

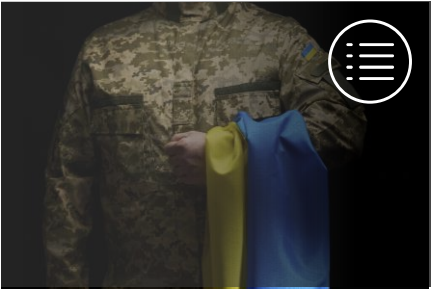


CEOs ready to face up to crises

June 2022



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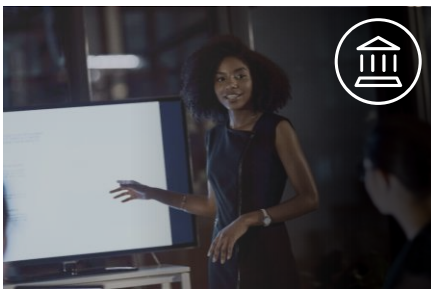
Foreword



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Human Capital



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# Foreword

## The rise of pan-African champions fostering confidence and long-term growth in Africa



Emmanuel Gadret  
Managing Partner  
Deloitte Francophone  
Africa

The third edition of our Africa CEO survey helps to put words and concrete actions on what we called resilience and agility for the last two years. As we see that crisis exit might take more time than expected, with the tragic Ukrainian war taking over from the Covid-19 pandemic, one of our leaders' key messages remains confidence.

With almost 200 answers from both French- and English-speaking African countries, our online survey shows the rich diversity of business leaders' perceptions of African economies.

We also had the exceptional chance to interview 10 inspiring CEOs who shared their sound analyses, strategies and long-term approaches to African markets.

This unique combination of various perceptions, in terms of business sector and geographies, shapes an exclusive framework for doing business in Africa and how to maximize its potential, to benefit African people first.

What are the keys messages learnt from this Africa CEO survey?

First, trust is back, even stronger than in 2019, despite some caution as emerging risks and challenges are still problematic in Africa. While some international companies are stepping back from the continent for strategic concerns, pan-African champions are growing and imposing their tailored business models for Africa.

Uncertainty and mitigation of diverse crises is nowadays a clear component for any company strategy. CEOs must lead in ever-evolving environments with internal and external risks that they cannot always anticipate.

African companies are strengthening the foundations for sustainable growth, notably through sounder governance, thanks to more independent and skilled board members and greater gender equality. Despite the structural challenge of accessing financing, they continue to invest for organic and external growth with an increasing usage of Private Equity.

Lessons learnt from the Africa CEO Survey 2022 drive us to consider Human Capital and Sustainability as critical new internal investments for companies in Africa.

CEOs are more than ever concerned with Talent Development Programs in order to guarantee the most relevant skills to their organizations.

On the other hand, companies show a growing awareness of sustainability and a commitment to operate according to international ESG standards.

Several CEOs propose impactful and environmentally friendly initiatives in Africa, although external reporting could be made more mature and accessible.

Confidence in Africa has been restored. More agile and better prepared to anticipate and resist crises, African CEOs confirm the rise of specific business models shaped for the continent's challenges.



# Strategy

Renewed confidence in the continent's economic outlook despite emerging risks





# Strategy

CEOs remain confident in the continent's economic outlook despite some caution as the thriving opportunities could be hindered by emerging risks and challenges

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The quick reaction of WAEMU institutions and authorities limited the scale of the shocks and laid the foundations for economic rebound. The December 2021 projections confirm the forecast recovery. The Union's GDP, in real terms, would experience an increase of 6.1% in 2021 and 6.5% in 2022 despite inflationist pressure.

Serge Ekué, President  
- BOAD

## Confidence with caution



African CEOs have regained confidence levels expressed in our pre-health crisis editions.

The unexpected resilience of most African companies and the rebound that began at the end of the 2nd quarter of 2021 confirm CEO projections.

This high level of confidence can be explained by the fact that many companies now feel better prepared for future crises as they improved their readiness and risk management tools.

This optimism is, however, cautious as many CEOs are prudent as new risks emerge.

## Ongoing challenges and emerging risks



In line with previous barometers, CEOs manage their companies in a very volatile context and are facing increasing macroeconomic risks (Political, Security, Inflation) as well as specific activity risks (notably Cybersecurity and Financial risks).

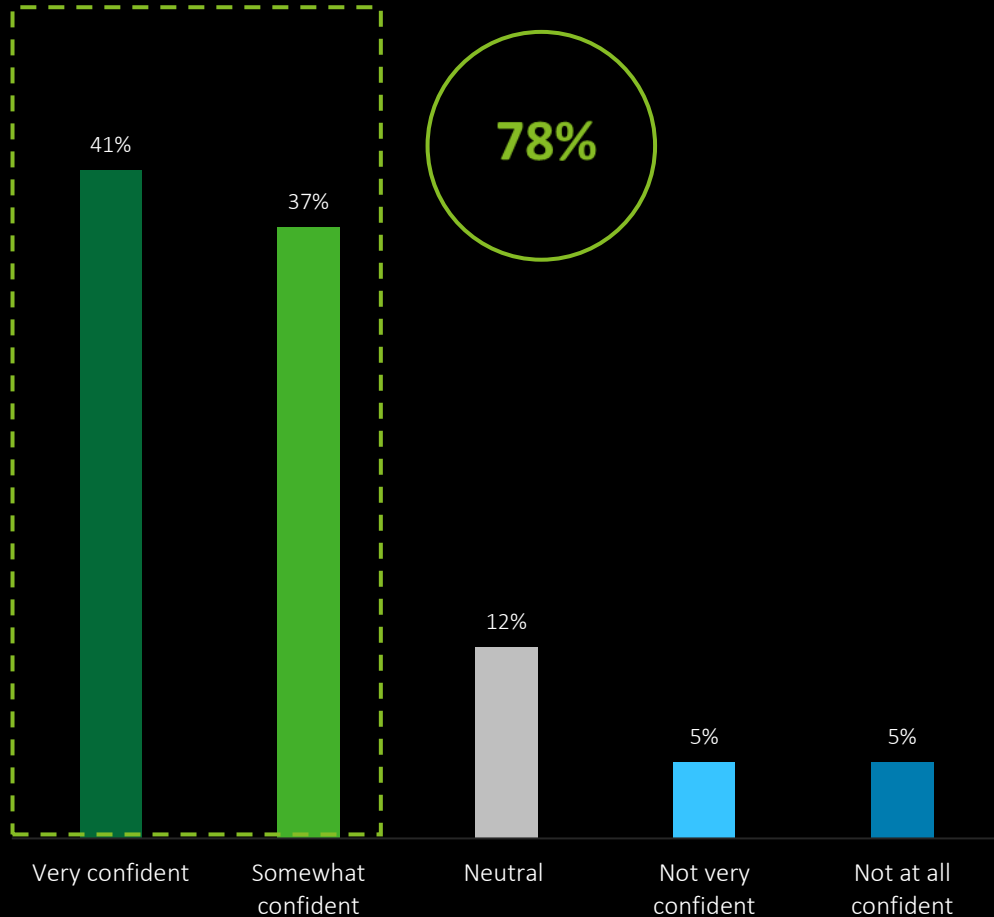
Furthermore, despite its limited impact on revenues so far, the Ukrainian war poses serious threats to the global economy.

African CEOs already report supply chain tensions, which appears to be the most visible impact to date. In the long run, the impact on the inflation rate is a major source of unpredictability and concern.

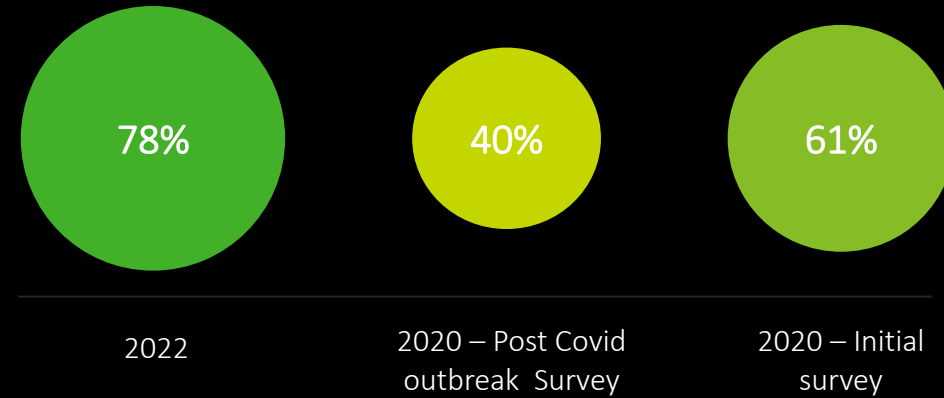


# Strategy

CEO confidence is restored...  
**Are you confident in the economic prospects of your industry in 2022 ?**



...and surpasses pre-COVID levels  
**Trends in the level of confidence**



Prior to the impact of the Russian/Ukrainian war, African CEO confidence in the economic outlook of their industry is robust, even higher than the 2020 pre-pandemic figures. More than 78% said they were confident in the economic prospects, of which 41% are highly confident



“Our confidence in the African economy is strong and we will continue to contribute to its sustainable growth by investing and innovating. Despite the challenges, we are still growing our pan-African footprint with a target presence in 25 African countries by 2025”

