per worker
Agriculture	72.7	$493
Industry	7.4	$5,113
Services	19.9	$2,017

Source USITC staff calculations based on ILO, ILOSTAT database, and World Bank, WDI.

[227] Nauru, Turkmenistan, and Ireland had the world's first-, second-, and third-fastest growth rates in GDP per capita in 2014.
[228] World Bank, Services Trade Restrictions Database (accessed June 10, 2016).
[229] This sector includes manufacturing as well as mining, construction, electricity, gas, and water.
[230] Author's calculations using UNDP, Ethiopia: Key Economic and Social Indicators, 2015 and ILO, ILOSTAT database (accessed May 17, 2017). The ILO publishes data on Ethiopian employment based on two sources: the National Labour Force Survey (for the years 2005 and 2013) and the Urban Employment-Unemployment Survey (for the years 2006, 2009-12, and 2014). This report uses data based on the National Labour Force Survey, as these data capture employment in the entire country, whereas data from the Urban Employment-Unemployment Survey captures only urban employment.

Figure 3.4: Ethiopian value added by sector, 2005–2015



Source: World Bank, World Development Indicators database (accessed September 14, 2016). (See appendix table B.15).

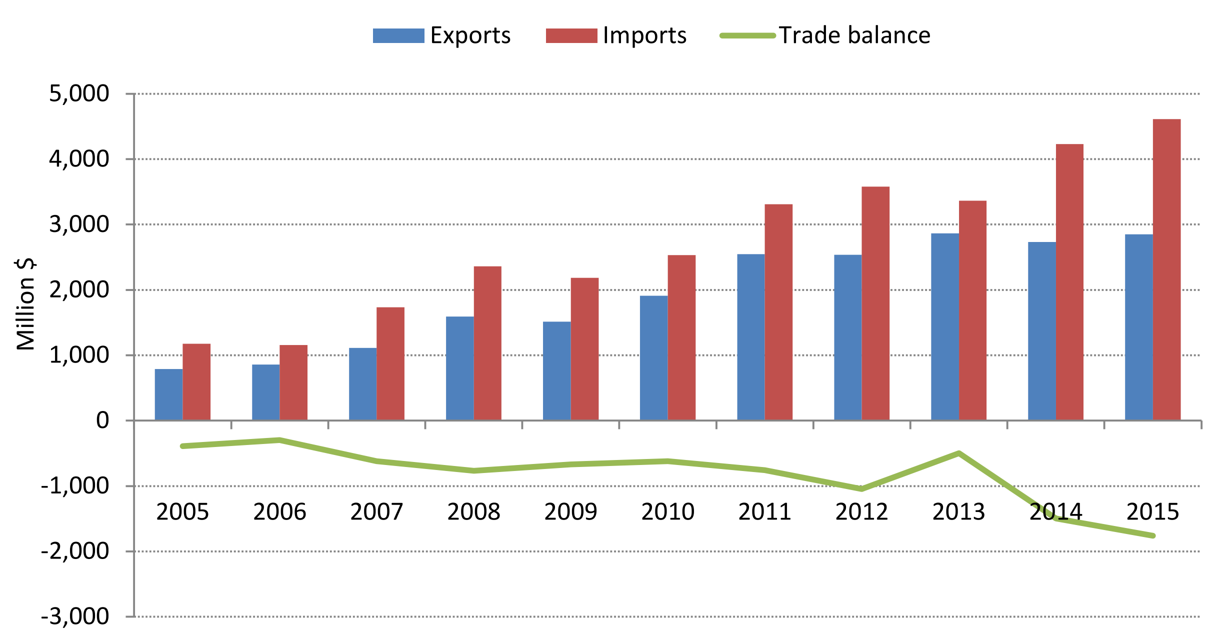
Recent expansion in the Ethiopian services sector may be due, in part, to improvements in the government's ability to provide services, as it is the sole or dominant supplier of several infrastructure services. Ethiopia's government effectiveness[231] ranking from the World Bank climbed 30 spots in the last decade, suggesting that the provision of public services in that country is steadily improving.[232] Additionally, this improved public sector performance coincides with—and may, in part, be a result of—an expansion by 10,000 km of the nation's all-weather road network, a 200 percent increase in the installed power generation capacity between 2008 and 2015,[233] and improvements to the state-owned airline, making it the most profitable carrier in Africa.[234]

Trade and Investment

Ethiopia's exports of commercial services increased at a CAGR of 13.7 percent between 2005 and 2015, while its services imports grew a little faster, at 14.6 percent (figure 3.5). As a result, the country's services trade deficit increased at a CAGR of 16.3 percent during the period.

[231] Among other factors, this is a World Bank measure of the perception of a government's quality of public service. World Bank, "Government Effectiveness," n.d. (accessed June 7, 2016).
[232] World Bank, "World Governance Indicators," n.d. (accessed September 6, 2016).
[233] USAID, "Power Africa: Investment Brief for the Energy Sector in Ethiopia," 2015.
[234] Aglionby, "Ethiopian Airlines Soars with Help from the State," February 9, 2016.

Figure 3.5: Ethiopian commercial services exports, imports, and trade balance, 2005–15



Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016). (See appendix table B.16).

The WTO reports that in 2015, 77.2 percent of Ethiopia's commercial services exports were in transport, followed by 14.4 percent in travel (figure 3.6). The transport sector's dominant share of the country's services exports is a result, in part, of the strong position of Ethiopia's state-owned airline. Ethiopian Airlines serves 81 foreign countries[235] and has invested in airlines in East Africa (including RwandAir[236] and Malawi Air[237]) and in West Africa (it set up a partnership with ASKY Airlines, a West African line headquartered in Lomé, Togo, and constructed a cargo hub in Lomé).[238] The airline's growth has helped to turn the country's Bole International Airport, in Addis Ababa, into a large travel hub for the rest of the continent.[239] Further, Ethiopia's road transport network plays a prominent role in the region, as the country offers "a reasonable road corridor from Addis Ababa to neighboring Djibouti,"[240] the main seaport for Ethiopia. As with exports, transport dominates Ethiopia's services imports with 69.5 percent of the total in 2015 (figure 3.7).

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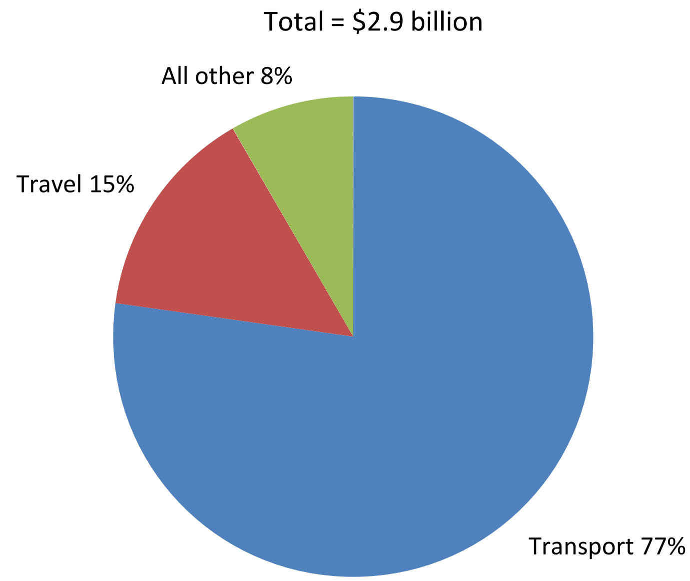
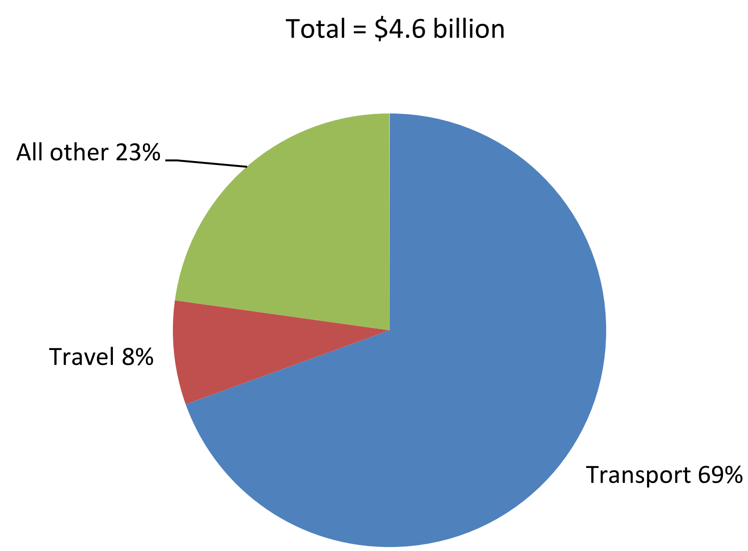
[235] Ethiopian Airlines, "Overview," n.d. (accessed September 6, 2016).
[236] RwandAir, "RwandAir and Ethiopian Airlines Sign Technical Support Agreement," n.d. (accessed September 6, 2016).
[237] Maina, "Ethiopia, Malawi Air Deal Puts New Pressure on Kenya Airways," July 17, 2013.
[238] *Nazret.com*, "Ethiopian Airlines Partnering with Asky," August 21, 2013.
[239] Foster and Morella, "Ethiopia's Infrastructure: A Continental Perspective," 2011.
[240] Foster and Morella, "Ethiopia's Infrastructure: A Continental Perspective," 2011. Djibouti is the capital of the country of Djibouti.

Figure 3.6: Ethiopian commercial services exports, by industry, 2015



Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016). (See appendix table B.17).

Figure 3.7: Ethiopian commercial services imports, by industry, 2015



Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016). (See appendix table B.18).

Ethiopia maintains measures that significantly limit the foreign provision of transport services, according to the World Bank's STRI. Further, Ethiopia's telecommunications and retail industries—each with STRI scores of 100—are essentially closed to foreign participation.[241] The government's reluctance to liberalize the telecommunications sector, for example, has been highlighted as a key challenge to Ethiopia's WTO accession process.[242] According to one source, the state-run monopoly-carrier, Ethio Telecom, may be reluctant to implement reforms, due to concerns that this would result in lower government revenue, which would then divert funds from rehabilitating the rail link to Djibouti.[243]

Ghana

The Ghanaian government has actively encouraged the development of the country's services sector, whose expansion has broadened overall economic growth and contributed to low unemployment in Ghana. However, several factors limit the services sector's impact on the economy.

Output and Employment

The services sector is an important component of Ghana's economy, accounting for 54.4 percent of total Ghanaian GDP in 2015, up from 49.9 percent in 2006.[244] The services component of Ghanaian GDP (at 2006 Ghanaian cedi prices) increased at a CAGR of 8.2 percent during 2006–15, slightly faster than growth in overall Ghanaian GDP (7.2 percent). However, while the services sector was the largest contributor to Ghana's GDP growth in absolute terms during the period, the country's industry sector posted a higher CAGR (9.9 percent) largely due to robust growth in mining and quarrying (as Ghana started to produce oil in 2010) and construction.[245]

The transport and storage industry is the largest component of Ghana's services sector, accounting for 11.6 percent of Ghanaian GDP in 2015. However, the information and

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[241] World Bank, Services Trade Restrictions Database (accessed June 10, 2016).
[242] UNDP, *Trade Policy Studies on Implications of Ethiopia's Integration,* 2012. Ethiopia has not yet acceded to the World Trade Organization. Its Working Party was established in 2003 and last met in 2012. For more information, see https://www.wto.org/english/thewto_e/acc_e/a1_ethiopia_e.htm.
[243] Maasho, "Ethiopia Launches 4G Mobile Service in the Capital," March 21, 2015.
[244] USITC calculations based on GDP data (at 2006 Ghanaian cedi prices) obtained from Ghana Statistical Service, *Revised 2015 Annual Gross Domestic Product,* April 2016 edition, 6. The World Bank reports that the services share of Ghanaian GDP stood at 51 percent in 2015. World Bank, DataBank (accessed May 2, 2017).
[245] During 2006–15, GDP in Ghana's construction and mining and quarrying industries increased at CAGRs of 12.7 percent and 21.0 percent, respectively. USITC calculations based on data obtained from Ghana Statistical Service, *Revised 2015 Annual Gross Domestic Product,* April 2016 edition, 6; WTO, *Trade Policy Review, Report by the Secretariat: Ghana, Revision*, July 11, 2014, 9.

communication industry is the country's fastest-growing services segment, having increased at a 20.1 percent CAGR during 2006–15.[246] These industries—along with the banking and tourism industries, which are also key components of the Ghanaian services sector—are discussed in greater detail below.

The services sector is a significant source of jobs in Ghana; it accounted for 42.8 percent of Ghanaian employment in 2010 (latest data available).[247] It is notable that the informal sector accounts for at least 80 percent of total employment and the majority of recent job growth in Ghana.[248] Many informal sector workers are engaged in services activities such as food retailing, sanitation, healthcare (for example, midwifery and traditional medicine), maintenance and repair, graphic design, and entertainment, among others.[249] For more information on informal sector employment in SSA, see chapter 1, box 1, of this report.

Trade and Investment

Ghanaian trade in commercial services[250] has risen in recent years, as the country's commercial services exports and imports increased at CAGRs of 6.9 percent and 14.4 percent, respectively, during 2005–14 (figure 3.8).[251] While travel services accounted for the largest share of total Ghanaian services exports (figure 3.9) in every year except 2012, such exports grew at a particularly slow CAGR of 0.8 percent during the period. By contrast, exports of insurance and pension services and of transport services increased at CAGRs of 17.7 percent and 17.4 percent, respectively, during 2005–14.

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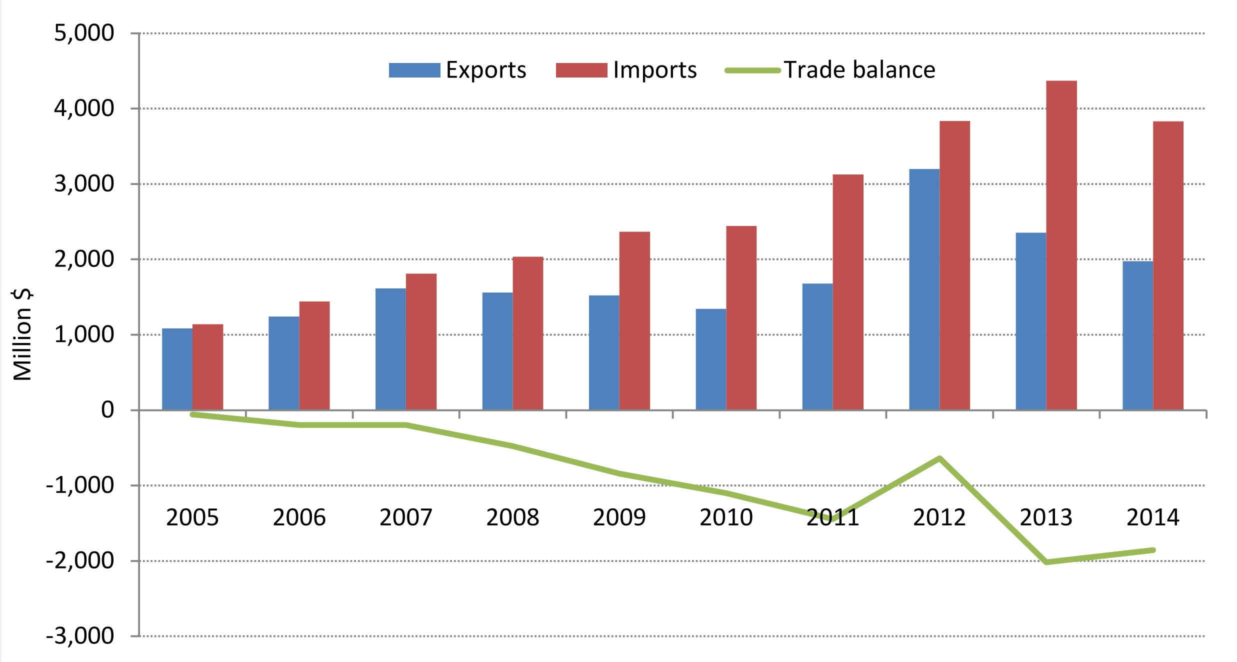
[246] USITC calculations based on data obtained from Ghana Statistical Service, *Revised 2015 Annual Gross Domestic Product,* April 2016 edition, 6.
[247] ILO, ILOSTAT database (accessed May 17, 2017).
[248] Osei-Boateng and Ampratwum, "The Informal Sector in Ghana," October 2011, 9, 13–4; McTernan, "Ghana's Growing Economy Fails to Create Jobs," September 19, 2013; Okudzeto et al., "Ghana 2015," 2015, 2.
[249] Osei-Boateng and Ampratwum, "The Informal Sector in Ghana," October 2011, 9, 13-4; McTernan, "Ghana's Growing Economy Fails to Create Jobs," September 19, 2013.
[250] WTO data on commercial services—which are reported in accordance with International Monetary Fund (IMF) *Balance of Payments and International Investment Position Manual*, 6th ed.—exclude services that are provided to or by government entities and that are not classified elsewhere.
[251] USITC staff calculations based on data obtained from the WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)" (accessed September 14, 2016).

Figure 3.8: Ghanaian commercial services exports, imports, and trade balance, 2005–14



Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016). (See appendix table B.19).

Transport services accounted for the largest share of Ghanaian services imports in every year during 2005–13, with other business services[252] taking the top spot in 2014 (figure 3.10). Overall, other business services' share of total Ghanaian commercial services imports grew from 17.5 percent in 2005 to 42.9 percent in 2014, while transport services' share decreased from 51.0 percent to 42.1 percent.[253]

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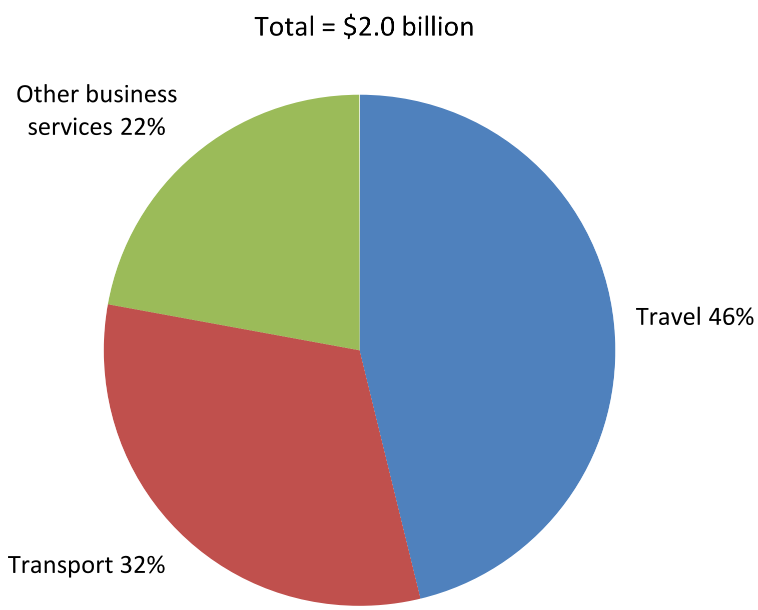
[252] "Other business services" include research and development, professional and management consulting, technical, trade-related, and other business services not included elsewhere.

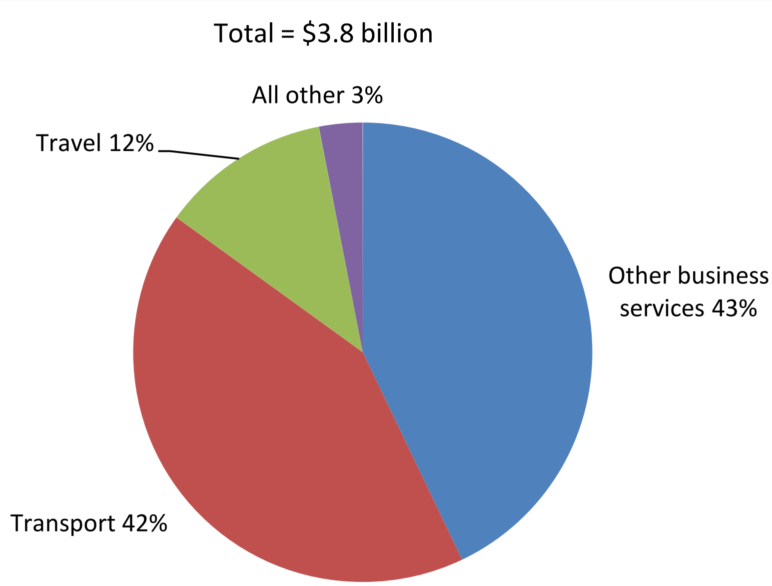
[253] USITC staff calculations based on data obtained from the WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)" (accessed September 14, 2016).

Figure 3.9: Ghanaian commercial services exports, by industry, 2014



Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016). (See appendix table B.20).

Figure 3.10: Ghanaian commercial services imports, by industry, 2014



Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016). (See appendix table B.21).

Ghana posted services trade deficits in every year during 2005–14, which increased at a CAGR of 47.2 percent and totaled $1.9 billion in 2014.[254] Growth in tourism and increasing government support for domestic service inputs in oil and gas operations reportedly may reduce Ghana's services trade deficit as a share of GDP.[255]

Measures Impacting Services Trade

The World Bank STRI suggests that Ghana's services market is relatively open to foreign participation. On a scale of 0 to 100 (where 0 is completely open and 100 is completely closed), Ghana's overall STRI score is 18.4, the second-lowest overall score among all SSA countries included in the index. According to the index, Ghana maintains its most significant measures affecting foreign services provision in the legal services industry. Specifically, foreign lawyers' ability to practice in Ghana is subject to labor market and economic need tests and quotas, and foreign licenses are not automatically recognized. By contrast, Ghana's retail sector was assigned a score of 0, suggesting that the country imposes no restrictions on foreign providers of such services.

The WTO's most recent trade policy review of Ghana identifies a few measures that restrict the participation of foreign providers in that country's services sector. Examples include measures impacting the authorization of foreign professional services suppliers and limitations on purchasing insurance from foreign firms.[256] At the same time, WTO documents indicate that Ghana has made commitments under the General Agreement on Trade in Services (GATS) on a relatively large number of specific services industries, including communication services, construction, education, financial services, tourism, and transport services.[257]

Industry Profiles

Government actions and relative political and economic stability have helped support strong growth and earnings in several Ghanaian services industries. However, in each of these industries, infrastructure weaknesses and other issues hinder business activity and limit their contribution to growth in other sectors.

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[254] USITC staff calculations based on data obtained from the WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)" (accessed September 14, 2016).
[255] WTO, *Trade Policy Review: Report by the Secretariat; Ghana,* April 16, 2014, 89; EIU, *Country Report: Ghana,* February 19, 2015, 8.
[256] WTO, *Trade Policy Review: Report by the Secretariat; Ghana,* April 16, 2014, 91, 100.
[257] WTO, *Trade Policy Review: Report by the Secretariat; Ghana,* April 16, 2014, 89; WTO, "Ghana: Schedule of Specific Commitments," April 15, 1994; WTO, "Ghana: Schedule of Specific Commitments, Supplement 1," April 11, 1997; WTO, "Ghana: Schedule of Specific Commitments, Supplement 2," February 26, 1998.

Banking Services

Ghana's finance and insurance industry grew at an average annual rate of 13.3 percent during 2006–15, and increased as a share of Ghanaian GDP from 2.7 percent to 4.5 percent.[258] As of 2014, participants in Ghana's banking industry included 12 Ghanaian commercial banks, 14 foreign commercial banks, and 133 community and rural banks.[259] New market participants and advancing technology have expanded the services available to Ghana's banking customers. These services include widespread ATM networks, debit cards, credit cards, Internet banking, expanded business hours, and faster check clearing, among others.[260]

During the last 25 years, Ghanaian banking sector reforms have, among other things, lowered interest rates, raised capital requirements, established standard procedures for accounting and reporting, and increased the Bank of Ghana's supervisory abilities. These reforms have led a number of domestic and foreign banks to enter the market, increasing competition in the industry.[261] Developments in training and financial regulation, the growing availability of information and communications technology (ICT) solutions, a skilled workforce, tax incentives for financial sector investors, and a relatively stable business environment have also contributed to the growth of Ghana's banking industry.[262]

Despite these advantages, growth in the banking industry is limited by factors such as a high share of non-performing loans; high interest rates resulting from significant commercial bank lending to the government; and high costs associated with the lack of skilled labor, unionization, and the maintenance of ATMs and branches in remote locations. Banking sector weaknesses also impact other industries, as the high cost of lending and a lack of information on bank customers' credit histories hinder access to credit.[263]

[258] USITC staff calculations based on data obtained from Ghana Statistical Service (GSS), Revised 2015 Annual Gross Domestic Product, April 2016 Edition, 6.
[259] Okudzeto et al., "Ghana 2015," 2015, 9.
[260] CommerceGhana.com, "Investment Opportunities: Banking and Finance," August 25, 2012; Obuobi, "Current Trends in Ghana's Banking Industry," November 2012, 4; Adams and Agbemade, "Financial Liberalization and Banking Sector Performance in Ghana," November 28, 2012, 11600.
[261] CommerceGhana.com, "Investment Opportunities: Banking and Finance," August 25, 2012; Obuobi, "Current Trends in Ghana's Banking Industry," November 2012, 4; Oxford Business Group, "Ghana: Managing Banking Growth," February 29, 2012; Quartey, "Ghana: Banking Reforms Lift Economy," February 8, 2012; Okudzeto et al., "Ghana 2015," 2015, 9; Adams and Agbemade, "Financial Liberalization and Banking Sector Performance in Ghana," November 28, 2012, 11599.
[262] PricewaterhouseCoopers, *Growth Accelerated: Doing Business and Investing in Ghana,* March 2014, 18.
[263] Okudzeto et al., "Ghana 2015," 2015, 9; CommerceGhana.com, "Investment Opportunities: Banking and Finance," August 25, 2012; Oxford Business Group, "Ghana: Managing Banking Growth," February 29, 2012.

Information and Communication Technologies Services

Ghana's information and communication industry grew at a CAGR of 20.1 percent during 2006–15, and increased as a share of total Ghanaian GDP from 2.8 percent to 7.8 percent.[264] Seeing a connection between robust ICT infrastructure and the country's ability to attract investment and foster private sector growth, the Ghanaian government has supported the ICT industry through favorable policies and investment in the sector.[265] For example, the government-established Ghana Investment Fund for Electronic Communications, which is funded through mandatory payments by telecommunications operators, supports ICT investment in rural areas.[266] Ghana's ICT industry also benefits from a substantial number of projects funded by overseas investment, such as the Kofi Annan ICT Centre of Excellence, a project funded by the Indian and Ghanaian governments which aims to develop an ICT workforce; a chain of Internet cafés established by Vodafone Ghana; and a digital center funded by the Rockefeller Foundation, the World Bank, and the Government of Ghana. ICT firms that have invested in Ghana include Affiliated Computer Services, AQ Solutions, Busy Internet, CSC Computer Systems, Data Management International Inc., Global Response, Google, IBM, Rising Data Solutions, and Supra Telecom.[267]

At the same time, weak electricity infrastructure—which depends heavily on an unreliable supply of hydroelectric power—hampers Ghana's ability to attract investment and foster growth in both the ICT sector and the economy as a whole.[268]

Tourism

The hotel and restaurants segment—a component of the tourism industry—grew at an average annual rate of 4.7 percent during 2006–15. However, the segment's share of GDP fell from 5.1 percent to 4.2 percent as other industries grew at a faster rate.[269] Tourism is a key source of foreign exchange, and based on data reported in the WTO's Trade Policy Review, receipts and employment in the sector more than doubled during 2006–13, reaching about $1.9 billion and

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[264] USITC staff calculations based on data obtained from Ghana Statistical Service, *Revised 2015 Annual Gross Domestic Product,* April 2016 edition, 6.
[265] Ghana Investment Promotion Centre, "Infrastructure—ICT," n.d. (accessed March 17, 2015); PricewaterhouseCoopers, *Growth Accelerated: Doing Business and Investing in Ghana,* March 2014, 24.
[266] WTO, *Trade Policy Review: Report by the Secretariat; Ghana,* April 16, 2014, 96.
[267] GhanaWeb, "Investors Still Prefer Ghana," September 5, 2012; Ghana Investment Promotion Centre, "Infrastructure—ICT," n.d. (accessed March 17, 2015); Mamabolo, Matshelane, "Ghana's President Launched US$8.3 Million Digital Centre," ITWeb, November 9, 2016, http://www.itwebafrica.com/m/news/rY17VRa1m7X8 (accessed February 21, 2017).
[268] Wangalwa, "Ghana's ICT Sector Offers Opportunities for Investors," February 12, 2015; USAID, "What Power Africa Means for Ghana," March 5, 2015.
[269] USITC staff calculations based on data obtained from Ghana Statistical Service, *Revised 2015 Annual Gross Domestic Product,* April 2016 edition, 6.

319,000, respectively.[270] The Ghanaian tourism industry benefits from an endowment of natural, cultural, and historic attractions, along with accessibility and government support.[271]

Government plans to spur growth in the tourism industry include, among other things, using public-private partnerships to boost investment in infrastructure, promoting Ghanaian travel to new audiences, and supporting worker training in the tourism industry. Ghana is particularly focused on fostering business travel (such as that associated with hosting international conferences and with the emerging oil industry), ecotourism, cultural tourism, and domestic travel.[272] However, growth in the tourism industry is limited by a lack of trained workers, a shortage of hotel rooms, and inadequate healthcare facilities in some locations.[273] Limitations on tourism growth may, in turn, impact spending on related services and commodities such as construction, ICT services, food, and fuel.

