

# African Businesses Expect Significant Growth in 2010



**Survey Reveals  
Biggest challenges remain talent and access to credit**

Business leaders maintain a positive outlook for 2010, with 95% of those surveyed expecting to expand their business over the coming year.

Results of africapractice's annual business survey support the growing belief that Africa is beginning to recover from the financial crisis. 100% of respondents said that they anticipate levels of foreign direct investment to rise in 2010, the majority expected to come from China. This represents a much-improved outlook when compared to last year's survey, in which 69% of respondents predicted a reduction in FDI flows.

When asked what they thought would be the biggest challenges to their business in 2010, executives were split between access to credit and availability of talent, which received 35% and 30% of votes respectively. This echoes last year's survey in which 31% of respondents

cited talent as the biggest concern. Physical infrastructure and legislative environments were also cited as potential growth limitations.

The future role of the United States prompted a mixed reaction, with only 17% of business leaders expecting the Obama administration to have a positive influence on Africa.

However, there is a consensus of optimism surrounding the impact of the FIFA World Cup, although most (54%) believe that benefits will be felt only in South Africa itself.

The majority of respondents cited advancements in technological infrastructure as being more significant for business opportunity than politics, thus reaffirming the common assertion that ICTs are key enablers of productive business.

Increased intra-African business and moving away from a reliance on international exports was cited as key in Africa's private sector development with Alasdair Munn, Director of Rebuild Zimbabwe commenting, "The biggest market for Africa is Africa herself. Growth in private investment and empowering communities has greater potential for Africa than just exports."

Marcus Courage, managing director of africapractice said, "It is fantastic to hear business leaders speaking so positively about Africa again, with so many expecting their businesses to grow significantly in 2010. However, finding talent and access to credit are recurring challenges, which should act as a clarion call to both government and the private sector about where investment needs to be made, in order to facilitate and encourage further growth."

## Summary of survey results:

### What will be your company's biggest challenge in 2010?

Talent— 35%  
Credit – 30%  
Infrastructure— 9%  
Political instability—5%  
Political / legal infrastructure – 5%  
Crime / Security—0%  
Other — 16%

### What investment plans does your company have in 2010?

Expand significantly – 68%  
Expand slightly – 27%  
Maintain existing business levels – 5%  
Reduce slightly – 0%  
Reduce significantly – 0%

### Do you expect Foreign Direct Investment (FDI) in Africa to grow in 2009?

Yes, with the greatest proportion coming from China – 83%  
Yes, with the greatest proportion coming from Europe – 11%  
Yes, with the greatest proportion coming from Asia excl China – 3%  
Yes, with the greatest proportion coming from Latin America – 0%  
Yes, with the greatest proportion coming from other African nations – 0%  
No, FDI flows will reduce slightly – 3%  
No, FDI will reduce significantly – 0%

### Do you think the FIFA World Cup 2010 is going to benefit the continent?

Yes, but only in South Africa – 54%  
Yes, we should see increased investment in a number of countries – 27%  
No, I don't think Africa has taken advantage of business opportunity –19%

### Do you think the new US administration will have a positive impact on Africa?

No, nothing will change the US isn't interested enough – 33%  
Yes, Obama has big plans for Africa – 17%  
No, nothing will change as US has little influence – 17%  
Other – 33%

### What are the most significant developments that you can foresee next year in Africa, aside from FIFA World Cup?

Elections in Central African Republic, Ethiopia, Guinea, Sudan, Tanzania – 8%  
Technology investments, improving quality and reducing cost of communication -56%  
EAC Customs Union coming into force – 16%  
Other - 19%

## Further Quotes From Business Leaders In Africa On What They Expect In 2010

“An improvement in communication around the continent, especially in internet and mobile phone access, will give us increased opportunities to reach more people on our continent. The interest in Africa because of events like the world cup will also throw larger spotlight on the continent and hopefully increase interest in stories from Africa that are more positive.”  
*Salim Amin, Chairman, A24 Media*

“In 2010 we expect to see significant growth in Sub-Saharan Africa where countries that have promoted sector reform and that

have welcomed the private sector should enjoy the prospect of seeing an increasing number of well structured projects reach financial close.”

*Bob Chestnutt, Project Director Aldnych International*

“I expect there to be good growth opportunities and a demand that we will struggle to meet. Agriculture is where the significant growth will be for Zimbabwe in 2010. If the funding is in place these levels could be met but with the political instability in Zimbabwe this is going to be a challenge. That being said,

Zimbabwe is a market on the rise, but without the international investment they will continue to stretch the same dollar.”  
*Richard Watermeyer, MD Guy International SA*

“There are growing opportunities in the telecommunications and BPO sectors with the rise of cheaper, faster communications platforms. However the challenge is going to be infrastructure; energy and governance being the two biggest constraints. You can't build a tech sector with current state of

insufficient energy already.”  
*TMS Ruge, Project Diaspora Founder*

“Opportunities abound, risks remain and are not being mitigated as quickly as the opportunities arise. Major business opportunities are in ICT, Finance, Healthcare, Agribusiness and Infrastructure. The biggest challenge is the political will to actually facilitate efficient business and good governance.”  
*Henry Hollingdrake CBA Capital Partners*

“The biggest market for Africa is Africa herself. Growth in private investment and empowering communities has greater potential for Africa than just exports. The growth of development in Africa, in partnership with Africans according to local resources, needs and objectives is becoming a more

accepted model than attempting to transfer Western developmental models to the continent.”  
*Alasdair Munn Director Rebuild Zimbabwe (UK)*

“The supply of drinking water is a huge challenge and needs to be addressed with more commitment from Governments.”  
*Andrew Kluckow, Meckow International Limited.*

“The opportunity to reduce dependencies on cash to accelerate the flow of money through the economies of Africa will help to reduce poverty and to improve access to financial services to unbanked people living within the catchment areas of banks, banked businesses and banked merchant networks. The challenge will be to motivate and stimulate this activity on a broad front.”

*David Smith Head of Marketing Zipp Card Solutions Ltd*

“Infrastructure is an opportunity. However, access to funding will be a massive challenge.”  
*Rob Scott, Country Manager Lonrho Plc*

“The internet is the world's biggest marketplace, with more than 1.5 billion users. In most countries it is trivial for a teenager to start trading online using a PayPal account and eBay as a marketplace. In South Africa, this is impossible due to archaic Apartheid-era Exchange Control laws. If SA doesn't lead the way in enabling its citizens to trade with ease on the World Wide Web, we will remain a very dark continent indeed.”

*Henk Kleybans, Skyrove Wifi hotspots, CEO*

**Notes:**

*The africapractice survey of business leaders was conducted in the first last two weeks of November 2009. 37 executives from telecoms, beverages, banking, media, private equity and mining businesses, all of them invested in Africa, were interviewed. africapractice is a strategic communications consultancy with a network of offices across the African continent. [www.africapractice.com](http://www.africapractice.com)*

*africapractice provides strategic communications, corporate citizenship and environmental consulting services, delivered from regional hub offices across Africa and a coordinating office in London.*

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