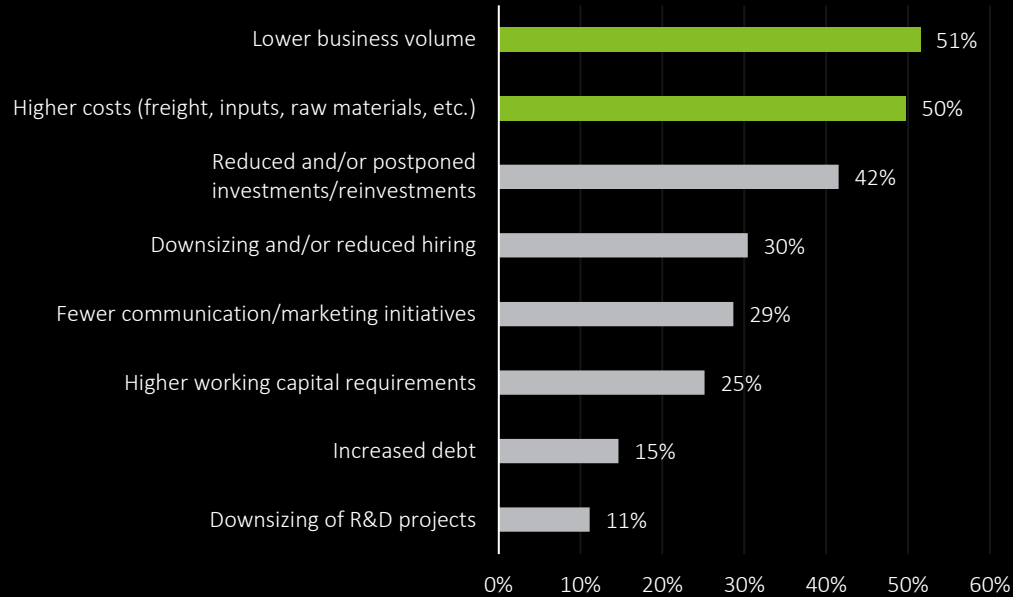
Simon Tiemtore, Chairman – Vista Bank Group



# Strategy

The impact of the COVID crisis was severe...

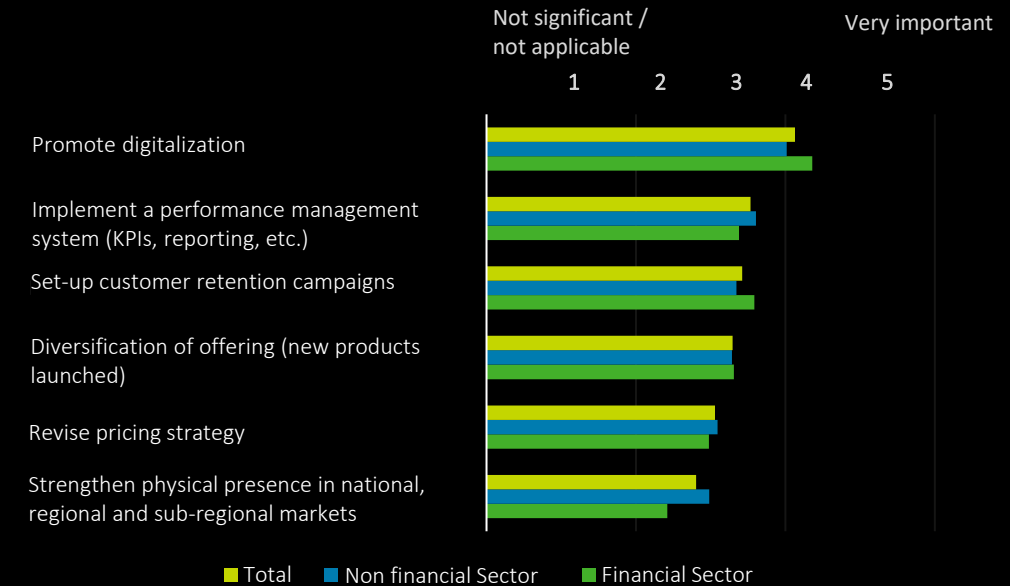
**What impact did the pandemic have on your business in 2021 ? (multiple choice)**



Despite the start of an economic rebound in the second part of 2021, African companies report having faced a deterioration in their profitability due to the reduction in their volume of business and the increase in production costs

...but African CEOs managed to adapt to it

**On a scale of 1 to 5, how important were the measures below in addressing the pandemic's impact on your business?**



As emphasized in the previous edition, digitalization is by far the measure most mentioned for reconnecting with turnover growth and better operational efficiency



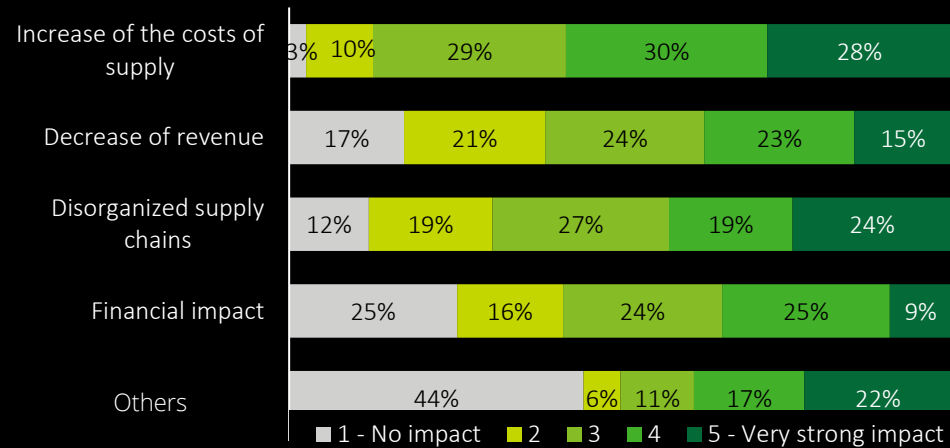
*"Digital innovation, agility in decision-making and ability to be close to the business are part of our DNA at Axian."*  
Hassanein HIRIDJEE, CEO, Groupe AXIAN



## Strategy

The war in Ukraine poses new threats...

**With a steep grain and gas price increase, the Ukrainian crisis has a global impact. What is your assessment of the impact of the crisis on your company?**

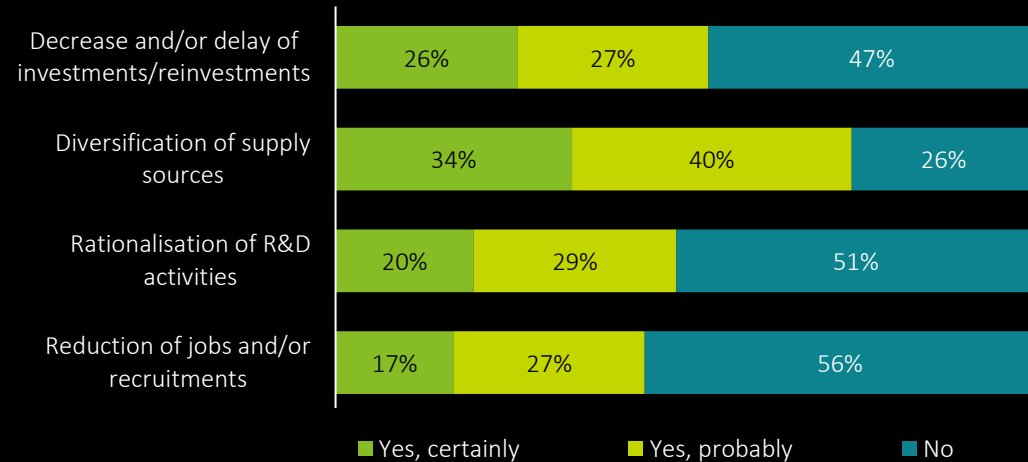


African CEOs are already seeing the impact of the war in Ukraine, as it affects supply chains and, to a lesser extent, revenues. To address this impact, several measures are being implemented or considered to diversify supply chains and limit expenses.

A preoccupying feature is the high impact on prices, felt as strong or very strong by 58% of respondents. As shown above, global inflation could weigh on companies' investments and limit R&D and recruitment.

