

**24 June 2013**

*Client Notes*

At our **Africa Forum event in London** in Spring 2013, Hogan Lovells welcomed delegates from across the world to a series of panel discussions on the various aspects of doing business in Africa. The discussions that took place and the topics raised are outlined in this report.

- The **regulatory framework in Africa is diverse and complex**, but many African governments are now implementing business regulatory reforms that lower business risks, increase predictability, reduce the costs of doing business and ensure contractual obligations are protected.
- Africa presents great **opportunities for the financial services sector**, because of its growing middle class, the fact that a large proportion of the population is unbanked, and 40% of adults in sub-Saharan Africa regularly save.
- There is a **lack of critical infrastructure** on the continent, but African states are increasingly inviting private firms to operate in power, telecoms, renewables and other programs. Well-structured bankable projects are in short supply but attract great interest from investors.
- There is a **proliferation of private equity firms** of all sizes investing in Africa, but large businesses with strong management teams, solid growth prospects and regional footprints are thin on the ground. A large number of investors are chasing a small number of attractive deals.
- While Africa presents great investment opportunities, it also presents risk, and a key part of any risk assessment is the predictability, transparency and reliability of a country's judicial system. **African governments are increasingly encouraging, accepting and facilitating arbitration** as an alternative to the court process.
- Africa is the **world's fastest-growing mobile phone market** and the continent is making investments in infrastructure that will put many of its networks on a par with those of developed economies. The continent is leading the way in areas like mobile payments and data will be the next growth story.
- **Africa's contribution to global oil and gas production has doubled since 1965**, and developing the continent's natural resources accounts for more than half of the bank loans raised in the region. The natural resources sector offers investors many natural mitigants to country risk, so there is keen interest in lending to the natural resources and energy sectors,

which are seen as underpinning long-term economic growth.

- A key issue going forward will be around partnerships and specifically which development partners African governments will seek to align with. **China, Brazil and India are already emerging as highly influential players** on the continent.
- The African **debt capital markets have matured considerably** in the past decade, but raising debt remains extremely challenging for all but the most sophisticated of issuers.

Download your copy of the '**Hogan Lovells' Doing Business in Africa Report**'.

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