

Culture Class: Africa

In this issue, our regular feature takes us to Africa, where we consider the opportunities and cultural differences you need to appreciate in order to do business successfully in Africa.

Africa's potential as a thriving market for businesses has been overlooked and misunderstood for many years. Similarly, the pivotal role that businesses can play in addressing the continent's major challenges remains underestimated. In recent years this has changed as more and more people are considering Africa as a suitable business and investment opportunity.

Africa's burgeoning population of over 1.3 billion people and evolving markets offer fertile ground for businesses, especially amidst a global economic slowdown. Yet, to capitalise fully on these prospects, businesses must innovate and invest to meet Africa's unmet demands, bridge infrastructural gaps, generate employment and bridge socio-economic gaps.

Culturally, Africa is the second most populous

continent, home to reportedly over 1,000 dialects and has more countries than any other continent. To say it is a diverse market would be an understatement.

However, such diversity should be seen as an opportunity rather than a deterrent for businesses.

English as a language is spoken, especially in southern and eastern Africa. Generally speaking, relationship building is absolutely key if you wish to access and be successful in any African market. As you may expect, to build such relationships does take time and perseverance.

Do not feel down-hearted if you feel an initial meeting did not progress to the point you would have liked. Taking that time at the beginning can be hugely beneficial further down the line.

Also, it is important for you as a business to be open to flexibility when it comes to trying to break into the market. For instance, don't be solely reliant on emails when WhatsApp or phone calls may be more practical. Similarly, timings for meetings can be provided on short-notice or be open to change.

For some businesses, Africa can be a market where it is hugely beneficial to use an agent or business contact who specialises in the region. They can help you to not only meet the right people but to also understand the thoughts and body-language of any new business partner.

Here, with the help from ETK Group, we'll uncover the breadth of opportunities across key sectors and outline steps for investors to tap into this potential. Let's delve into this realm and uncover the exciting opportunities awaiting those willing to explore.

The African continent is a beacon of potential for sustainable investments, driven by its youthful and rapidly expanding population, thriving urban centres, and innovative advancements across sectors like fintech and clean energy.

With the African population projected to nearly double by 2050, reaching 2.5 billion people, the continent offers vast opportunities for inclusive growth, leveraging its abundant natural resources and human capital to enhance prosperity globally.

Here are some key insights into Africa's economic landscape:

In 2023, Africa achieved real GDP growth of 3.7%, ranking second globally after developing Asia (5%) and surpassing Latin America and the Caribbean (1.6%). Projections for 2024 indicate regional growth rates of 4.9% in East Africa, 4.3% in Central Africa, 4% in North Africa, 3.8% in West Africa, and 1.4% in Southern Africa.

Natural resources are significant assets for African economies, with natural capital accounting for 19% of the continent's total wealth, compared to 7% for Latin America and the Caribbean and 3% for developing Asia. African forests contributed to a global increase in carbon stock by 11.6 million kilotons of CO₂-equivalent net emissions from 2011 to 2020, while carbon stocks in forests outside Africa declined by 13 million kilotons.

Africa's domestic financial resources hold immense potential for sustainable development. In 2021, domestic government revenues totalled USD 466 billion, equivalent to 17% of GDP, while assets held by African institutional investors reached USD 1.8 trillion in 2020, representing 73% of GDP. During the COVID-19 pandemic in 2020–21, intra-African foreign direct investment proved three times more resilient than foreign direct investment from outside the continent, driving growth in renewable energies and the information and communications technology sectors.



Lagos, Nigeria

Africa under the microscope

Population	1.4bn (2024 est.)
Population Growth Rate	2.37% (2024 est.)
Population Density	49 per Km ²
Total Land Area	29,648,481 Km ²
GDP	US\$3.1trn (nominal) US\$8.86trn (PPP)
GDP Growth Rate (2023)	3.7%
Total investable wealth held on the continent	US\$2.4trn
FDI	US\$45bn (UNCTAD est.)
Leading FDI Sector	Clean Tech
'Big 5' Wealth Markets	South Africa, Egypt, Nigeria, Kenya, and Morocco — together account for 56% of Africa's high-net-worth individuals and over 90% of the continent's billionaires.
Regional Economic Communities	<ul style="list-style-type: none">• Arab Maghreb Union (UMA)• Common Market for Eastern and Southern Africa (COMESA)• Community of Sahel-Saharan States (CEN-SAD)• East African Community (EAC)• Economic Community of Central African States (ECCAS)• Economic Community of West African States (ECOWAS)• Intergovernmental Authority on Development (IGAD)• Southern African Development Community (SADC)

These insights demonstrate Africa's readiness to seize opportunities for robust economic development, with a focus on sustainability and harnessing its inherent strengths for the benefit of its people and the global community.

