

OPPORTUNITIES FOR CASH-RICH INVESTORS IN AFRICA - RAPOSO BERNARDO

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Although 2015 was a challenging year for the African market, there remain considerable opportunities for law firms, according to Joana Andrade Correia, partner at Raposo Bernardo in Lisbon. “What now exists is a redesign of Africa’s economic relations with emerging partners, which is creating new opportunities for diversification in the continent,” she adds.

Correia says that, with companies in Africa reconsidering their strategies, 2016 looks set to be a year in which divestment of non-core businesses will create opportunities for “cash-rich investors”. She continues: “Companies must complement normal business practices with innovative approaches – this requires a business model that marries local know-how with new global strategies, in order to exploit market opportunities and mitigate the risks.”

While there have been greater strides in economic, social and political reforms over the past two decades than most investors realise, Correia says that African countries continue to be dominated by nascent institutions, weak governance structures, poor infrastructure, and underdeveloped health care and educational systems. “Consequently, as with all emerging markets – and even some

advanced countries – doing business here is all about balancing risk against the business model,” she says.

However, to do this, companies have to overcome a number of obstacles, Correia says. “For example, while African consumers benefit from access to imports of consumer goods and cheaper clothing produced by the emerging economic powers, it is the progressive integration of African economies in the global value chain that contributes to keeping them confined to the lower sections of the productive processes. However, Africa's potential is indisputable.”