Transportation

Ghana's transport and storage industry grew at an average annual rate of 5.3 percent during 2006–15. Although the industry's share of overall Ghanaian GDP decreased from 13.5 percent to 11.6 percent during the period, the industry remains the largest component of Ghana's service sector.[274] Ghana's transportation industry has benefited from business-friendly policies, a stable political environment, and improved customs procedures and infrastructure.[275] For example, the government has made significant investments in road expansion and repair; the Ghana Ports and Harbours Authority has enhanced port operations through automation and the introduction of electronic and technological improvements to surveillance, security, data interchange, and cargo handling; and significant upgrades are planned for the seaports of Takoradi and Tema and the Kotoka International Airport.[276]

However, Ghana's transportation infrastructure remains underdeveloped. The condition of some roads is poor, and the rural road span is insufficient. The rail network lacks the capacity to

[270] WTO, *Trade Policy Review: Report by the Secretariat; Ghana,* April 16, 2014, 100; Ghana Statistical Service, *Revised Gross Domestic Product 2014,* January 2015, 5.
[271] PricewaterhouseCoopers, *Growth Accelerated: Doing Business and Investing in Ghana,* March 2014, 23.
[272] WTO, *Trade Policy Review: Report by the Secretariat; Ghana,* April 16, 2014, 101; Oxford Business Group, "Ghana Targets Tourism Expansion," June 11, 2014.
[273] Ackuayi et al., "Contribution of the Hospitality and Tourism Sector," 2014, 217.
[274] USITC staff calculations based on data obtained from Ghana Statistical Service, *Revised 2015 Annual Gross Domestic Product,* April 2016 edition, 6.
[275] WTO, *Trade Policy Review: Report by the Secretariat; Ghana,* April 16, 2014, 97, 99; CommerceGhana.com, "Investment Opportunities: Transportation and Warehousing," August 25, 2012; PriceWaterhouseCoopers, "Africa Gearing Up," 2013, 47, 48.
[276] WTO, *Trade Policy Review: Report by the Secretariat; Ghana,* April 16, 2014, 99, 100; PricewaterhouseCoopers, "Africa Gearing Up," 2013, 48; GhanaWeb, "Nigeran Ports Authority Lauds GPHA for Reforms," September 17, 2014; Paintsil, "Ghana's Port Reforms Commended," (accessed March 13, 2015).

carry a large volume of freight, while the country's seaports are congested and beset by inefficient customs clearance processes and high fees.[277] These issues reportedly impact Ghana's development as a regional provider of transportation services and hinder the growth and competiveness of Ghana's tourism, minerals, and manufacturing industries.[278]

Kenya

Kenya is a leading SSA producer and exporter of services. It is a key services provider to all of the countries that make up the East African Community (EAC), which in addition to Kenya includes Burundi, Rwanda, Tanzania, and Uganda. As East Africa's distribution hub, telecommunications axis, and financial center, Kenya has a broad array of well-developed services industries, with an abundance of services suppliers. These factors make Kenya a promising source of increased services exports. The government of Kenya is aiming to spur economic growth by promoting exports of services—including professional services, which are critical for Kenya's economic development and also serve as key inputs for economic growth in East Africa.

Output and Employment

The services sector has been the largest and fastest-growing component of the Kenyan economy in recent years. According to the World Bank, services sector value added was $23.9 billion in 2015, up from $13.6 billion in 2005, and represented roughly half of the country's GDP each year during 2005–15.[279] The Kenya National Bureau of Statistics reports that leading services industries by output in 2013 were distribution (wholesale and retail); transportation and communication; and education (figure 3.11).

Chiefly composed of small and medium-sized enterprises, the services sector also accounted for the largest share of jobs in Kenya. Sector employment was 1.4 million in 2015, which represented 58 percent of total wage employment that year. Leading services by total employment were education (507,700); distribution and repair services (230,700); construction (148,100); and healthcare and social work services (124,000).[280]

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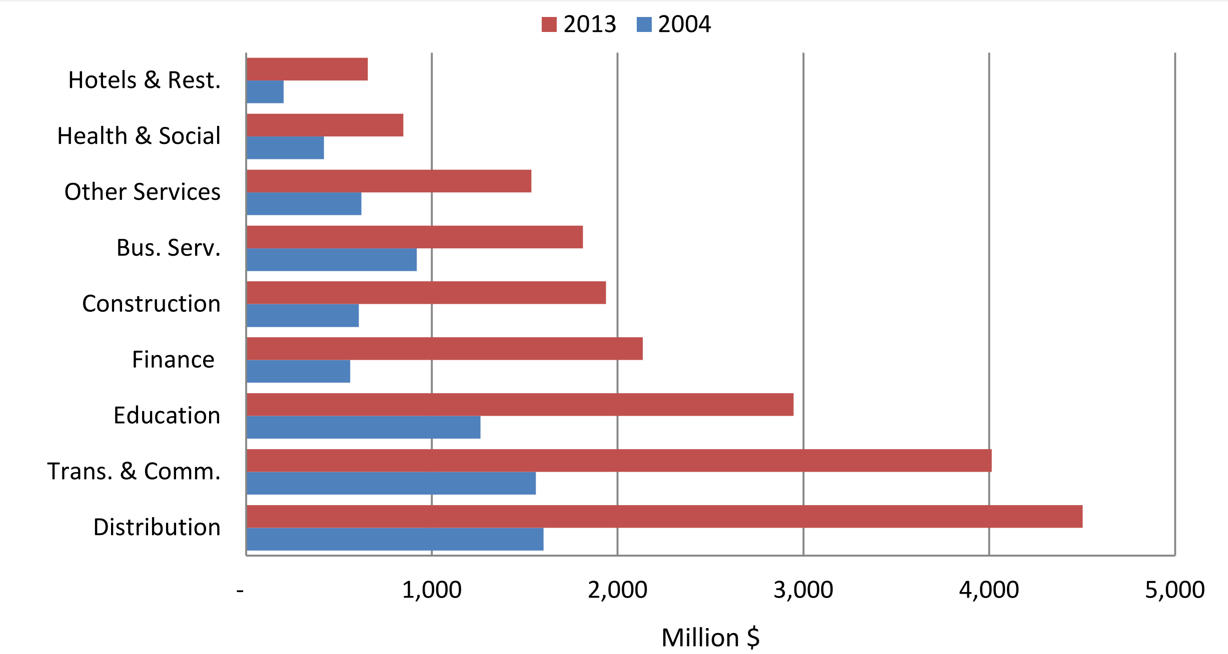
[277] WTO, *Trade Policy Review: Report by the Secretariat; Ghana,* April 16, 2014, 99; PricewaterhouseCoopers, "Africa Gearing Up," 2013, 47, 48.
[278] Okudzeto et al., "Ghana 2015," 2015, 13; PricewaterhouseCoopers, "Africa Gearing Up," 2013, 47; Ackuayi et al., "Contribution of the Hospitality and Tourism Sector,"2014, 217.
[279] World Bank, World Development Indicators database (accessed May 24, 2017).
[280] Note that totals include private sector and public sector employees. Calculated by USITC staff using data from the Kenya National Bureau of Statistics, *Economic Survey, 2016,* 2016, 72, table 4.2, "Wage Employment by Industry and Sector, 2011–2015."

Trade and Investment

Kenya's trade in commercial services has expanded in most years since 2005, and while many SSA countries posted services trade deficits in 2015, Kenya has a large services trade surplus. Kenya's services trade volume was $6.2 billion in 2015, up from $2.5 billion in 2005. Despite decreases in certain years, Kenya's commercial services exports more than doubled during the period to $3.7 billion in 2015, while imports expanded from $970 million to $2.5 billion during 2005–15 (figure 3.12).[281] Services are a significant contributor to Kenya's overall trade, having accounted for 38 percent of the nation's total exports in 2015 (as compared to 31 percent for the United States).

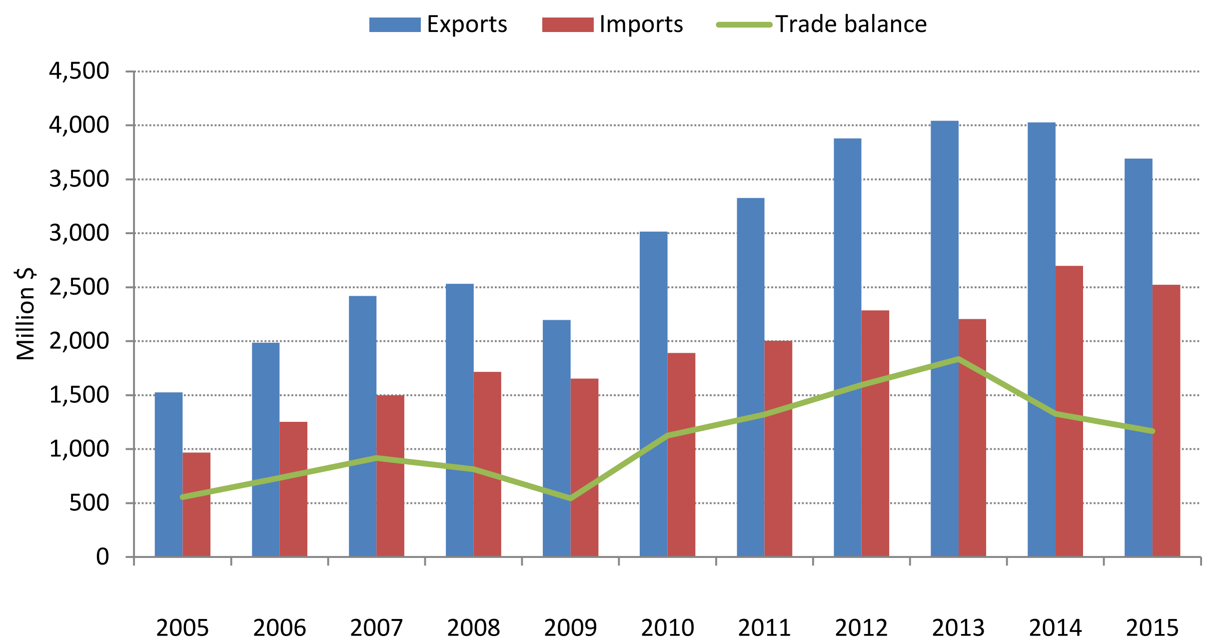
Figure 3.11: Kenyan services output by industry, 2004 and 2013



Source: Kenyan Bureau of Statistics data converted to U.S. dollars. (See appendix table B.22).

[281] WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)" (accessed September 14, 2016).

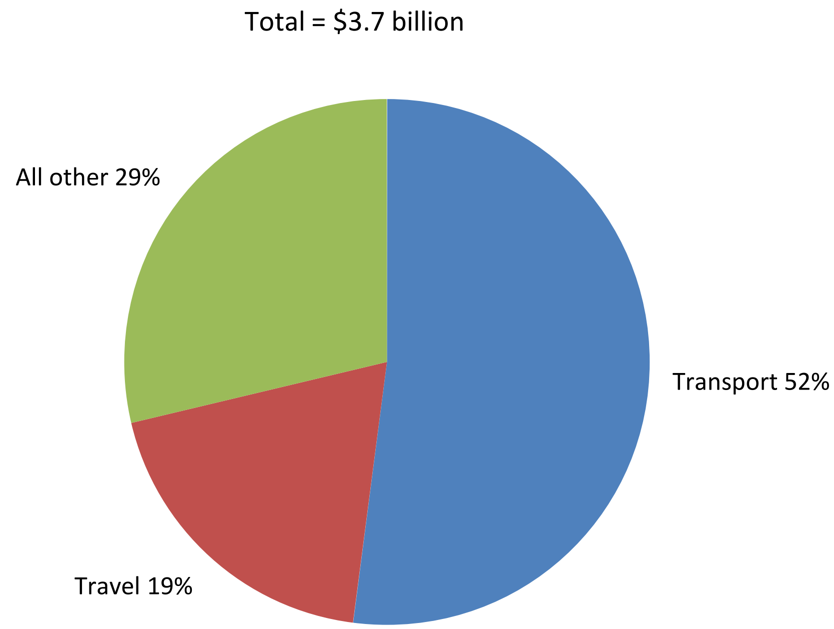
Figure 3.12: Kenyan commercial services exports, imports, and trade balance, 2005–15



Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016). (See appendix table B.23).

Transportation services ($1.9 billion) and travel services ($710 million) together accounted for almost three-quarters of Kenya's services exports in 2015 (figure 3.13). These sectors benefited from increased demand for shipping and distribution services to accommodate expanding East African and international trade, and from increased demand for business and personal travel services, particularly from Asia and the Middle East.

Figure 3.13: Kenyan commercial services exports, by industry, 2015



Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016). (See appendix table B.24).

Kenyan exports of telecommunications services ($651 million) and financial services ($170 million) in 2014 (latest data available) were second only to those of South Africa in SSA, making Kenya a leading developing-country supplier in those sectors.[282] The government is investing nearly $3 billion in ICT to further develop broadband infrastructure and to create ICT parks for exports of services, including high-value business process outsourcing (BPO).[283]

Sectors exhibiting particularly strong export growth were personal, cultural, and recreational services; insurance and pension services; and maintenance and repair services, each increasing at a CAGR of more than 20 percent over 2005–14 (latest data available). Breakdowns of Kenyan services exports by trading partner are unavailable; however, the EAC likely accounts for a very large share of these exports.

Official data on Kenya's foreign direct investment (FDI) in services industries are unavailable; however, anecdotal evidence suggests that Kenya is a leading SSA source of services sector FDI. For example, Kenya's banks are leading investors in the EAC region, with eight of the country's largest financial institutions operating in other East and Central African countries.[284] As a

[282] WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)" (accessed May 28, 2015); UNCTAD, "International Trade in Services," 2013.
[283] Oxford Business Group, "Harnessing ICT for Development in Kenya," March 27, 2014.
[284] CNBC Africa, "Progress of Kenyan Banks' Regional Expansion Strategy," February 12, 2015.

regional services hub, Kenya also is a leading SSA recipient of foreign investment. Key foreign investors in Kenya's banking industry include U.S.-based international financial firms Chase and Citibank. Kenya's strong ICT sector also attracts global providers of ICT services which base regional SSA operations in Kenya, including IBM, Google, Visa, and the world's largest cloud computing firm, Salesforce.[285]

Measures Impacting Services Trade

According to the World Bank's STRI database, Kenya is generally open to foreign services providers, but maintains significant measures affecting the foreign supply of services in certain industries. On a scale of 0 to 100 (with 0 being open without restrictions and 100 being completely closed), Kenya's overall STRI score is 29.5—near the "virtually open" range and more open than the SSA average of 32.0.[286] The country's retail sector is completely open to foreign firms, and its World Bank STRI scores for financial services and telecommunications are largely in the "virtually open" range, suggesting that foreign providers of these services face few restrictions in Kenya. In contrast, Kenya STRI scores are 50 or higher for the accounting, auditing, and legal industries, as there are significant restrictions on the foreign provision of those services. For example, foreign-owned accounting and auditing branches are prohibited; individual foreign providers must be members of certain domestic accountancy organizations and must pass examinations on Kenyan corporate law and the country's tax system.[287] In legal services, attorneys are subject to nationality requirements, and foreign lawyers can only serve as consultants.

Kenya Is the Leading Services Economy in the East African Community

According to the World Bank, Kenya has a comparative advantage in services production vis-à-vis its neighbors, and it exports a higher share of services than other countries with similar levels of development.[288] Kenya has the largest services economy in the EAC, with its services output ($23.9 billion) accounting for 38.2 percent of the EAC total in 2015. Services have been a

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[285] IBM Kenya, https://www.ibm.com/ke-en/; Google in Kenya, https://www.google.com/about/company/facts/locations/; Visa, Wahito, Margaret, "Visa Opens Sub-Saharan Office in Nairobi," Capital Business, June 5, 2012, http://www.capitalfm.co.ke/business/2012/06/visa-opens-sub-saharan-office-in-nairobi/?doing_wp_cron=1487270862.8348701000213623046875.

[286] For a list of the SSA countries evaluated by the World Bank, see World Bank, Services Trade Restrictions database. On a point scale of 0–100, a score of zero = open without restrictions; 25, virtually open; 50, existence of major/nontrivial restrictions; 75, virtually closed; 100, completely closed. Payne, "World Bank Indicators Suggest That Sub-Saharan African Countries Are Open," July 2015.

[287] World Bank, Services Trade Restrictions database (accessed July 22, 2015).

[288] World Bank, "Special Focus: Deepening Kenya's Integration," June 2012.

major component of Kenya's economic growth in recent years. They expanded at a CAGR of 5.8 percent during 2005–15, slightly faster than the overall Kenyan GDP growth rate (5.2 percent) in those years.[289] Kenya also leads the EAC in the number of practicing professionals in certain services sectors, including accounting and legal services.[290]

Kenya Produces a Broad Array of Services

As the distribution and transportation hub for East Africa, over half of Kenya's services output in 2013 was in industries that support logistics services, primarily wholesaling and retailing ($4.5 billion) and transportation and communication services ($4.0 billion). Rising passenger numbers for Kenya Airways and increased air freight volumes in recent years have spurred transportation sector growth. On the shipping side, the port of Mombasa, the fifth largest in Africa, more than doubled its capacity during the last decade.[291]

Kenya's financial services output ($2.1 billion in 2013) saw robust growth during the last decade. Kenya-based banks accounted for over half of East Africa's banks in 2013. Located in both Kenya and neighboring countries, they are a catalyst for EAC financial integration. Kenya also is a global leader in mobile banking—two-thirds of the adult population can access financial services through the mobile banking service M-Pesa, launched by the dominant telecom provider Safaricom.[292] More information on M-Pesa and the Kenyan mobile money market is included in chapter 2 of this report.

Kenya's ICT industry, which was very small in 2004, has developed into a leading economic sector. According to a study by McKinsey Global Institute, the Internet's contribution to Kenya's GDP was nearly 3 percent in 2012, exceeding that in most SSA nations and many other developing countries as well, including China.[293] Kenya currently has some of the highest mobile and Internet penetration rates in SSA. The country's rate of 68.4 percent in 2016 is more than double the rate for all of Africa (28.6 percent) and significantly above the global average (46.4 percent).[294]

Kenya's education services sector ($2.9 billion in 2013), which is dominated by public sector providers, supplies the economy with an abundance of highly skilled services professionals. For

[289] World Bank, World Development Indicators database (accessed May 24, 2017).
[290] World Bank, "Special Focus: Deepening Kenya's Integration," June 2012.
[291] World Port Source, "Port of Mombasa," n.d. (accessed May 10, 2015).
[292] *Economist*, "Why Does Kenya Lead the World in Mobile Money?" May 27, 2013.
[293] McKinsey Global Institute, *Lions Go Digital*, November 2013.
[294] Internet World Stats, "Usage and Population Statistics," (accessed September 29, 2016).

example, nearly two-thirds of the EAC's accountants are Kenyan, as is a sizable share of its architects, engineers, and attorneys, among other professionals.[295]

Business and Professional Services—Including Accounting, Architectural, Engineering, Legal, and Business Process Outsourcing—Is a Particularly Strong Emergent Sector in Kenya

Kenya is the leading supplier of diverse business and professional services to East Africa. Leading exports to East African countries include both accounting and engineering and architectural services, while the UK and the United States are emerging markets for BPO. Kenya enjoys competitive advantages in the perceived high quality of its professional services and their lower costs relative to developed-country providers.[296] Kenya also has a number of world-class professional services firms that produce high-value services such as accounting, tax services, consulting, and legal services.

To promote exports of professional and business services, the government and its EAC partners are concluding mutual recognition agreements (MRAs) that harmonize standards for academic and professional qualifications. Recent MRAs for accounting credentials (signed in 2011) and professional engineering certifications (2012) have led to increased Kenyan exports. Kenya's Export Promotion Council also is promoting professional services by providing market information and workshops to help government officials, trade associations, and private firms take advantage of export opportunities.[297]

Mauritius

The services sector is the dominant component of the Mauritian economy, having grown to account for almost three-quarters of the country's output in 2014. Several factors have contributed to the recent growth of the Mauritian services sector, including government efforts to promote economic diversification, a favorable business climate, and solid infrastructure.

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[295] Dihel, "Can Kenya Become a Global Exporter of Business Services?" December 2011.
[296] Ibid.
[297] Kenyan Export Promotion Council, "Our Mandate," http://epckenya.org/index.php?option=com_content&task=view&id=18&Itemid=38 (accessed July 7, 2016).

Output and Employment

The services sector is the largest and most rapidly growing component of the Mauritian economy. The Mauritian services sector grew at a CAGR of 5.5 percent during 2005–15, with the services share of the country's gross domestic product (GDP) growing from 66.4 percent in 2005 to 74.8 percent in 2015.[298] This was significantly higher than the services share of SSA GDP in 2015 (58.0 percent), higher than the services share of global GDP in 2014 (68.5 percent, latest available), and similar to the services share of GDP among high-income economies in 2014 (74.0 percent, latest available).[299] According to Statistics Mauritius, services industries that accounted for large shares of Mauritian gross value added (GVA) in 2015 included finance and insurance (12.0 percent) and wholesale and retail trade (11.3 percent).[300]

The services sector employs the majority of Mauritius's workers and has experienced relatively rapid job growth in recent years. In 2015, Mauritius's services sector employed about 361,000 workers and accounted for 67.1 percent of total employment in the country. During 2005–15, employment in Mauritius's services sector grew at a CAGR of 2.5 percent, while employment in the industry and agriculture sectors fell at CAGRs of 1.5 and 1.8 percent, respectively.[301]

Trade and Investment

While Mauritius's contribution to world services trade is small—having accounted for only 0.06 percent of world commercial services exports in 2014—the country has experienced strong services trade growth and posted consistent surpluses in recent years. The value of the Mauritian services trade surplus fluctuated during 2005–14, posting an overall growth rate of 6.0 percent. However, Mauritius's services surplus grew by 17.4 percent from $591 million to $693 million during 2013–14, as exports in several services industries—including financial services, computer services, construction, and personal, cultural, and recreational services—increased by over 30 percent that year (figure 3.14).

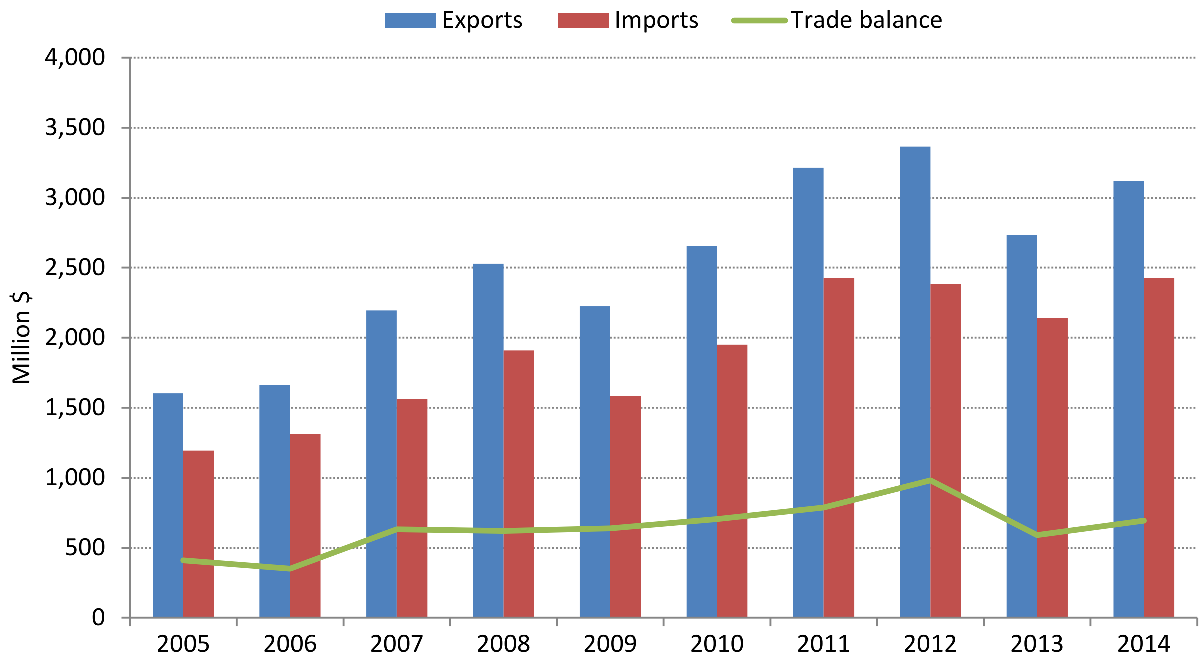
[298] By comparison, Mauritius's agriculture and industry sectors grew at CAGRs of 3.3 percent and 2.3 percent, respectively, during 2005–15. As shares of Mauritian GDP, agriculture fell from 6.0 percent in 2005 to 3.5 percent in 2015, while industry fell from 27.6 percent to 21.7 percent.

[299] World Bank, World Development Indicators databank (accessed July 15 and 21, 2015, and November 17, 2016). The World Bank classifies Mauritius as an upper-middle-income economy.

[300] Statistics Mauritius, *National Accounts Estimates (2013–2016)*, June 2016, 19. Statistics Mauritius revised its estimates and forecasts of gross value added for the years 2013–16, so it is not possible to calculate the growth rates in gross value added for individual Mauritian services industries for a significant span of years.

[301] USITC staff calculations based on ILO, ILOSTAT database (accessed May 17, 2017). The ILO publishes data on Mauritian employment based on three different sources. Data based on the Labour Force Survey is presented here, as it is available for the entire 2005-15 period, while data based on official estimates are available only through 2008, and data based on the Population Census are only available for 2011.

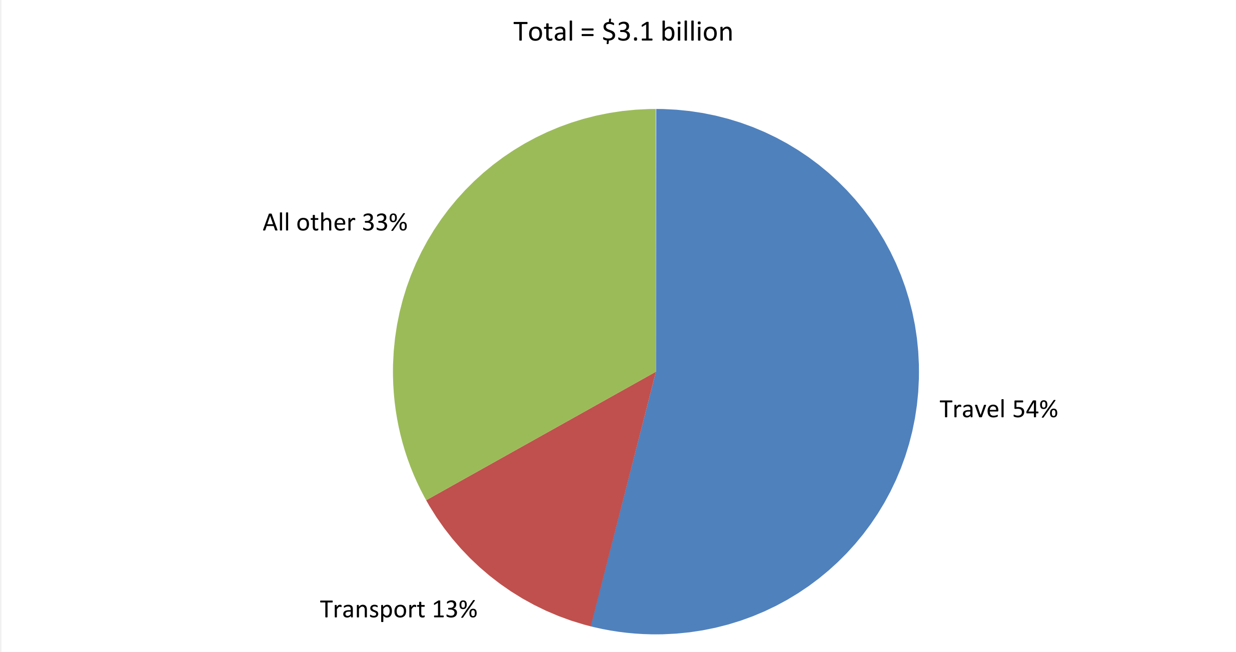
Figure 3.14: Mauritian commercial services exports, imports, and trade balance, 2005–14



Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016). (See appendix table B.25).

During 2005–14, Mauritian commercial services exports increased at a CAGR of 7.7 percent from $1.6 billion to $3.1 billion. Mauritian exports of intellectual property, insurance and pension services, and personal, cultural, and recreational services rose particularly rapidly, growing at CAGRs of 63.8 percent, 33.7 percent, and 30.6 percent, respectively, during that time. However, travel is the largest contributor to Mauritian commercial services exports by a wide margin, having accounted for 46.4 percent of such exports in 2014 (figure 3.15).

Figure 3.15: Mauritius's services exports, by industry, 2014

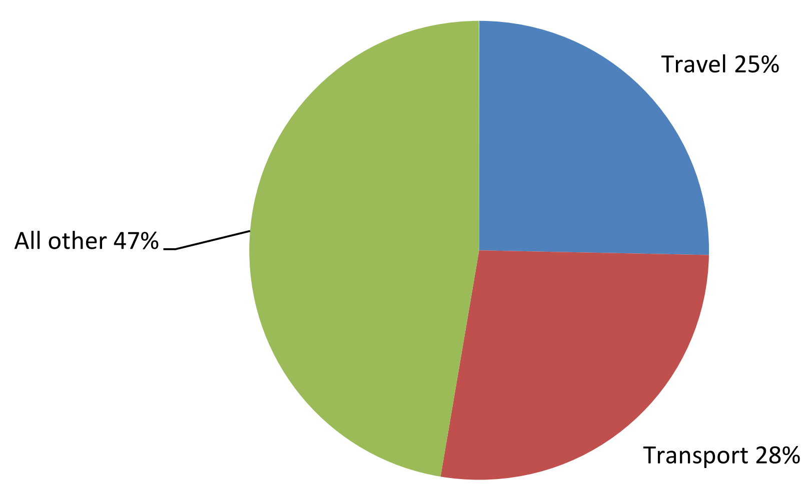


Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016). (See appendix table B.26).

Mauritian imports of commercial services grew at a CAGR of 8.2 percent during 2005–14, slightly faster than exports. Financial services was the fastest-growing segment of Mauritius's services imports by a wide margin, having increased at a CAGR of 41.1 percent during the period.[302] Among those industries for which disaggregated data are available, transport services accounted for the largest share (25.0 percent) of Mauritius's commercial services imports in 2014, followed by travel services (19.8 percent) (figure 3.16).[303]

[302] However, Mauritian imports of financial services decreased in both 2013 and 2014.
[303] "All other" services accounted for 39.8 percent of Mauritian commercial services imports in 2014.

Figure 3.16: Mauritius's commercial services imports, by industry, 2014



Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016). (See appendix table B.27).

