



# Business-to-Business Partnerships

RECOMMENDATIONS FOR EXPANSION ACROSS AFRICA

A REPORT BY THE INITIATIVE FOR GLOBAL DEVELOPMENT AND DALBERG GLOBAL DEVELOPMENT ADVISORS





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# INTRODUCTION

Frontier markets in Africa are experiencing rapid economic growth. According to forecasts by the International Monetary Fund (IMF), seven of the top ten fastest growing economies over the next five years will be in Africa. To capitalize on this trend, gain market share and maximize future returns, businesses headquartered within and outside of Africa are laying the foundations for expansion across the continent.

**Although investments in Africa can yield high returns, the diversity between the economies, cultures and regulatory environments** of Africa's 54 countries makes cross-border expansion particularly complex. One of the most efficient ways to succeed in dissimilar local business environments is through the formation of business-to-business (B2B) partnerships. Partnering with local companies can help foreign firms, headquartered within or outside of Africa, navigate local business climates and seize investment opportunities.

**CEOs and senior executives from multinational corporations (MNCs) agree that the fundamentals of partnerships** are the same in Africa as in other parts of the world, but Africa's dynamic markets and high degrees of economic, political and regulatory uncertainty present common challenges that partnerships can effectively address. Over the past decade, companies have used various forms of partnerships—ranging from informal agreements to memoranda of understanding (MOUs) to contractual agreements such as joint ventures and strategic alliances—to expand across the continent with great success.

**Partnerships between local and foreign firms in Sub-Saharan Africa have great potential to spur broad-based economic growth.** CEOs identified ways in which their core business activities contribute to local economic development, including by introducing new goods or services and developing the local workforce through employee training.

**This report provides recommendations for CEOs and senior executives to leverage B2B partnerships for expansion.** The recommendations cover entering,

structuring, implementing and ending partnerships, which, though necessary for business success, can be complicated to set up and execute. These insights will help CEOs and senior executives overcome common challenges to successful partnerships.

**The findings in this report are based on interviews conducted with CEOs of MNCs operating in Africa.**

These companies are based in the United States, India, and across Sub-Saharan Africa, have revenues averaging above \$50 million USD, and broadly represent Africa's top growth sectors including ICT/telecommunications, financial services, infrastructure, agribusiness, power and manufacturing. They are involved in B2B partnerships ranging from strategic partnerships and alliances to joint ventures. Findings from the interviews are supported by secondary research on the publicly announced partnerships of the Top 30 Emerging African Multinational Corporations highlighted in the Initiative for Global Development (IGD)-Dalberg report, *Pioneers on the Frontier: Sub-Saharan Africa's Multinational Corporations*, as well as on other top companies in Africa. *Pioneers on the Frontier* identifies the emerging class of homegrown Sub-Saharan African MNCs and shares insights for other African companies on how to expand effectively and maximize their development impact. This report builds on those recommendations.

# CHALLENGES

CEOs interviewed for this report identified several common challenges they faced while developing partnerships in Africa. They range from unwieldy regulatory regimes that open doors to corruption; to low levels of literacy, educational attainment and skills in the workforce; to poor infrastructure for transportation, communications and energy. In numerous interviews, CEOs and senior executives operating MNCs in Africa cited two specific challenges that B2B partnerships can effectively overcome:

## **A lack of relevant, timely and detailed market information in Africa makes due diligence and monitoring difficult**

Companies planning to expand across Africa can draw on publications that describe the overall environment, including the World Bank's Doing Business reports, the World Economic Forum's Africa Competitiveness Report, Transparency International's Corruption Perceptions Index and the Ibrahim Index of African Governance. However, to gather the more timely and detailed market information required for due diligence on investment opportunities and potential partners, companies will need to invest time in primary research and building local relationships.

## **Economic, political and regulatory uncertainty in Africa and the dynamic nature of growing markets make navigating risks more challenging**

Companies doing business in Africa are aware of the uncertainty of operating in volatile economies and the potential for changes to operating environments and market conditions, which may affect profitability. This uncertainty makes entry, including finding the right human capital or maintaining liquidity, more difficult in Africa than in other regions.

