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# Targetting Africa: The case for investment



**Africa is so diverse, with its variety of countries and resources, that almost any type of business in the world could take advantage of the continent's economic growth. That was the view of panellists at the INSEAD Leadership Summit 2008.**



Simon Harford, West Africa head for private equity group Actis and INSEAD alumnus ('94D) says “virtually any business that can talk to the consumer base of Africa is already growing at remarkable rates, 30 to 60 per cent year on year.” Outside of the resources sector, the consumer businesses have seen the fastest growth as they tap the population base. For instance, Africa has seen a phenomenal growth in telecoms. Additionally, sectors supporting this consumer demand, such as logistics and financial services, are starting to show interesting growth patterns. “There’s no real shortage of sectors that are benefiting from the growth,” Harford says.

**Imoni Akpofure**, regional country manager of the International Finance Corporation and an INSEAD alumna ('94D) says annual growth has exceeded five per cent and it’s projected that several countries will grow at approximately eight per cent, largely driven by high commodity and oil prices, but clearly there is more driving this growth.

The IFC is trying to help the business community by being a one-stop shop where the private sector can deal with all government and bureaucratic matters. Alongside this role of facilitator, the IFC acts as lender of last resort by providing local banks with credit lines that have longer terms than what traditional local banks would normally be able to provide to businesses. Finally, the IFC leverages its relationships with governments to raise concerns that the private sector may have, effectively acting as an intermediary between the two, so that governments can successfully use the private sector to help their economies grow. The IFC is also creating business forums to promote dialogue between the private sector and governments so they can resolve any issues preventing businesses from investing in African countries.

Harford cautions against the idea that Western countries have been an entirely negative influence in Africa. “Generally, many Western companies have played a productive role in many African countries over the years, making goods and services available through distribution.”

Interest in Africa is obviously not limited to Europe. Resource-hungry China has taken a greater interest in Africa than India so far, Harford says. This is mostly a result of its well-planned economy with a projected need for resources over the coming years. China has been granted access to Africa’s resources in exchange for some form of infrastructure commitments by China. This is just the beginning, however, as China has yet to deliver on its commitments.



India, on the other hand, is getting involved in Africa fairly late in the game and has a less resource-centric approach to the continent. “India has a diversified economy and has a lot of non-resource activities that it can very usefully set up or transfer to Africa,” Harford says. Other countries such as Russia are also showing an increasing appetite for doing business with Africa.

It’s still early to assess the involvement of non-Western countries in Africa, but clearly it will not be limited to China or India, as every major developing country or region will likely target the continent. “What we all hope for, is that it’s a truly reciprocal impact ... but secondly, that as much as possible, the African nations will take charge of their destiny and make sure that they get for Africa what’s best for them.”

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