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Let's explore some compelling business opportunities within Africa's dynamic landscape:

Rapid Urbanisation and Consumer Market Growth

With Africa's population projected to hit 1.7 billion by 2030, urbanisation is accelerating, driving up incomes and creating new consumer markets. By 2030, annual spending by African consumers and businesses is expected to soar to \$6.66 trillion, presenting vast opportunities in sectors like food, healthcare and education.

Industrialization

Africa is witnessing its own industrial revolution, with manufacturers gearing up production across various sectors. There's a



significant opportunity to double industrial production to nearly \$1 trillion in the next decade, with a focus on meeting local demand and boosting exports.

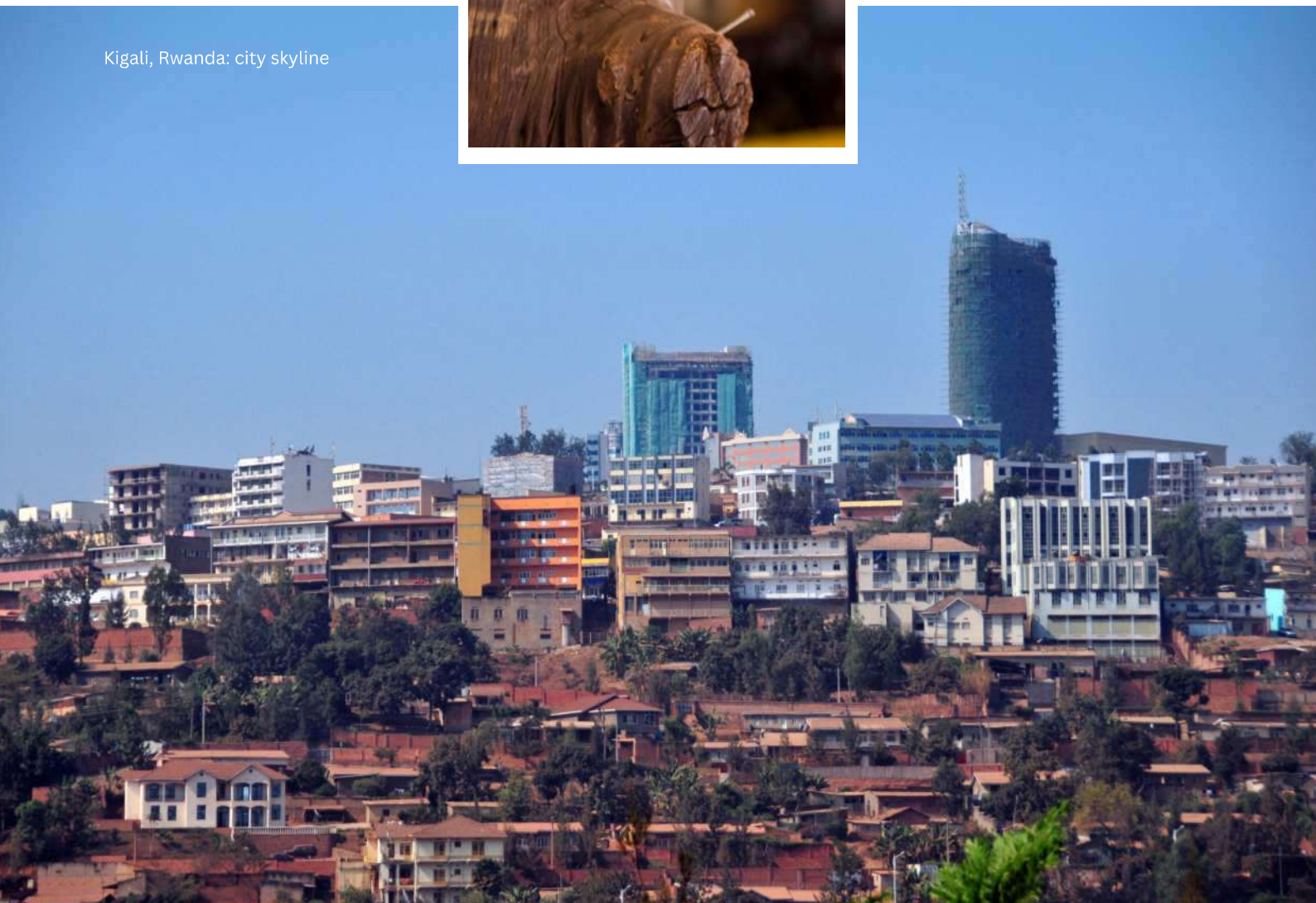
Infrastructure Development

Despite significant progress, Africa still grapples with infrastructural deficiencies, from energy access to transportation. However, with annual infrastructure investment doubling to \$80 billion since the turn of the century, there's a golden opportunity for visionary investors to drive transformative change.

Circular Economy

In Africa, the circular economy represents an annual market opportunity of about \$8 billion. Currently, the waste sector is the main focus of circularity in African countries. According to the United Nations Environment Programme (UNEP), recycling of waste, such as generating electric power from landfill waste, recovering scrap metals for reuse and processing municipal wastewater into potable freshwater, hold interesting business and investment

Kigali, Rwanda: city skyline





Cape Town, South Africa

opportunities that could conservatively inject billions of dollars into the African economy.

Digital and Mobile Connectivity

Africa's digital landscape is rapidly evolving, with skyrocketing broadband connections and mobile data usage. This digital revolution not only enhances productivity and market access but also presents a \$300 billion GDP boost potential by 2025.

Extractives

Africa has an abundance of critical minerals and metals needed for green business globally. The rise of electric vehicles has led to a rush for **cobalt and lithium**, the most essential components of vehicle batteries. The Democratic Republic of Congo has almost half the world's **cobalt**, while South Africa has the world's largest reserves of the manganese needed to power electric cars. Other critical minerals like aluminium, lithium and copper—all needed for high-tech and green products like smartphones and solar panels—are abundant in Africa.