According to CEOs interviewed, B2B partnerships are best positioned to help navigate these risks. In the following section, CEOs share recommendations on how to form these key partnerships.

# RECOMMENDATIONS

The following CEO recommendations aim to provide guidance to executives who seek to successfully enter, structure, implement and end B2B partnerships in Africa. These insights have broad application to various industries and geographies across Africa.

## **Before forming a partnership, build a strong knowledge base and launch operating capacity on the ground**

**Invest time conducting on-the-ground research before partnering to learn about the market and vet potential partners**

African economies are growing fast; strong and diversified networks are a key resource for expansion into and across the continent. Talking to local counterparts and industry stakeholders is essential to gain the most accurate and up-to-date market information. CEOs interviewed for this report spent at least one year, on average, visiting sites, building local relationships and learning about the macroeconomic conditions before deciding to enter a market. Henry Aszklar, President of AES Africa Power Company, recommends getting a broad perspective on the market by meeting with "people in the government, business community, industry groups, banks, lending institutions, supporting and affiliated

industries, and other MNCs that are trying to do business in the country of interest.” This knowledge helps companies understand changing economic conditions and allows them to move quickly to pursue opportunities.

To facilitate partner identification and selection, Funke Opeke, CEO of Main One, suggests “finding at least two or three sources of data to aggregate and compare, ensuring that the information is locally derived, and investing time to get to know the region.” Brady Southwick, Vice President & Managing Director of Cummins Africa agrees and recommends relying on referrals from people with long standing relationships to ensure reliable advice. This will assist companies in making educated and informed

decisions about whether the market or partner is right for their business.

### **Launch your own operations before partnering and use pilot projects to test potential partnerships before committing**

Paul Hanrahan, former President & CEO of AES Corporation, explained that AES prefers to start their operations before looking for a partner to guarantee that a partnership is necessary. Unsuccessful partnerships can cost companies time and money, so it is best to spend time making sure the partnership works for both parties. One way to do this is to engage in discrete pilot projects with potential partners. This

## **LOCAL KNOWLEDGE IS KEY TO FORMING SUCCESSFUL PARTNERSHIPS**

### **Group Loid Engenharia SGPS (Cape Verde)**

Group Loid Engenharia is a full service engineering firm based in Cape Verde. It is focused on urban development, architecture, engineering and construction management for public sector infrastructure projects and major real estate development in the commercial and tourism industries. Given its business success and the small Cape Verdean market, it was clear early on that Loid Engenharia would need to expand into other African markets.

Loid Engenharia considered market expansion into a number of prospective African countries based on market size, cultural similarities and geographic proximity. Market size and growth potential were of the greatest importance, with other lusophone countries also ranking highly. The Group focused first on identifying the geographies and sectors with the largest unmet market demand for their services, with a particular focus on public sector infrastructure expenditure and potential market growth.

Loid Engenharia conducted research on each top-ranked prospective market, considering the potential obstacles for market entry in each country including bureaucracy and corruption. The company also spent time in each market through targeted site visits, including informal meetings with local entrepreneurs. Because of the company’s focus on the public sector, these meetings were helpful in understanding the government structure, policies and politics. Based on this essential research, Loid Engenharia developed a perspective on the market’s openness, including whether there might be visa or work permit issues or cultural concerns.

After the appropriate level of market analysis and due diligence for each prospective country, Loid Engenharia decided to pursue opportunities identified in Angola and Nigeria. With respect to each new market, the company searched for strategic partners with strong government networks, irrespective of political party affiliations. The extensive reviews for each new market and thorough understanding of the cultural nuances allowed Loid Engenharia to enter Angola and Nigeria with ease by utilizing strategic partnerships.

## RECOMMENDATIONS

allows each party to evaluate their working relationship with limited risk.