...that African CEOs are prepared to address

**In relation to the Ukrainian crisis and the uncertainties created, are you planning to take the following measures this year:**



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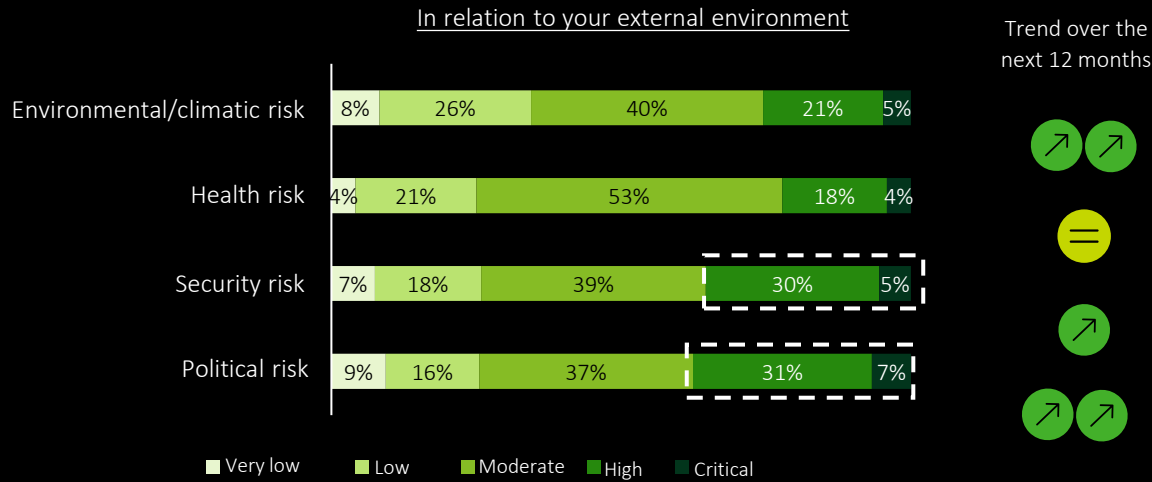
**“Current inflation and the tragic war in Ukraine are really impacting the cost of raw material as well as the supply of staple foods.”**

Emmanuel Gadret, Managing Partner, Deloitte Francophone Africa



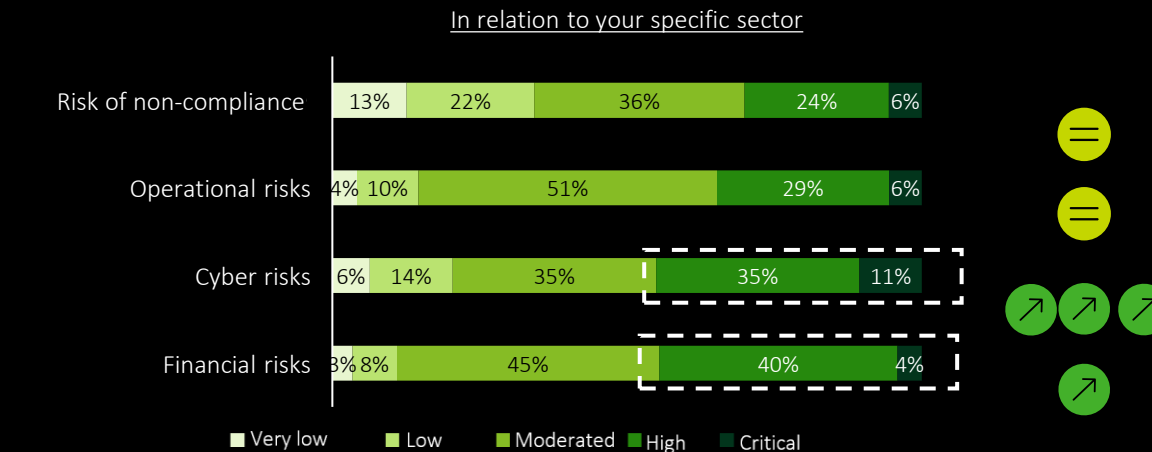
# Strategy

## How do you perceive your level of exposure to the following risks and what trend do you foresee over the next 12 months?



Political and security risks are the top risk concerns of CEOs in relation to their external environment. Except for health risk which is projected to stabilize over the next 12 months, the CEOs are anticipating an increase in these external risks, notably with some accelerations on political risk and Environmental/Climate risk

“Even if we analyze risk through our African vision, we do consider pan-African governance, political stability and currency volatility as major KPIs for our decisions.”  
 Laila AIT EL MKADEM, Deputy Managing Director, Optorg Group



Cybersecurity risk continues to be a growing area of concern for CEOs in 2020 and 2022. Financial risks (risks from financial transactions, including credit, currency and market risk) remain among the main risk exposure for African companies.



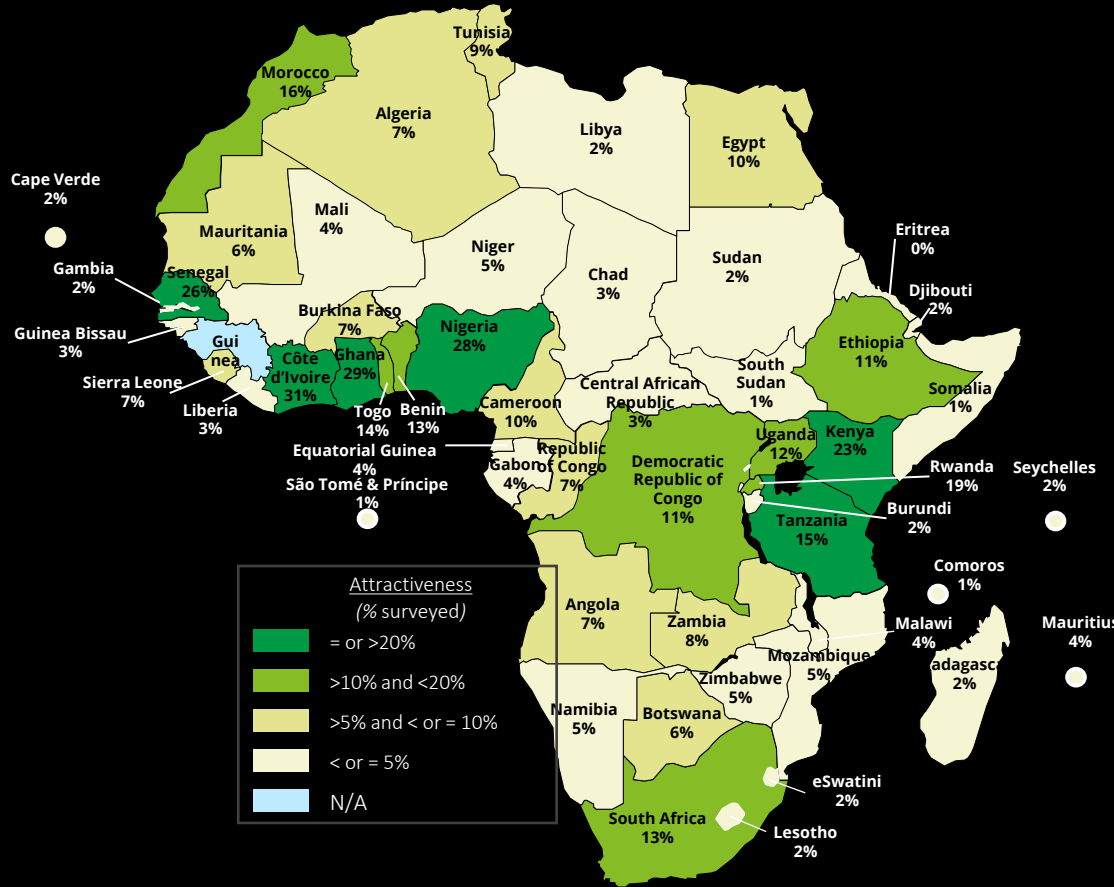
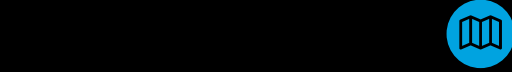
# Strategy

## Overview of key survey results – Spotlight on the 2022 Africa Investment Attractiveness Index



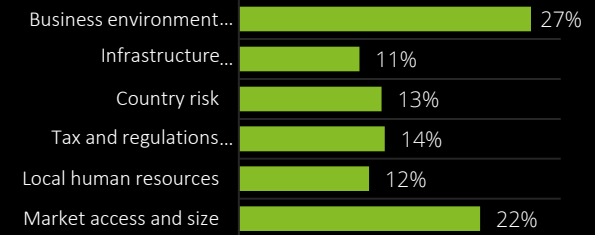
### Top 10 Versus 2020

1	Côte d'Ivoire	↔
2	Ghana	↗
3	Nigeria	↗
4	Senegal	↔
5	Kenya	↘
6	Rwanda	↘
7	Morocco	↗
8	Tanzania	↗
9	Togo	↗
10	South Africa	↗
	Benin	↗



The market access/size and the business environment are the two main criteria when choosing a site...

In your industry sector, what are the key location factors to consider when choosing a site?



The decision making is influenced by a mix of political, economic and social factors.

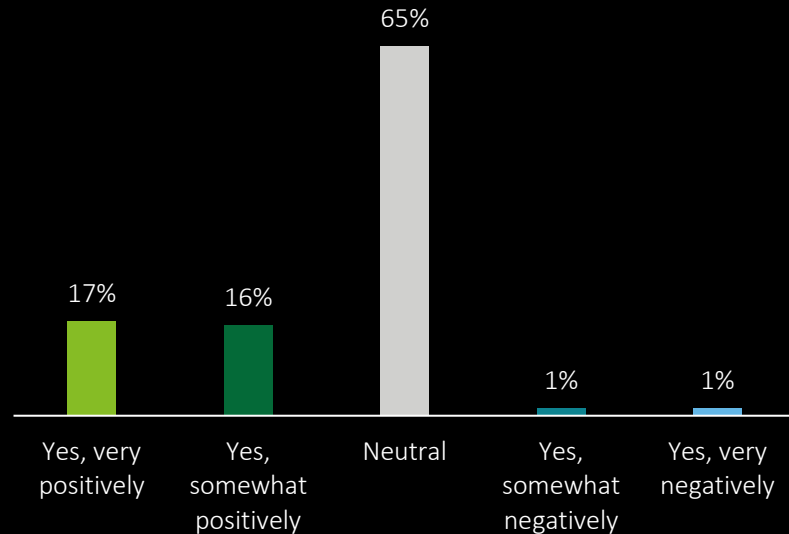
...African countries are thus perceived differently based on their attractiveness as measured by our index:

- The Africa Investment Attractiveness Index is based on the responses of African business leaders to the following question: "Based on the key location factors for your industry, Which African countries do you find to be the most attractive for investment at the present time?"
- It aims to provide an overview of the investment appetite of private sector leaders.
- It is not designed to analyze investment conditions or rank the ease of doing business in a given country.

