

Doing business in Africa needs an inclusive approach

Economic growth in sub-Saharan Africa (SSA) is estimated to rebound to 2.8%¹ for 2019. While this is still below the 3% since 2015, the more subdued growth is on the back of enduring uncertainty in global and domestic markets, alike, which continue to influence political will, macroeconomic stability and market fragility.



Image source: Gallo/Getty.

It's also well documented and understood that doing business in African markets can be complex. Tackling this debate, experts from WSP who operate in Africa, share their insights on changes to attitudes and approaches necessary to successfully invest, expand and do business in today's advancing African markets.

Mathieu du Plooy, managing director of WSP in Africa, suggested that there are burgeoning opportunities to do business sustainably in Africa – if you are clear on your intent.

“From our experience, we are certainly seeing a significant shift in global attitudes about Africa which is also directly influencing a changed approach to entering and doing business in African markets. In particular, the historical [conqueror] attitude is certainly becoming a thing of the past, as international governments, funding institutions and private businesses, alike, increasingly look for opportunities across African markets to partner and invest for mutually benefitted growth.”

Scoping the prospective

Despite the recorded slower-than-expected economic growth figures, opportunities in Africa are abound. The continent boasts a land mass larger than India, China, the US and Europe combined – and a third of the planet's mineral resources². SSA is often rated as the fastest urbanising region in the world³, where currently the 143 cities across SSA generate a combined \$0.5 trillion. Furthermore, looking at projections for the continent, Africa is estimated to reach a collective gross domestic product (GDP) growth of \$2.6 trillion by 2020 and have the largest workforce in the world by 2040², which will also increase the spending power of, and create millions of new, middle class consumers.

“There is no denying the massive infrastructure needs in Africa; to keep up with demand of rapid population growth and urbanisation, as well as to support existing and establish new industries, that will all contribute to economic activity and social development needs, and drive more inclusivity,” said Du Plooy.

“With over 50-years of experience where we have worked in most countries across Africa, we see ourselves as having an important role to play in the delivery of the much-needed infrastructure projects. Our purpose of preparing our communities and environment for the future is underpinned by how we see ourselves as a link between providing support for the effective delivery of these aspirations, policies and projects.”

Large-scale projects

This thought is echoed by Sean Doel, managing director, WSP, Environment & Energy, Africa: “Our teams have been involved with numerous projects and at various stages, across sectors and markets in Africa - and we recognise that there is a huge demand for projects of all sizes. There is a lot of opportunity, although in some instances these are slow to unlock, and the politics around particularly large-scale projects can be complicated.”

Du Plooy further explains that as a global professional services firm, WSP has focused its African growth strategy around key sectors, rather than geographies. “There is significant investment and development focus on primary, secondary and social infrastructure projects – largely driven by resource industries and consumerisation. To support this, we continue to build on our business strengths in key sectors, including; marine, energy and environment, power, mining, transport and infrastructure. We also look for opportunities to support projects in other areas that we have deep-seated expertise in such as property, industrial, healthcare – and in everything we do, we consult with clients on building for sustainability of their projects.”

Doel added, “One challenge that many African states and industries, alike, face when trying to secure funding is ‘how do we make projects bankable?’. The reality is that with slower economic growth, sovereign budgets are often strained even further. States, however, can look to unbundle key sectors and open markets up for donor and private investor funding. Public-private partnerships, for example, have proven to be very successful in a number of African markets. And, if the procurement contracts are properly structured, this offers immense opportunities to shift the balance between State versus investor priorities.”

Both Du Plooy and Doel believe that joint regional infrastructure planning also offers great opportunities to bring more infrastructure projects to ground in economically sound means and that also promote beneficiation and enhanced social development. But that getting this right will require leaders with the will to provide facilitation – and trust that the long-term gains of such programmes and projects will benefit all stakeholders.

Meaningful partnerships

Speaking on trust, Du Plooy and Doel described an important nuance in the company’s African growth strategy.

“We are not trying to buy or directly compete with our domestic counterparts for project work in African markets. Although the African market is fragmented, with smaller like professional services firms, we have found that the first-tier domestic providers are well established, but that even the second and third tier providers are fully fledged and can deliver a lot of the work required on many projects,” said Du Plooy. “However, where the second and third tier providers can benefit most is from the access to sectorial and internationally recognised expertise.”

WSP continues to work with strong performers, and in most countries across Africa, sharing opportunities.

Doel explains: “To ensure we do not dilute our offering; we have spent considerable time developing local partner relationships that are mutually complimentary and therefore sustainable. We are very respectful of our partner relationships and don’t feel that we need to ‘own’ the process or the bulk of the work on projects. Rather, we are more focused on where we can support our local partners by offering them access to critical and expert skills to service projects as they need to, and particularly if there is an expectation for a project to comply with international best practices, standards and regulations. We also place significant dedication on driving increased opportunities for collaboration, and sharing knowledge and technology, wherever possible, to assist in broadening the knowledge and capacity of our partners.”

“Our optimism about Africa’s future combined with in-depth understanding of domestic markets ensures our partners and clients always receive innovative solutions from passionate people. And, through our excellent local technical expertise and access to world-class global capability, we are able to anticipate trends and offer innovative ideas and solutions to tackle complex problems and advance delivery of infrastructure projects that will shape the communities of tomorrow and help societies in Africa to thrive sustainably,” concluded du Plooy.

*References: 1 World Bank: <https://www.worldbank.org/en/region/afr/overview>; 2 Future Agenda: <https://www.futureagenda.org/insight/africa-growth>; 3 United Nations, *Drivers of Migration and Urbanization in Africa* report, 2017.*

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