Paul Hinks, CEO of Symbion Power, has a strong preference for working with “partners with whom we have developed a long-standing relationship and trust. Our partnerships with these companies are usually informal and only in certain situations do we write a formal agreement.” Informal agreements, MOUs and other such entry arrangements give time to test the waters of new relationships, while ensuring that partners can contribute sufficiently to the partnership.

**Strong and diversified networks are a key resource for expansion into and across Africa**

### THE BENEFITS OF DEVELOPING LONG-TERM PARTNERSHIPS

#### Main One Cable Company (Nigeria)

Launched in 2008, Main One Cable Company is a submarine fiber optic cable company that offers open access and wholesale broadband capacity in West Africa. Main One’s submarine cable began operations in 2010 and is now the provider of choice for telecommunications operators and internet service providers in Nigeria and Ghana. The company’s success is attributed to the on-time delivery of the cable system and quality service provision.

Main One needed to develop B2B partnerships to connect its system to global networks in order to extend the reach of its submarine cable. In 2008, the company approached a number of international firms to partner on the launch of the submarine cable and its connection to various access points in Europe.

When Main One first started looking for a partner, it was met with a degree of skepticism in light of whether an unfunded new entrant and African-based company could achieve the development of a pioneering private submarine cable system in West Africa. Companies also questioned whether value could be realized from such a partnership as its long-term capability was yet unknown. Main One reviewed a number of potential partners before finding Tata Communications, a company that saw the value that the cable system would bring to West Africa - a significant region for Tata Communications.

In Tata Communications, Main One found a partner with the infrastructure and coverage to extend its system and the willingness to commit to a long-term contract. There was an opportunity cost for both partners in terms of investing time, energy and resources upfront to ensure that the partnership worked (approximately 10 months before signing a deal – five months for the initial search and five months of requirements definition, due diligence and contract negotiations; and an additional two years before the cable became operational). However, the partnership has paid off. Almost immediately following the commissioning of the submarine cable in 2010, the partnership grew beyond its initial scope of services. Tata Communications and Main One have since expanded the collocation agreement and have jointly introduced new services, such as IP to the West African market.

## THE IMPORTANCE OF PATIENCE AND PERSISTENCE WHEN INTRODUCING NEW BUSINESS MODELS

### SEACOM (Mauritius)

Based in Mauritius, SEACOM is a submarine fiber optic cable company that offers wholesale broadband products and services that have transformed the internet in Africa. SEACOM was the first company to finance and develop a Southern and Eastern African cable system and has also provided wholesale broadband services to land-locked African countries. Over the last five years, the telecommunications space has been moving from a scramble for infrastructure, which led to redundancies, to building broad portfolios of partners to respond to the rapid evolution of technologies. SEACOM has been part of this paradigm shift in Africa.

Increased demand for mobile and data access has led companies to consider and to pursue infrastructure sharing. While SEACOM has seen this shift to shared infrastructure taking place in Africa, it has noted that infrastructure sharing and technology partnerships were already the normal operating model in more developed telecommunications markets.

In a number of cases, SEACOM has had difficulties selling the concept of shared infrastructure development and designing mutually beneficial revenue and asset sharing agreements with partners. There are no commercial precedents in the market—SEACOM is introducing a new business model with a very long time horizon (15 to 30 years) to network operators and governments. SEACOM has also come across a number of tax, legal and regulatory hurdles in structuring cross-border partnership agreements.

SEACOM works around these challenges by building in time for longer discussions and negotiations on partnership terms upfront, and by developing partnerships across the value chain (e.g., content, infrastructure, customer service), while also using existing partnership agreements as proof of concept of the collaborative business model.

### Understand sector-specific dynamics, building in time and ability to adapt

The following insights cover three of Africa's fastest-growing sectors: ICT/telecommunications, manufacturing and agribusiness.

#### ICT/telecommunications

##### Build in time to convince partners of the benefits of new business models that incorporate shared infrastructure and long-term value

Historically in Africa and other frontier markets, competitors have developed and operated their own mobile and internet service infrastructure. In recent years, shared infrastructure has been introduced across the continent with the arrival of undersea fiber optic cables and increased competition. Due

to a lack of commercial precedents, expect to spend a long time negotiating partnerships, conducting due diligence and demonstrating the long-term value of the relationships in Africa's ICT/telecommunications sector.