## Strategy

### The limited impact of the AfCFTA

**Is your development strategy in Africa being affected by the coming into force of the African Continental Free Trade Area (AfCFTA) last year?**



The majority of CEOs remain skeptical about the immediate impact of the African Continental Free Trade Area (AfCFTA) on their development. Among the CEOs thinking that development strategies are affected by the AfCFTA, a wide majority argue that the impact is a positive one.

### About the African Continental Free Trade Area (AfCFTA)

- Free trade area founded in 2018, (commencing as of 1 January 2021)
- Created by the African Continental Free Trade Agreement among 54 of the 55 African Union nations
- Largest free-trade area in the world in terms of the number of participating countries since the formation of the World Trade Organization
- Objectives include: creating a single market, deepening the economic integration of the continent, establish a liberalized market through successive rounds of negotiations, enhance competitiveness of member states within Africa and in the global market

99

*“For me, the AfCFTA is a very long-term project since its operational implementation will require public-private cooperation.”*

*Laila AIT EL MKADEM, Deputy Managing Director, Optorg Group*

# CEO voices

Feedback from African  
business leaders



# CEO voices

Jonathan LOUW, Group CEO, Honoris United Universities. First and largest pan-African higher Education network.



“Cross-pollination between public regulators and the private sector is essential to shape students’ employability in Africa through accessible and affordable education.”

By focusing on the employability of our graduates, we can contribute to unleashing Africa’s potential and its demographic dividend.

Through championing new methods of delivery and technologies, the network has developed a tailor-made academic model designed to address Africa’s key educational challenges in a fast-changing and globalized world, building partnerships with both public regulators and pan-African industries.

Since our inception, harnessing innovation has been an integral part of creating impact in education across Africa. Through a targeted and systematic approach to both expansion in existing markets and entry into new markets, we will support Africa in its strategy to bridge the global skills gap.

We will continue to transform lives through relevant education for lifetime success, towards our target of impacting 1.5 million lives by 2027.



**Student body**

70,000+



**Number of employees**

3,500+



**Countries of operations**

10



# CEO voices

Sara MASMOUDI, CEO, Kilani Group. Tunisian pharmaceutical industry (manufacturing and development)



“We are currently breaking our dependence on China for logistics and imports. The African continent is now a global player able to shape future partnerships with international players.”

The Covid-crisis has accelerated Africa’s capacity to create innovation centers and enhance technology transfers in the healthcare industry, as is happening for vaccines.

Public regulators are now partnering with private leaders to define new distribution networks that are essential for the population.

Rapid access to market and to the consumer is key and Africa can now be involved in new supply chain and production processes. I am confident that, today, we are competitive with China to accelerate importation and distribution – this is definitely a chance for Africa.

Local Talents are also part of this new business model in Africa. More committed and looking for a more sustainable company culture, they impact companies and the public sector in their strategies.



**Annual turnover**  
\$180 million



**Number of employees**  
1,800



**Countries of operations**  
Locations in Tunisia,  
Cameroon, Côte d’Ivoire





# CEO voices

Yahya BOUHLEL, CEO, GoMyCode – Interactive and gamified learning platform.



“From day-1 we built an African learning model. Even in very complex environments, we are always looking for a real long-term impact.”

Education and new digital technologies are key to shaping the new world of work in Africa. At GoMyCode, our global digital approach brings added value to employment issues today in Africa.

Within complex and challenging environments, we connect the gap that exists between the standard training offered and the accessible job offers on the market. Our fast-track learning platforms offer updated skills in three to six months, which allows candidates to quickly maximize their potential employability.

Being a pioneer is not easy and we faced a lot of issues convincing investors to invest in our disruptive model. Funding a startup in Africa is still a challenge but business models are changing thanks to our user feedback and trust.



## Annual turnover

\$2.5m



## Number of employees

135



## Countries of operations

8 (Tunisia, Algeria, France, Morocco, Egypt, Bahrain, Nigeria and Côte d'Ivoire)



# CEO voices

Hassanein HIRIDJEE, CEO, Groupe AXIAN. Pan-African diversified group (Telco's, Energy, Real Estate, Fintech & Open Innovation)



"Investing in Africa is first looking at the opportunities. As African-doers, we must transform our issues into business opportunities."

Before investing in Africa, we first assess the three following areas: rule of law, stability of the local currency and quality of local talent. Meeting and partnering with local people on which you can rely and build on the ground is also a key success factor.

As a Telecom provider, we often face challenging situations with local regulators and with customer expectations. However, my confidence in Africa is unspoiled, I see growth in terms of professionalism and ability to operate.

Digital innovation, agility in decision-making and ability to be close to the business are part of our DNA at Axian. Promoting soft skills, developing tailor-made solutions for talent development and going a step further in terms of sustainability impact are real and long-term commitments for Axian to unleash Africa's potential.



**Annual turnover**  
\$1,6 Billion



**Number of employees**  
6,000



**Countries of operations**  
32 (direct and indirect countries)



# CEO voices

Patricia POKU DIABY, CEO, PLOT Ghana – Cocoa Processing Company



“Our partnership with public regulators and sustainability issues influence our business and our choices. Showing evidence of and proving traceability from the cocoa bean to the bar is our commitment to sustainability.”

The African CEO in agribusiness is confronted with specific risks and challenges regarding accessible, affordable and reliable utility services.

Supply chain optimization, currency and price volatility (in some cases) are also issues that we have to assess before investing.

The Pan African Payment Settlement System (PAPSS), once it is operational, should help to reduce this instability and offer a regular business framework.

Considering a more international perspective and the globalization trend, certification and accountability are key to answering consumer demands.

These external challenges aside, we consider our people – our employees – to be our most valuable asset. Investment in training and welfare is an investment towards our collective longevity and progress.



Annual turnover

NA



Number of employees

NA



Countries of operations

NA



# CEO voices

Pierre Goudiaby ATEPA, Group CEO – Urban policies and planning, architectural design and construction works.



“For the post-crisis recovery, Africa should think big. Our lack of ambition explains many of the difficulties we face.”

The key lesson learnt from the recent crisis is that Africa should be fully committed to building its strategic autonomy. Current African economies can, instead, be seen as incomplete.

The development of local expertise and local capabilities for raw materials processing is key to eradicating poverty and developing strong and sustainable economies.

To do so, we should embrace innovation rather than being too cautious. Central Banks' reluctance for cryptocurrency, for instance, is unreasonable.

The private sector has a major role to play in changing this mindset, including through the development of public-private partnerships as we can observe in the smart cities and sustainable urban development projects we conduct.



**Annual turnover**

N/A



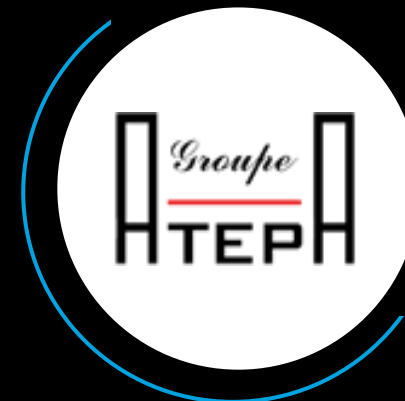
**Number of employees**

N/A



**Countries of operations**

N/A



# Voice of CEOs

Laila AIT EL MKADEM, Deputy Managing Director, Optorg Group. Automotive and spare parts distribution.



“Even if we analyze risk through our African vision, we do consider panafrikan governance, political stability and currency volatility as key decision factors”.

The current market environment in Africa is buoyant for our mining and forestry customers, while the construction sector suffers from a less favourable environment. The group is impacted by disruptions in production chains among manufacturers as well as by the supply chain, due to Covid and Ukrainian crisis especially in automotive distribution.

In the last years we have focused our efforts to make our business more profitable and resilient: we have improved our product mix through development of parts and services activities, we diversify our operations in new markets such as Ghana, Rwanda and Mauritania.

Over the longer term, our strategy is to invest in countries with critical size and diversified economies particularly in North Africa, in East and West Africa.

Note that the development of our business could not be done without a significant importance given to our human capital - attraction, retention, gender equality - and to sustainability, with particular attention to energy, water treatment, waste and decarbonization.



**Annual turnover**

846.4 M\$



**Number of employees**

1,803



**Countries of operations**

25



# CEO voices

Paul-Harry AITHNARD, UEMOA Regional Executive, Ecobank Transnational Incorporated



"In driving our business, we pay attention to the macroeconomic risk with rising inflation, security and cybersecurity. Mitigating those risks is paramount to maintaining attractiveness in Africa."