While disaggregated data on Mauritius's inbound and outbound FDI in services industries are unavailable, anecdotal evidence suggests that a number of foreign firms have established offices in Mauritius. However, as many foreign-owned firms in Mauritius are holding companies,[304] the extent of foreign firms' presence and participation in the Mauritian market is unclear. Mauritian firms also provide services through overseas affiliates. For example, several Mauritius-based banks such as the Bank of Baroda, Mauritius Commercial Bank Ltd., and SMB Bank (Mauritius) Ltd. have established offices abroad.[305]

Measures Impacting Services Trade

The World Bank STRI suggests that Mauritius's services trade regime is largely open to foreign participation. On a scale of 0 to 100 (where 0 is completely open and 100 is completely closed), Mauritius's overall STRI score is 16.9, lower than the overall scores of all other SSA countries

[304] Bureau van Dijk, Orbis database (accessed July 20, 2015).
[305] The Bank of Baroda maintains affiliates in SSA, Asia, the UK, Fiji, and Venezuela; Mauritius Commercial Bank has affiliates in Maldives, Madagascar, Mozambique, and Seychelles; and SMB Bank (Mauritius), Ltd., maintains a presence in India and Madagascar. Bank of Baroda, "Overseas Offices and Corporate Branches," webpage, http://www.bankofbaroda-mu.com/overseas-offices/ (accessed July 21, 2015); Mauritius Commercial Bank Ltd., website, http://www.mcb.mu/en/ (accessed July 21, 2015); SMB Bank (Mauritius) Ltd., "Global Presence," webpage, https://www.sbmgroup.mu/L1.php?suf1=gp&lang=en (accessed July 21, 2015).

included in the index. According to the index, Mauritius maintains its most significant measures affecting the foreign provision of services in the professional services sector, particularly in legal services. Among other restrictions, Mauritius allows foreign firms to supply domestic legal advice and representation in Mauritian courts only through joint ventures with local firms, and effectively bars foreign lawyers from providing these services. Conversely, the Mauritian telecommunications and retail sectors were both assigned a score of 0, suggesting that these sectors are completely open to foreign participation.

Mauritius maintains few measures that specifically apply to foreign services providers' market entry or operations in Mauritius, confirming the country's openness to services sector trade and investment. These measures include provisions barring foreign-based insurers from insuring assets in Mauritius,[306] and a requirement obliging all insurers to reinsure a certain share of risks with Africa Reinsurance Corporation. Further, the government of Mauritius maintains full or part ownership of market participants in several services industries, including three banks and the Development Bank of Mauritius, Mauritius Telecom, Air Mauritius, and several hotels.[307]

A Favorable Business Environment and Business-Friendly Regulations Have Contributed to the Growth of Mauritius's Services Sector

Due to the gradual elimination of the trade preferences that the country had received under programs such as the European Union Sugar Protocol and the Multifibre Arrangement, the Mauritian government launched a program of reforms in 2005. The program aimed to increase foreign investment and economic growth by simplifying business procedures, bettering investment conditions, and increasing economic openness. The Business Facilitation Act of 2006 is particularly notable for having liberalized the overall business climate in Mauritius. Among other things, the act streamlined the licensing of new businesses, cutting the time between incorporation and operation to three days.[308] It also liberalized the provisions regarding the entry and stay of foreign professionals in the country.

Revenues from the sugar and textile industries contributed to the country's efforts to promote economic diversification and the development of the country's services sector.[309] Mauritius also aims to accelerate overall economic growth by expanding its involvement in global value

[306] Export credit insurance was exempted from this prohibition beginning in 2013.
[307] WTO, *Trade Policy Review: Report by the Secretariat; Mauritius, Revision*, January 30, 2015, 79–91.
[308] U.S. Department of State, "2013 Investment Climate Statement: Mauritius," March 2013; IMF, *Regional Economic Outlook: Sub-Saharan Africa*, 2008, 47.
[309] Zafar, "Mauritius: An Economic Success Story," 2011, 91–3.

chains, an effort facilitated by Mauritius's geographic location and its ties to economies in Africa, Asia, and Europe. A number of Mauritian services industries—including the information technology and business support services industries—contribute to global value chains, and Mauritian firms' participation in them has spurred technological improvements and prompted increases in research and development, design, and other value-creating activities in the country.[310]

Mauritius's efforts to encourage the diversification and growth of business on the island is reflected in its relatively high ranking on the Heritage Foundation/Wall Street Journal 2017 Index of Economic Freedom (21st of 180 economies). It also ranks in the top third of countries on the World Bank's 2016 Ease of Doing Business index (49th of 190) and the World Economic Forum's 2016–17 Global Competitiveness Index (45th of 138). Mauritius is the highest-ranked SSA country on all three indexes.[311]

Trends in Selected Mauritian Service Industries

Finance and Insurance Services

The finance and insurance industry is a large and relatively fast-growing segment of the Mauritian economy. The industry accounted for 12.0 percent of total Mauritian GVA in 2015, having grown at an annual average rate of 6.6 percent during 2013–15 (as compared to 5.1 percent growth for overall Mauritian GVA).[312]

The emergence of Mauritius as a global financial services center may be attributed to a well-capitalized banking system;[313] an effective telecommunications infrastructure; qualified local workers; adherence to rule of law;[314] and significant legislative reform that has facilitated domestic and foreign participation in Mauritius's economy as a whole, and in its financial services sector in particular. A number of laws and government initiatives have encouraged

[310] Phiri and Kannan, "Mauritius 2014," 12–14 (accessed July 9, 2014).
[311] World Bank, " Doing Business: Economy Rankings" (accessed February 16, 2017); World Economic Forum, *The Global Competitiveness Report 2016–17*, xiii (accessed February 16, 2017); Heritage Foundation, "2017 Index of Economic Freedom" (accessed February 16, 2016).
[312] USITC staff calculations based on Statistics Mauritius. National Accounts Estimates (2013–2016), June 2016.
[313] AfDB, *African Economic Outlook 2013*, 2013; World Economic Forum, *The Global Competitiveness Report 2013–2014*, 2013, 505–6.
[314] HSBC/Deloitte, *Mauritius: A Guide to Global Business,* 2nd ed., February 2009 (updated November 2010), 3; USDOC, *Doing Business in Mauritius: 2013 Country Commercial Guide for U.S. Companies*. March 2013.

growth in the Mauritian financial services sector.[315] As an example, both the Financial Services Act of 2007 and the Securities Amendment Act of 2007 streamlined the licensing of services suppliers in the industry.

Mauritius's favorable tax regime also makes it an attractive business location for foreign financial services firms. Mauritius has established double taxation treaties[316] with 39 developed and developing countries, including India.[317] Notably, about 40 percent of India's inbound FDI is channeled through Mauritius,[318] likely due to the tax agreement between the two countries.[319]

Information and Communications Technology (ICT)

The ICT industry accounted for 5.6 percent of Mauritian GVA in 2015, having grown at an average annual rate of 5.8 percent during 2013–15.[320] Estimates of employment and firm participation in the Mauritian ICT industry during 2012–13 vary widely: estimates of the number of ICT firms working in Mauritius range from 136 to about 600, and employment estimates range from approximately 13,000 to 18,000 workers.[321] Large ICT firms with a presence in Mauritius include HP, Infosys, Microsoft, and Oracle, among others.[322]

Growth in the Mauritian ICT industry is due, in part, to the liberalization and subsequent growth of the country's telecommunications sector, Mauritius's linkage to a critical submarine cable connecting Asia and Europe, and government efforts to encourage ICT development through regulatory reform, international cooperation, and strategic planning.[323] Among these efforts

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[315] These include the establishment of the Global Business Sector (the country's offshore financial jurisdiction) in 1992; the Business Facilitation Act of 2006; the Banking Act of 2004 and its 2007 amendments; the Insurance Act of 2005 and Insurance Amendment Act of 2007; the Financial Services Act of 2007; and the Securities Amendment Act of 2007. HSBC/Deloitte, *Mauritius: A Guide to Global Business,* 2nd ed., February 2009 (updated November 2010), 5; USDOC, *Doing Business in Mauritius: 2013 Country Commercial Guide for U.S. Companies,* March 2013; WTO, *Trade Policy Review: Report by the Secretariat; Mauritius, Revision*, June 11, 2008, 99, 101; Afrasia, "Banking in Mauritius—The Global Business Perspective" (accessed April 25, 2014); Moller, "Mauritius is Tightening Up Its Financial Regulation," November 5, 2007.

[316] In a double taxation treaty, parties agree that income earned in, and taxed by, another party will not be re-taxed upon repatriation. Business Dictionary, "Double Taxation Treaty," http://www.businessdictionary.com/definition/double-taxation-treaty.html (accessed March 7, 2017).

[317] Mauritius Revenue Authority, *Double Taxation Agreements* (accessed April 24, 2014).

[318] Mendelson, "The Bermuda of the Indian Ocean?" June 28, 2012.

[319] Ibid.

[320] USITC staff calculations based on Statistics Mauritius. National Accounts Estimates (2013–2016), June 2016.

[321] Bignoux, "Mauritius ICT Sector Maintains Rapid Growth," August 30, 2013; Mauritius ICT Export Portal, "ICT Industry in Mauritius" (accessed January 31, 2017); De St Antoine, "Mauritians on the Move American Style," (accessed July 15, 2014); Orange Mauritius Telecom, "The ICT/BPO Industry Maintains Its Growth Trajectory," January 10, 2013; WTO, *Trade Policy Review: Report by the Secretariat; Mauritius, Revision*, January 30, 2015, 84.

[322] Mauritius ICT Export Portal, "ICT Industry in Mauritius" (accessed January 31, 2017).

[323] Mauritius ICT Export Portal, "ICT Industry in Mauritius" (accessed January 31, 2017); De St Antoine, "Mauritians on the Move American Style" (accessed July 15, 2014).

are a program to educate and place workers in the ICT industry; amendments to Mauritius's ICT Act that foster competition and streamline tariff application procedures; and a 2012 agreement with the United States establishing nonbinding principles on transparency, open networks, foreign ownership, and other issues affecting ICT services trade.[324]

Medical Tourism

The number of foreign patients receiving medical treatment in Mauritius increased from about 1,000 in 2005 to about 15,000 in 2011.[325] Overall, human health and social work activities accounted for 4.3 percent of Mauritian GVA in 2015, having grown at an average annual rate of 8.5 percent during 2013–15.[326] The Mauritian government has fostered the development of the medical tourism industry by encouraging improvements in medical education, establishing a favorable legal framework for medical services providers, and exempting cosmetic and plastic surgery from the national value-added tax (VAT). Also, Mauritius's natural beauty, pleasant climate, and welcoming population may draw potential patients.[327]

Nigeria

Nigeria has benefited from several years of robust economic growth, averaging 7 percent per year in real terms from 2005 to 2014.[328] However, Nigeria currently faces a number of problems, including falling oil prices, currency volatility, heightened civil tensions, lingering corruption, and deteriorating and/or inadequate infrastructure, among others. As a result, Nigeria's economic outlook is mixed.[329] The Nigerian services sector has shown impressive gains amid tough economic circumstances, spearheaded by a number of services industries—retail and wholesale trade, telecommunications and information services, banking, and motion pictures and sound recording (called "Nollywood").[330] Spurred by favorable government policies and increased foreign investment, growth in these industries has helped to diversify Nigeria's economy.[331]

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[324] Orange Mauritius Telecom, "The ICT/BPO Industry Maintains Its Growth Trajectory," January 10, 2013; WTO, *Trade Policy Review: Report by the Secretariat; Mauritius, Revision*, January 30, 2015, 84-85.
[325] *abaxservices.com*, "Medical Tourism: A Mauritius Perspective," September 2012.
[326] USITC staff calculations based on Statistics Mauritius. National Accounts Estimates (2013–2016), June 2016.
[327] "Medical Tourism: A Mauritius Perspective," *ABAX*, September 2012, http://focus.abaxservices.com/2012/09/30/medical-tourism-a-mauritius-perspective/, accessed November 22, 2016.
[328] AfDB, *African Economic Outlook: Nigeria 2015*, 2015, 2.
[329] AfDB, *African Economic Outlook: Nigeria 2015*, 2015, 2–5; Oxford Business Group, *The Report: Nigeria 2015*, 2015, 22–23.
[330] For more information on the Nigerian motion picture industry, see the case study on Nollywood at the end of this section.
[331] AfDB, *African Economic Outlook: Nigeria 2015*, 2015, 2–5; Donnelly, "Oil, Gas Play Second Fiddle," April 7, 2014.

Estimates of the Services Sector's Share of Nigerian Output Have Increased Following the 2014 Rebasing[332]

Services accounted for 58.8 percent of Nigeria's rebased gross domestic product (GDP) in 2015, up from 54.8 percent in 2014 and almost double the 28.7 percent recorded in 2009 (the last year for which rebasing was not calculated).[333] The country's economy has traditionally been dominated by oil and gas production, but the rebasing revealed major growth in the services sector—including in Nigeria's motion picture and sound recording industry, telecommunications, and in the informal economy (which was previously unaccounted for in official statistics).[334] Services industries that accounted for large shares of Nigerian GDP in 2014 include wholesale and retail trade (19.2 percent), real estate (8.7 percent), telecommunications and information services (8.7 percent), and professional, scientific, and technical services (4.2 percent) (figure 3.17).[335]

Data on Nigerian services sector employment are available only for certain years, and are based on different sources. In 2010, the year for which the latest data are available, services employment stood at 26.8 million and accounted for 55.3 percent of total Nigerian employment, higher than agriculture (14.8 million, or 30.6 percent) and industry (6.9 million, or 14.2 percent).[336] It is possible that recent growth in the Nigerian services sector has also led to an increase in the country's services employment.

In 2015, Nigeria exported about $2.7 billion in commercial services, while importing about $18.8 billion, incurring a total services trade deficit of nearly $16.1 billion (figure 3.18). Transportation services accounted for the largest shares of Nigerian exports and imports of commercial services in 2015, likely due to the oil and gas sector's reliance on such services

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[332] In April 2014, Nigeria's National Bureau of Statistics rebased its GDP calculation to the year 2010. Standard IMF practice is to update GDP numbers every five years to account for changes in pricing patterns and the structure of an economy, but Nigeria's GDP numbers had not been updated since 1990. Due to this change, Nigeria became ranked as the largest economy in SSA, surpassing South Africa. Oxford Business Group, *The Report: Nigeria 2015*, 2015, 33; Friedman, "How Nigeria Became Africa's Largest Economy Overnight," April 4, 2014; *Economist* (blog), "How Nigeria's Economy Grew by 89% Overnight," April 7, 2014.

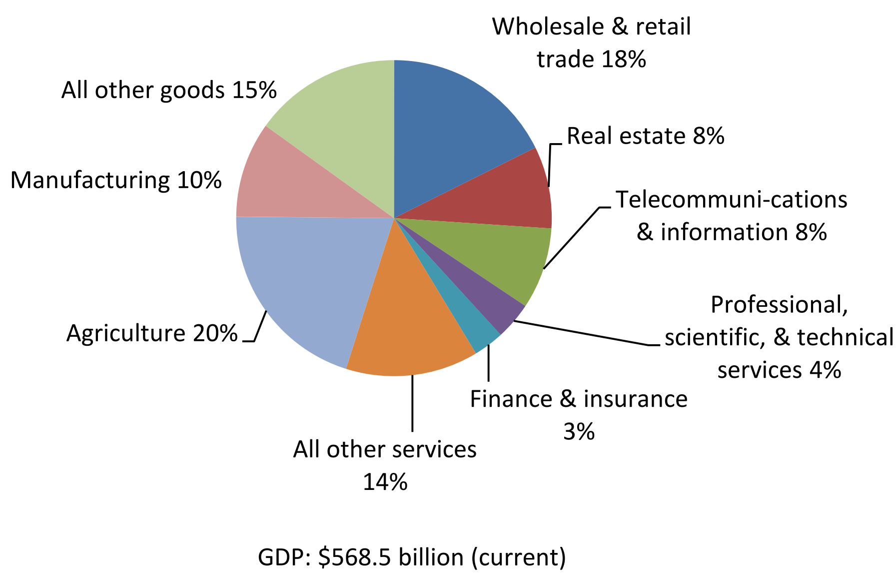
[333] World Bank, *World Development Indicators, Nigeria*, 2016.

[334] Donnelly, "Oil, Gas Play Second Fiddle to Nigeria's Services Sector," April 7, 2014.

[335] Government of Nigeria, National Bureau of Statistics, *Nigerian Gross Domestic Product Report*, Quarter Two, 2016.

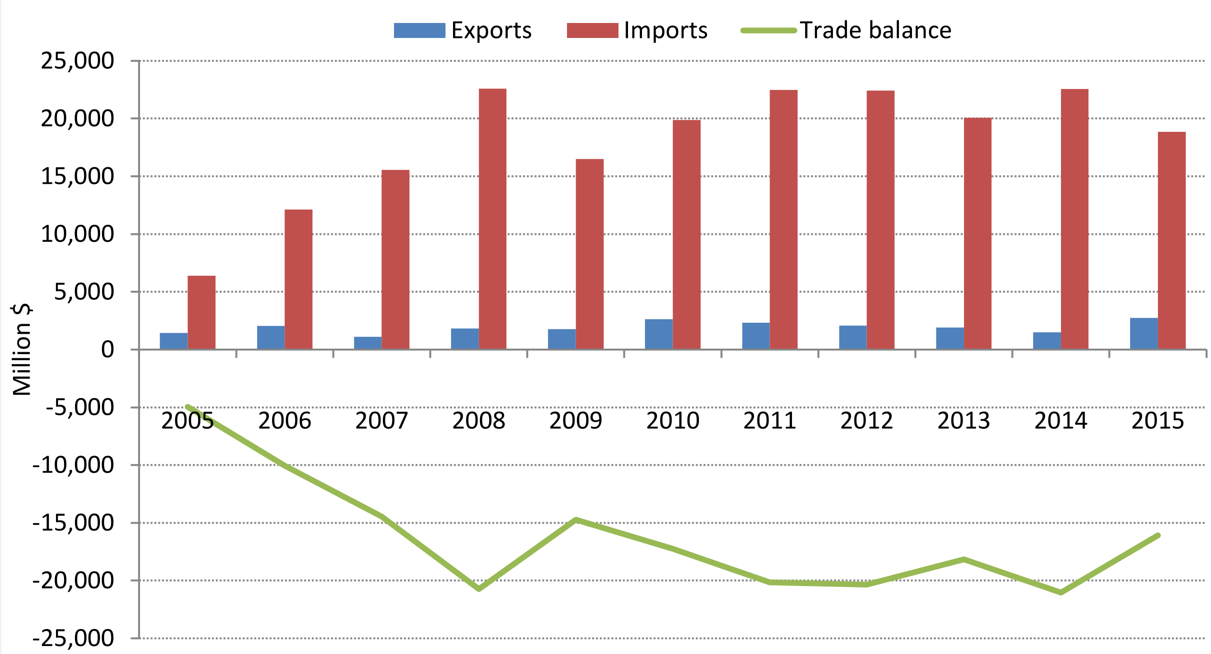
[336] ILO, ILOSTAT database (May 17, 2017). The ILO publishes data on Nigerian employment based on two sources: the Labour Force Survey (for the years 2007 and 2010) and official estimates (for the years 2005–09). This report presents data from the Labour Force Survey as it is the most recent.

Figure 3.17: Nigerian GDP by industry, 2014



Source: Government of Nigeria, National Bureau of Statistics, http://www.nigerianstat.gov.ng/report/281 (accessed August 1, 2016); World Bank, WDI, http://data.worldbank.org/data-catalog/world-development-indicators (accessed July 21, 2016). (See appendix table B.28).

Figure 3.18: Nigerian commercial services exports, imports, and trade balance, 2005–15

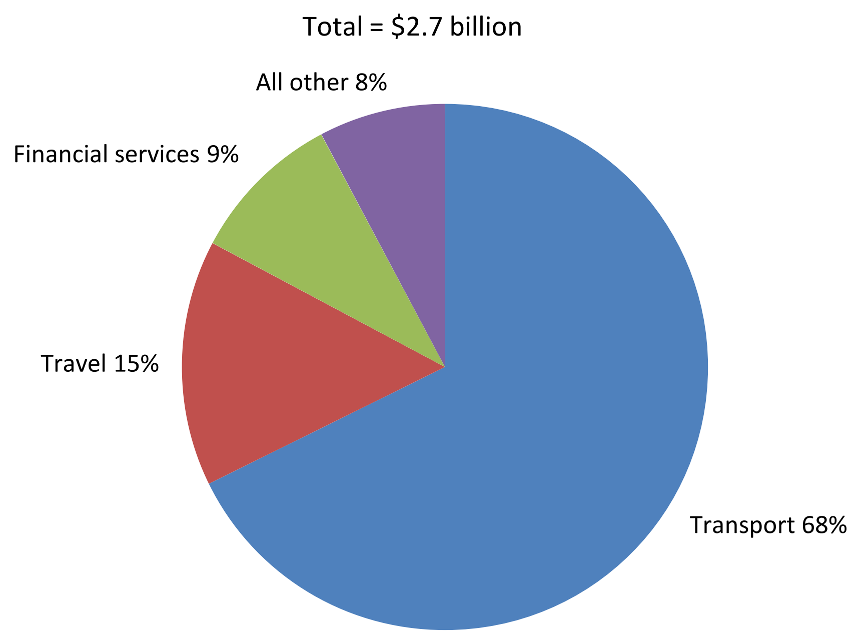


Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016). (See appendix table B.29).

(figures 3.19 and 3.20).[337] Oil and gas accounted for the majority of Nigeria's total exports (about 74.4 percent), in 2014 and was the government's primary revenue source (75–80 percent).[338]

According to the World Bank, Nigeria's overall STRI score is 27.1 (where 0 is completely open and 100 is completely closed), ranking it near the most open services markets of the 23 SSA countries included in the database. [339] Most SSA countries received an overall STRI score of 38 or less.[340]

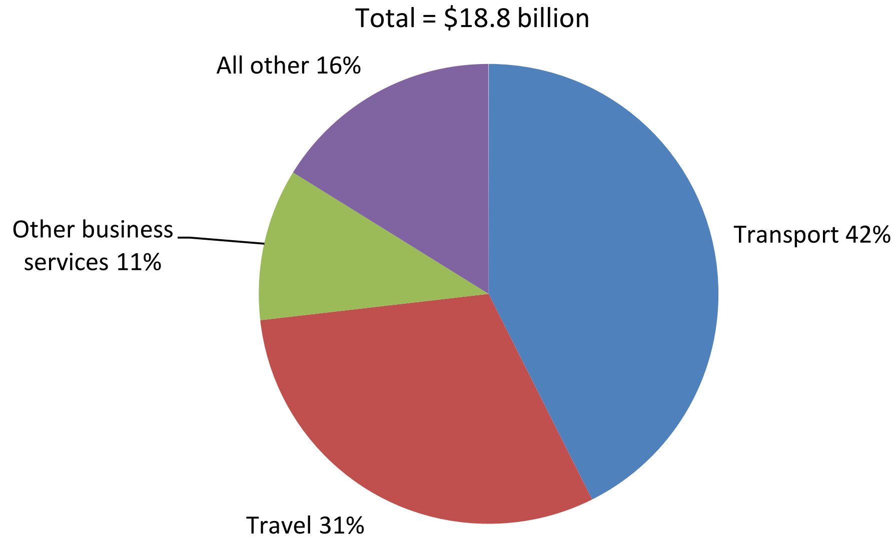
Figure 3.19: Nigerian commercial services exports, by industry, 2015



Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016). (See appendix table B.30).

[337] WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)" (accessed September 14, 2016).
[338] Oxford Business Group, *The Report: Nigeria 2015*, 2015, 22.
[339] STRI scores compiled by the World Bank range from 1 (most open) to 100 (least open).
[340] World Bank, Services Trade Restrictions Database (accessed July 28, 2016). For additional information, see the USITC's July 2015 Executive Briefing on Trade, "World Bank Indicators Suggest That Sub-Saharan African Countries Are Open to Services Trade."

Figure 3.20: Nigerian commercial services imports, by industry, 2015



Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016). (See appendix table B.31).

Focus on Reform Has Attracted Increased Foreign Direct Investment

As part of its 2011–15 Transformation Agenda, the Nigerian government addressed chronic infrastructure constraints that have inhibited private sector growth.[341] The government sought to grow the stock of core infrastructure (e.g., roads, rail, ports) from around 35–40 percent of GDP in 2013 to 70 percent of GDP by 2043. According to the agenda, funding for this effort (about $2.9 trillion over the next 30 years) will come from both federal budget increases and expanded public-private partnerships.[342] Examples of partnerships already launched include the Lagos Rail Mass Transit system, the Second Niger Bridge, and the Abuja-Kaduna rail modernization, all of which are being co-financed by China's Export-Import Bank (China Eximbank).[343]

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[341] Nigeria is ranked 133rd of 140 countries in terms of infrastructure in the World Economic Forum's "Global Competitiveness Report 2015–16" and 169th out of 183 economies in the World Bank's 2016 "Ease of Doing Business" index. Oxford Business Group, *The Report: Nigeria 2015*, 2015, 22–23; World Economic Forum, *Global Competitiveness Report 2015–16,* n.d. (accessed July 1, 2016); World Bank, *Doing Business Index*, 2016.
[342] Oxford Business Group, *The Report: Nigeria 2015*, 2015, 23.
[343] Ibid.

In addition, with hopes of expanding generation capacity, Nigeria has also initiated one of world's most extensive privatization efforts in the power sector, requiring about $50 billion of investment by 2019.[344] Due to these ambitious reform efforts and its extensive consumer base (valued at $388 billion in 2013),[345] Nigeria has become the continent's largest recipient of FDI, with total inflows valued at $7.1 billion in 2012 (latest year available).[346] The Nigerian services sector has been a driving force behind this growth, accounting for about half of all new inbound projects since 2009.[347]

Nigerian Services Industries Are Expected to Drive Future Growth

Retail and Wholesale Trade

Formal retailing is still nascent in Nigeria, accounting for roughly 5 percent of the entire market. Informal markets remain the primary outlets for most products in West Africa, generally geared toward lower-income segments.[348] Moreover, local middlemen and petty traders comprise about 40 percent of the wholesale market.[349] Nonetheless, Nigeria's large population (170 million people and growing) and relatively high household income (it is estimated that 35 million households will earn over $7,500 per year by 2030) explains the growing foreign interest in Nigerian retail and wholesale trade.[350] According to A.T. Kearney's 2015 African Retail Development Index, Nigeria is the fourth most attractive investment market for retailers in SSA, largely based on its volume of consumers and growing middle class.[351]

Retail and wholesale trade accounted for about 17.4 percent of Nigeria's GDP in 2014 and increased by an average annual rate of 7.7 percent between 2010 and 2013.[352] Nigeria has attracted a wide range of foreign investors, including Shoprite, a South African supermarket chain (the continent's largest), as well as U.S.-based KFC, which arrived in 2009. Nigeria has also

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[344] This will entail selling successor generation and distribution companies to private, primarily domestic investors, while retaining state control of grid transmission. Oxford Business Group, *The Report: Nigeria 2015*, 2015, 23.
[345] McKinsey Global Institute, *Nigeria's Renewal: Delivering Inclusive Growth*, July 2014, 10, 40.
[346] McKinsey Global Institute, *Nigeria's Renewal: Delivering Inclusive Growth*, July 2014, 11; AfDB, *Tracking Africa's Progress in Figures*, 2014, 41.
[347] McKinsey Global Institute, *Nigeria's Renewal: Delivering Inclusive Growth*, July 2014, 39; Oxford Business Group, *The Report: Nigeria 2015*, 2015, 23.
[348] Oxford Business Group, *The Report: Nigeria 2015*, 2015, 206.
[349] Ibid., 201.
[350] McKinsey Global Institute, *Nigeria's Renewal: Delivering Inclusive Growth*, July 2014, 40.
[351] Oxford Business Group, *The Report: Nigeria 2015*, 2015, 207; A.T. Kearney, 2015 *African Retail Development Index,* n.d. (accessed July 18, 2016).
[352] McKinsey Global Institute, *Nigeria's Renewal: Delivering Inclusive Growth*, July 2014, 11. GDP percentage is slightly different from that seen in figure 3.17 due to the use of a third source.

become an important market for luxury goods retailers (e.g., Porsche, Hugo Boss).[353] Online retailing has also begun to take hold, with Jumia and Konga.com (Nigerian companies which are similar to Amazon.com) leading the way. Notably, these companies allow for cash-on-delivery payment, which caters to the still largely cash-based consumer culture in Nigeria.[354]

According to the World Bank's STRI database, Nigeria is considered "virtually open" to foreign retailers, garnering a comparatively low STRI score of 25 (where 0 is completely open and 100 is completely closed) for trade in retail services.[355] Land acquisition is reportedly the chief obstacle to retail growth in Nigeria. As a result, some retailers repurpose existing structures, rather than waiting for developers to navigate the many steps involved in opening a new retail space.[356]

Telecommunications and Information Services

Telecommunications and information services accounted for about 8.5 percent of Nigeria's GDP in 2014, up from about 7.6 percent in 2013 and 1.1 percent in 2003.[357] The telecom industry also accounts for a considerable amount of FDI. Between 2001 and 2011, cumulative FDI in Nigeria amounted to about $45 billion, approximately $15.8 billion (35 percent) of which can be attributed to private telecom investments.[358]

Over the past decade, Nigeria has become the largest telecommunications market in Africa and the Middle East, with 140.8 million active telecom subscribers at the end of 2015 (up from 95.8 million at the end of 2011). Mobile phone subscriptions in 2015 accounted for approximately 99.87 percent of the Nigerian market versus 0.13 percent for fixed-line subscriptions.[359] Four companies dominate the Nigerian mobile market, with South Africa-based MTN accounting for 44 percent of total mobile subscriptions, followed by Nigeria-based Globacom (21 percent), India-based Airtel (20 percent), and UAE-based Etisalat (15 percent).[360]

In terms of online presence, Nigeria is the largest Internet market in Africa by volume, ranking 8th out of the UN's 212 member countries in terms of total number of Internet users in 2014, largely due to the country's sizable population. However, Nigeria ranked 128th in terms

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[353] Oxford Business Group, *The Report: Nigeria 2015*, 2015, 206–7; McKinsey & Company, *Africa's Growing Giant: Nigeria's New Retail Economy*, December 2013, 10.
[354] McKinsey Global Institute, *Nigeria's Renewal: Delivering Inclusive Growth*, July 2014, 29.
[355] World Bank, Services Trade Restrictions Database, n.d. (accessed July 28, 2016).
[356] Oxford Business Group, *The Report: Nigeria 2015*, 2015, 206.
[357] GDP percentage is slightly different from that seen in figure 3.17 due to the use of a third source.
[358] Oxford Business Group, *The Report: Nigeria 2015*, 2015, 176.
[359] Oxford Business Group, *The Report: Nigeria 2015*, 2015, 176; Donnelly, "Oil, Gas Play Second Fiddle," April 7, 2014.
[360] Oxford Business Group, *The Report: Nigeria 2015*, 2015, 176.

of Internet penetration. This low rate of Internet uptake points to considerable potential for future growth.[361]

Banking

The Nigerian financial sector, severely fragmented in the past, experienced significant consolidation and growth after increased capital requirements were introduced following the global economic crisis of 2008–09. The sector grew at an average annual rate of 18.6 percent during 2010–13, second only to the country's motion picture industry during that period (23.1 percent), and has become West Africa's largest banking market, accounting for 74 percent of regional banking assets.[362] Further, as only about 20 percent of the Nigerian population has bank accounts, both foreign and local investors see a vast and largely untapped market for future growth.[363]

Financial reforms have produced a financial landscape characterized by large and strong banks, an efficient payments system, and improved financial infrastructure. Nigeria-based banks such as Guaranty Trust Bank, United Bank for Africa, and Zenith Bank, among others, have a strong presence across the continent.[364] Nonetheless, finding ways to encourage financial inclusion for the millions of unbanked low-income and informal earners has become a major priority for many Nigerian banks. Not only does this allow banks to diversify risk (lending in Nigeria has historically been concentrated to support commercial oil and gas interests), but it also mitigates the high cost of operating primarily through cash transactions. It is estimated that the costs associated with using cash in Nigeria are typically 0.5–1 percent of annual GDP, including minting and transport. Nonetheless, efforts are still in their early stages to establish mobile banking and other innovative retail banking services. Such services would provide an alternative to a cash economy for underserved groups.[365]

Nigeria's Film Industry: Nollywood Looks to Expand Globally

The Nigerian film industry, also known as "Nollywood," produces about 50 movies per week, second only to India's Bollywood and ahead of Hollywood. Although its revenues trail those of Bollywood or Hollywood at the global box office ($1.6 billion and $9.8 billion in 2012, respectively),[366] officially Nollywood still generates, on average, $600 million annually for the

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[361] Oxford Business Group, *The Report: Nigeria 2015*, 2015, 185.
[362] McKinsey Global Institute, *Nigeria's Renewal: Delivering Inclusive Growth*, July 2014, 11.
[363] Oxford Business Group, *The Report: Nigeria 2015*, 2015, 42.
[364] Oxford Business Group, *The Report: Nigeria 2015*, 2015, 42–45; Donnelly, "Oil, Gas Play Second Fiddle," April 7, 2014; AfDB, *African Economic Outlook: Nigeria 2015*, 2015, 9–10.
[365] Oxford Business Group, *The Report: Nigeria 2015*, 2015, 47–49.
[366] Zhang, "Global Cinema Exhibition Market," October 2013, 4–5; USITC, *Recent Trends*, May 2014, 46–48.