#### Manufacturing

##### Given the fragmentation of the manufacturing sector in Africa, build multiple partnerships to fully reach new markets

Africa's fragmented and under-developed manufacturing sector has smaller distributors and fewer manufacturers than other frontier markets. Consequently, new partnership models are required that take into account the long time needed to develop relationships with many individual distributors and manufacturers. The type of partnership developed is unique

## RECOMMENDATIONS

### ADAPT BUSINESS MODELS TO REFLECT LOCAL MARKET CONDITIONS

#### Cummins Inc. (United States)

Cummins is a diesel engine and components company comprised of complementary businesses that design, manufacture, distribute and service engines and related technologies including fuel systems, controls, filtration and electrical power generation systems. The company generated \$13.2 billion USD of sales in 2010 with a reported net income of \$1.04 billion USD. Cummins has a geographic reach across 190 countries and territories and a strong position in emerging markets such as India, Brazil and China. The company entered India in the early 1960s, Brazil in the early 1970s and China in the early 1980s.

Over the last several years, Cummins has been focused on growing its position in the emerging markets beyond the initial BRIC countries (Brazil, Russia, India and China). Cummins believes Africa provides the largest opportunity in the medium- to long-term after the BRIC countries, but recognizes that it will need to use local partnerships to help the company navigate the complexities found on the continent. Cummins has used partnerships with companies such as Tata in India and Deng Fong Motors in China to help it enter and develop leading market positions in those emerging markets. The company believes that it will similarly need to partner with local companies in Africa to be successful.

Cummins determined that it could not grow in Africa from its EMEA office, which is based in Europe, because they would not have adequate focus and decision-making rights on the ground on the continent. Also, Cummins found that there were no large original equipment manufacturers (OEMs) in Africa with hundreds of thousands of products and a large customer base. In other markets, Cummins partners with large OEMs that dominate the market and reach a large number of customers. In Africa, it was going to be challenging to reach a large customer base, and Cummins adapted its strategy to the individual markets.

Cummins is in the process of setting up local offices throughout Africa to more directly engage with and develop partners. It has developed partnerships with a number of smaller distributors across Africa and has made large upfront investments with longer time horizons.

to each partner. According to Managing Director of Tata Africa, Raman Dhawan; “Tata prefers equal partnerships; however, it depends on the type and size of business. The basics of partnerships remain the same, whether in Africa or in any other part of the world.”

#### Agribusiness

**Take time to gain trust and develop rapport when reaching out to large populations of smallholder farmers.**

To fully unlock the potential of Africa’s agricultural sector, many companies work with smallholder farmers as customers

or suppliers. Developing partnerships with smallholder farmer organizations or intermediaries takes time. For Pat Devenish, CEO of AICO Africa Limited, growth in his business is “predicated on building a network of local partnerships in each country where we operate.” AICO has developed partnerships with multiple agro-dealers over a number of years to reach smallholder farmers and also works directly with farmer cooperatives.

## Discuss potential problems up-front and structure partnerships to complement each party's strengths and weaknesses

### Design partnerships to complement your weaknesses

A business needs to self-reflect to understand its value and limitations before entering a partnership. This will ensure that the relationship is complementary. Andrew Alli, CEO of Africa Finance Corporation, states that “there is no one size fits all partnership model.” Each corporation’s understanding of its abilities is essential to designing a partnership that helps both parties achieve their strategic goals while pursuing a shared vision of success.

### Use the contract negotiation process to clarify the resolution to any potential problems and reinforce commitment

The contract negotiation process is an opportunity for companies to discuss any potential problems or issues that may arise and decide how to address them, including setting a zero tolerance policy on corruption. When both parties are open and willing to share information, this process can build trust and establish an environment where issues can be raised and quickly addressed. This early demonstration of commitment reaffirms the value of the partnership.

