

Some Lessons Learnt in Doing Business in Africa

SARA Conference

Cultural & Human Aspects

- Need for intelligence in addition to information (importance of contacts & patience)*
- Agents/Distributors/JV Partners? (the dilemma)*
- Market diversity (e.g. Nigeria, Ethiopia)
- Ex-colonial influence (British, French, Portuguese etc.)
- Need for travel intelligence (security, hotels, travel routes)
- Problem of corruption (grey definitions)



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Africa Network Organigram

- Primary markets (joint venture partners)
- Priority markets (fixed agencies)
- Medium markets (agents)
- Low intensity markets (occasional contacts)

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Macro Economic Aspects

- Strong role of donors & DFI's (e.g. World Bank, EU)
- Important role of implementing agencies in project cycle (notably utilities)
- Changing role of Brettenwoods Institutions (e.g. IMF role)
- New impetus of BRIC & other countries (modus operandum of China)
- Development Corridor strategy (need for offtakes & importance of ports)
- Strong emphasis on supply chain & freight logistics (with effect on intra-Africa trade)
- Need for verification of investment codes (through contact with experienced investors)
- Problem of government 'wish lists' (need for project verification)
- Importance of EIA's & SIA's (project failures & delays)*
- "Soft issues have become hard issues" *



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Environment Impact Assessments (EIA)

- Categorisation of projects by DFI's (A,B,C)
- Assimilation of physical & social aspects
- Increased disputes & delays
- Poor performance of African enviro consultants

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Micro Economic Aspects

- Project food chain (need for consortia)*
- Need for value add initiatives (insufficient industrial projects)
- Increasing diversification of financial services sector (e.g. Nigeria & Ghana)
- The ICT/Telecommunications 'Revolution' (positive effect on business)
- New emphasis on agriculture (including agri-industries)
- Needs generated by remote site projects (expat care)
- Desire for quality (e.g. FMCG)



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Players in Project Food Chain

- Suppliers (numerous & multi-sectoral)
 - Contractors (building, construction)
 - Consultant/consulting engineers (design/feasibility)
 - EIA/HR agents (pre-feasibility/planning)
 - Financial agencies (banks. DFI's funds etc)
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- NOTE: Need for movement up the food chain (conversion of suppliers into consultants at planning/specification stage)