With Covid, we have demonstrated our resilience. However, with the recent macro and geopolitical developments, we are entering "the known unknown", an era full of uncertainty.

West Africa is the heartbeat of our footprint and alongside Côte d'Ivoire, which remains an attractive country, Togo and Benin are emerging as strong opportunities and solid contributors to our performance.

The competitive landscape is dramatically changing with new regional players and the exit of western banks.

Looking ahead, Innovation and Human Capital will be critical for Ecobank. Building new products with agility, as well as enhancing customer adoption of these products are key challenges we need to address. In line with this purpose, talent development is fundamental. Anticipating the future of work in our industry and offering innovative career paths to high potential employees help us to perform and sustainably impact our environment.



Annual turnover  
\$1.8 billion



Number of employees  
13,000



Countries of operations  
33





# CEO voices

Simon TIEMTORE, Chairman, Vista Bank Group. Pan-African financial institution.



The Covid Crisis and the war in Ukraine impacted the global economy, Africa and our partners clients. However, by providing innovative financing solutions designed with strategic partners such as Afreximbank and IFC, we supported and continue to support our clients to meet the health and food supply chain challenges all across the continent.

Our role at Vista Bank Group is to support African economies to bring long term financial solutions but also to help and all businesses and countries in seizing new business opportunities.

Finally, our first asset is our human capital. We have created real partnerships with our employees to bring added value but also to share this value, with them first (internal training, mobility). On top of that women and the youth are pushing our strategy and leadership to promote inclusion and diversity at all stages of our organization.



**Annual turnover**  
N/A



**Number of employees**  
1,200



**Countries of operations**  
4



"We are fully committed, as permanent investors in Africa, to contribute to its economic development. We will keep providing innovative and sustainable financing solutions to women, the youth, entrepreneurs, MNC, government etc... in our targeted 25 countries of operations by 2025."



# CEO voices

Serge EKUE, President, BOAD. West African Development Bank, financial institution.



“BOAD will continue to support countries by financing structuring projects in the five priority areas of its 2021-2025 Strategic Plan. However, emergencies must be prioritized. Today, more than ever, the fight against food insecurity must have our full attention.”

Crises have exacerbated long-standing problems in financing the WAEMU's economies, particularly insufficient budgets and defective health infrastructure.

Despite this context, the WAEMU region was more resilient in 2020, and institutions played a leading role in building this resilience.

All these combined actions have made it possible not only to limit the magnitude of the shocks in the WAEMU but also to lay the foundations for a revival of economic activity: food security, climate change and variability, infrastructure development and capacity building for transformation and innovation.

The business climate is improving year by year in most countries on the African continent.

In order to create, develop and improve the conditions for production and business prosperity, BOAD has, since the launch of the Djoliba Plan, supported productive investment in several key sectors such as transport, energy, access to drinking water, urban sanitation, communication and real estate infrastructure.



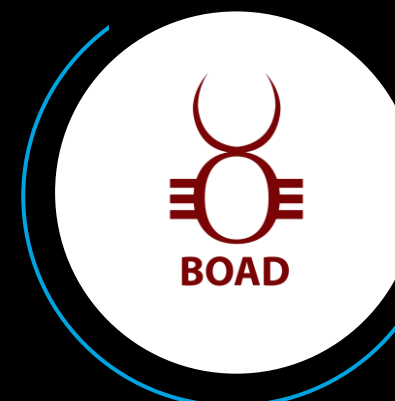
**Annual turnover**  
720 Millions



**Number of employees**  
300



**Countries of operations**  
8



# CEO voices

Emmanuel GADRET, Managing Partner, Deloitte Francophone Africa



“Enhancing long-term development and governance in Africa will release all its potential, to the benefit, first and foremost, of African people.”

2020 and 2021 have demonstrated the great resilience of Africa, with countries able to manage sustainable rebounds in terms of growth.

However, current inflation in Europe and the tragic war in Ukraine are really impacting the costs of raw materials, as well as the supply of basic food commodities. Exiting the crisis will definitely be more challenging for countries with major dependance on external supplies.

Our close relationship with national regulators is key. Our upstream discussions with public and private leaders contribute to design, operating and scalable pan-African models to leapfrog infrastructure, telecommunications, health andr educational issues. Sustainability in Africa is also a critical asset. Our “World Climate” strategy, addressing climate change by driving responsible climate choices with local organizations, and beyond, is a strong commitment for us in Africa.



**Annual turnover**  
82 Millions



**Number of employees**  
1,500



**Countries of operations**  
19 countries, 15 offices



# Financing & Governance

## Private equity driving access to finance



# Financing

African leaders are making efforts to address the challenges arising from the economic crisis and to mitigate the growing risks caused by the effects of the health crisis, among others.

The Covid-19 crisis has significantly impacted African companies and has challenged business leaders on the strategic and operational development of their business. Access to alternative financing solutions has become a major concern and a daily challenge for CEOs.

Improving access to financing to enable SME leaders to achieve growth and potential development is a matter of urgency.



Small and medium-sized enterprises (SMEs) represent the overwhelming majority of businesses in Africa and remain the mainstay of the continent's economic growth.

Improving the financial inclusion of SMEs by securing access to finance and stability would foster growth and sustainable business development.

However, strict financial regulations, restrictive bank lending conditions, and the small size of African businesses hinder their access to conventional financing channels. Moreover, as a result of the decline in companies' performance, banks are even more reluctant to finance. Guarantee conditions are sometimes unreasonable. Despite liquidity shortages and capital outflows caused by the economic fallout of Covid-19, over 60% of African SMEs were able to sustain their access to financing in 2021 and 26% reported even better access.

African leaders are determined and confident in their capacity to generate profits to finance business development.



An important focal point is to understand that, although access neither improved or worsened for most companies, the widespread gap between supply and demand of financing to SMEs is only increasing.

The underfunding of SMEs being by the conventional financial system is a critical issue for African leaders. Only 24% of CEOs declare using bank loans to finance their development strategy.

In addition, alternative financing instruments, which complement bank financing and offer greater financial inclusion, are still insufficiently developed in the region. In this challenging financial landscape, African leaders choose to capitalize on self-financing from internal cash-flows. In fact, 40% of CEOs choose to finance the development of their business with their own funds first.

99

“Developing regional centres to enhance access to the equity model would be an asset to support pan-African champions”.  
Paul-Harry Aithnard,  
Regional MD, Ecobank

“Enhancing long-term development and governance in Africa will release all its potential, to the benefit, first and foremost, of African people.”  
Emmanuel Gadret,  
Managing Partner, Deloitte Francophone Africa





# Financing

With their expertise and significant experience, African leaders appear optimistic, ready to make the right decisions and regain control of their business.

However, amongst CEOs, we observe a cautious attitude towards the current difficult period; for example, they are postponing capital transformation projects.



Being cautious with external capital raising is clearly demonstrated and emphasized by African leaders. If the need for finance is not met by internal resources, family members are the second choice. This is because they offer both security and flexibility. In fact, this hierarchy reveals a cautious attitude towards the selection of financial sponsors who are perceived as partners.

African leaders are more likely to be self-funded or family-funded, which may raise several questions about the African leaders' views and perspective on outside financing conditions. However, certain development projects and transformation plans are capital intensive and the need for external financing is conditional. In this regard, and where possible, African leaders will seek the optimal financing solution in terms of direct and indirect costs, whether local or foreign.

African CEOs also aim to raise financing through private equity institutions and foresee positive impacts for their companies



One of the major alternative financing solutions relatively developed on the continent is private equity financing, with a growing number of regional and global, sector-specific and diversified investment funds. From a medium-term and win-win perspective, beyond capital, they provide a necessary influence on the strategic development of the business for sustainable growth. Indeed, the key role PE funds play in supporting fast-growing companies in emerging markets was demonstrated by a higher job creation rate. The witnessed growth and job creation are economically sustainable and consistent with profitability targets by yielding attractive Returns on Capital. From the CEOs standpoint, 30% of them consider that partnering with PE funds is a lever for value creation.