Nigerian economy, with most of these receipts coming from the African diaspora.[367] It is estimated that over one million people are currently employed in the industry (excluding pirates), which makes it Nigeria's largest employer after agriculture. Although Nollywood's long-standing "informal" structure and rampant piracy initially helped to establish the country's film industry, these same factors now inhibit future domestic and international growth. The industry relies on cash transactions and oral agreements (rather than written contracts) between local filmmakers, producers, and the marketers who finance and sell their works. As a result, competing claims on intellectual property rights are common, but with little to no documentation, few avenues for legal redress are available. Foreign observers believe that if the industry were more actively regulated, particularly in the case of copyright enforcement, a million more jobs could be created within the sector. Consequently, the World Bank and private investors have been working to help the Nigerian government and local film producers combat piracy and better legitimize its entertainment industry.[368]

High-Volume Informal Networks Spurred Nollywood's Growth

Nigerian films have a large following in Africa and among African emigrants around the world (over 30 million worldwide and growing). They initially gained popularity during the early 1990s, when camcorders replaced 35-millimeter film cameras and digital systems replaced celluloid as recording devices. These technology changes allowed rapid, low-cost production and distribution capabilities.[369] According to the British Broadcasting Corporation (BBC), producing a movie in Nigeria costs on average \$25,000–\$70,000, compared to \$250 million for a top Hollywood film.[370] Almost all Nollywood films are intended for non-theatrical release and tend to be of lower technical quality than Western films. Nonetheless, films can be produced within a month and are generally profitable within two to three weeks of release. Most titles are recorded in English and sell over 200,000 units (the usual break-even sales point in Nigeria).[371]

To a large extent, the Nigerian film industry remains informal. Its structure benefits a cartel of Nigerian film marketers who have for many years controlled the financing, production, and distribution of films in Nigeria. These marketers operate networks of shops and other outlets and wield significant influence over which films are made and sold. Revenues are almost exclusively derived from home video rentals and sales, and this has worked primarily in the

[367] Schneidman, "Nollywood, Intellectual Property and Nigeria's New GDP," April 10, 2014.
[368] Moudio, "Nigeria's Film Industry: A Potential Gold Mine?" May 2013; Oyewole, "A Peek inside Nigeria's Film Industry," May 2014; Oxford Business Group, *Nigeria: Media and Advertising* 2013, 281–82.
[369] Moudio, "Nigeria's Film Industry: A Potential Gold Mine?" May 2013; Rice, "The Mogul of Nigeria," April 2013.
[370] Moudio, "Nigeria's Film Industry: A Potential Gold Mine?," May 2013.
[371] Schneidman, "Nollywood, Intellectual Property and Nigeria's New GDP," April 10, 2014. For further background, see USITC, *Recent Trends*, July 2011, 3–5.

marketers' interests. An early byproduct of this informal structure was the emergence of complex international piracy networks. Paradoxically, it was due to these illicit trade networks that Nollywood first gained the attention of foreign audiences, and ultimately, established its global following.[372]

Rampant Piracy Has Limited International Trade and Investment

Nollywood's popularity has led to serious piracy problems. Nigeria's copyright law expressly provides for written contracts to prove ownership of films, but the ubiquity of informal agreements and weak enforcement mechanisms have made it difficult to deter illegal film distribution. Reportedly, within hours of a film's release, pirates are selling bootleg copies for a fraction of retail price. Demand for Nollywood films—particularly among the African diaspora—has also fueled a surge in the export of Nigerian films. In practice, the legal and illegal markets grew synergistically as Nigerian film marketers began to adjust their storylines to appeal to wider audiences, incorporating more diverse plot formulas.[373]

Although Nollywood films are purchased and watched throughout Africa, the Caribbean, Europe, North America, and parts of Asia, almost all exports are pirated copies. The World Bank estimates that for every legitimate copy sold, nine others are pirated.[374] Consequently, with limited channels for exporting movies legitimately, few or no international returns go to the actors, directors, and producers, and practically no related tax revenue goes to the Nigerian government. The Nigerian Copyright Commission (NCC) estimates that the country is losing over $1 billion annually to film piracy.[375]

The industry's informality and persisting high piracy rate has deterred international co-productions and closed the door on potentially lucrative investment and distribution opportunities in foreign markets where a "chain of title" (the bundle of documents that prove ownership of the rights in a film) is a prerequisite. Moreover, the rise of low-cost Internet access has compounded Nollywood's piracy problems, particularly through the unauthorized streaming of films.[376]

In response, the NCC has ramped up its efforts to shut down illegal DVD printing presses and to prosecute infringers. Additionally, the Nigerian government is creating targeted public awareness campaigns to educate the public about the damage piracy causes and to encourage

[372] Oyewole, "A Peek inside Nigeria's Film Industry," May 2014.
[373] Krings and Okome, *Global Nollywood,* 2013, 31–37.
[374] Moudio, "Nigeria's Film Industry: A Potential Gold Mine?" May 2013.
[375] Schneidman, "Nollywood, Intellectual Property and Nigeria's New GDP," April 10, 2014.
[376] Oyewole, "A Peek inside Nigeria's Film Industry," May 2014; Oxford Business Group, *Nigeria: Media and Advertising,* 2013, 282–85; Krings and Okome, *Global Nollywood,* 2013, 30–31.

them to stop buying pirated films.[377] In 2014, The NCC created the Nigerian Copyright e-Registration System (NCeRS) an online copyright registration system help to protect publishers more effectively against copyright infringement.[378]

Public and Private Efforts to Develop the Film Industry are Increasing

In recent years, recognizing the film industry's huge economic potential, the Nigerian government has worked with international groups and has set aside public funds to support the industry (table 3.2). Greater investment from private sources in digital streaming platforms for licensed Nollywood films has begun to make illegal online distribution more difficult. Meanwhile, growing international recognition of African films and artists has brought more attention to the sector in general—even attracting U.S. actors to perform in Nigerian films. As an example, *Doctor Bello* (2013) features Hollywood stars such as Vivica A. Fox and Isaiah Washington.[379]

Future Opportunities and Challenges

Led by Nollywood, the entertainment industry's contribution to Nigeria's annual GDP, at 1.4 percent in 2013, evidences both the industry's overall importance and its potential for greater investment. While this is less than half of the industry's 3 percent contribution to U.S. GDP, it triples India's 0.5 percent GDP share.[380] Further, growing digitization and increasing demand for

Table 3.2: Nollywood funding initiatives

Group	Funds	Project
World Bank	$20 million	In 2010, the World Bank identified Nollywood as a leading non-oil sector and included it as part of its Growth and Employment in States (GEMS) project. As part of GEMS, the industry received funds to aid sector growth and boost employment.
Nigerian Government	$200 million and $17–$18 million	In 2011, Nigerian President Goodluck Jonathan pledged a $200 million government loan for the film industry, and in March 2013 he announced a $17–$18 million grant called "Project ACT-Nollywood" to back training and skills acquisition for film production and distribution. In addition to federal initiatives, various Nigerian state governments are supporting the industry by funding movies, award ceremonies, and production villages.
Tiger Global Management	$8 million	In 2011–12, U.S.-based hedge fund Tiger Global Management (an early Facebook investor), along with Swedish investment firm Kinnevik, backed iROKOtv, the

[377] Oyewole, "A Peek inside Nigeria's Film Industry," May 2014.
[378] strategy+business, Global Entertainment and Media Outlook 2016–2020: A World of Differences, 2016, 16. http://www.strategy-business.com/outlook (accessed March 7, 2017); Nigerian Copyright Commission, Regulatory Schemes, n.d., http://www.copyright.gov.ng/index.php/regulatory-schemes (accessed March 7, 2017).
[379] Bright, "Nollywood: The New Business of African Film," May 2, 2014; Moudio, "Nigeria's Film Industry: A Potential Gold Mine?" May 2013; *Economist,* "Selling BlackBerry Babes," November 22, 2014.
[380] Foroohar, "Nigeria's Nollywood Is Thriving despite Terrible Conditions," May 13, 2014.

Group	Funds	Project
and Kinnevik		world's largest online distributor of licensed Nollywood films. Aspiring to be "Africa's Netflix," iROKOtv spent $5 million of the initial funds to amass the rights to 5,000 Nollywood films.

Source: Schneidman, "Nollywood, Intellectual Property and Nigeria's New GDP," April 10, 2014; Oyewole, "A Peek inside Nigeria's Film Industry," May 2014; Bright, "Nollywood: The New Business of African Film," May 2, 2014; Rice, "The Mogul of Nigeria," April 2013.

licensed streaming video content from the United States and other foreign markets—iROKOtv reports a global audience of 6 million in 178 countries—are beginning to help boost Nollywood production budgets locally and improve overall film quality.[381] However, industry challenges going forward include, among many others, (1) continued revenue losses due to informal marketing and sales practices that breed film piracy and weaken investor confidence; (2) inadequate enforcement of ambiguous and dated copyright laws; and (3) a lack of basic infrastructure, such as a consistent supply of electricity and reliable power grids.[382]

Rwanda

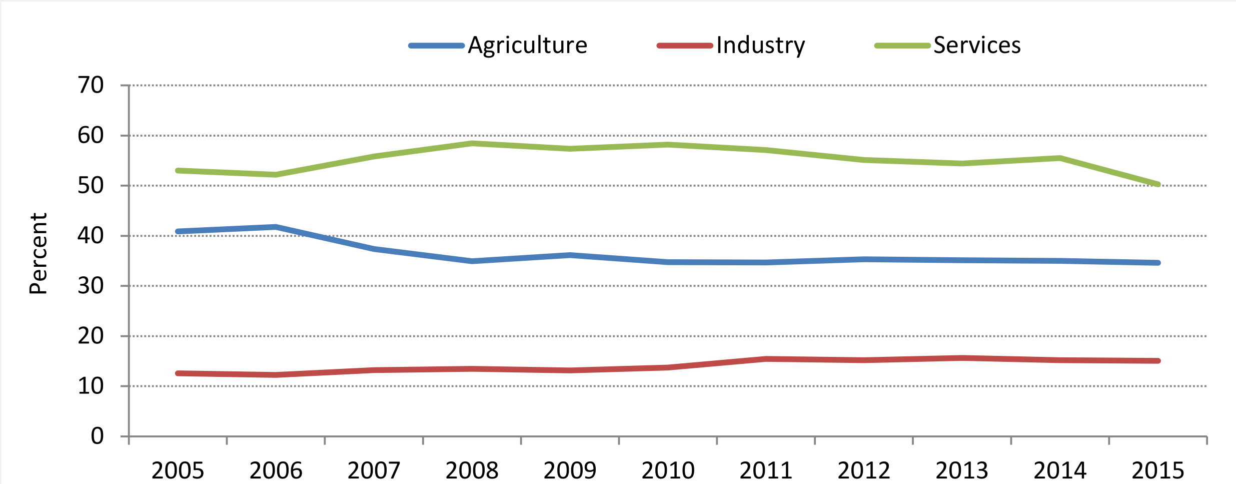
Rwanda is a low-income, landlocked country in East Africa. In 2000, the government of Rwanda launched its Vision 2020 program, which seeks to raise Rwanda to middle-income country status by 2020 using investments in ICT services to transform its economy into a "knowledge-based" society. Based on its economic reforms and investments in ICT, Rwanda has recently emerged as one of the most competitive economies in sub-Saharan Africa, as measured by the World Bank's Ease of Doing Business index, and appears on track to meet its development goals.

Output and Employment

While Rwanda is less services-intensive than other SSA and world economies, services are the fastest-growing segment of Rwanda's rapidly expanding economy. The services share of Rwandan GDP, which fluctuated during 2005–15 between a low of 50.3 percent (in 2015) and a high of 58.4 (in 2008) (figure 3.21), remains smaller than the average services shares of SSA GDP (58.0 percent in 2015) and world GDP (68.5 percent in 2014, latest data available).[383] Further, services accounted for only 16.3 percent of Rwandan employment in 2012 (latest data available), with over three-quarters of Rwanda's workers employed in the agriculture sector.[384]

[381] Oxford Business Group, *Nigeria: Media and Advertising,* 2013, 285.
[382] Foroohar, "Nigeria's Nollywood Is Thriving despite Terrible Conditions," May 13, 2014; Baker, "Here Are 4 Challenges Nigeria's New Leader Must Overcome," April 7, 2015.
[383] World Bank, World Development Indicators database (accessed April 26, 2017).
[384] ILO, ILOSTAT database (accessed May 17, 2017).

Figure 3.21: Agriculture, industry, and services shares of Rwandan GDP, 2005–15



Source: World Bank, World Development Indicators database (accessed April 26, 2017). (See appendix table B.32).

Nevertheless, Rwanda's services sector has been a key driver of the country's overall economic growth. Although starting from a low base, Rwanda's GDP increased at an average annual growth rate of 7.7 percent during 2005–15, faster than the aggregate growth rate for all SSA countries (4.8 percent). Value added in Rwanda's services sector grew particularly rapidly, increasing at an average annual growth rate of 9.7 percent during 2005–15, while that of SSA increased at an average annual growth rate of 6.1 percent.[385] Financial inflows from multinational donors related to Rwanda's economic reforms have fueled increased activity in Rwanda's largest services sectors. This trend has largely been responsible for Rwanda's recent services growth.[386]

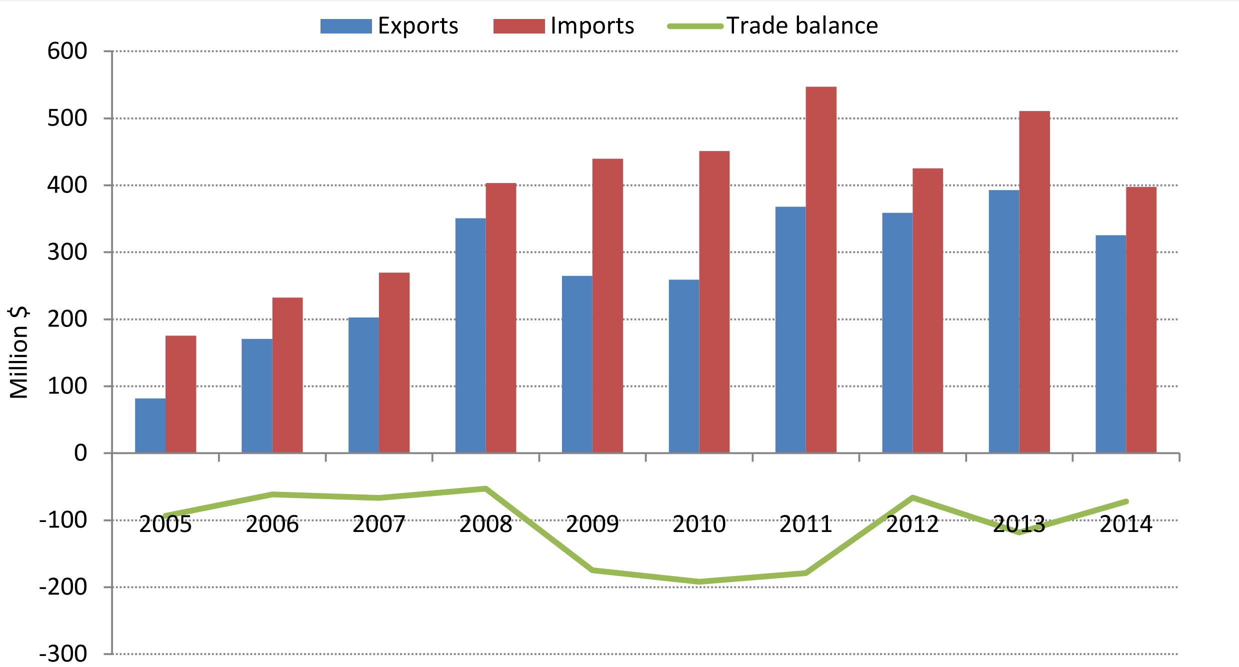
Rwandan government data indicate that wholesale and retail trade accounted for the largest share (26.7 percent) of Rwandan services GDP in 2013, followed by real estate (13.6 percent). The Rwandan information and communication industry, which includes ICT activities, accounted for only 5.8 percent of the country's services GDP; however, it is one of the faster-growing segments of Rwanda's services sector, having grown at an average annual rate of 10.7 percent during 2009–13.[387]

[385] USITC staff calculations based on data obtained from the World Bank, World Development Indicators database (accessed April 26, 2017).
[386] UNCTAD, *Rwanda: Services Policy Review*, 2013.
[387] During the 2009–13 time period, total Rwandan services sector GDP grew at an average annual rate of 8.5 percent. USITC calculations based on data obtained from National Institute of Statistics Rwanda (accessed March 13, 2017).

Trade and Investment

Data published by the WTO indicate that Rwandan commercial services exports totaled $325 million in 2014, while imports totaled $397 million, resulting in a $72 million deficit that year (figure 3.22). Rwandan services trade is highly concentrated: travel services accounted for virtually all (93.4 percent) of Rwandan commercial services exports in 2014 (figure 3.23), and transport accounted for the majority (69.7 percent) of imports (figure 3.24).[388]

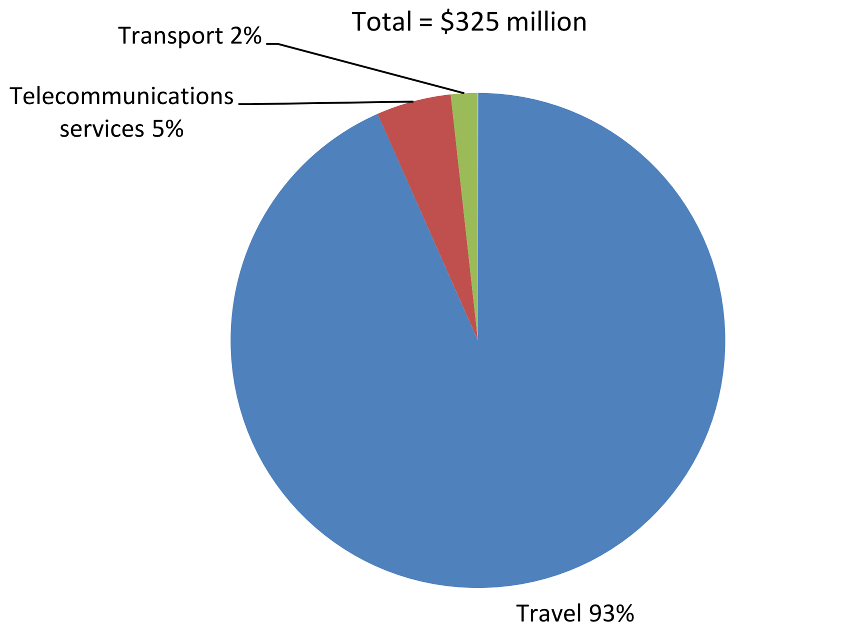
Figure 3.22: Rwandan commercial services exports, imports, and trade balance, 2005–14



Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016). (See appendix table B.33).

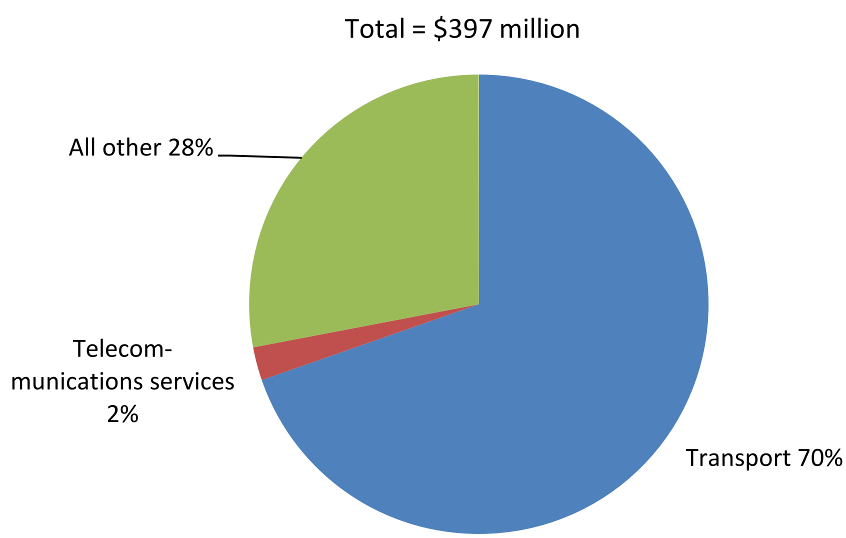
[388] USITC staff calculations based on data obtained from the WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)" (accessed September 14, 2016).

Figure 3.23: Rwandan commercial services exports, by industry, 2014



Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016). (See appendix table B.34).

Figure 3.24: Rwandan commercial services imports, by industry, 2014



Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016). (See appendix table B.35).

Rwandan trade in telecommunications services fluctuated significantly during 2010–14 (the only years for which disaggregated data on Rwandan trade in such services are available), but generally comprised a small share of the country's commercial services trade. In 2014, Rwanda's exports of telecommunications services were $16 million (or 4.9 percent of Rwandan commercial services exports), while imports of such services were $9 million (or 2.3 percent of imports), yielding a small ($7 million) surplus.[389]

While cross-border trade in the industry is relatively small, ICT has been an important recipient of FDI in Rwanda, accounting 25.3 percent of Rwanda's inbound FDI flows and 39.3 percent of the country's FDI stock in 2014. Within Rwanda's services sector, the finance and insurance industry has been another leading recipient of FDI, having accounted for 6.0 percent of Rwanda's total inbound FDI flows and 19.9 percent of FDI stock in 2014.[390]

Measures Impacting Services Trade

The World Bank STRI suggests that Rwanda maintains a "virtually open" services trade regime. On a scale of 0 to 100 (where 0 is completely open and 100 is completely closed), Rwanda's overall STRI score is 25, slightly lower than the median score for all SSA countries included in the index. According to the index, Rwanda maintains particularly onerous restrictions in the telecommunications sector. No more than three suppliers may provide fixed-line or mobile telecommunications services in the country at any one time, effectively barring entry into the market. In contrast, the Rwandan retail sector was assigned a score of 0, as the country maintains no regulations affecting that sector.

Vision 2020: Rwanda's Long-Term Focus on ICT Skills and Services

The onset of Rwanda's rapid economic growth coincided with the adoption in July 2000 of Vision 2020, a strategy aimed at raising Rwanda to middle-income status by turning its chiefly agricultural economy into a knowledge-based society by 2020. This transformation requires Rwanda to increase its GDP per capita to $900 by 2020, compared to $220 in 2000 and $630 in 2012. Vision 2020 pinpointed the services sector, and ICT services and skills in particular, as the key drivers that would propel Rwanda's economy forward. In its focus on services and ICT, Vision 2020 recognized that higher agricultural production and continued dependence on

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[389] USITC staff calculations based on data obtained from the WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)" (accessed September 14, 2016).
[390] The tourism sector accounted for 6.2 percent of Rwanda's total inbound FDI flows in 2014, but did not rank among the top three sectors in terms of Rwanda's FDI stock in that year. National Bank of Rwanda, *Foreign Private Capital in Rwanda: 2015,* n.d., 22.

exports of coffee and tea would not be enough to generate strong economic growth in the future, particularly since the country is small and landlocked and has very high air and inland freight rates.[391]

ICT Development Strategy and Achievements

Since 2000, Rwanda's ICT industry has developed quickly as a result of activities that have focused on liberalizing the regulatory environment for ICT, upgrading infrastructure, developing ICT skills, and improving access to government services. For example:

- Privatization and market liberalization in the telecom industry led to the establishment of 3 mobile phone operators and 11 Internet providers by 2012.[392]
- A Kigali-based 2,500-km fiber optic network, with links to neighboring countries, has helped expand the number of Internet users and lower the cost of broadband Internet connections.
- A national training center is boosting ICT skills among the population.
- "E-Rwanda," a $10 million program funded by the World Bank, has developed e-government applications, linked public offices together, trained public servants, and improved ICT services and awareness in the rural areas.
- Pro-development ICT applications are proliferating. For example, computer networks are being used to organize patient data in health centers and hospitals, and apps are enabling mobile phone subscribers to receive and send money and to keep track of the prices of agricultural products.
- Investments since 2004 have improved the electric power supply, furthering ICT goals.[393]

Rwanda has increased its activity in the ICT services sector. New ICT businesses include software developers, telecommunication and Internet service providers, broadcasters, information technology equipment resellers, ICT capacity-building businesses, system integrators under ICT solutions providers, and cybercafé operators. In 2013, the Rwandan ICT sector had 2,985 registered companies, and in 2014 it accounted for 39.3 percent of the country's $1.2 billion in FDI stock.[394] In 2013, the government announced plans to develop an

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[391] World Bank, *Toward Transformation? ICT in Post-Conflict Rwanda*, January 2013; MINECOFIN, "Rwanda Vision 2020," August 2000.
[392] UNCTAD, *Rwanda: Services Policy Review,* 2013.
[393] World Bank, "New Push to Boost Electricity Access in Rwanda," February 19, 2013.
[394] World Economic Forum, *The Metamorphosis to a Knowledge-based Society: Rwanda*, 2013, 119–26; Republic of Rwanda, Ministry of Youth and ICT, "Rwanda ICT Sector Profile, 2012," December 2012; National Bank of Rwanda, *Foreign Private Capital in Rwanda: 2015,* n.d., 22.

ICT park to house private companies and development organizations, and construction is currently in progress. Further, Carnegie Mellon University has established a campus in Kigali to provide advanced training and master's degrees in ICT. It awarded 22 degrees in ICT to its first graduating class in July 2014.

Rwanda's Vision 2020 focuses on using ICT infrastructure to attract investment and create high-value services-related jobs. The future success of Rwanda's ICT initiatives will thus depend on its attracting private investment and creating a skilled labor force that can take advantage of Rwanda's competitive, business-friendly policy environment.

Senegal

The services sector dominates the Senegalese economy, which has seen steady growth as a result of improved political stability in recent years. Senegal is positioning itself as a regional hub for services, with Islamic finance and transportation at the center of recent services sector development.