CEOs and senior executives recommend including members of the executive team, along with lawyers, in the contract negotiation process to ensure that management understands and can execute on the legal agreement. Translating the legal contract into simple, understandable language is also recommended to ensure that all executive staff understand the details before the partnership launches.

## DESIGN PARTNERSHIPS TO COMPLEMENT STRENGTHS AND WEAKNESSES

### Imara Holdings Limited (Botswana)

Imara Holdings is a pan-African financial services company specializing in asset management, corporate finance, securities trading and trust and administration services. Incorporated in Botswana and listed on the Botswana Stock Exchange, the original business was founded in 1954. Imara has funds under management exceeding \$442 million USD and assets under administration exceeding \$2.1 billion USD.

In 2006, Imara was interested in entering Nigeria and began exploring the market and potential to enter. Imara spent almost two years conducting due diligence and assessing the relationship, during which it met with multiple members of the business community and other financial services companies before identifying and signing an MOU with Chapel Hill Denham at the end of 2007.

However, in the midst of Nigeria’s banking crisis in 2008, Chapel Hill Denham went through a very difficult period, as did all participants in this sector. Imara provided technical support in areas such as research.

Imara remained committed to Chapel Hill Denham over a year and a half, as the financial services sector recovered and the company regained its position and improved its financial situation. This positive response to challenges of its partners and show of support has led to a stronger partnership.

## RECOMMENDATIONS

### ENSURE SHARED VISION AND STRATEGIC FIT

#### Loita Group (Mauritius)

Loita Group is an Africa-focused investment banking firm founded in 1992 with its head office in Port Louis, Mauritius. The Group is comprised of subsidiary companies across Africa focused on financial services and information technology.

In Angola, Loita Group was interested in building a long-term business on the ground. The Group entered a partnership with a local player to begin building its market presence.

However, the Group realized later that the partner did not have a consistent, long-term vision and wanted to leave the market when there were difficulties in the operating environment.

Having learned from its past experiences, Loita Group has developed criteria to ensure vision and strategic fit and mitigate the risk of early exit. These include mutual cultural understanding, correlated credit policies, history of long-term commitments, invested resources on the ground, reputation and ethics. For instance, in its partnership with EcoBank in Malawi, both firms had a long-term vision of the market and agreed on the added value from the partnership. Loita Group and EcoBank established a joint venture based on this mutual understanding.

#### Build trust by negotiating as equals and being realistic about each partners' goals and strategy

##### Ensure that each partner's goals and strategy are reflected in the internal planning processes

Partners need to be upfront and realistic about their ability to meet the goals and milestones of the partnership. To achieve this, maintaining clear lines of communication and an open environment are critical. According to Jagi Gakunju, CEO of AAR Holdings, the largest private health insurer in East Africa, "we have found a number of our partnerships through business relationships and networks. From this starting point we then spend time synchronizing our expectations including timelines for returns within the partnership. We then develop a strategy internally on how to meet our contribution to the partnership."

#### Treat all partners with equal respect

Regardless of who holds a greater percentage of the partnership, CEOs must treat each other as equals. Companies may opt for a minority stake in a partnership for a number of reasons (i.e. adhere to local requirements, learn more about the local business environment before further expansion or leverage the partner's brand). However, most of the CEOs and senior executives interviewed for this report preferred to take a majority stake in the partnerships they enter to build and reinforce strong local, regional and global brands and to react urgently and decisively when necessary. By negotiating as equals, the partners build trust and ultimately strengthen both parties' businesses.

## Provide open channels of communication to reinforce accountability and quality standards

### Build relationships at the top levels and throughout the organization

Partnerships must be based on shared goals and commitment at all levels of the organization. Commitment from the CEO and executive team should be demonstrated frequently, internally and externally, to reaffirm the strategic importance of the partnership. Buy-in from managers, who control day-to-day operations, is also critical for the partnership's success.