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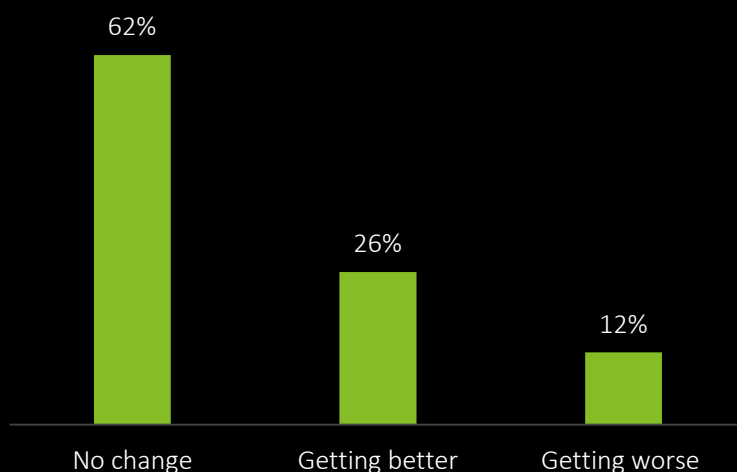
“One solution for financing is to group national projects around regional projects, making it possible to play both on the identification of synergies linked to size, and to specialize each region on a sectoral competence in order to guarantee balanced development.”  
Serge Ekué,  
President, BOAD





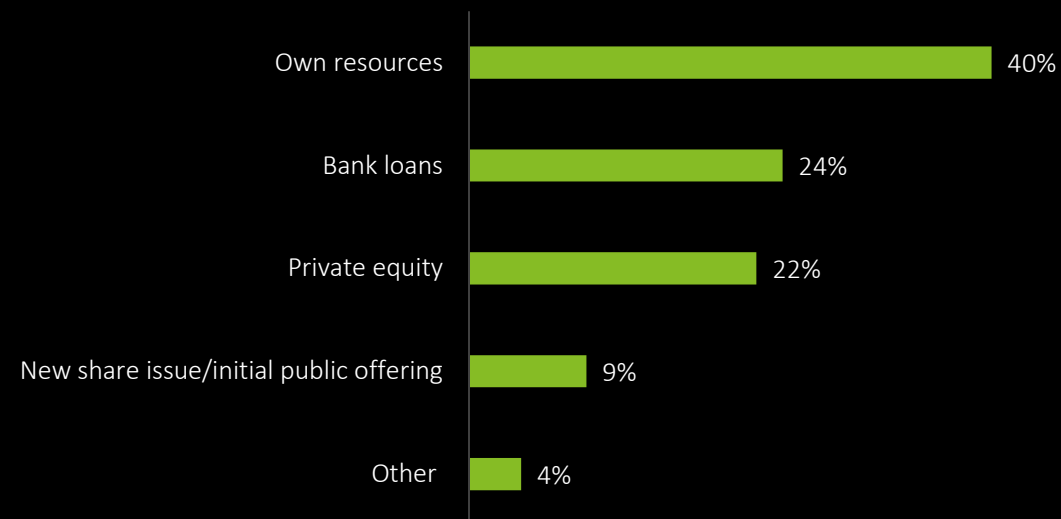
## Financing

Has your company's access to funding improved over the last few months?



Considering that the African financial ecosystem is still maturing, 62% of African leaders indicated that there is no change in access to finance with 26% stating that access to finance is improving, and only 12% of them reporting increased difficulties. This situation shows that there is no direct sign of limited financing access but rather stability which is improving over time.

What source of funding will you mainly use to support your development strategy?

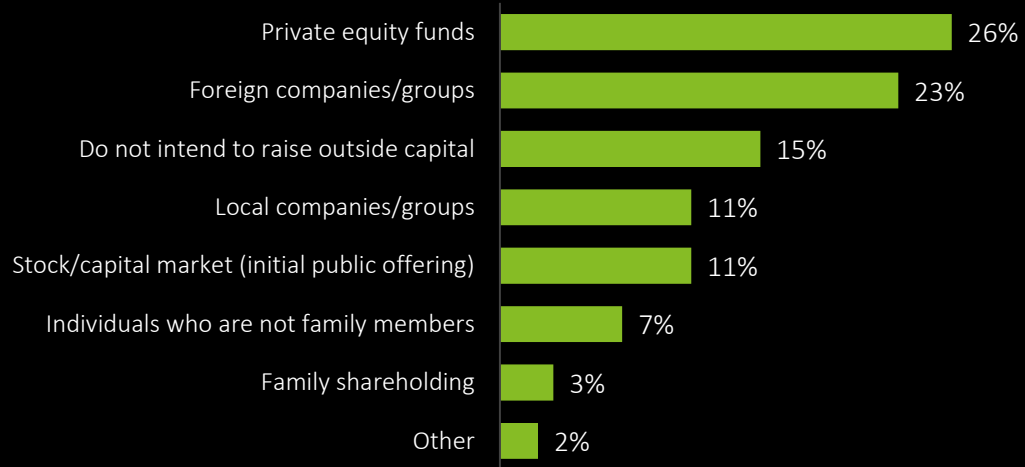


The underfunding of SMEs by the financial system is a critical issue for African companies. In fact, 40% of CEOs choose to finance the development of their business with their own funds first, the same proportion as in 2020 (40%). Bank financing and PE investment funds are developing alternative financing options. Bank loan access (24%) remains the same as reported in 2020 while PE financing is on the rise (22% vs. 18% in 2020). Less than 10% of CEOs reported that they will issue new shares or an IPO, and 4% will look for other funding sources.



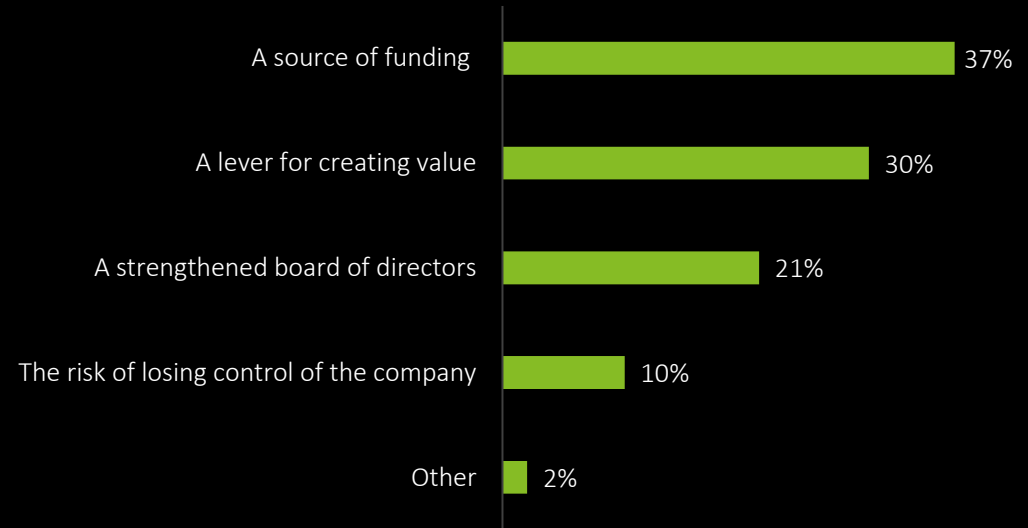
## Financing

If your company/group decides to raise outside capital, what type of ownership structure will be given priority?



Choosing the right ownership structure is based on several factors with different weightings, judiciously considered by African leaders. Although 15% of participants do not intend to raise external capital and 3% would rather have family shareholding, 49% of CEOs prefer partnering with Private Equity funds or foreign companies. The stock market is not yet the first choice but has made real progress compared to the previous edition (11% in 2022, vs 6% in 2020).

What opportunities and risks do African companies see in private equity?



Most of the African CEOs shared positive perceptions of private equity funds as a reliable and trusted source of financing and a future partner. In fact, 37% of CEOs reported that private equity represents a source of funding for African companies in 2022, 30% reported that such funding represents a lever for creating value. Similarly, 21% consider it influential in strengthening the board of directors. Only 10% consider that it poses the risk of losing control of the company.



# Governance

The critical challenges faced by the board of directors in a volatile environment puts its performance under the spotlight to be examined and assessed on qualitative metrics.

The long-term effects of Covid-19, the global economic crisis, supply chain disruptions, wars, geopolitical tensions and growing concerns as to the virtues of the global economic model are challenging leaders and decision-maker's abilities to navigate these hard times, thus calling for stronger corporate governance.

## Strong corporate governance is underpinned by an empowered board that includes independents...



The year 2021 was marked by an increased awareness of the threats and undesirable repercussions due to imperfect corporate governance. Restricted access to foreign funding and corporate anti-corruption law have played an important role in optimizing corporate governance. The predominance of family-owned businesses in Africa means there are additional challenges of efficient leadership, succession planning and business scale-up.

Opting for independent directors helps to preserve the decision-making process and safeguards stakeholders interests.

## ... and diverse directors, in order to achieve higher performance and attract capital.



The development of women's representation in top management is spurred by studies showing a tangible out-performance of companies with a more gender-diverse decision-making body. Studies have proven that female leadership introduces new ways of management, work ethics and inclusiveness.

Although we see improvements each year, there is still room for improvement to bridge the gap with global levels of diversity. For instance, in 2022, 11% of the current benchmark had exceeded the strict 50/50 parity against a mere 3% in 2020. Specific actions to encourage achievement of diversity quotas and anti-discrimination laws in the region will provide greater opportunity for African women to dismantle the glass ceiling.

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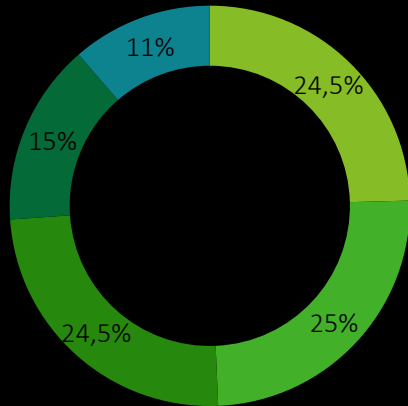
"Female managers show the ability to attract intelligent women. Not discriminating, helping women to find the right place in the organization."  
Sara Masmoudi, CEO  
Groupe Kilani

"While there is a much higher representation of women in our company, we are still seeking to boost their numbers in Board committees."  
Paul-Harry Aithnard,  
Regional MD Ecobank



## Governance

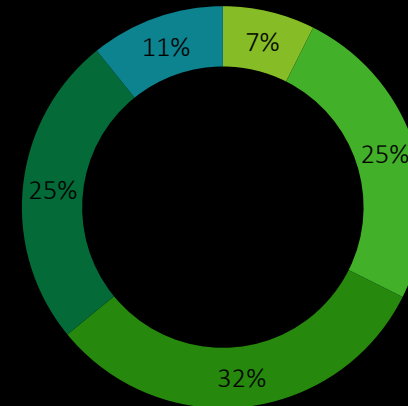
### What percentage of your board members are independent?