Output and Employment

Services sector value added has increased steadily in Senegal since 2005, growing from $5.4 billion to $8.2 billion in 2015. The services sector is the largest contributor to Senegalese output, accounting for about 60 percent of Senegalese GDP on average between 2005 and 2015.[395] By contrast, services industries constitute a smaller share of employment, supplying 22.4 percent of total employment in Senegal in 2011 (latest available data).[396] According to the Senegalese government, retail and wholesale trade is the leading contributor to the country's total services output, accounting for one-third of services GDP. Telecommunications is another large sector, accounting for 15 percent of services output, while financial services and transportation services make up 9 percent and 8 percent of services GDP, respectively.[397]

Building on strong services output in the Senegalese economy, Senegal released the Plan Sénégal Émergent (Emerging Senegal Plan) in 2014. This economic plan aims to make Senegal a logistical hub for West Africa. Since it was released, Senegal has begun to implement 17 of the plan's 27 projects, including several related to tourism and to air and road transportation.[398] The Blaise Diagne International Airport, set to open in 2017, is seen as the key piece of

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[395] World Bank, World Development Indicators database (accessed June 6, 2016).
[396] ILO, ILOSTAT database (accessed May 17, 2017).
[397] USITC staff calculations based on data obtained from Government of Senegal, Ministre de l'Economie, des Finances et du Plan, *Situation Economique et Financière* [Financial and economic situation], October 2015, 34.
[398] Houeninvo, Gassama, and Boukar, "Senegal 2016," 2016, 3.

infrastructure needed to build Senegal into a regional transportation hub. One limiting factor in Senegal's transportation industry has been the weak position of Senegal Airlines, which flew only three routes and according to one source was 65 billion CFA francs in debt when it was liquidated in April of 2016.[399] Despite this, the transportation sector grew by 6.3 percent in 2015, driven primarily by the expansion of road networks.[400]

Senegal has also been working to expand its financial services sector, particularly through the development of Islamic finance. In June 2014, Senegal became the first country in SSA to issue bonds complying with Islamic law (sukuk) for public finance, and raised roughly $200 million in funds from the sale of these bonds to both local and international investors.[401] Senegal is currently well positioned to be a leader in Islamic financial services in the region, due to the large number of infrastructure projects that can be financed through sukuk and the relatively high returns earned by these projects, particularly as compared to those in more developed markets.[402] Despite a sizable Muslim population in the region, Islamic finance represented only 2.5 percent of the SSA financial services sector in 2015, and a lack of comprehensive banking laws throughout the region may limit expansion.[403]

Trade and Investment

While Senegalese exports and imports of services have grown since 2005, Senegal remains a net importer of services (figure 3.25).[404] Travel accounts for the largest share of Senegalese services exports, while transportation dominates the country's services imports. In 2014, travel accounted for 36.5 percent of Senegal's commercial service exports, followed by telecommunications services (23.7 percent) and other business services (16.2 percent) (figure 3.26). Senegal's beaches are the country's principal tourist attraction, accounting for 54 percent of tourist activity in 2013.[405] On the import side, transportation makes up 56.2 percent of service imports, with smaller shares of imports in travel (10.5 percent), insurance and

[399] Senegal Airlines, which was a joint venture between private investors and the state, will be replaced with a fully state owned airline, which is set to begin operations at the same time as the new airport. EIU, *Country Report: Senegal*, April 2016, 22.
[400] Houeninvo, Gassama, and Boukar, "Senegal 2016," 2016, 4.
[401] Houeninvo, Gassama, and Traoré, "Senegal 2015," 2015, 7.
[402] One unique aspect of sukuk bonds is that they must finance "tangible and productive" assets. Infrastructure funding largely meets this criteria. Additionally, since Islamic finance prohibits interest on the sale of money, returns on sukuk bonds are less susceptible to market fluctuations.
[403] EIU, *Mapping Africa's Islamic Economy*, 2015, 8.
[404] USITC staff calculations based on data obtained from the WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)" (accessed June 6, 2016 and September 14, 2016).
[405] AfDB, "Intégration Régionale en Afrique de l'Ouest " [Regional integration in West Africa], December 2013, 54.

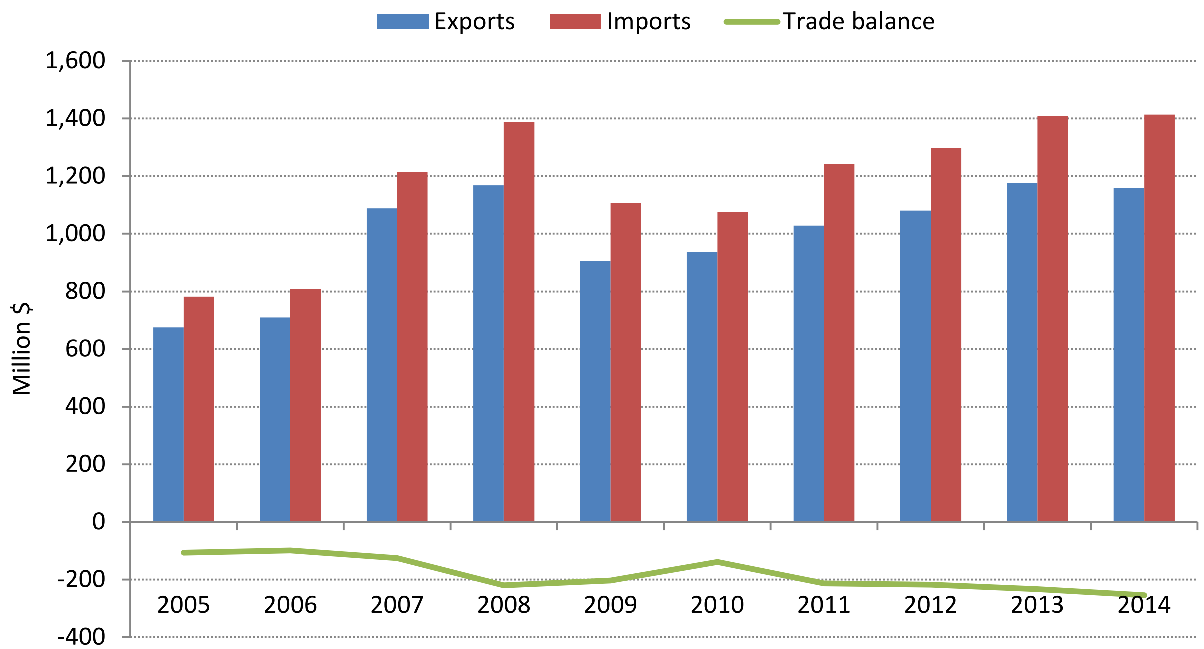
pension services (9.3 percent), telecommunications (8.3 percent), and other business services[406] (8.2 percent) (figure 3.27).[407]

In 2013, in response to heightened restrictions on Senegalese citizens travelling abroad, the government announced that it would begin requiring visas to travel into the country.[408] This change in policy, together with the Ebola virus disease outbreak, depressed tourist arrivals in the country in 2014 after five years of growth (figure 3.28).[409] Along with opposition from the Senegalese tourist industry, this decrease led to a reversal of Senegal's visa policy in 2015. Nonetheless, tourism revenues remained low in 2016 due to instability in neighboring Mali and economic weakness in Europe, which has traditionally accounted for a substantial share of tourist arrivals in Senegal.[410]

Senegal is more open to services trade than most other SSA countries, with an overall score of 19 in the World Bank STRI, as compared to the median score of 27.3 for all SSA countries included in the index (where 0 is completely open and 100 is completely closed). The most protected service sectors are professional and transport services, with STRI scores of 36.5 and 25 respectively; however, these scores still fall below the median SSA STRI scores for these service industries, indicating greater openness.[411]

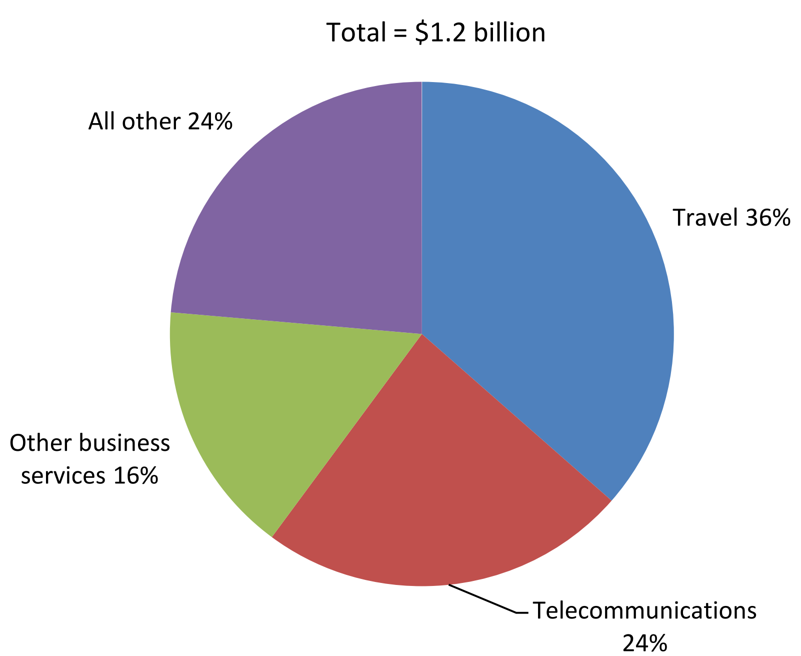
[406] Other business services include research and development, professional and management consulting, technical, trade-related, and other business services not included elsewhere.
[407] USITC staff calculations based on data obtained from the WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)" (accessed September 14, 2016).
[408] EIU, "Country Update, Senegal: Stricter Visa Requirements Introduced," July 2013.
[409] World Bank, World Development Indicators database (accessed June 6, 2016).
[410] EIU, *Country Report: Senegal*, February 2017, 8.
[411] World Bank, Services Trade Restrictions database (accessed June 7, 2016).

Figure 3.25: Senegalese commercial services exports, imports, and trade balance, 2005-14



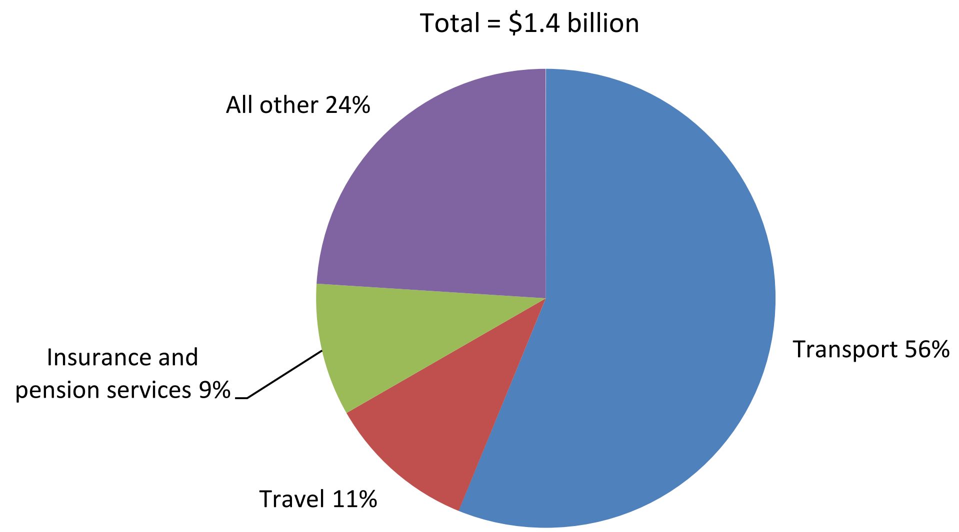
Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016). (See appendix table B.36).

Figure 3.26: Senegalese commercial services exports, by industry, 2014



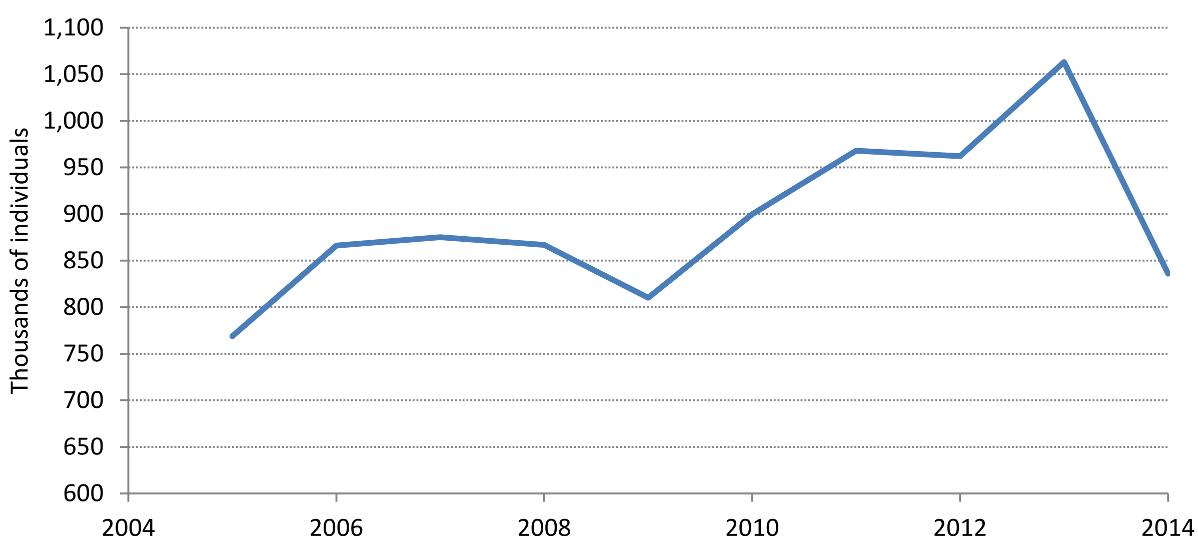
Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016). (See appendix table B.37).

Figure 3.27: Senegalese commercial services imports, by industry, 2014



Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016). (See appendix table B.38).

Figure 3.28: Tourist arrivals in Senegal, 2004–14



Source: World Bank, World Development Indicators database "International Tourism, Number of Arrivals," (accessed June 7, 2016). (See appendix table B.39).

South Africa

South Africa is a diversified and well-developed middle-income country and is the second-largest economy in Africa after Nigeria.[412] Yet it also suffers from high unemployment, income inequality, and poverty. The services sector is the leading segment of the South African economy, having accounted for over two-thirds of the nation's output and almost three-quarters of formal sector employment in 2014.

Output and Employment

In 2015, services sector output was $261.6 billion or 68.7 percent of total South African gross domestic product (GDP), up from $189.6 billion in 2005 but only slightly higher as a share of GDP (67.1 percent). The services component of South African GDP (at 2015 South African rand prices) increased at a CAGR of 3.3 percent during 2005–15, which was higher than growth in overall South African GDP (2.6 percent).[413]

Leading South African services sectors by share of GDP in 2014 were finance and insurance (9.4 percent), transportation services (8.3 percent), retail trade (6.8 percent), real estate (5.7 percent), and business services (5.1 percent).[414] The hotel and restaurant sector was the fastest-growing services sector during 2005–14, increasing at an annual rate of 13.1 percent. Overall, services sector growth was driven by strong growth in the country's tourism sector, which recorded increases in both the number of tourists and tourism expenditures in recent years.[415]

The services sector employs a large share of South African workers. In 2015 (latest available data) services accounted for 70.6 percent of employment, an increase from 66.6 percent in 2005.[416] By contrast, employment in the industry sector[417] accounted for 23.8 percent in

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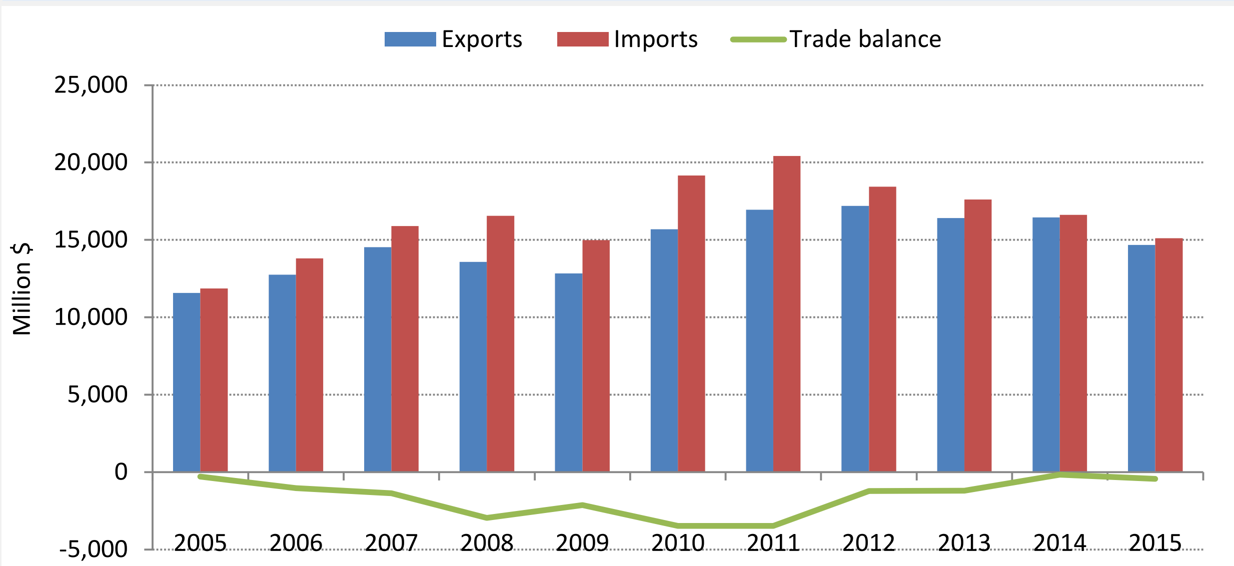
[412] OECD, *Economic Survey of South Africa,* March 2013.
[413] World Bank, World Development Indicators database (accessed December 2016).
[414] Statistics South Africa, South Africa GDP Annual and Regional Tables 2016 [July 25, 2016].
[415] Statistics South Africa, "Tourism Satellite Account for South Africa, final 2011 and provisional 2012 and 2013," March 2016, 2.
[416] ILO, Key Indicators of the Labour Market. (accessed August 4, 2016).
[417] This sector includes manufacturing as well as mining, construction, electricity, gas, and water. ILO, ILOSTAT database (accessed May 17, 2017).

2015, while the agriculture sector share was 5.6 percent.[418] Among services, the finance and other business services[419] industry was the leading employer in 2015.[420]

Trade and Investment

South Africa is the leading African exporter and importer of commercial services.[421] South Africa's trade in commercial services increased modestly during 2005–15, with exports rising by 2.4 percent and imports increasing by 2.5 percent annually (figure 3.29). In 2015, South Africa's commercial services exports were $14.7 billion, while imports were $15.1 billion, resulting in a small deficit. South African commercial services trade is concentrated in certain industries.

Figure 3.29: South African commercial services, exports, imports, and trade balance, 2005–15

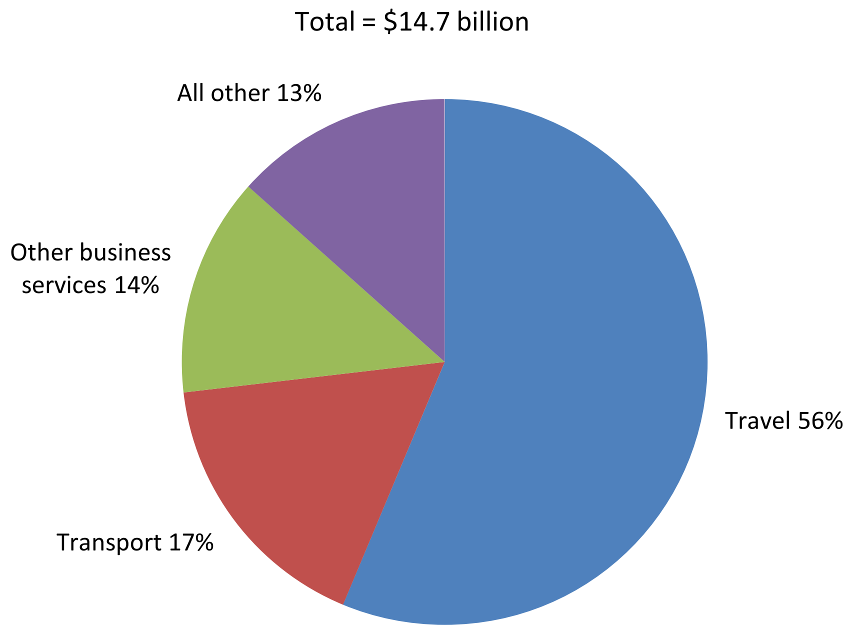


Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016). (See appendix table B.40).

Exports of travel services, which were $8.3 billion in 2015, accounted for 56.3 percent of South Africa's total services exports in that year (figure 3.30), while imports of transportation services ($6.5 billion) accounted for 42.7 percent of the country's total services imports (figure 3.31).

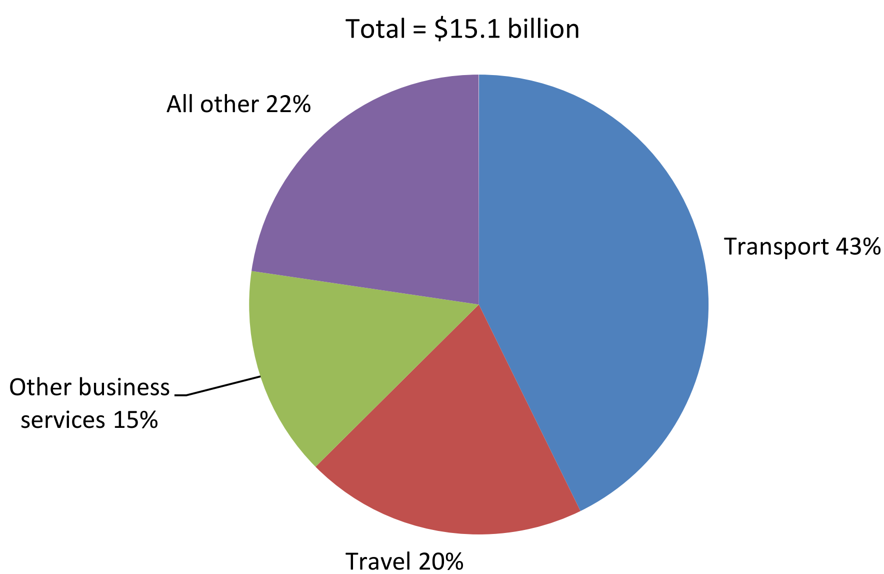
[418] ILO, ILOSTAT database (accessed May 17, 2017).
[419] "Other business services" include research and development, professional and management consulting, technical, trade-related, and other business services not included elsewhere.
[420] Statistics South Africa, "Quarterly Labor Force Survey," July 28, 2016.
[421] South Africa's services exports were more were nearly triple the value of second-place Ghana in 2015. WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)" (accessed September 14, 2016).

Figure 3.30: South African commercial services exports, by industry, 2015



Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016). (See appendix table B.41).

Figure 3.31: South African commercial services imports, by industry, 2015



Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016). (See appendix table B.42).

Bilateral services trade data for South Africa are limited, but anecdotal evidence suggests that a substantial share of the country's services exports are supplied to other African markets. South Africa's combined services exports to the European Union and the United States, two of its largest services trade partners, were $6.2 billion in 2014,[422] less than half of its total services exports. South Africa's other large trading partners, China and Japan, also accounted for a portion of the total. However, the bulk of these exports, primarily travel and transportation services, likely are supplied to SSA consumers, who are the main foreign consumers of South African travel and transportation services.[423]

In 2014, South Africa's inbound FDI stock in services industries[424] was $85.0 billion. The leading industries by far were finance, insurance, real estate, and business services, which together received $63.3 billion of FDI in 2014. Other aggregated sectors for which specific services FDI data are available in 2014 were the transport, storage, and communications sectors ($14.7 billion), and the wholesale, retail, catering, and accommodation sectors ($6.9 billion).[425]

Measures Impacting Services Trade

South Africa's overall World Bank STRI score (34.5) is somewhat higher than the SSA median score (27.2) (where 0 is completely open and 100 is completely closed), suggesting that South Africa's services trade regime is more restrictive than other countries in the region. According to the World Bank index, South Africa maintains its most onerous restrictions in the professional services sector, particularly in the legal services industry. For example, foreign providers of foreign legal advice may not establish branches, and foreigners are completely barred from providing domestic legal advice or representation in court.

Industry Profiles

As a financial, transportation, retail, and business services hub for the SSA region, South Africa is a vital supplier of infrastructure and business services that are key to national and regional economic growth.

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[422] BEA Interactive database (accessed August 3, 2016). EU Commission, "EU-South Africa Trade in Services" (accessed August 1, 2016).
[423] Data on South African exports of services to other SSA countries are not available.
[424] Calculated by USITC staff from data reported in official statistics of the South African Central Bank. Data are for the stock as of the end of 2014. South Africa Reserve Bank, "Foreign Liabilities of South Africa by Kind of Economic Activity, 31 December 2014," June 2016.
[425] South Africa Reserve Bank, "Foreign Liabilities of South Africa by Kind of Economic Activity, 31 December 2014," June 2016.

Financial Services

South Africa's financial services sector is among the country's most important industries and leads SSA in numerous metrics. It is the leading financial center in SSA in terms of assets and scope of operations (which include retail, commercial, investment banking, and venture capital services). And it ranks 12th globally in terms of financial market development due to its well-functioning and strongly regulated financial sector.[426]

The banking sector comprises 17 registered banks, 2 mutual banks, 14 local branches of foreign banks, 2 cooperative banks, and 43 foreign banks with approved representative offices.[427] However, it is relatively concentrated, with the four largest banks (Standard Bank, FirstRand Bank, Nedbank, and Investec Bank) accounting for over two-thirds of the nation's banking sector in terms of total assets, deposits, investments, and equity in 2015.[428]

Many South Africa-based banks provide commercial, retail, and merchant banking services throughout the continent and derive a significant share of profits (10–15 percent) from SSA operations outside the country, including in key growth markets such as Nigeria, Ghana, and Kenya.[429] For example, South Africa's largest financial institution, Standard Bank, operates in 20 SSA countries, while two other large banks—Absa Bank Limited (a subsidiary of Barclays Africa Group) and FirstRand—operate in numerous African countries and are actively planning expansion into additional SSA markets.[430]

Transportation Services

South Africa's well-developed transportation infrastructure—which includes the continent's largest rail and air networks, an extensive national road system, and eight commercial port facilities—is a key logistics link for the country, the SSA region, and global markets. South Africa is a key transshipment hub for SSA and a critical supplier of transportation services to other SSA countries. In logistics performance, South Africa ranks high among global economies (20th out of 60 countries, according to the World Bank),[431] and its customs and trade facilitation functions are ranked highest among SSA countries.[432] South Africa has an estimated 747,000

[426] World Economic Forum, *Global Competitiveness Report, 2015–16,* 2015, 13; Springfield, "Recent Developments in South African Banking," November 23, 2015.
[427] Banking Association of South Africa, "SA Banking Sector Overview" (accessed August 9, 2016).
[428] EIU, South Africa Financial Services 'League Tables,'" August 1, 2016.
[429] PricewaterhouseCoopers, "South Africa Banking Survey, 2013," June 18, 2013, 8.
[430] Various company websites.
[431] World Bank, Logistics Performance Index database (accessed August 4, 2016).
[432] PricewaterhouseCoopers, "Africa Gearing Up," 2013. http://www.pwc.co.za/en/assets/pdf/africa-gearing-up.pdf.

km of roads,[433] more than any other African country, and has nearly the same road density as the United States.[434] South Africa is also an important maritime hub for southern Africa and is located at the crossroads of key global shipping lanes.[435] South Africa's quality of port infrastructure ranks 36th out of 140 countries[436] and has benefited from investment in new infrastructure, such as ship-to-shore cranes and other handling equipment.[437]

Distribution Services

South Africa has the continent's most developed retail and wholesale sectors. The country is highly urbanized, and modern retail sales account for over 60 percent of shopper expenditures.[438] The retail sector is regarded as a key industry for employment growth, particularly for relatively unskilled labor. Grocery stores are the leading retailers, as many low- and lower-middle-income South Africans focus on basic food products due to high levels of poverty.[439] South Africa's leading retail companies—including Edcon, Pick n Pay, and Shoprite—have a strong presence in other SSA markets and rank among the top 200 retail firms worldwide.[440]

Business Services

South African providers of business services[441] supply key inputs to the South African economy, as well as to other SSA countries. South Africa has the highest concentration of lawyers in SSA and ranks second behind Mauritius in accountants per capita.[442] South Africa also is a regional hub for many multinational providers of business consultancy services, including Deloitte, KPMG, and the Boston Consulting Group, among many others.

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[433] South Africa.info, "South Africa's Transport Network," 4 (accessed August 12, 2016).
[434] PricewaterhouseCoopers, "Africa Gearing Up," 2013.
[435] South Africa.info, "South Africa's Transport Network" (accessed August 12, 2016).
[436] World Economic Forum, *Global Competitiveness Report 2015–16,* 2015, 327.
[437] PricewaterhouseCoopers, "Africa Gearing Up," 2013, 70.
[438] Modern retail includes such formats as department stores, supermarkets, convenience stores, and discounters, among others. A.T. Kearny, "Seizing Africa's Retail Opportunities," 2014.
[439] Euromonitor, "Retailing in South Africa," June 2014.
[440] Gauteng Province Quarterly Report, "The Retail Industry Is on the Rise," June 2012.
[441] Business services include professional services such as legal, accounting, and engineering and architectural services, as well as business process outsourcing, computer and IT services, advertising services, and business consulting services.
[442] Dihel, Fernandes, and Mattoo. "Towards Regional Integration," World Bank, Africa Trade Policy Note #10. November 2010, 2.

Travel Services

South Africa is the leading travel services provider in SSA. The country received 9.6 million visitors in 2013, over two-thirds of whom came from the SSA region. Other leading countries of origin included the UK (442,000), the United States (349,000), and Germany (304,000).[443] Approximately 65 percent of foreign visitors were tourists in 2013, while the balance included business travelers, students, and workers, among others.[444] South Africa offers a wide variety of tourist attractions and has Africa's most highly developed tourism infrastructure, including airport facilities, roads, and hotels that meet international standards.[445]

Tanzania

While the Tanzanian economy continues to be affected by a number of difficulties—including corruption, government ownership of all land, and a lack of skilled workers, among others—it has grown relatively quickly in recent years.[446] Services account for a significant share of the growing Tanzanian economy, with the information and communication, travel, and transportation industries making particularly important contributions to the country's services economy.

Output and Employment

Tanzania's services sector has experienced strong growth in recent years, with value added in the sector expanding from $10.1 billion in 2005 to $20.0 billion in 2015.[447] The information and communication industry was reportedly a principal contributor to Tanzania's services sector growth, due to the increased use of mobile phones and the development of the mobile money industry.[448] The construction of Tanzania's National ICT Broadband Backbone (operated by Tanzania Telecommunications Company Ltd.) and its connection to the EASSy and SEACOM submarine cable networks have also benefited the country's overall ICT industry.[449] A discussion on recent improvements to the SSA submarine cable infrastructure can be found in chapter 2 of this report.