Green Hydrogen

Produced by using renewably generated electricity to split water molecules into hydrogen and oxygen, green hydrogen is expected to play a key role in the global push to net zero, particularly in decarbonizing hard-to-abate sectors. Richly endowed with

wind and solar resources, African countries in the north and southwest of the continent offer highly competitive advantage for investors in supplying green hydrogen for local and global consumption.

Unlocking Agricultural and Resource Wealth

Abundant in natural resources, Africa has historically struggled to translate these into widespread prosperity. However, with innovative approaches and investments, there's immense potential to harness Africa's

resource wealth sustainably, creating new avenues for economic growth.

Understanding Africa's diverse countries and cities is key to unlocking these opportunities effectively. By strategically mapping out operations and investments, businesses can navigate the continent's nuances and capitalise on its growth potential.

Successful ventures in Africa share a common thread: a vision to address unmet needs through innovation and long-term commitment. Whether it's Dangote Industries' resilient manufacturing model or Paga's transformative mobile money platform, African entrepreneurs are tackling challenges head-on, driven by a sense of purpose and a commitment to making a difference.

In closing, this cannot be achieved alone, which is why Africa welcomes foreign businesses, entrepreneurs, and investors to work collaboratively and explore its vast potential and myriad of opportunities.

As the old African proverb aptly puts it,

"If you want to go fast, go alone. If you want to go far, go together."

With the right partnerships, mindset, and determination, there's boundless room for growth and impact in Africa's vibrant business landscape.

Terser Adamu
Director of Growth & Strategy
ETK Group

www.etkgroup.co.uk
terser.adamu@etkgroup.co.uk



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Why Clients Choose us!

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ETK Group, Lodge House, Lodge Park, Lodge Lane, Colchester, C04 5NE, UK.
info@etkgroup.co.uk www.etkgroup.co.uk +44(0) 1206 563698