### Informal relationship building strengthens trust

CEOs and senior executives cited a number of advantages to building personal relationships throughout the organization and developing transparent and open communications channels. These relationships foster stronger collaboration, encourage innovation, facilitate early warnings when

problems arise and ease transitions in the case of a leadership change. The success of the partnership is usually determined by leaders' commitments and the ability of the management team to modify their approach over time to optimize the role of all participants towards achieving the objectives of the partnership. Often, partnerships evolve beyond the scope of their contract and CEOs rely on strong relationships built over time to continue the relationship rather than re-drafting the contract.

**Partnerships must be based on shared goals and commitment at all levels of the organization**

## FOCUS ON THE VALUE EACH STAKEHOLDER BRINGS TO THE PARTNERSHIP

### Databank Group (Ghana)

Established in Ghana in 1990, Databank is a financial services firm which provides investment banking services, including stock brokerage, market research, asset management, retail mutual fund products, private equity and corporate finance services. Databank has worked on numerous private sector transactions on the Ghana Stock Exchange, advised the Government of Ghana on privatization deals and was Co-Manager with Citi and UBS on Ghana's debut \$750 million USD Sovereign Eurobond issue.

Databank has sought partnerships over the past 20 years with global firms and also provided partnership support for its own investments. As one example, Databank has built a partnership with Trust Bank in The Gambia over the past 13 years. In this partnership, Databank brought technical expertise and Trust Bank contributed its local knowledge of The Gambia (similar to the role that Databank plays with its global partners).

In identifying partners and building partnerships with other African firms, Databank considers potential partners' commitment to and comfort level with business expansion across Africa. During the familiarization period, Databank develops business relationships to ensure that the partners understand each other and have aligned goals. Before entering a more formal partnership, Databank usually collaborates on pilot transactions and discussions with referees to assess the partner and build a platform for future collaboration.

## RECOMMENDATIONS

### BUILD RELATIONSHIPS AT ALL LEVELS OF THE ORGANIZATION

#### The Brink's Company (United States)

The Brink's Company is a security and logistics firm with operations in over 50 countries globally and revenue of \$3.1 billion USD in 2010.

Partnerships have been key to Brink's expansion across the world, especially because some countries have made it difficult or unlawful for foreign companies to get a local license to operate a security business.

Brink's found that in Africa, relative to other emerging markets, its partner companies were younger and had less experience in the industry. This posed a potential reputational risk, as companies often did not meet international standards.

In developing partnerships in Africa, Brink's has spent time and resources training local partners to meet global standards. Brink's business practices have had a strong social impact given the rigorous training in ethical and labor standards, which strengthens the market over time. Before Brink's made such investments, however, it spent time forming personal and professional relationships at all levels of the partner company. Brink's developed multiple channels of communication at various levels of the organization. Brink's Chairman, President & CEO Michael Dan has also personally invested time in getting to know his company's partners around the world and ensuring that the foundation of the partnership is strong.

#### Build exit arrangements into the legal framework of the partnership

##### Establish clear exit strategies from the outset to ensure smooth termination of the partnership

Include exit strategies in the partnership agreement so that termination of the partnership goes smoothly, especially in the division of any profits or assets, including intellectual property. It is important to understand when challenges or opportunities indicate that it is time to end a relationship. Henry Aszklar, President of AES Africa Power Company, commented that "sometimes differences can't be reconciled. You need to understand when to quit.... [Also,] shareholder agreements are important to pay attention to. Sometimes things change and partnerships need to be exited." Executives agree that upfront investment in exit protocols and legal frameworks for partnerships decreased complexity at the

close of the relationship. Such strategies are particularly important in many countries in Africa, where long timelines are still the norm for the resolution of legal cases.

**It is important to understand when challenges or opportunities indicate that it is time to end a relationship**

# SOCIAL IMPACT

Partnerships in Sub-Saharan Africa have great potential to spur broad-based economic growth. For local partners, exposure to global standards, business strategies and intellectual capital can increase their competitiveness and contribute to company growth and expansion. Foreign partners can increase their local credibility by demonstrating commitment to the communities in which they operate.