Services accounted for the largest share of Tanzanian GDP throughout 2005–15. However, the services share of Tanzanian GDP fell from 48.5 percent to 42.9 percent during the period as the

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443 Statistics South Africa, "Tourism and Migration, December 2014," March 25, 2015, 6–7.
444 Latest full-year data. Statistics South Africa, "Tourism 2013," 2014.
445 World Bank, "Tourism in Africa," Africa Trade Policy Notes, October 2013.
446 PricewaterhouseCoopers, "Africa Gearing Up," 2013, 74–76 (accessed April 25, 2016).
447 World Bank, World Development Indicators database (accessed April 21, 2016).
448 Charle and Dhliwayo, "Tanzania 2015," 2015, 3, 4.
449 Esselaar and Adam, "Understanding What Is Happening in ICT in Tanzania," 2013, 4.

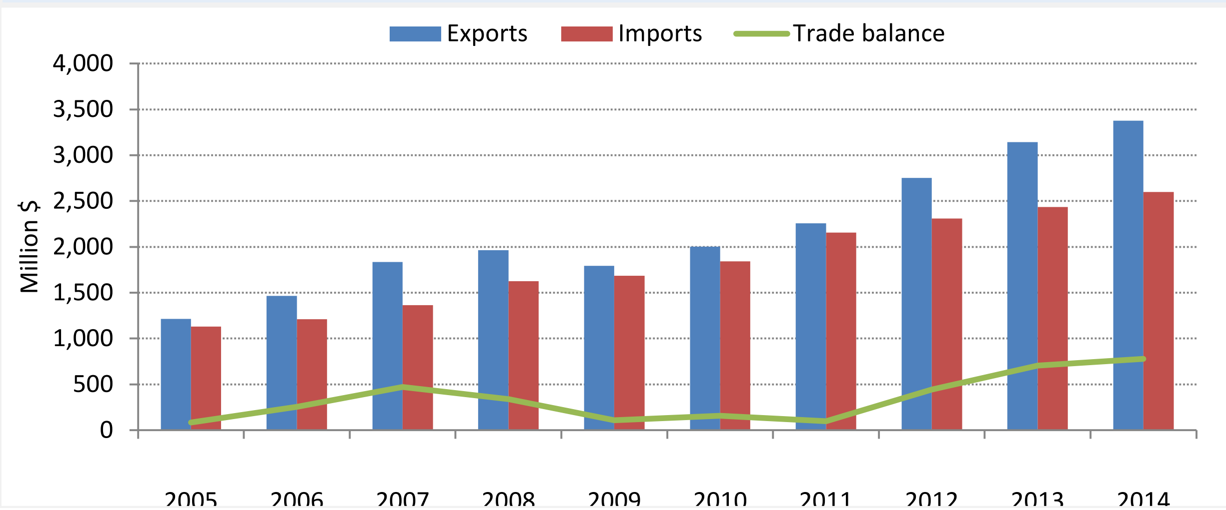
industry sector share grew from 21.0 percent to 26.1 percent.[450] Strong manufacturing performance—boosted by reliable power generation and continued consumer demand—as well as an upturn in mining likely has contributed to industry sector growth.[451]

While most of Tanzania's workforce is employed in the agriculture sector,[452] the services sector is an important and growing source of jobs. In 2014, the services sector accounted for 25.7 percent of Tanzanian employment, up from 20.4 percent in 2006.[453]

Trade and Investment

Tanzania's trade in services is significant and growing. During 2005–14, Tanzanian exports of commercial services increased at a CAGR of 12.0 percent, reaching $3.7 billion in 2014, while imports grew at a CAGR of 9.7 percent to $2.6 billion (figure 3.32). Tanzania posted services trade surpluses in every year during the period, which reached $777 million in 2014.[454] This surplus offset a portion of the country's merchandise trade deficit, which stood at $7.0 billion in 2014.[455]

Figure 3.32: Tanzanian commercial services exports, imports, and trade balance, 2005–14

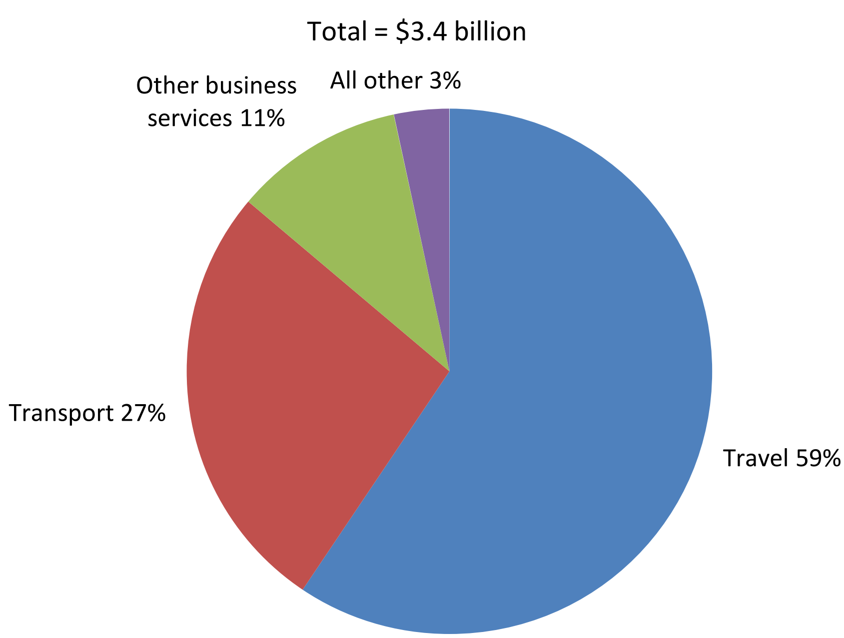


Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016). (See appendix table B.43).

[450] World Bank, World Development Indicators database (accessed April 21, 2016).
[451] Charle and Dhliwayo, "Tanzania 2015," 2015, 4.
[452] Ibid., 2.
[453] ILO, ILOSTAT database (accessed May 16, 2017).
[454] USITC staff calculations based on data obtained from the WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)" (accessed September 14, 2016).
[455] Tanzania's merchandise exports totaled $5.0 billion, while imports totaled $12.0 billion in 2014. USITC staff calculations based on data obtained from the WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)" (accessed September 6, 2016).

Travel and transport services dominate Tanzanian services trade. In 2014, travel and transport respectively accounted for 59.4 percent and 26.7 percent of Tanzanian commercial services exports (figure 3.33), and for 42.4 percent and 44.7 percent of the country's commercial services imports (figure 3.34).[456] Tanzania's tourism industry benefits from the country's numerous and diverse attractions, which include beaches, game reserves, national parks, and seven UNESCO World Heritage sites, among others. As such, tourism is an important source of foreign exchange and employment in Tanzania. Tanzania's competitiveness in the transport sector is likely due, in part, to Dar es Salaam's position as a transit point for several neighboring landlocked countries.[457]

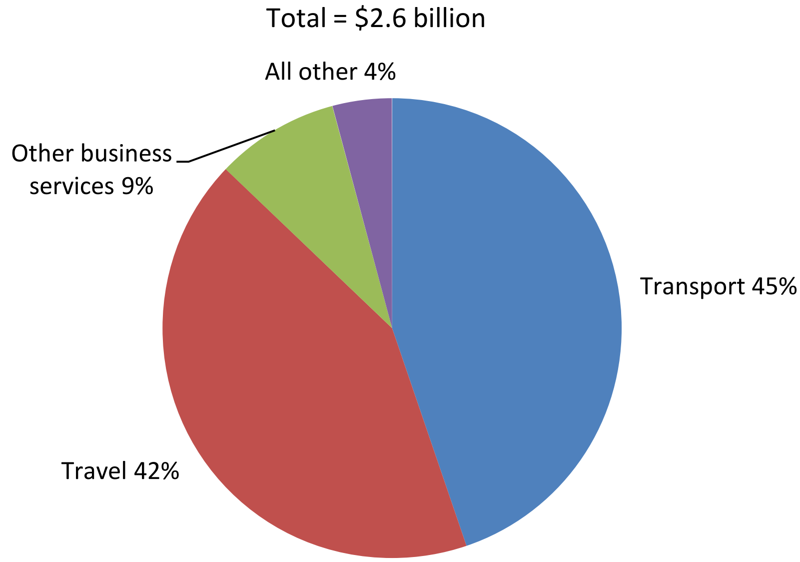
Figure 3.33: Tanzanian commercial services exports, by industry, 2014



Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016). (See appendix table B.44).

[456] USITC staff calculations based on data obtained from the WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)" (accessed September 14, 2016).
[457] World Trade Organization (WTO), "Trade Policy Review, Report by the Secretariat: East African Community, Revision," May 31, 2013, A4-465, A4-466.

Figure 3.34: Tanzanian commercial services imports, by industry, 2014



Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016). (See appendix table B.45).

Tanzanian exports of financial services, which increased at a CAGR of 32.8 percent, was the fastest-growing segment of the country's commercial services exports during 2005–14, followed closely by personal, cultural, and recreational services (30.9 percent). However, exports by these industries remain relatively small, together accounting for less than 1 percent of Tanzania's total commercial services exports in 2014. Similarly, although personal, cultural, and recreational services was the fastest growing segment (with a CAGR of 74.1 percent) of Tanzania's commercial services imports during the period, this growth was erratic and occurred from a very small base.[458]

Tanzania scheduled General Agreement on Trade in Services (GATS) commitments only on one specific segment of the travel and tourism sector—four-star hotels. Among other things, these commitments indicate that approval is required for foreign mergers and acquisitions in this industry segment.[459] However, despite these limited GATS obligations, other evidence suggests that barriers to the foreign provision of services in Tanzania are not particularly high. Tanzania's overall World Bank STRI score is 30.7 (where 0 is completely open and 100 is completely closed). Compared with the overall median STRI score for SSA (27.2), this score suggests that

[458] USITC staff calculations based on data obtained from the WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)" (accessed September 14, 2016).
[459] WTO, "Tanzania: Schedule of Specific Commitments," April 15, 1994, 1.

the level of services trade restrictions in Tanzania is similar to that in the region as a whole. According to the index, Tanzania maintains its most significant measures affecting the foreign provision of services in the international air passenger transport and legal services industries, with scores of 60 and 59.2, respectively.[460]

Togo

Although Togo ranked as the 13th-poorest country in the world in 2015, with a GDP per capita of $555, the country's services sector grew quickly over the last decade, boosted by some key successes. For example, Ecobank Transnational Incorporated (Ecobank)—headquartered in the capital and largest city, Lomé—is now the 14th-largest African bank;[461] the recently completed Lomé Container Terminal is the only deep-water seaport[462] in West Africa and serves as a regional shipping hub; and Ethiopian Airlines has invested in a local airline—ASKY—and uses Togo as its hub for flights to North America.[463] However, not all Togolese services industries are faring as well. The country's telecommunications sector, for instance, attracts little private-sector participation, resulting in one of the highest telephone tariffs in Africa.[464]

Output and Employment

Togo's services value added grew at a CAGR of 6.2 percent (from $1.5 billion to $2.8 billion) during 2005–15 and accounted for 40.7 percent of the country's GDP in 2015 (figure 3.35). The services sector is also an important source of jobs, employing 32.5 percent of the Togolese workforce in 2011 (latest available data).[465] With value added of $2,042 per employee in 2011, Togo's services sector posted lower labor productivity than the country's industry sector ($2,317) and higher labor productivity than the country's agriculture sector ($1,435) in that same year.[466]

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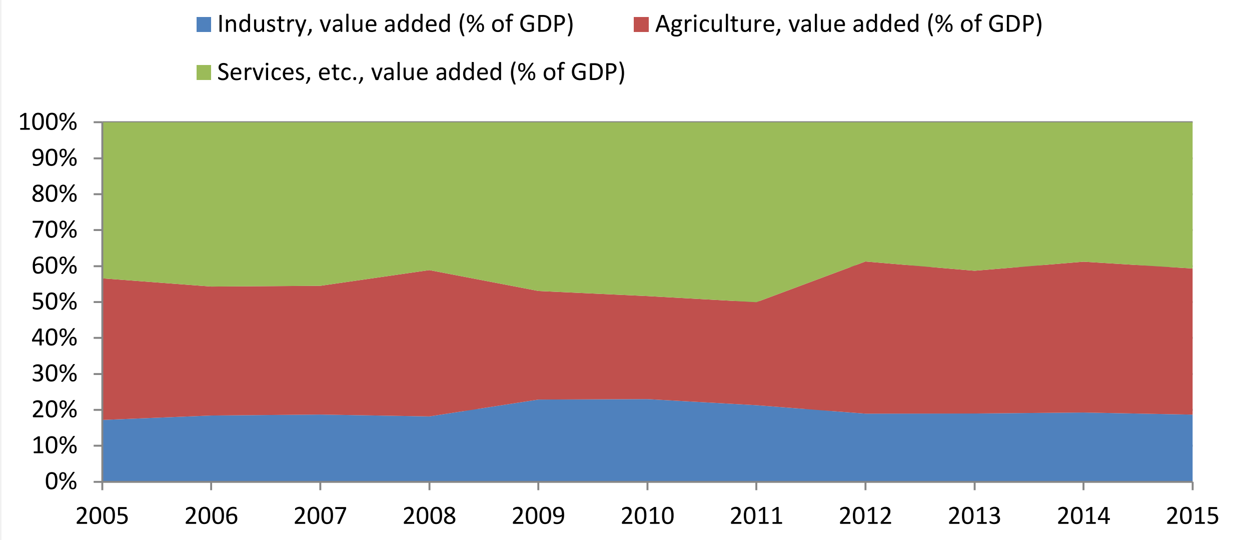
[460] World Bank, Services Trade Restrictions database (accessed April 27, 2016).
[461] Africa Report, "Top 200 Banks 2013," September 30, 2013 (accessed on June 6, 2016).
[462] IFC and World Bank, "Lomé Container Terminal, Togo," n.d. (accessed September 6, 2016).
[463] *allafrica.com*, "Ethiopian Airlines to Start Lomé-New York Flights," January 26, 2016.
[464] WTO, *Trade Policy Review: Report by the Secretariat; Togo,* May 25, 2012; IMF, *Togo: Poverty Reduction Strategy Paper,* 2014, 7.
[465] ILO, ILOSTAT database (accessed May 17, 2017).
[466] USITC staff calculations based on World Bank data on value added (in constant 2010 $US) and employment. World Bank, World Development Indicators database (accessed June 9, 2016).

Figure 3.35: Agriculture, industry, and services shares of Togolese GDP, 2005–15



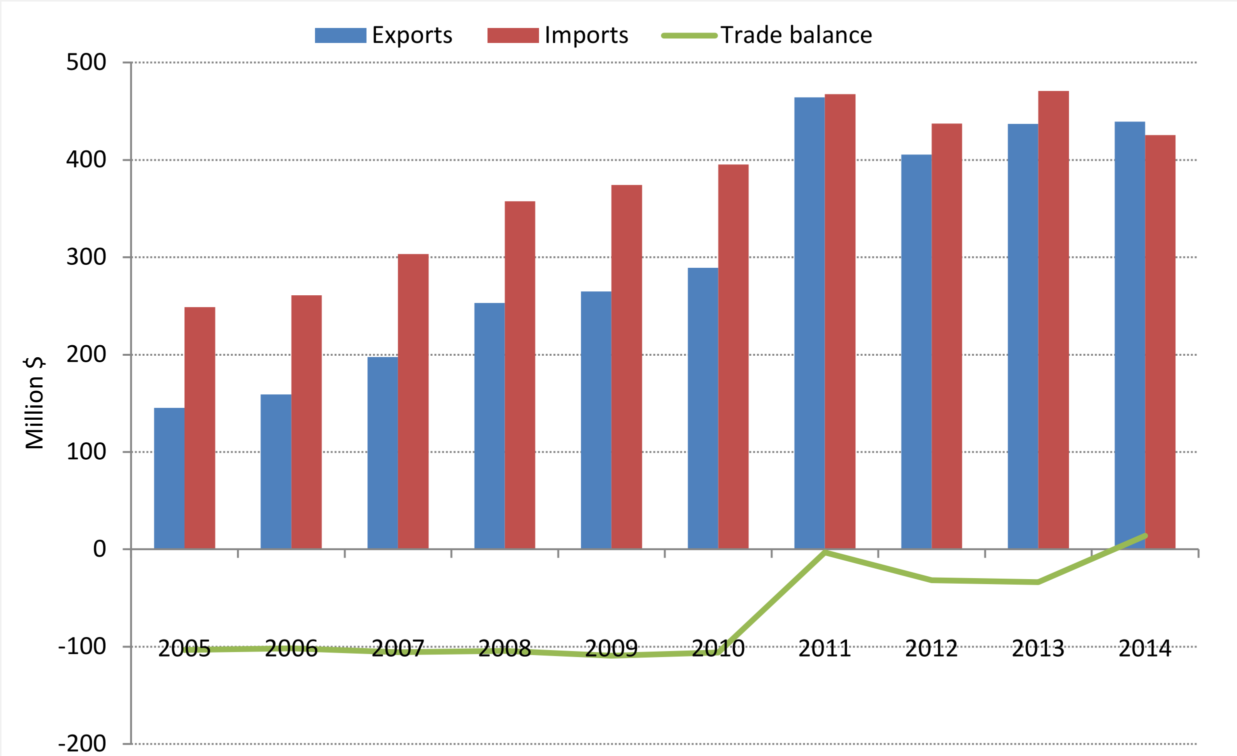
Source: World Bank, World Development Indicators database (accessed December 2016). (See appendix table B.46).

Trade and Investment

Togolese exports of commercial services increased at a CAGR of 13.1 percent during 2005–14, rising from $145 million to $439 million (figure 3.36). This was substantially higher than the 9 percent annual growth rate of total SSA commercial services exports. Assisted by the domestic expansion of Togo-based Ecobank and ORAGROUP SA—two of Africa's 250 largest banks[467]— exports of financial services grew faster than exports in any other Togolese commercial services industry, increasing from a small base at a CAGR of 35.2 percent during 2005–14. Togo's imports of commercial services grew at a CAGR of 6.2 percent over this time period, reaching $426 million by 2014. Imports of construction services posted the fastest growth, increasing at an overall CAGR of 48.3 percent during 2005–14; however, this rapid growth rate is largely the result of an extraordinary 1,260 percent increase from $706,000 in 2008 to almost $10 million in 2009.

[467] Among SSA countries, Togo ranks sixth in terms of banking assets, with its four largest banks holding $30 billion in assets in 2014. *Africa Report,* "Top 200 Banks 2015," October–December, 2015, 87–93.

Figure 3.36: Togolese commercial services exports, imports, and trade balance, 2005–14



Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016). (See appendix table B.47).

Transportation services comprised almost half of Togo's commercial services exports in 2014, likely due, in part, to the new port investment and the country's growing role as a regional freight transportation hub. In that year, Lomé's container traffic totaled 905,700 TEUs (20-foot equivalent units) and the port logged a 138 percent increase in shipping container trade over the previous year, making Togo one of the largest container processors in the region (table 3.3).[468] However, most of the containers processed in Lomé are destined for markets outside of Togo, as the port serves as both a transshipment point between West African ports and as an overland trucking terminal to Burkina Faso and Niger. Travel services and other business services[469] are the next-largest contributors to Togolese services exports, accounting for 28.5 percent and 11.2 percent, respectively, in 2014 (figure 3.37).

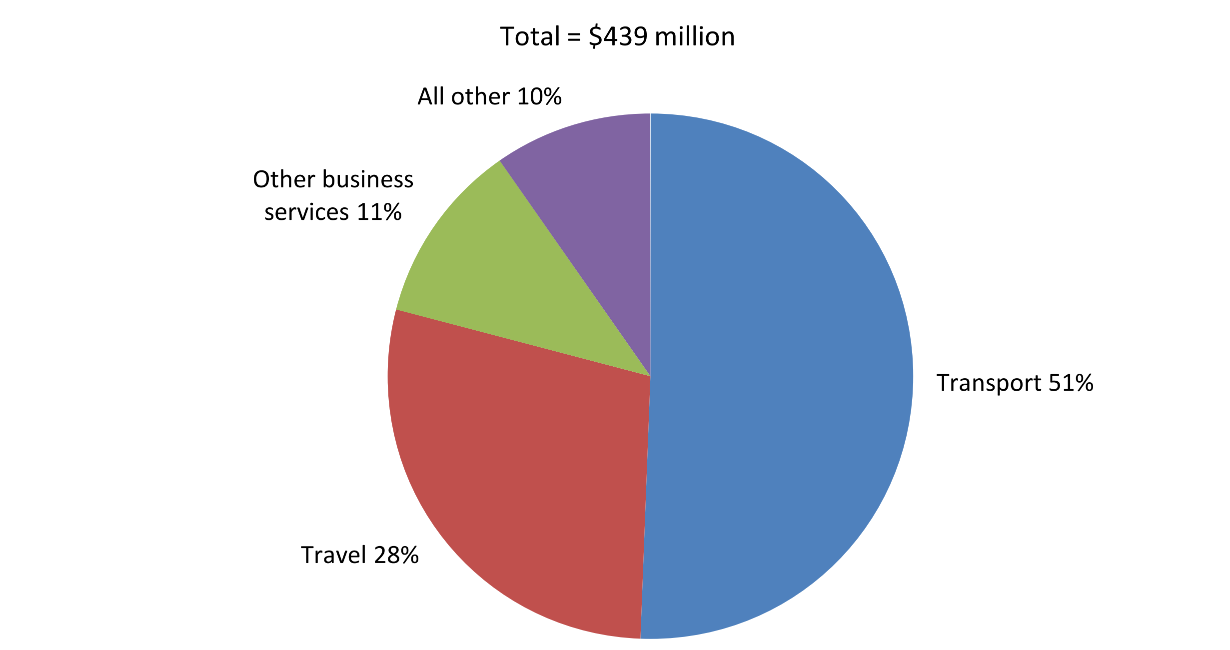
[468] In comparison, the WDI reports that the United States processed 46.5 million TEUs in containers in 2014.
[469] "Other business services" include research and development, professional and management consulting, technical, trade-related, and other business services not included elsewhere.

Table 3.3: Container Port Traffic: TEU (20-foot equivalent units)

Year	Togo	Benin	Cote d'Ivoire	Nigeria	Tema, Ghana
2009		272,820	677,029	653,584	525,694
2010	339,853	316,744	607,730	685,937	590,147
2011	352,695	334,798	642,371	839,977	756,899
2012	288,481	359,908	690,548	880,597	824,238
2013	311,470	388,341	745,102	991,666	841,989
2014	380,798	408,146	783,102	1,063,486	732,382
2015	905,700				782,502

Source: World Bank, World Development Indicators database (accessed February 9, 2017), Ghanaports.gov, "Tema (Ghana) Port Performance 2003–2015," http://www.ghanaports.gov.gh/Files/TEMAPORTPERFORMANCE2003-2015.pdf (accessed February 9, 2017); Togoport.net, Trafic Conteneurs [Container traffic], http://www.togo-port.net/index.php?option=com_content&view=article&id=130&Itemid=137 (accessed February 9, 2017) .
Note: Data on 2015 container port traffic for Benin, Cote d'Ivoire, and Nigeria are not available.

Figure 3.37: Togolese commercial services exports, by industry, 2014

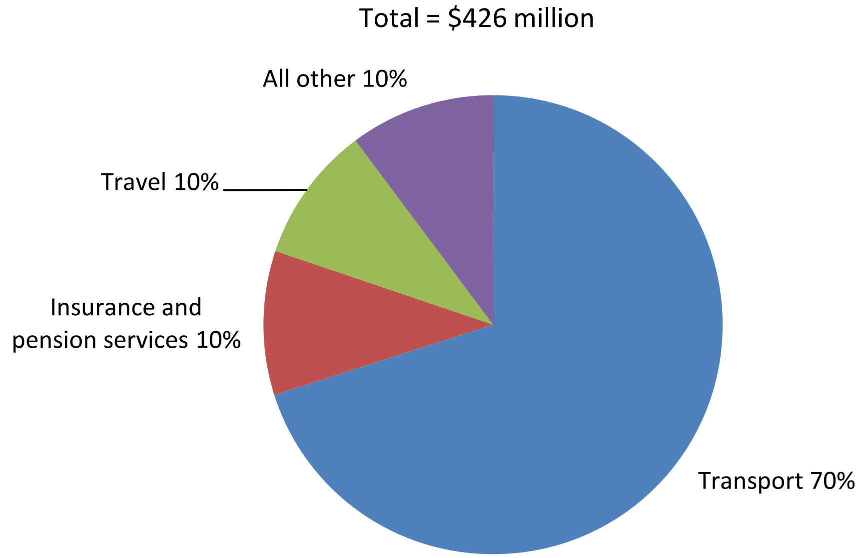


Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016). (See appendix table B.48).

The importance of Togo's seaport and overland trade routes may also contribute to the transportation sector's dominance of the country's commercial services imports. In 2014, transportation services accounted for 70.0 percent of Togo's imports of commercial services,[470] while insurance and pension services (10.1 percent) and travel (9.6 percent) followed (figure 3.38).

[470] WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)" (accessed September 14, 2016).

Figure 3.38: Togolese commercial services imports, by industry, 2014



Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016). (See appendix table B.49).

The International Trade Centre concludes that the political environment in Togo is not conducive to investment. Further, FDI is only permitted in some sectors and is subject to a minimum value threshold.[471] Despite these impediments, efforts have been made to improve the country's investment climate. For example, Togo established a new investment code in 2012 that extends non-discriminatory treatment to foreign investors.[472] Togo has also secured foreign financing for investments in transportation infrastructure in an effort to strengthen its position as a hub for air, sea, and land transport. In 2012, it obtained a $180 million loan[473] from the China Eximbank to improve its road network, including the main trade road to Burkina Faso.[474] The country also secured a $116 million loan from the IFC to build the new container terminal at the Lomé port, which was completed in 2015.[475] In 2016, Togo acquired another loan from the China Eximbank, for $150 million, to expand the main international airport to

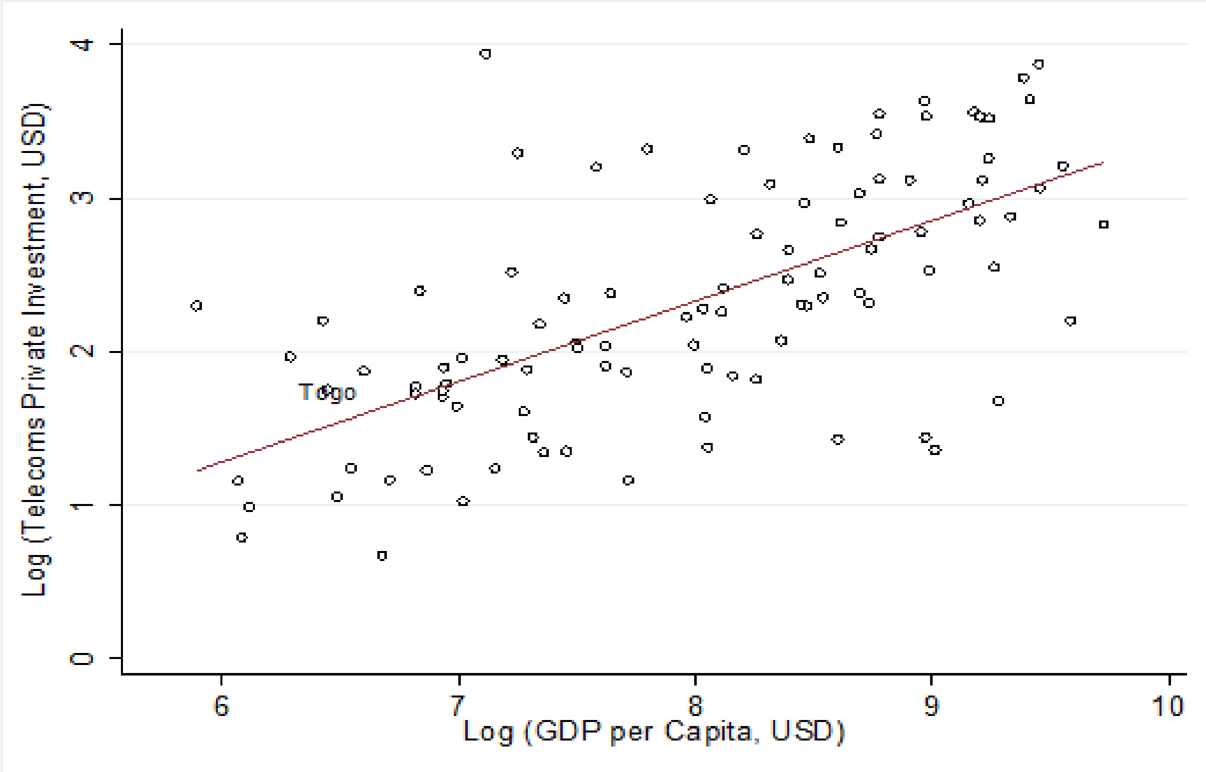
[471] ITC, *ITC by Country Report: Togo,* December 5, 2014.
[472] U.S. Department of State, "Togo Investment Climate Statement 2015" June 2015 (accessed March 14, 2017).
[473] This loan accounted for about 5 percent of Togo's GDP in 2012.
[474] AidData, "Road Rehabilitation Projects in Togo," n.d. (accessed June 9, 2016).
[475] IFC, "Lomé Container Terminal, Togo," n.d. (accessed September 6, 2016).

accommodate a total of 2.5 million passengers (compared to 800,000 air passengers in 2014[476]) and 35,000 tons of freight.[477]

In addition to the successes in transport services, the Togolese telecommunications sector has begun to attract investment. In 2014, private investment in Togo's telecommunications sector was $5.76 per mobile subscriber (figure 3.39), up from $3.80 per mobile subscriber two years earlier—a 51 percent increase.[478] The sector is served by only two entities—a state monopoly and a private mobile service provider—and the government has taken steps to slow private sector participation. For example, the national tax agency shut down one of the few Internet service providers in 2015,[479] and the government took more than five years to grant Moov Togo (a subsidiary of Maroc Telecom)—the only private cellular carrier in the country—a third generation (3G) service license.[480] As a result of the country's inability to attract substantial telecom investment, the telecommunications market in Togo is marked by high-cost and low-quality services.[481]

[476] World Bank, "Air Transport, Passengers Carried," n.d. (accessed September 6, 2016).
[477] Africanews.com, "Togo Opens Ultramodern Airport Terminal," April 28, 2016.
[478] World Bank, World Development Indicators database (April 17, 2017).
[479] iciLome, "L'OTR ferme les portes de Café Informatique" [The OTR shuts down the Café Informatique], September 2, 2015.
[480] The IMF notes, "Telecom services in Togo are among the most expensive in the world and their quality is low." IMF, *Togo: Article IV Consultation*, November 2015, 17, footnote 22.
[481] World Bank, Internet users (per 100 people), http://data.worldbank.org/indicator/IT.NET.USER.P2 (accessed June 9, 2016). The IMF also indicated that telecom reforms would boost the country's economic growth. IMF, *Togo: Staff Report for the 2015 Article IV Consultation,* October 7, 2015, 17.