■ 0% ■ 1 to 10% ■ 10 to 25% ■ 25 to 50% ■ Over 50%

African leaders acknowledge the benefits of appointing independent directors as a guarantee of neutrality in the decision-making process. We find that 25% of the CEOs surveyed state that they have at least 1-10% independent directors on their board, and 15% have between 25% and 50% independent directors. Nevertheless, African companies still have work to do with 24,5% of the participants not yet having any independent directors, but this is an improvement on 2020 when 34% of participants had no independent directors.

### What percentage of your senior executives (C-suite positions) are female?



■ 0% ■ 1 to 10% ■ 10 to 25% ■ 25 to 50% ■ Over 50%

Gender diversity within companies is a critical aspect of governance and African companies still have room for improvement in this regard. We observe that 7% of companies do not yet have female senior executives, although significant progress has been made from the 30% reported in 2020. Moreover, 57% of participants report having up to 25% of senior female executives. 25% of participants report a range of 25 to 50% of senior female executives.



# Innovation

Consolidating Africa's leadership in cashless payment technologies



# Innovation

Innovation as a dual driver of growth and sustainability, is now more than ever at the heart of Africa's priorities.

99

“Innovation is key at Vista Group. We can now offer innovative banking infrastructure with start-up support, but we need regulation and partnerships with African countries.”  
Simon Tiemtore,  
Chairman – Vista Bank Group

The need to respond to specific African issues has elevated innovation to the top of private and public sector priorities.

## Africa and innovation



Innovation is a critical tool for an expanding continent. It's essential to society's development, as well as to meeting the needs of African youth and addressing the continent's economic issues and challenges.

African companies perceive innovation as a source of growth and are prepared to build internal innovation initiatives. Diverse and often immature innovation mechanisms have given way to a very pragmatic vision of the role innovation should play in the private and public sectors. Governments are being led by the private sector to develop more open frameworks to accelerate the impact of innovation.

## Prospects



African companies seem to be rethinking their approach to innovation. Despite not being fully digitally mature (only 5% of the digitally mature are leaders), they are more open to their ecosystem, collaborating with start-ups and support structures on payment issues (29% of cases), and other new technological areas such as automatization and AI.

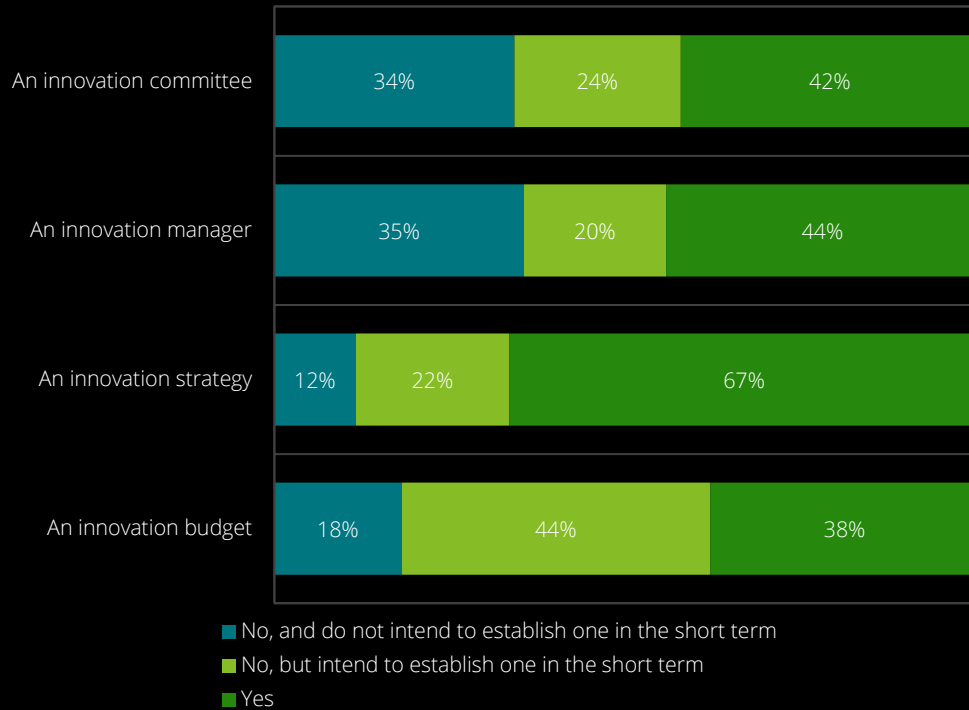
This will leverage the innovation ecosystem and allow it to develop rapidly. In the coming years, multi-stakeholder initiatives are expected to pick up.





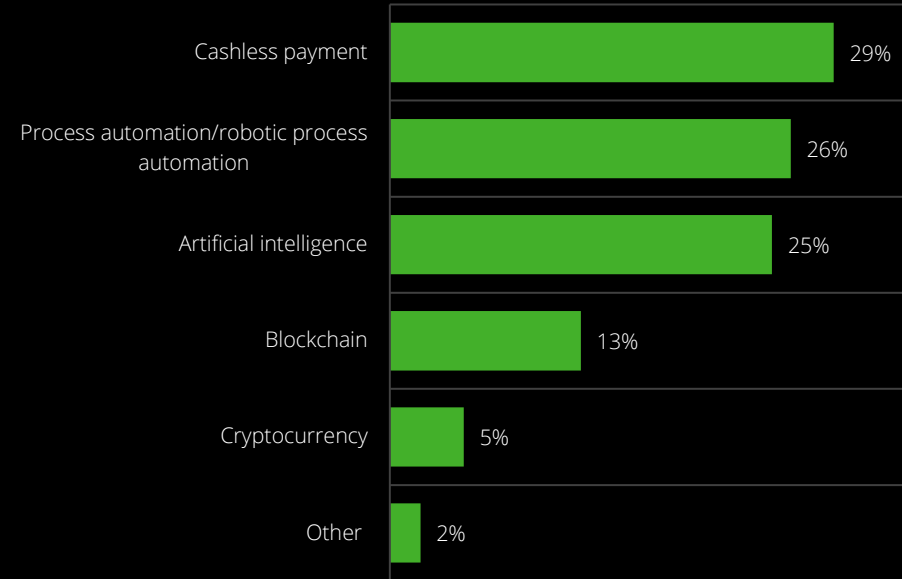
# Innovation

Does your approach to innovation include the following?  
(%)



African organizations' approach to innovation is becoming increasingly structured, based on a defined strategy, specific governance and organizational structure. Innovation becomes a sustainable component of corporations.

Over the next 12 months, do you plan to invest in, or integrate into your operations, even on an experimental basis, any of the breakthrough innovations mentioned below  
(%)

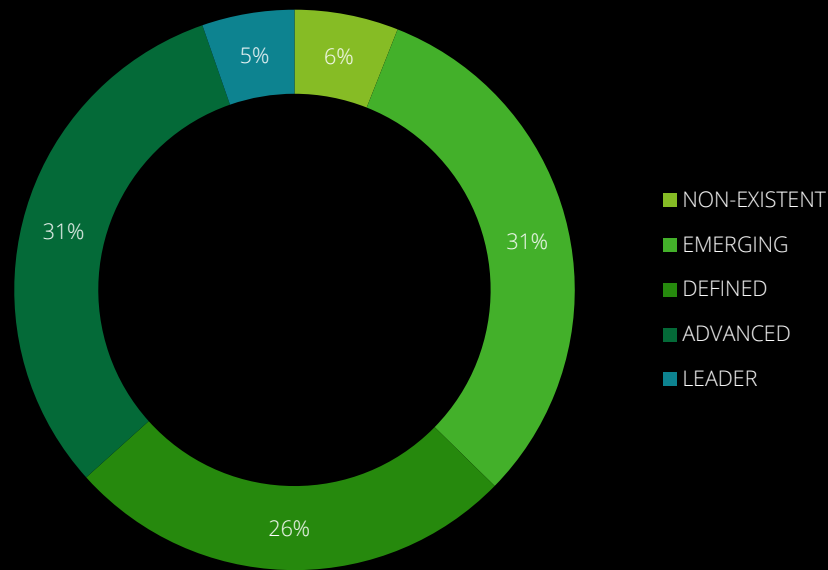


Innovations are driven by focal areas, such as cashless payments or internal digitization. The use of blockchain and crypto-currencies has increased since 2020 (from 5% to 13%), but seems to be viewed with caution due to the lack of appropriate legal visions and frameworks.