CEOs interviewed for this report identified several ways in which their core business activities contributed to local economic development as they entered new markets. Business expansion increased living standards when companies created jobs or introduced new or improved goods and services that addressed market needs. Firms also contributed to local communities through workforce development, increasing the productivity of the local workforce by providing employee training. The following examples showcase some ways that B2B partnerships have driven economic development and supported local communities.

## Introducing new or improved goods and services can increase living standards

### Low-cost communications technology increases access to life-enhancing services

Shared infrastructure agreements are an increasingly common type of B2B partnership in the ICT/telecommunications sector. Shared mobile phone towers and fiber optic cables have resulted in increased availability of mobile phone connectivity and broadband internet at significantly reduced costs. These technologies are increasing business productivity and providing access to life-enhancing services via mobile device such as money transfer, agricultural advice, market information and health care.

### New and profitable financial services products target last mile consumers

Expanded communications infrastructure has enabled financial services firms to reach new clients, including the rural poor, who previously had little to no access to financial services. Equity Bank and Safaricom's partnership linking

Safaricom's mobile money platform, which serves over nine million people, and Equity Bank's mobile banking platform, which serves over six million people, provides transaction services in savings, money transfers and bill payments to bottom of the pyramid customers. This partnership has provided consumers with additional points of access for financial transactions and has reduced transaction costs by, for example, reducing travel time.

### Investment in agriculture can increase food security and benefit low-income producers

Africa has the land and water resources available for increased agricultural production. AICO Africa Limited has thrived as an agribusiness company in the past 10 years primarily by focusing on meeting the needs of smallholder farmers. The company works with over 3 million smallholder farmers across Africa through partnerships with agro-dealers and farmer organizations. AICO brought improved seed stocks to Malawi and Zambia, contributing to the development of the agricultural sector by enabling improved productivity resulting in the production of food surpluses.

**B2B partnerships in all sectors have the potential to drive economic development and support local communities**

## SOCIAL IMPACT

### Workforce development programs address shortages of skilled labor while boosting the productivity and education of local employees

#### Investments in training reduce barriers to growth

Symbion Power partnered with Pike Electric to deliver a large scale power transmission project in Tanzania and also opened a training center, the Symbion/Pike Power Center. This training center will help improve the skills of the local workforce and support Tanzania in moving toward self-sufficiency in implementing and maintaining its power

projects. At the same time, Symbion will benefit from the increased availability of local labor trained to U.S. standards for its future projects in the country.

In the security and logistics sector, The Brink's Company's investment ensures that local partners meet global and company quality standards. This consequently raises the standards of the local industry through increased competition. This investment also decreases the company's reputational risk by preventing potential negative imaging resulting from implementation of poor practices.

## CONCLUSION

B2B partnerships are critical for companies looking to expand in Africa from bases either on the continent or abroad. These partnerships can effectively address market inefficiencies, in particular a lack of market information and high degrees of economic, political and regulatory uncertainty. The recommendations presented in this report not only address these challenges, but also offer broad guidance for companies that seek to leverage partnerships in their business expansion. While these insights cover a number of considerations across the different stages of partnership development, two key themes stand out.

First, long-term planning is essential for success. Partnerships in Africa may require more time to develop and mature, as compared to those in other frontier markets. CEOs and senior executives emphasize the importance of allocating sufficient time to pursue partnerships in Africa. The initial six-to twelve-month period of the partnership process is particularly significant in determining the success or failure of the business relationship. During this period, adopting a longer time horizon will help companies implement many of the recommendations put forth in this report.

Second, many of the case studies featured in this report demonstrate how B2B partnerships enhance both financial and social returns. This is especially important for foreign companies entering a new market to enhance their local credibility and reputation and strengthen partnerships by demonstrating commitment to the local communities in which they operate.

As in any other environment, the development and implementation of B2B partnerships in Africa is complex. Companies must adapt their strategies to each local business climate and take into consideration the relevant social, economic and political factors. This report provides a starting point from which CEOs and senior executives can develop successful partnerships that take advantage of Africa's significant business opportunities and promise for high returns on investment.

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