Figure 3.39: Private investment per mobile subscriber, 2014



Source: WDI (accessed April 17, 2017) and author's calculations.
Note: The telecoms private investment figures used in this figure reflect telecoms private investment per mobile subscriber in their respective countries.

Uganda

The services sector accounts for approximately half of Ugandan GDP, and the travel and transportation industries are both significant contributors to Uganda's services output and trade. While Uganda's economy—and, thus, its services sector—is affected by weak institutions and corruption, the country's overall economic outlook seems positive.

Output and Employment

Uganda's services sector has grown in recent years, with value added in the sector rising from $7.5 billion in 2005 to $13.3 billion in 2015.[482] The services sector is the leading contributor to Uganda's economy, accounting for 52.8 percent of GDP in 2015, while the industry and agriculture sectors accounted for 21.4 percent and 25.8 percent, respectively. However, the agriculture sector dominates Ugandan employment, with 71.7 percent in 2013 (latest data

[482] World Bank, World Development Indicators database (accessed July 7, 2016).

available), while the services sector accounted for only 21.0 percent of Uganda's total employment, up slightly from 19.0 percent in 2005.[483]

The travel and transport industries are the largest contributors to services output in Uganda, together accounting for more than half of Ugandan services value added in 2013. In 2004, these industries directly accounted for 3.6 percent of the country's overall employment (or 105.4 million jobs).[484] The Ugandan government has recently initiated projects to rebuild damaged roads, which may benefit the overall transport industry.[485] Additionally, the passenger terminal at Entebbe International Airport (EIA)—Uganda's principal international airport—is undergoing upgrades, and the airport is constructing a new cargo center using private funding.[486]

Uganda's tourism industry benefits from the country's wildlife reserves and national parks. Uganda is home to half of the world's mountain gorillas and over 1,000 bird species, several found nowhere else worldwide.[487] In 2014, there were 1.26 million international arrivals in Uganda.[488] However, the travel industry continues to struggle with the high cost of domestic flights and weak transportation infrastructure.[489] If these challenges are addressed, the Ugandan travel industry has the potential to grow.

The Ugandan communications industry has experienced particularly rapid growth in recent years. One of the factors contributing to this growth is the emergence of new services such as money transfers and bill payments, which have led to an increase in mobile subscriptions.[490] The popularity of these services has boosted employment and consumption growth in the ICT industry. For example, in 2010, direct employment in the sector was 20,000 employees, compared to 1,000 in 2006.[491]

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[483] ILO, Key Indicators of the Labour Market. (accessed November 5, 2015). The ILO published Ugandan employment data based on three sources: the Uganda National Household Survey (for the years 2005, 2009, and 2013), the Urban Labour Force Survey (for the year 2005), and the National Labour Force and Child Activities Survey (for the year 2012). The data presented in this report is from the Uganda National Household Survey, as it is the most recent data and is available for the greatest number of years.
[484] World Travel & Tourism Council, "Travel and Tourism Economic Impact 2015 Uganda," 2015.
[485] Ranganathan and Foster, "Uganda's Infrastructure: A Continental Perspective," February 2012, 14.
[486] WTO, *Trade Policy Review, Report by the Secretariat: East African Community, Revision*, June 28, 2016, A4-554.
[487] Ibid., A4-557.
[488] World Bank, World Development Indicators database (accessed July 21, 2016).
[489] WTO, *Trade Policy Review, Report by the Secretariat: East African Community, Revision*, June 28, 2016, A4-557.
[490] Ibid., A4-552.
[491] Ibid.

Trade and Investment

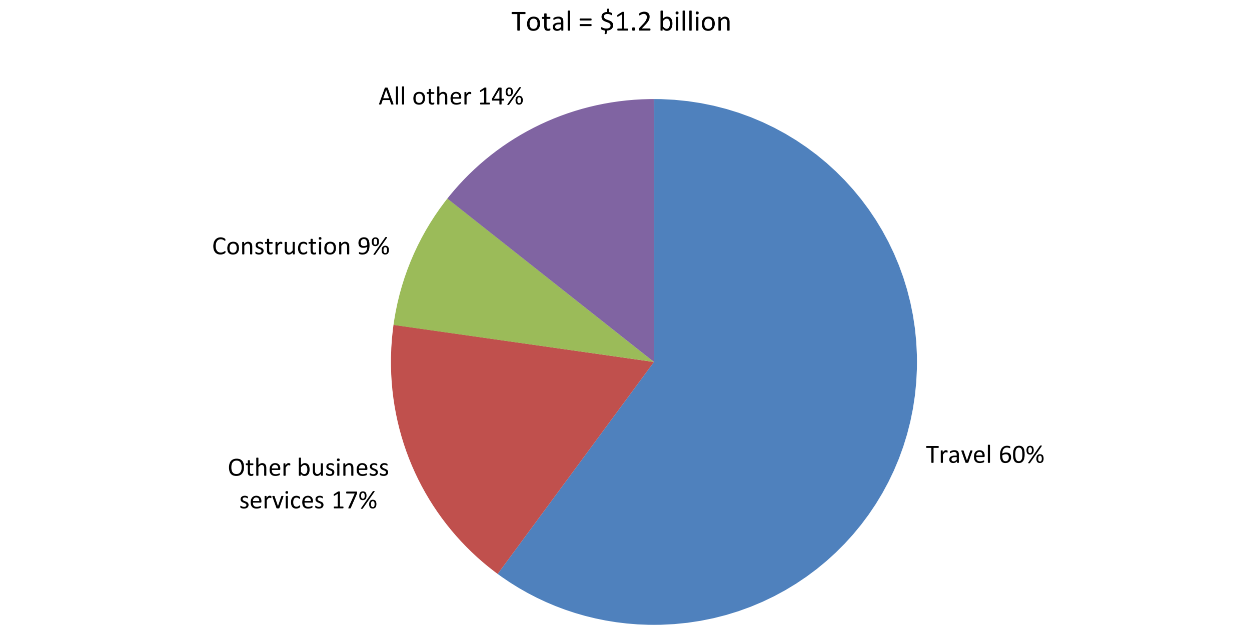
Ugandan exports and imports of commercial services grew steadily in most years during 2005–15 (figure 3.40). Travel and other business services are leading contributors to Ugandan commercial services exports (accounting for 60.1 percent and 17.1 percent, respectively, 2015) (figure 3.41), while transport and other business services[492] accounted for the largest shares of imports in this sector (42.6 percent and 30.2 percent, respectively) (figure 3.42).[493] Ugandan trade in travel and transport services has been boosted by the same factors that promoted output growth in these industries, which are discussed above.

Figure 3.40: Ugandan commercial services exports, imports, and trade balance, 2005–15

Source: WTO, Statistics Database, Time Series on International Trade, “Trade in Commercial Services, 2005–onward (BPM6),” (accessed September 14, 2016). (See appendix table B.50).

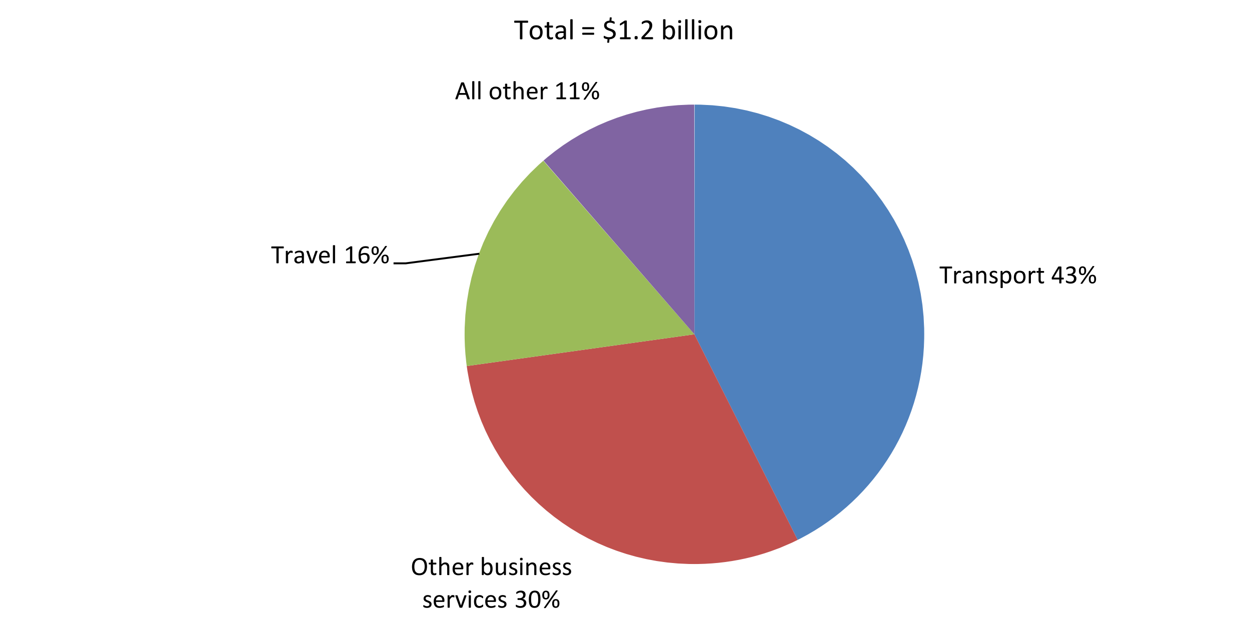
[492] “Other business services” include research and development, professional and management consulting, technical, trade-related, and other business services not included elsewhere.
[493] USITC staff calculations based on data obtained from WTO, Statistics Database, Time Series on International Trade, “Trade in Commercial Services, 2005–onward (BPM6)” (accessed September 14, 2016).

Figure 3.41: Ugandan commercial services exports, by industry, 2015



Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016). (See appendix table B.51).

Figure 3.42: Ugandan commercial services imports, by industry, 2015



Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016). (See appendix table B.52).

Among industries for which disaggregated data are available for the entire 2005–15 period,[494] the fastest-growing segment of Ugandan services exports was transport services, which increased at a CAGR of 34.9 percent during 2005–15. At the same time, charges for the use of intellectual property was the fastest growing segment of Uganda's commercial service imports, having grown at a CAGR of 25.1 percent. However, Uganda's intellectual property imports remain small, accounting for less than 1 percent of the country's total commercial service imports in 2015.

Although data on foreign direct investment in the Ugandan services sector are unavailable, evidence suggests that current and future investments in certain Ugandan services industries—such as transportation, energy services, and telecommunications, among others—may be significant.[495] For example, the Civil Aviation Authority has revealed that the Chinese government is extending a $200 million loan to Uganda to expand the Entebbe International Airport. This project is scheduled for 2016–33.[496] The increase in mobile subscribers—a result of new services such as mobile money transfers—has boosted foreign investment in both the telecommunications and financial sectors.[497] Additionally, there has been a proposal to construct a pipeline from Uganda's oil fields to the coast of Kenya, which is expected to benefit Uganda's energy sector.[498]

Uganda's STRI score (34.5) is not much higher than the overall STRI score for the region, suggesting that Uganda maintains a level of openness comparable to that of other SSA countries. According to the index, Uganda maintains its most significant measures affecting the foreign provision of services in the retail and legal services industries, with scores of 50 and 43.3, respectively (0 being completely open and 100 completely closed).[499] For example, establishing a commercial presence anywhere outside the "city area"[500] is not allowed for foreign retailers. Additionally, to provide legal representation in court, an individual must be a national of Uganda; or hold a law degree from the University of Nairobi (Kenya), the University of Dar es Salaam (Tanzania), or the University of Zambia; or hold a legal qualification that

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[494] Data on Ugandan trade in construction, information services, maintenance and repair services, and personal, cultural, and recreational services are available for 2011–15 only. Ugandan imports of "all other" services grew at a CAGR of 39.3 percent during 2005–15.
[495] USDOC, ITA, U.S. Commercial Service, *Doing Business in Uganda: 2014* (accessed July 7, 2016).
[496] Anguyo, "Entebbe Airport Expansion Starts on Saturday," August 26, 2015.
[497] Ndiwalana, Morawczynski, and Popov, "Mobile Money Use in Uganda: A Preliminary Study," 2010.
[498] Gupte, "Analysis: Uganda-Kenya Oil Pipeline Decision to Boost Region," August 14, 2015.
[499] World Bank, Services Trade Restrictions (STRI) database (accessed July 7, 2016).
[500] This term is used in the source, but is not defined.

entitles a person to practice law in England and Wales. The person must also agree to work under the surveillance of the government of Uganda for at least six months.[501]

Zambia

Services are "the backbone of the Zambian economy," as being landlocked has led the country to prioritize the development of its land transportation industry.[502] However, despite the size and importance of that industry, the country's services sector as a whole, along with its services trade, have reportedly underperformed compared to other countries at its income level.[503] For example, Zambia's tourism industry lags behind those in neighboring Botswana and Tanzania, while poor and unequal access to certain services—such as financial services—is also a concern.[504]

Output and Employment

Over the past decade, services have consistently accounted for more than half of Zambian GDP, comprising 59.4 percent in 2015 (figure 3.43). Furthermore, value added in Zambia's services sector grew at a CAGR of 9.0 percent during 2005–15, expanding from $6.2 billion to $14.8 billion. The services sector share of the Zambian workforce is also significant and growing, having increased from 21.0 percent in 2008 to 33.7 percent in 2012 (latest available data).[505] Average labor productivity in the sector—as measured by value added per employee—stood at

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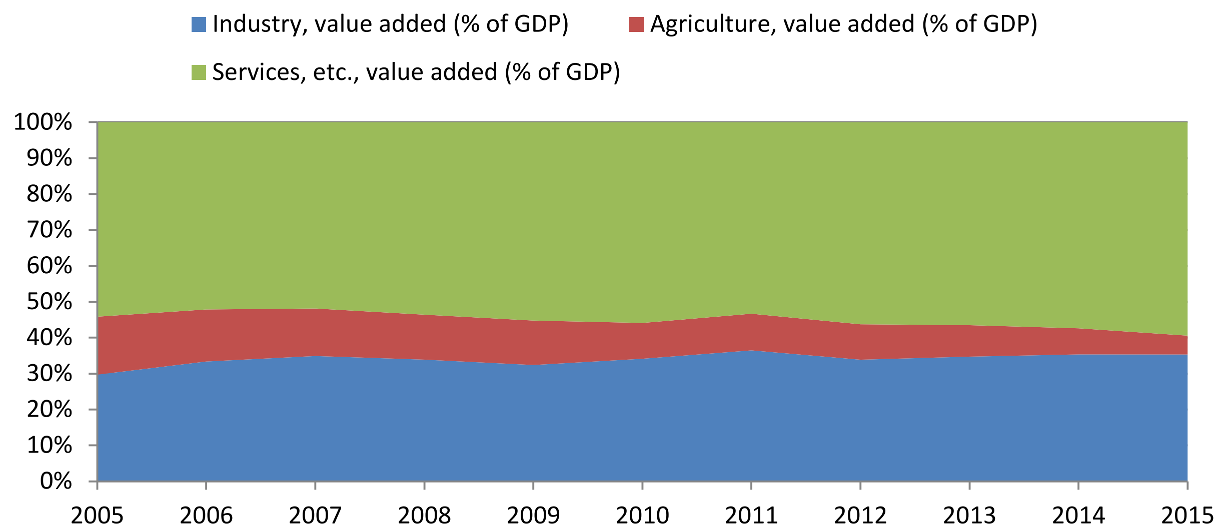
[501] World Bank, Services Trade Restrictions database (accessed July 7, 2016).
[502] WTO, *Trade Policy Review: Report by the Secretariat: Zambia,* May 17, 2016.
[503] World Bank, *The Republic of Zambia: Diagnostic Trade Integration Study,* June 2014, 25.
[504] Mattoo and Payton, *Services Trade and Development: The Experience of Zambia,* 2007.
[505] ILO, ILOSTAT (accessed May 17, 2017).

Figure 3.43: Agriculture, industry, and services shares of Zambian GDP, 2005–15



Source: World Bank, World Development Indicators database (accessed December 2016). (See appendix table B.53).

$6,974 in 2012, significantly lower than average labor productivity in the industry sector ($12,817) but much higher than in the agriculture sector ($708).[506]

Financial services is one of the fastest growing services industries in Zambia, and the banking sector—which has benefited from credit growth and a decline in nonperforming loans—[507] has made a particularly important contribution to Zambian services sector growth. However, there is a gap between rural and urban access to these services. Urban areas have seen a recent increase in ATMs and mobile money providers like Mobile Transactions Zambia Ltd, while such services are not available to many rural customers.[508]

The country's telecommunications sector has benefited from recent regulation, including a 2009 act to regulate the ICT sector and an act that contains provisions intended to encourage investment in that sector. There are three mobile operators in the market,[509] and the flagship—Airtel Zambia—was ranked as the 40th-largest ICT/telecommunications company on the continent by the Africa Report.[510] Zambia's construction services industry performed particularly well during 2012–13, expanding by 18.9 percent—likely as a result of growth in

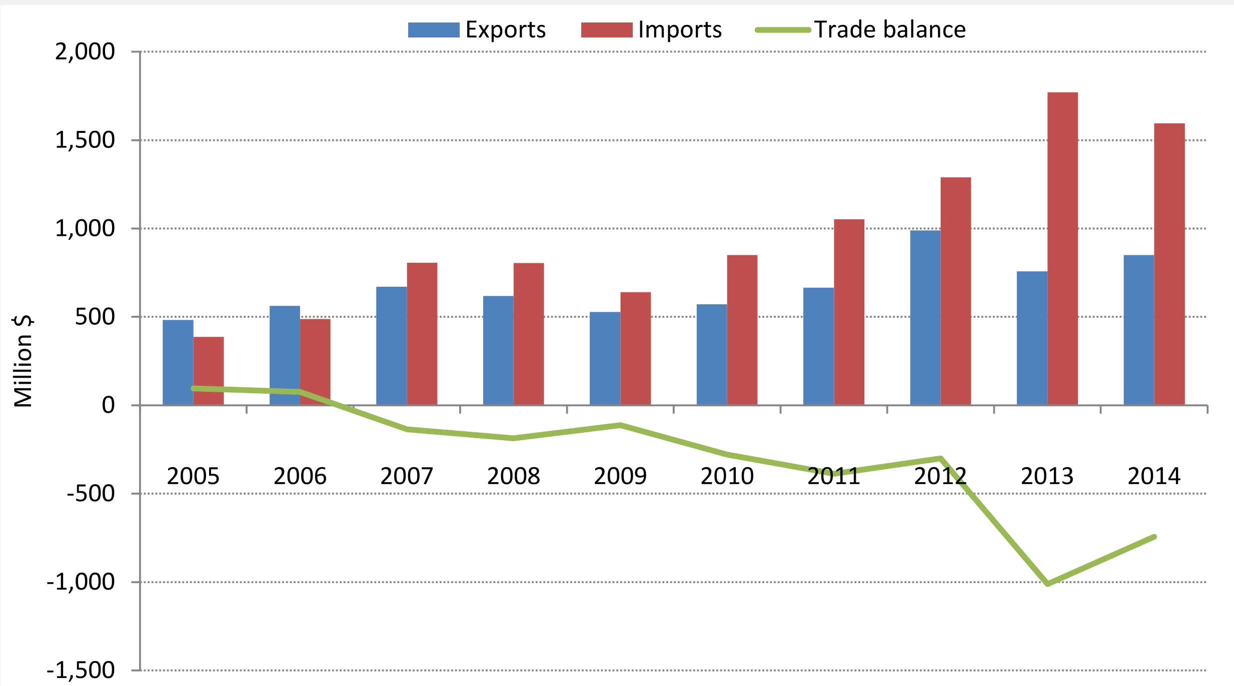
[506] USITC staff calculations based on data obtained from World Bank, Databank (accessed July 2016) and ILO, ILOSTAT database (May 17, 2017).
[507] IMF, *Zambia Article IV Consultation,* June 2015, 16.
[508] International Trade Centre, "Services Snapshot: Zambia,"2004, 2.
[509] WTO, *Trade Policy Review: Report by the Secretariat; Zambia,* May 17, 2016, 70.
[510] This is a ranking of all companies in north and sub-Saharan Africa. *Africa Report,* "Top 500 Companies in Africa 2013," n.d. (accessed July 20, 2016).

public works projects.[511] Tourism also grew quickly, doubling as a share of GDP from 2.1 percent in 2012 to 4.2 percent in 2013 as tourists were attracted to the country's national parks to view wildlife, waterfalls, and other natural resources. However, despite the strong performance of these industries, the WTO has suggested that the services sector underperforms due to inadequate infrastructure and investment.[512]

Trade and Investment

Zambia's exports of commercial services increased at a CAGR of 6.5 percent between 2005 and 2014, while its imports in this sector grew at a rate of 17.0 percent (figure 3.44). This resulted in a shift in the country's services trade balance from a surplus of $96 million in 2005 to a deficit of $745 million in 2014. Zambia's insurance and pension services exports apparently increased rapidly, recording a CAGR of 29.1 percent during 2005–14; however, this increase may be due to an accounting change for this category. Exports of transportation services grew at the next-fastest rate (18.1 percent).

Figure 3.44: Zambian commercial services exports, imports, and trade balance, 2005–14



Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016). (See appendix table B.54).

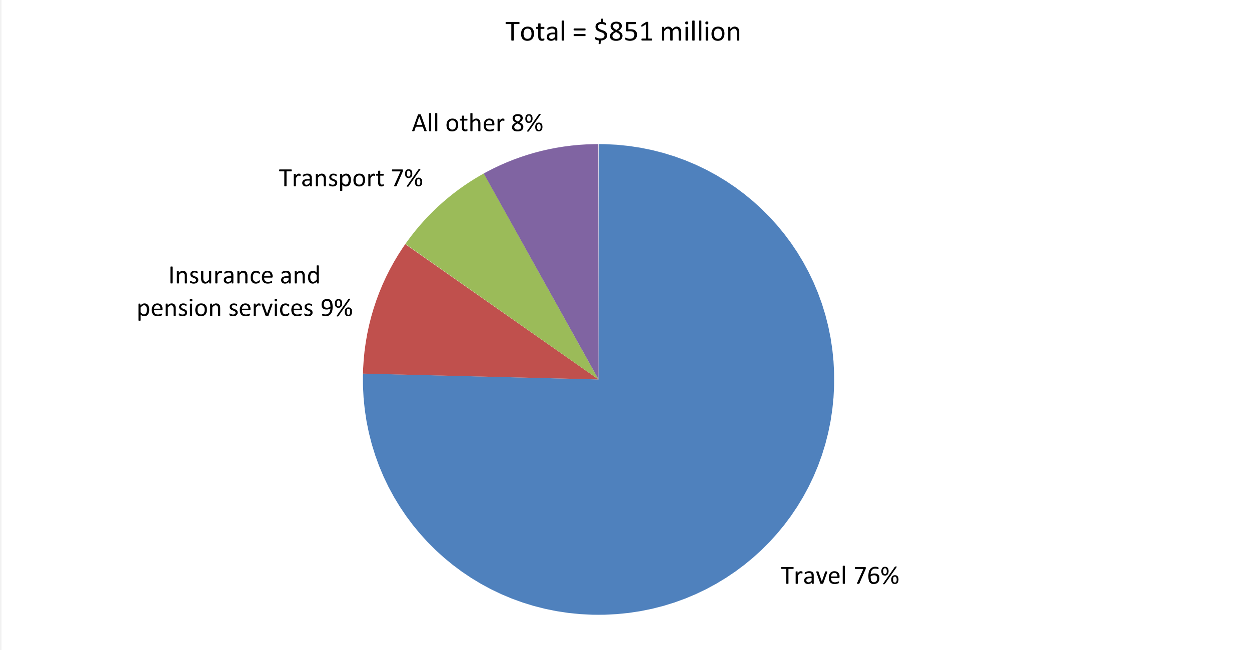
[511] World Bank Group, "Zambia Economic Brief: Beating the Slowdown," June 2016, 7.
[512] WTO, *Trade Policy Review: Report by the Secretariat; Zambia,* May 17, 2016, 74.

Zambia's imports of financial services grew at a CAGR of 31.7 percent during 2005–14, followed by insurance and pension services (28.3 percent). As with exports of insurance and pension services, the apparently rapid import growth in these industries may be due, in part, to a Zambian government accounting change. Imports of other business services[513] also increased at a comparatively rapid CAGR (26.1 percent) during the period.[514]

Travel services dominated Zambian commercial services exports in 2014, with 75.4 percent of the total (figure 3.45), while transport services accounted for the largest share of imports (56.6 percent) (figure 3.46). More specifically, Zambian freight imports totaled $696 million in 2014, far greater than the $61 million in freight exports posted in that same year. [515] This may be due, in part, to Zambia's landlocked location, which likely creates a high demand for imports of both maritime and land transportation services from neighboring countries. Zambia's primary road network is in considerably better condition than that of other resource-rich African countries and the country stands out for the maintenance of its road network as well as for strong road transportation services.[516] However, rural roads remain in poor condition by regional standards, which results in low usage.[517] In addition, Logistics Update Africa reports that there has been a steady decline in demand for rail transportation services, with the Tanzania-Zambia railroad transporting just 90,000 metric tons (MT) of freight in 2015, down from 630,000 MT a decade ago.[518] This decrease in rail freight usage is due, in part, to border delays that result in average trip speeds of less than 5 kilometers per hour and the high rail tariffs charged by railway operators.[519]

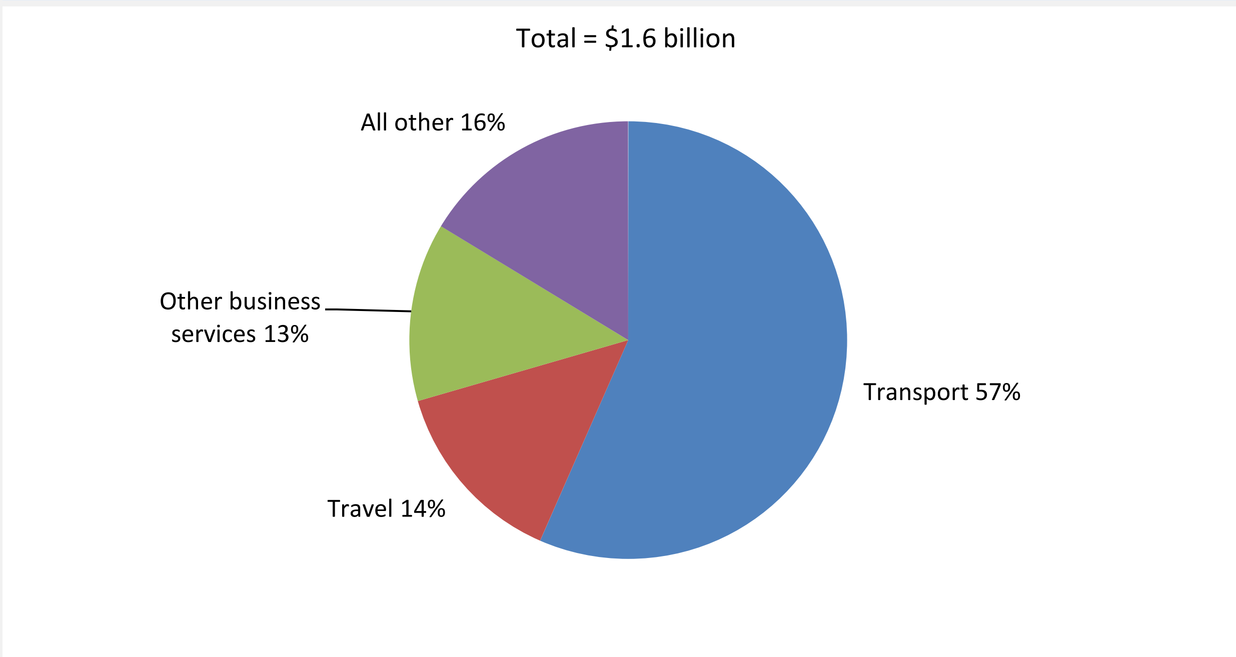
[513] "Other business services" include research and development, professional and management consulting, technical, trade-related, and other business services not included elsewhere.
[514] IMF, *Balance of Payments Statistics Yearbook*, 2015, 1123.
[515] WTO, *Trade Policy Review: Report by the Secretariat; Zambia,* May 17, 2016, 68.
[516] Foster and Dominguez, "Zambia's Infrastructure: A Continental Perspective," March 2010.
[517] MCC, *Analysis of Constraints to Inclusive Growth in Zambia,* 2011 (accessed September 7, 2016), 41.
[518] Sahita, "Africa's Railways on Fast Track," January-February 2016.
[519] Foster and Dominguez, "Zambia's Infrastructure: A Continental Perspective," March 2010, 1. On page 11, the report goes on to note that "A rail freight journey of 3,000 km from Kolwezi on the DRC border to the port of Durban takes 38 days to complete—9 days of travel time and 29 days associated with customs clearance and loading and interchange. Freight moves no more than 4 km per hour on average, and the aggregate costs of delays along the corridor have been estimated at $120 million per year."

Figure 3.45: Zambian commercial services exports, by industry, 2014



Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016). (See appendix table B.55).

Figure 3.46: Zambian commercial services imports, by industry, 2014



Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016). (See appendix table B.56).

