

11 reasons to celebrate Africa's bright future

By [Baker McKenzie Africa Team](#)

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Africa currently presents a myriad of opportunities for investors via, for example, its recently implemented free trade agreement, rapidly evolving digitalisation, introduction of investor friendly and public interest policies alongside tighter enforcement of regulations, numerous sustainability-focused initiatives, and energy and infrastructure projects supported by the major global players. While geopolitical and economical challenges remain, investors that are successfully able to manage risks are finding that the continent's biggest challenges are also providing its greatest opportunities. To celebrate Africa Day, members of Baker McKenzie's Africa team from multiple jurisdictions have commented on some of the numerous reasons to invest in and celebrate the bright continent of Africa.



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"The impact of global geopolitical and economic turbulence have led investors to carefully assess which sectors are expected to do well in Africa and where they can find high quality assets at the right price. Healthcare, technology, media and telecommunications, energy, infrastructure, and financials have emerged as the most active sectors by value in Africa in the last few years, with investment in general rising substantially despite economic challenges." - **Angela Simpson, Partner Co-head of the Corporate/M&A Practice, Johannesburg**

"Disputes are becoming increasingly frequent and complex in Africa, as corporates and institutions continue to enter new markets against a backdrop of tighter regulatory scrutiny, increased digitisation and higher accountability. Legal advisors can assist by overseeing incident response plans, performing due diligence assessments, reviewing and managing risk allocations in contracts and advising on comprehensive risk mitigation strategies for businesses expanding or launching operations in Africa." - **Darryl Bernstein, Partner, Head of Dispute Resolution, Johannesburg**

"The European Union has always had a strong relationship with African countries. In 2022, the European Commission announced investment funding for Africa worth €150bn as part of the EU Global Gateway Investment Scheme. Also part of this Scheme, the Climate Change Adaptation and Resilience in Africa initiative will bring together new and existing climate change adaptation programmes worth more than €1bn, including €60m for loss and damage due to climate change in Africa." - **Kathrin Marchant, Partner, Banking & Finance, Frankfurt**



"There has been a general upward trend in competition policy enforcement across the continent over the past few years. African jurisdictions have strengthened their competition and antitrust regimes by way of amendments to existing legislation, the introduction of new laws and regulations, and renewed fervour and political will to enforce existing laws. Jurisdictions where competition laws exist include Morocco, Kenya, South Africa, Nigeria, Tunisia and Egypt. On 15 December 2022, various amendments to Morocco's competition have been adopted. These amendments introduced changes around merger notification thresholds, governance and reporting mechanisms, and merger control enforcement." - **Keltoum Boudribila, Partner, Nasrollah & Associés, Baker McKenzie, Casablanca**

"The World Bank has noted that the African Continental Free Trade Area agreement is expected to increase Africa's income by \$450bn by 2035, as well as boosting intra-African trade by more than 81%. However, the development and operation of projects that address the gaps in logistics, transport and utilities infrastructure are urgently needed for businesses in Africa to be able to create and scale up production in a manner that caters for continental and regional trade and export. Addressing this infrastructure gap did start, but we are awaiting further progress as it will, in addition to the ultimate impact on trade volumes, have the added benefit of attracting partners to set up manufacturing and production facilities on the continent, potentially in the form of foreign investments and funding." - **Lamyaa Gadelhak, Partner and Co-head of the Banking & Projects Practice Group, Helmy, Hamza & Partners, Baker McKenzie Cairo**

"Competition authorities the world over have observably expanded their consideration of transactions from applying a purely competition-focussed lens to one that incorporates the broader needs of society. Many African merger control regimes have developed a competition policy approach that balances traditional competition law considerations with public interest concerns, especially in terms of market concentration, access to competitive markets for small and medium enterprises (SMEs) and employment considerations." - **Lerisha Naidu, Managing Partner, Head of Antitrust and Competition, Johannesburg**

"The PE sector looks optimistic in Africa as we head into the second half of 2023 and investments in the sector are playing a significant role in terms of sustainable growth and investment on the continent. However, current economic challenges have required resilience, adaptability and agility from the PE market, leading to changes in the structure and length of deals, the implementation of new financing methods, effective risk management, and an increasing focus on ESG." - **Lydia Shadrach Razzino, Partner, Co-head of the Corporate/M&A Practice, Johannesburg**



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Angela Simpson and Lydia Shadrach-Razzino 3 May 2023



"Both the United States (US) and Canada have expressed a renewed interest in their relations with African countries. The US is focused on building stronger partnerships with African countries to boost sustainability, empower local communities with a focus on opportunities for women and youth, and provide benefits for both African and US citizens. The US has made numerous announcements to cement its ties with the continent via, for example, increased climate financing, infrastructure development support, food security initiatives, development of new technology, strengthening healthcare systems, and reciprocal trade and investment initiatives. Meanwhile, Canada has reaffirmed its commitment to a strengthened Canada-African Union Commission partnership to advance shared interests and build stronger economic partnerships between Canada and African countries." - **Matthew Martin, Foreign Legal Specialist, North America**

"Infrastructure projects in Africa now have a heightened focus on improving Africa's capacity for green, low-carbon and sustainable development, via, for example, clean energy, community healthcare and support, green transport, sustainable water, wildlife protection and low-carbon development projects. Funding such projects comes with responsibility - projects must not only be bankable and yield attractive returns, but must also be sustainable and provide tangible benefits to local economies and communities. All of Africa's major partners have noted they will prioritise projects that commit to ESG principles, and access to capital for large infrastructure projects is likely to contain sustainability requirements." - **Michael Foundethakis, Partner, Global Head of Projects and Trade & Export Finance, Chair of the Global Africa Steering Committee**

"Development finance institutions (DFIs) are increasingly anchoring the infrastructure ecosystem in Africa - serving a critical function for project finance as investment facilitator and a check on capital. DFIs can shoulder political risk and access government protections in a way that others cannot, enter markets others cannot and are uniquely capable of facilitating long-term lending. The large amount of capital needed to fill the infrastructure gap, however, means that DFIs cannot bridge it alone. Private equity, local and regional banks, debt finance, export credit agencies and specialist infrastructure funds are primed to enter the market, and multi-finance and blended solutions are growing in popularity as a way to de-risk deals." - **Luka Lightfoot, Partner, Banking & Finance, London**

"Rich in beauty, diversity, entrepreneurship, expertise, resilience, innovation and accomplishment, Africa's future is bright and overflowing with opportunity." - **Lerisha Naidu, Managing Partner, Johannesburg**

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