Despite these rail transport restrictions, Zambia's overall World Bank STRI score is 21—equal to the median score for high-income countries, and lower than the median score for SSA countries (27.2) (where 0 is completely open and 100 is completely closed). This suggests that the country is relatively open to the foreign provision of services, although it performs less well with respect to professional services. For example, foreign accountants must fulfill a coursework requirement at the Zambian Institute of Chartered Accountants, while auditors must be registered in Zambia and have at least seven years of experience.[520] A 2014 survey indicates that the country exports more professional services than its regional counterparts, and the World Bank's Diagnostic Trade Integration Study argues that removing restrictions in this industry would further boost Zambian competitiveness, as it would allow foreign workers to fill persistent skill gaps.[521]

[520] World Bank, Services Trade Restrictions Database (accessed June 10, 2016).
[521] World Bank, *The Republic of Zambia: Diagnostic Trade Integration Study,* June 2014, 28.

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Appendix A
Sources and Timeframes

Table A.1: Sources and Time Frames of Data on GDP, Employment, and Trade Used in the Chapter 3 Country Profiles

	Trade		GDP		Employment	
	Year	Source	Year	Source	Year	Source
Botswana	2005–14	WTO, Statistics Database, Time Series on International Trade	2005–15	World Bank, World Development Indicators	2006–10	ILO, KILM
Ethiopia	2005–15	WTO, Statistics Database, Time Series on International Trade	2005–15	World Bank, World Development Indicators	2005–13	ILO, KILM
Ghana	2005–14	WTO, Statistics Database, Time Series on International Trade	2006–15	Ghana Statistical Service, Revised 2015 Annual Gross Domestic Product, June 2015 April 2016 Edition, 6 and World Bank, DataBank.	2006–13	ILO, KILM
Kenya	2005–14	WTO, Statistics Database, Time Series on International Trade	2005–15	World Bank, World Development Indicators and Kenya National Bureau of Statistics.	2005, 2008–13	Kenya National Bureau of Statistics (2008-13), and ILO, KILM (2005)
Mauritius	2005–14	WTO, Statistics Database, Time Series on International Trade	2005–15	World Bank, World Development Indicators and Statistics Mauritius	2005–14	ILO, KILM
Nigeria	2005–15	WTO, Statistics Database, Time Series on International Trade	2009–15	Government of Nigeria, National Bureau of Statistics; and World Bank, World Development Indicators	2007	ILO, KILM
Rwanda	2005–14	WTO, Statistics Database, Time Series on International Trade	2005–15	World Bank, World Development Indicators	2005–12	ILO, KILM
Senegal	2005–14	WTO, Statistics Database, Time Series on International Trade	2005–15	World Bank, World Development Indicators	2006–11	ILO, KILM
South Africa	2005–15	WTO, Statistics Database, Time Series on International Trade	2005–15	World Bank, World Development Indicators and Statistics South Africa	2005–14	ILO, KILM
Tanzania	2005–14	WTO, Statistics Database, Time Series on International Trade	2005–15	World Bank, World Development Indicators	2006–14	ILO, KILM
Togo	2005–14	WTO, Statistics Database, Time Series on International Trade	2005–15	World Bank, World Development Indicators	2006	ILO, KILM
Uganda	2005–15	WTO, Statistics Database, Time Series on International Trade	2005–15	World Bank, World Development Indicators	2005–13	ILO, KILM
Zambia	2005–14	WTO, Statistics Database, Time Series on International Trade	2005–15	World Bank, World Development Indicators	2005–12	ILO, KILM

Note: WTO = World Trade Organization; ILO = International Labour Organization; KILM = Key Indicators of the Labour Market

Appendix B
Data Tables for Figures

Table B.1: Sub-Saharan African services, value added, 2015

Country	Percent of GDP	Country	Percent of GDP	Country	Percent of GDP
Sub-Saharan Africa	58.1	Zimbabwe	58.6	Burkina Faso	45.6
Mauritius	74.8	Sudan	58.1	Gabon	44,2
Sao Tome and Principe	72.5	Malawi	54.6	Tanzania	42.9
Cabo Verde	72.0	Mozambique	53.2	Guinea	42.9
South Africa	68.7	Uganda	52.8	Ethiopia	42.8
Botswana	64.2	Liberia	52.6	Central African Republic	41.2
Gambia, The	64.0	Benin	51.4	Niger	40.9
Namibia	62.3	Ghana	51.4	Togo	40.7
Lesotho	62.3	Rwanda	50.3	Mali	39.8
Zambia	59.4	Cote d'Ivoire	48.7	Burundi	39.5
Senegal	59.1	Cameroon	48.7	Congo, Rep.	38.1
Nigeria	58.8	Kenya	47.5	Equatorial Guinea	37.9
Madagascar	58.7	Congo, Dem. Rep.	46.9	Sierra Leone	33.9
				Chad	33.4

Source: World Bank, World Development Indicators database (accessed April 26, 2017).
Note: Corresponds with figure 1.1.

Table B.2: SSA services value added, by country, in 2015

Country	Percent of value added
South Africa	29.9
Nigeria	27.8
Sudan	3.6
Kenya	2.7
Ghana	2.5
Ethiopia	2.4
Tanzania	2.3
Cote d'Ivoire	2.2
All other countries	26.6

Source: World Bank, World Development Indicators database (accessed September 9, 2016).
Notes: Shares were calculated using data on services value added in constant 2010 U.S. dollars. Corresponds with figure 1.2.

Table B.3: Sub-Saharan Africans exports and imports of commercial services, 2005–15 (billion dollars)

Year	Exports	Imports
2005	27.9	71.2
2006	31.8	85.6
2007	37.1	108.9
2008	38.7	141.4
2009	36.9	126.1
2010	43.1	140.5
2011	49.6	158.5
2012	54.4	162.4
2013	54.7	163.0
2014	55.6	173.5
2015	58.1	156.9

Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016).
Note: Corresponds with figure 1.3.

Table B.4: Sub-Saharan service exports and imports, by country, 2015 (percent of total)

Country	Exports	Country	Imports
South Africa	27.0	Nigeria	22.8
Ghana	10.5	Angola	22.7
Kenya	6.8	South Africa	18.3
Tanzania	6.7	Ghana	6.0
Ethiopia	5.2	Ethiopia	5.6
All other	43.7	All other	24.6

Source: WTO, Statistics Database, Time series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," accessed September 14, 2016 .
Notes: Total exports were $47.5 billion while total imports were $82.6 billion in 2015. Corresponds with figure 1.4.

Table B.5: U.S. private services exports and imports with Africa, by industry, 2015 (percent of total)

Service industry	Exports	Service industry	Imports
Travel	33.0	Travel	49.7
Other business services	28.1	Other business services	24.6
Transport	9.9	Transport	17.5
Charges for the use of intellectual property, n.i.e.	8.5	Telecommunications, computer, and information services	3.2
Financial services	7.8	Other services	50.0
Other services	12.8		

Source: USDOC, BEA, Interactive data, International Transactions, Services, &IIP, International Services, table 3.1, June 16, 2016 (accessed August 25, 2016).
Notes: Total exports were $13.6 billion while total imports were $7.7 billion in 2015. n.i.e. = Not included elsewhere. Corresponds with figure 1.5.

Table B.6: Overall Services Trade Restrictions Index (STRI) scores

Country	STRI score	Country	STRI score
Mauritius	16.9	Mali	28.6
Ghana	18.4	Kenya	29.5
Mozambique	18.6	Tanzania	30.7
Madagascar	18.7	Malawi	34.2
Senegal	19.0	South Africa	34.5
Burundi	20.2	Uganda	34.5
Zambia	21.0	Namibia	37.0
Rwanda	25.0	Botswana	38.3
Cameroon	26.4	Congo, DR	51.7
Côte d'Ivoire	26.4	Zimbabwe	64.2
Nigeria	27.1	Ethiopia	88.2
Lesotho	27.3		

Source: World Bank's Services Trade Restrictions Database, as presented in Borchert, Gootiiz, and Mattoo, "Policy Barriers to International Trade in Services," WPS6109, 2012 (accessed June 2015).
Note: Corresponds with figure 1.8.

Table B.7: Number of architecture, engineering, and construction firms that maintain subsidiaries in Africa, by country of ultimate beneficial owner

Country	Number	Country	Number
Italy	49	China	5
Spain	35	Singapore	4
France	35	Japan	4
India	17	Turkey	2
United States	15	Canada	1
United Kingdom	14	Chile	1
Australia	9	Hong Kong	1
Malaysia	9	South Korea	1
Germany	5		

Source: Bureau van Dijk, Orbis database of companies (accessed August 30, 2016).
Notes: When choosing a search strategy in Orbis, there are many decisions to make that could affect results. For example, a search for Italian parent companies will yield 128 company names if one specifies that the company must be the global ultimate owner of the foreign subsidiary or must own at least 51 percent of the foreign subsidiary. If one specifies just the former, which is the search strategy here, 49 companies are identified. Corresponds with figure 2.1.

Table B.8: Growth of revenue by top architecture, engineering, and construction firms, by region, 2008–15 (percent)

Country	Construction	Architecture & engineering
Africa	28.8	13.4
Asia	76.3	27.9
Canada	71.2	14.0
Europe	-18.1	-0.3
Latin America/Caribbean	129.5	48.1
Middle East	-1.2	25.8
United States	27.8	72.0
Domestic revenue	56.1	10.4
International revenue	28.2	24.4

Sources: Engineering News Record (ENR), “The Top 225 International Design Firms,” July 18, 2016, 62;ENR, “The Top 200 International Design Firms,” July 27, 2009, 46; ENR, “Top 225 International Contractors,” August 31, 2009, 41; and ENR, “The Top 250 International Contractors,” August 22/29, 2016.
Note: Corresponds with figure 2.3.

Table B.9: Revenue generated in Africa, 2015, Architecture, engineering, and construction firms (million dollars)

Country	Construction	Architecture & engineering
by Australian firms	9.9	5.9
by Canadian firms	3.2	8.2
by Chinese firms	93.7	2.6
by European firms	212.3	20.9
by Japanese firms	25.2	0.7
by Korean firms	40.6	1.6
by U.S. firms	47.3	20.6
by all other firms	54.2	4.9

Sources: ENR, “The Top 225 International Design Firms,” July 18, 2016, 62 and ENR, The Top 250 International Contractors,” August 22/29. 2016.
Note: Corresponds with figure 2.4.

Table B.10: Top 10 country's total assets in 2011 and 2014 (million dollars)

Country	2011	2012
South Africa	652.3	573.3
Egypt	164.2	214.0
Nigeria	112.5	167.0
Morocco	109.1	137.4
Algeria	98.0	88.6
Angola	24.2	67.7
Kenya	20.4	36.4
Tunisia	32.1	33.6
Togo	9.7	30.4
Mauritius	25.3	29.3
Other	106.3	130.3

Sources: Staff calculations based on "Top 200 Banks," Africa Report, October–December 2015, 83; Africa Report, 2011 and 2015; "Top 200 Banks in Africa 2011" The Africa Report.
Note: Corresponds with figure 2.6.

Table B.11: Trade in SSA travel services, 2005–14 (billion dollars)

Year	Exports	Imports
2005	15.0	8.9
2006	16.6	13.3
2007	19.5	17.1
2008	19.1	22.0
2009	18.7	16.4
2010	20.9	19.0
2011	23.5	20.6
2012	25.4	18.7
2013	25.8	18.2
2014	26.2	19.5

Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005-onwards (BPM6)," (accessed October 3, 2016).
Note: Corresponds with figure 2.7.

Table B.12: Botswanan commercial services exports, imports, and trade balance, 2005–14 (million dollars)

Year	Exports	Imports	Trade balance
2005	821	568	253
2006	763	571	192
2007	836	727	107
2008	201	402	-201
2009	841	633	208
2010	940	824	116
2011	1,155	958	197
2012	1,009	727	282
2013	1,167	774	392
2014	1,245	681	564

Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016).
Note: Corresponds with figure 3.1.

Table B.13: Botswanan commercial services exports, by industry, 2014

Service industry	Percent
Travel	78.4
Other business services	12.8
Transport	2.9
All other	5.0

Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016).
Notes: Total exports were $1.2 billion in 2014. Corresponds with figure 3.2.

Table B.14: Botswanan commercial services imports, by industry, 2014

Service industry	Percent
Travel	40.5
Other business services	29.2
Transport	9.4
All other	20.9

Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016).
Notes: Total imports were $681 million in 2014. Corresponds with figure 3.3.

Table B.15: Ethiopian value added by sector, 2005–15

Year	Services, etc., value added (% of GDP)	Agriculture, etc., value added (% of GDP)	Industry, etc., value added (% of GDP)
2005	42.5	44.7	12.8
2006	41.6	45.9	12.5
2007	42.1	45.5	12.5
2008	40.6	48.4	10.9
2009	41.1	48.6	10.3
2010	45.1	44.7	10.2
2011	44.9	44.7	10.5
2012	41.8	48.0	10.3
2013	43.2	44.9	11.9
2014	43.4	41.9	14.7

Source: Source: World Bank, World Development Indicators (accessed September 14, 2016).
Note: Corresponds with figure 3.4.

Table B.16: Ethiopian commercial services exports, imports, and trade balance, 2005–15 (million $)

Year	Exports	Imports	Trade balance
2005	789	1,178	-389
2006	859	1,154	-295
2007	1,114	1,733	-620
2008	1,592	2,361	-768
2009	1,516	2,187	-671
2010	1,911	2,534	-622
2011	2,549	3,308	-760
2012	2,537	3,581	-1,044
2013	2,867	3,363	-496
2014	2,734	4,230	-1,496
2015	2,851	4,612	-1,761

Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016).
Note: Corresponds with figure 3.5.

Table B.17: Ethiopian commercial services exports, by industry, 2015

Service industry	Percent
Transport	77.2
Travel	14.4
All other	8.4

Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016).
Notes: Total exports were $2.9 billion in 2015. Corresponds with figure 3.6.

Table B.18: Ethiopian commercial services imports, by industry, 2015

Service industry	Percent
Transport	69.5
Travel	7.7
All other	22.8

Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016).
Notes: Total imports were $4.6 billion in 2015. Corresponds with figure 3.7.

Table B.19: Ghanaian commercial services exports, imports, and trade balance, 2005–14 (million dollars)

Year	Exports	Imports	Trade balance
2005	1,083	1,140	-57
2006	1,243	1,442	-199
2007	1,614	1,812	-198
2008	1,559	2,038	-479
2009	1,522	2,366	-844
2010	1,344	2,444	-1,101
2011	1,679	3,126	-1,447
2012	3,200	3,838	-638
2013	2,353	4,371	-2,017
2014	1,977	3,833	-1,856

Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016).
Note: Corresponds with figure 3.8.

Table B.20: Ghana: Ghanaian commercial services exports, by industry, 2014

Service industry	Percent
Travel	46.2
Transport	31.7
Other business services	22.1

Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016).
Notes: Total exports were $2.0 billion in 2014. Corresponds with figure 3.9.

Table B.21: Ghanaian commercial services imports, by industry, 2014

Service industry	Percent
Other business services	42.9
Transport	42.1
Travel	12.0
All other	3.1

Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016).
Notes: Total imports were $3.8 billion in 2014. Corresponds with figure 3.10.

Table B.22: Kenyan services output by industry, 2004 and 2013 (million dollars)

Year	2004	2013
Distribution	1,601	4,502
Transportation and communication	1,560	4,013
Education	1,261	2,947
Finance	560	2,136
Construction	607	1,938
Business services	918	1,813
Other services	622	1,536
Health and social services	419	847
Hotels and restaurants	203	656

Source: Kenyan Bureau of Statistics data converted to U.S. dollars.
Note: Corresponds with figure 3.11.

Table B.23: Kenyan commercial services exports, imports, and trade balance, 2005–15 (million dollars)

Year	Exports	Imports	Trade balance
2005	1,525	970	556
2006	1,987	1,252	734
2007	2,418	1,499	919
2008	2,531	1,716	815
2009	2,198	1,653	545
2010	3,016	1,890	1,126
2011	3,326	2,003	1,322
2012	3,880	2,287	1,593
2013	4,042	2,206	1,835
2014	4,027	2,698	1,329
2015	3,692	2,523	1,169

Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016).
Note: Corresponds with figure 3.12.

Table B.24: Kenyan commercial services exports, by industry, 2015

Service industry	Percent
Transport	52.1
Travel	19.2
All other	28.7

Source: WTO, Statistics Database, Time Series on International Trade, “Trade in Commercial Services, 2005–onward (BPM6),” (accessed September 14, 2016).
Notes: Total exports were $3.7 billion in 2015. Corresponds with figure 3.13.

Table B.25: Mauritian commercial services exports, imports, and trade balance, 2005–14 (million dollars)

Year	Exports	Imports	Trade balance
2005	1,604	1,193	411
2006	1,663	1,312	351
2007	2,194	1,562	632
2008	2,530	1,910	620
2009	2,225	1,586	639
2010	2,656	1,951	705
2011	3,215	2,428	787
2012	3,364	2,382	982
2013	2,734	2,143	591
2014	3,119	2,426	693

Source: WTO, Statistics Database, Time Series on International Trade, “Trade in Commercial Services, 2005–onward (BPM6),” (accessed September 14, 2016).
Note: Corresponds with figure 3.14.

Table B.26: Mauritius’s services exports, by industry, 2014

Service industry	Percent
Travel	54.0
Transport	12.9
All other	33.1

Source: WTO, Statistics Database, Time Series on International Trade, “Trade in Commercial Services, 2005–onward (BPM6),” (accessed September 14, 2016).
Notes: Total exports were $3.1 billion in 2014. Corresponds with figure 3.15.

Table B.27: Mauritius’s commercial services imports, by industry, 2014

Service industry	Percent
Transport	27.3
Travel	25.3
All other	47.3

Source: WTO, Statistics Database, Time Series on International Trade, “Trade in Commercial Services, 2005–onward (BPM6),” (accessed September 14, 2016).
Notes: Total imports were $2.4 billion in 2014. Corresponds with figure 3.16.

Table B.28: Nigerian GDP by industry, 2014

Service industry	Percent
Wholesale & retail trade	17.6
Real estate	8.4
Telecommunications & information	8.3
Professional, scientific, & technical services	3.8
Finance & insurance	3.1
All other services	13.6
Agriculture	20.2
Manufacturing	9.8
All other goods	15.1

Sources: Government of Nigeria, National Bureau of Statistics, http://www.nigerianstat.gov.ng/report/281 (accessed August 1, 2016); World Bank, WDI, http://data.worldbank.org/data-catalog/world-development-indicators (accessed July 21, 2016).
Notes: Total GDP for 2014 was $568.5 billion current dollars. Corresponds with figure 3.17.

Table B.29: Nigerian commercial services exports, imports, and trade balance, 2005–15 (million dollars)

Year	Exports	Imports	Trade balance
2005	1,433	6,384	-4,951
2006	2,057	12,115	-10,058
2007	1,097	15,553	-14,455
2008	1,834	22,577	-20,743
2009	1,760	16,487	-14,728
2010	2,619	19,868	-17,249
2011	2,314	22,470	-20,156
2012	2,067	22,412	-20,345
2013	1,916	20,079	-18,162
2014	1,495	22,546	-21,051
2015	2,742	18,836	-16,093

Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016).
Note: Corresponds with figure 3.18.

Table B.30: Nigerian commercial services exports, by industry, 2015

Service industry	Percent
Transport	67.7
Travel	15.1
Financial services	9.4
All other	7.8

Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016).
Notes: Total exports were $2.7 billion in 2015. Corresponds with figure 3.19.

Table B.31: Nigerian commercial services imports, by industry, 2015

Service industry	Percent
Transport	42.6
Travel	30.6
Other business services	10.7
All other	16.2

Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016).
Notes: Total imports were $18.8 billion in 2015. Corresponds with figure 3.20.

Table B.32: Agriculture, industry, and services shares of Rwandan GDP, 2005–15

Year	Agriculture, etc., value added (% of GDP)	Industry, etc., value added (% of GDP)	Services, etc., value added (% of GDP)
2005	40.9	12.6	53.0
2006	41.8	12.3	52.2
2007	37.4	13.2	55.8
2008	35.0	13.5	58.4
2009	36.1	13.1	57.4
2010	34.7	13.7	58.2
2011	34.7	15.4	57.1
2012	35.3	15.2	55.1
2013	35.1	15.7	54.4
2014	35.0	15.2	55.5
2015	34.6	15.1	50.3

Source: Source: World Bank, World Development Indicators (accessed April 26, 2017).
Note: Corresponds with figure 3.21.

Table B.33: Rwandan commercial services exports, imports, and trade balance, 2005–14 (million dollars)

Year	Exports	Imports	Trade balance
2005	82	176	-93
2006	171	232	-61
2007	203	270	-67
2008	351	403	-53
2009	265	440	-175
2010	259	451	-192
2011	368	547	-179
2012	359	425	-66
2013	393	511	-118
2014	325	397	-72

Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016).
Note: Corresponds with figure 3.22.

Table B.34: Rwandan commercial services exports, by industry, 2014

Service industry	Percent
Travel	93.4
Telecommunications services	4.9
Transport	1.8

Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016).
Notes: Total exports were $325 million in 2014. Corresponds with figure 3.23.

Table B.35: Rwandan commercial services imports, by industry, 2014

Service industry	Percent
Transport	69.7
Telecommunications services	2.3
All other	2.8

Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016).
Notes: Total imports were $397 million in 2014. Corresponds with figure 3.24.

Table B.36: Senegalese commercial services exports, imports, and trade balance, 2005–14 (million dollars)

Year	Exports	Imports	Trade balance
2005	675	781	-107
2006	710	808	-99
2007	1,088	1,214	-126
2008	1,169	1,388	-220
2009	905	1,108	-203
2010	936	1,076	-139
2011	1,029	1,242	-213
2012	1,080	1,298	-218
2013	1,177	1,410	-233
2014	1,160	1,414	-254

Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016).
Note: Corresponds with figure 3.25.

Table B.37: Senegalese commercial services exports, by industry, 2014

Service industry	Percent
Travel	36.5
Telecommunications services	23.7
Other business services	16.2
All other	23.6

Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016).
Notes: Total exports were $1.2 billion in 2014. Corresponds with figure 3.26.

Table B.38: Senegalese commercial services imports, by industry, 2014

Service industry	Percent
Transport	56.2
Travel	10.5
Insurance and pension services	9.3
All other	24.0

Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016).
Notes: Total imports were $1.4 billion in 2014. Corresponds with figure 3.27.

Table B.39: Senegal: Tourist arrivals in Senegal, 2004–14

Year	Number of tourist arrivals, thousands of individuals
2005	769
2006	866
2007	875
2008	867
2009	810
2010	900
2011	968
2012	962
2013	1,063
2014	836

Source: World Bank, World Development Indicators database "International Tourism, Number of Arrivals," (accessed June 7, 2016).
Note: Corresponds with figure 3.28.

Table B.40: South African commercial services, exports, imports, and trade balance, 2005–15 (million dollars)

Year	Exports	Imports	Trade balance
2005	11,570	11,859	-289
2006	12,757	13,803	-1,046
2007	14,519	15,890	-1,371
2008	13,588	16,552	-2,965
2009	12,836	14,980	-2,144
2010	15,676	19,158	-3,482
2011	16,950	20,430	-3,480
2012	17,203	18,438	-1,235
2013	16,401	17,599	-1,199
2014	16,458	16,625	-168
2015	14,665	15,111	-445

Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016).
Note: Corresponds with figure 3.29.

Table B.41: South African commercial services exports, by industry, 2015

Service industry	Percent
Transport	56.3
Travel	16.8
Other business services	13.4
All other	13.4

Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016).
Notes: Total exports were $14.7 billion in 2015. Corresponds with figure 3.30.

Table B.42: South African commercial services imports, by industry, 2015

Service industry	Percent
Transport	42.7
Travel	19.8
Other business services	14.8
All other	22.7

Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016).
Notes: Total imports were $15.1 billion in 2015. Corresponds with figure 3.31.

Table B.43: Tanzanian commercial services exports, imports, and trade balance, 2005–14 (million dollars)

Year	Exports	Imports	Trade balance
2005	1,215	1,131	84
2006	1,467	1,212	255
2007	1,836	1,364	472
2008	1,966	1,627	339
2009	1,795	1,685	110
2010	2,001	1,843	159
2011	2,256	2,157	99
2012	2,753	2,310	444
2013	3,142	2,436	707
2014	3,376	2,599	777

Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016).
Note: Corresponds with figure 3.32.

Table B.44: Tanzanian commercial services exports, by industry, 2014

Service industry	Percent
Travel	59.4
Transport	26.7
Other business services	10.4
All other	3.4

Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016).
Notes: Total exports were $3.4 billion in 2014. Corresponds with figure 3.33.

Table B.45: Tanzanian commercial services imports, by industry, 2014

Service industry	Percent
Transport	44.7
Travel	42.4
Other business services	8.7
All other	4.2

Source: WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)," (accessed September 14, 2016).
Notes: Total imports were $2.6 billion in 2014. Corresponds with figure 3.34.

Table B.46: Agriculture, industry, and services shares of Togolese GDP, 2005–15

Year	Agriculture, etc., value added (% of GDP)	Industry, etc., value added (% of GDP)	Services, etc., value added (% of GDP)
2005	39.4	17.2	43.4
2006	35.9	18.4	45.7
2007	35.8	18.7	45.5
2008	40.7	18.2	41.1
2009	32.9	24.9	51.1
2010	31.0	24.9	52.3
2011	30.8	22.8	53.7
2012	42.1	19.1	39.7
2013	39.7	19.0	41.3
2014	42.0	19.3	38.8
2015	40.7	18.7	40.7

Source: Source: World Bank, World Development Indicators (accessed December 2016).
Note: Corresponds with figure 3.35.

Table B.47: Togolese commercial services exports, imports, and trade balance, 2005–14 period (million dollars)

Year	Exports	Imports	Trade balance
2005	145	249	-103
2006	159	261	-102
2007	197	303	-106
2008	253	358	-104
2009	265	374	-109
2010	289	395	-106
2011	464	467	-3
2012	405	437	-32
2013	437	471	-34
2014	439	426	14

Source: WTO, Statistics Database, Time Series on International Trade, “Trade in Commercial Services, 2005–onward (BPM6),” (accessed September 14, 2016).
Note: Corresponds with figure 3.36.

Table B.48: Togolese commercial services exports, by industry, 2014

Service industry	Percent
Transport	50.6
Travel	28.5
Other business services	11.2
All other	9.7

Source: WTO, Statistics Database, Time Series on International Trade, “Trade in Commercial Services, 2005–onward (BPM6),” (accessed September 14, 2016).
Notes: Total exports were $439 million in 2014. Corresponds with figure 3.37.

Table B.49: Togolese commercial services imports, by industry, 2014

Service industry	Percent
Transport	70.0
Insurance and pension services	10.1
Travel	9.6
All other	10.2

Source: WTO, Statistics Database, Time Series on International Trade, “Trade in Commercial Services, 2005–onward (BPM6),” (accessed September 14, 2016).
Notes: Total imports were $426 million in 2014. Corresponds with figure 3.38.

Table B.50: Ugandan commercial services exports, imports, and trade balance, 2005–15 (million dollars)

Year	Exports	Imports	Trade balance
2005	380	354	25
2006	346	470	-124
2007	398	622	-224
2008	498	887	-389
2009	667	891	-224
2010	784	1,059	-275
2011	960	1,181	-221
2012	1,135	1,260	-125
2013	1,334	1,200	134
2014	792	1,145	-353
2015	1,169	1,166	3

Source: WTO, Statistics Database, Time Series on International Trade, “Trade in Commercial Services, 2005–onward (BPM6),” (accessed September 14, 2016).
Note: Corresponds with figure 3.40.

Table B.51: Ugandan commercial services exports, by industry, 2015

Service industry	Percent
Travel	60.1
Other business services	17.1
Construction	8.4
All other	14.3

Source: WTO, Statistics Database, Time Series on International Trade, “Trade in Commercial Services, 2005–onward (BPM6),” (accessed September 14, 2016).
Notes: Total exports were $1.2 billion in 2015. Corresponds with figure 3.41.

Table B.52: Ugandan commercial services imports, by industry, 2015

Service industry	Percent
Transport	42.6
Other business services	30.2
Travel	15.8
All other	11.4

Source: WTO, Statistics Database, Time Series on International Trade, “Trade in Commercial Services, 2005–onward (BPM6),” (accessed September 14, 2016).
Notes: Total imports were $1.2 billion in 2015. Corresponds with figure 3.42.

Table B.53: Agriculture, industry, and services shares of Zambian GDP, 2005–15

Year	Services, etc., value added (% of GDP)	Agriculture, etc., value added (% of GDP)	Industry, etc., value added (% of GDP)
2005	54.2	16.1	29.7
2006	52.1	14.5	33.4
2007	51.9	13.2	34.9
2008	53.6	12.5	33.9
2009	55.2	12.4	32.4
2010	55.9	10.0	34.1
2011	53.3	10.2	36.5
2012	56.3	9.9	33.9
2013	56.5	8.8	34.7
2014	57.4	7.3	35.3
2015	59.4	5.3	35.3

Source: Source: World Bank, World Development Indicators (accessed December 2016).
Note: Corresponds with figure 3.43.

Table B.54: Zambian commercial services exports, imports, and trade balance, 2005–14 (million dollars)

Year	Exports	Imports	Trade balance
2005	483	387	96
2006	562	488	75
2007	672	807	-135
2008	619	805	-186
2009	529	640	-112
2010	571	849	-279
2011	665	1,052	-387
2012	990	1,290	-300
2013	758	1,770	-1,012
2014	851	1,596	-745

Source: WTO, Statistics Database, Time Series on International Trade, “Trade in Commercial Services, 2005–onward (BPM6),” (accessed September 14, 2016).
Note: Corresponds with figure 3.44.

Table B.55: Zambian commercial services exports, by industry, 2014

Service industry	Percent
Travel	75.4
Insurance and pension services	9.3
Transport	7.2
All other	8.1

Source: WTO, Statistics Database, Time Series on International Trade, “Trade in Commercial Services, 2005–onward (BPM6),” (accessed September 14, 2016).
Notes: Total exports were $851 million in 2014. Corresponds with figure 3.45.

Table B.56: Zambian commercial services imports, by industry, 2014

Service industry	Percent
Transport	56.6
Travel	13.9
Other business services	13.2
All other	16.3

Source: WTO, Statistics Database, Time Series on International Trade, “Trade in Commercial Services, 2005–onward (BPM6),” (accessed September 14, 2016).
Notes: Total imports were $1.6 billion in 2014. Corresponds with figure 3.46.