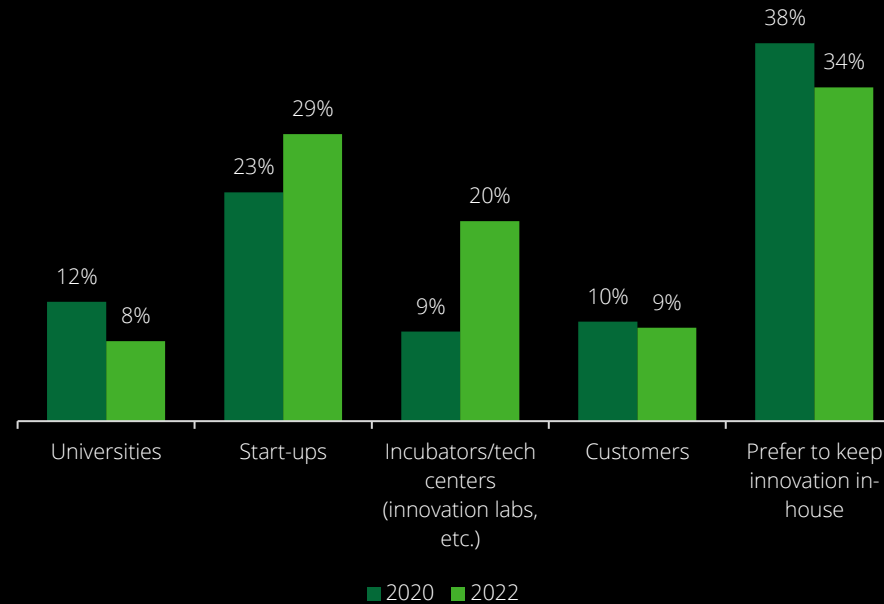
# Innovation

How would you assess your digital maturity? (%)



Most CEOs believe their maturity level can be improved; only 5% consider their maturity level is that of a leader. COVID has had a positive impact as it has contributed to the pace of digitalization.

Who are or would be your partners of choice for developing, improving and/or implementing your innovation policy? (%)



Due to its strategic nature, companies are progressively developing innovation internally (34%), but they are also becoming more open to external partnerships with different innovation ecosystem players (innovation labs, start-ups, etc.). Collaborative innovation is more common as intellectual property frameworks and collaboration models evolve.



# Human Capital

Talent development above all



# Human Capital

Talent development, with a focus on attraction and retention programmes, is a key success factor for African companies...

The race for the best talent is still critical for companies in Africa. However, identification and attraction are not enough and there is an increasing demand for talent development, to retain the best employees and to better match industry competitiveness.

Talent attraction and employability are at the heart of company strategy in Africa...



While 54 % of companies consider that their corporate culture and employer brand are significant in attracting the best talent, most of them are still facing the talent war.

Identification and attraction of the best talent is a key challenge for companies, but there is still a gap between the resumé and the skills taught in African higher education. Companies are now increasingly involved in addressing their skills expectations and working closely with private training players that put the emphasis on direct employability.

... but upskilling and disruptive training programs are fundamental to retaining the best talent.



Investing in talent reinforces company employer brand and allows them to be more competitive. By offering employees professional learning throughout their careers, African companies are supporting internal promotion and clearly investing in their human capital as a strong asset. Creation of in-house Universities and partnership with training experts (45%) help companies to maintain their attractiveness and competitiveness in their markets. Focusing both on top and middle management positions, these initiatives encourage companies to invest in the new world of work.

99

“The quality of local candidates is one of the three criteria resulting in our investment in Africa.” Hassanein Hiridjee, CEO Axian

“Accessible and affordable education models are critical in Africa to fill the skills gap. Reshaping relationships between Public and Private players is crucial.” Jonathan Louw, CEO, Honoris United Universities



# Human Capital

... which are also improving their performance management systems to break down biases in favour of women's empowerment and more effective inclusion and diversity policies.

As competitiveness increases amongst African companies, employee performance management policies are diversifying and moving towards international standards. Women benefit from compensation and benefits strategies, as well as from specific diversity and inclusion policies.

## New performance management systems for a better alignment with international standards...



African companies are reasonably satisfied with their performance management policy (36%), but a large share of CEOs are still considering that they could improve their management by objectives (MBO).

Setting clear objectives, offering training and assessing employee performance on a yearly basis are now key to employing and retaining the best talent, but also bringing added-value to companies' overall performance.

African company performance management has attained international standards which are key to enhancing private sector impact.

## ... that enable women to break down biases and be appointed to executive roles in the new world of work



Equal pay for men and women appears to be a strong factor for maximising women's empowerment in African companies (46%).

Combined with diversity in the hiring process and top management initiatives to promote women in the management team and executive committee, women empowerment is breaking down biases in 2022.

There is still a gap to be bridged in terms of diversity and empowerment of women up to board level in order to fully align with the new world of work, but innovative and inclusive approaches are emerging.

99

"External challenges aside, we consider our people - our employees - to be our most valuable asset."

Patricia Poku Diaby,  
CEO PLOT Ghana

"Local talent is part of the new business model in Africa. They are more committed, impacting the strategies of companies and the public sector."

Sara Masmoudi, CEO  
Groupe Kilani



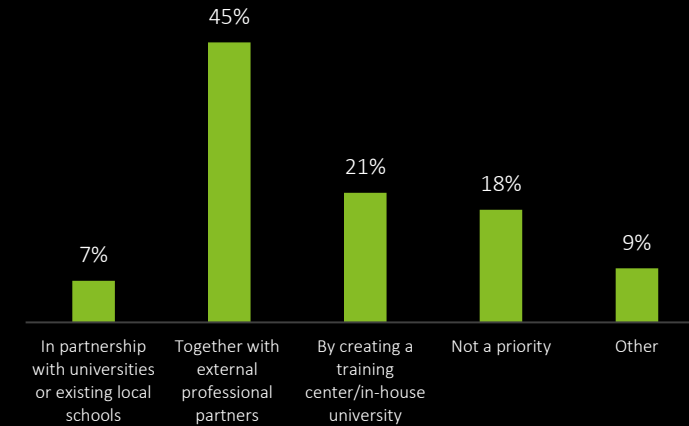
# Human Capital

**What HR issues do you mainly encounter?** (in %)



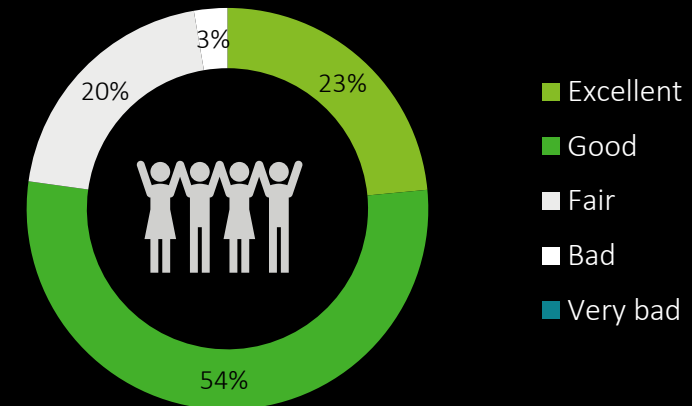
In 2022, African CEOs HR issues are fairly balanced. Skills and talent development are still an issue (24%) but less critical than in 2020 (44%). Investments made in professional training throughout the employee's career are positively impacting this challenge. At the same time, Performance Management issues are increasing from 13% to 20%. The need for HR performance review is more of a concern today to better match companies business targets.

**How did you introduce upskilling programs to meet new job requirements?** (in %)



The Covid pandemic has highlighted the need for training and upskilling during the employee's career in the company. Partnering with external leaders for professional training seems mandatory for African CEOs (45% vs 35% in 2020). Launch of in-house universities and internal training programs is still an advantage, but with less interest than in 2020 (21% vs 48%). The cost of in-house training programs probably contributes to this declining interest.

**How would you rate your corporate culture in attracting and retaining the best talent?** (in %)



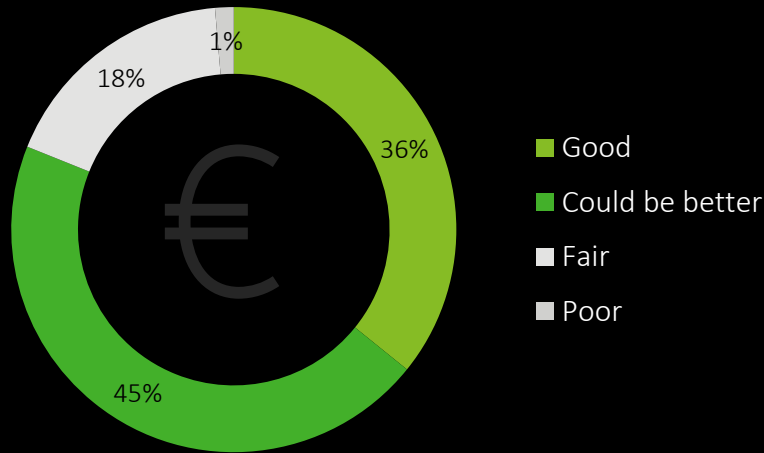
Most CEOs are confident in their company's culture, as an asset to better attract and retain talent (54%). However, as Talent identification and attraction is still a critical issue for African companies (21%), the question remains about other potential areas for improvement like salary scale and internal mobility to really match talent retention targets.





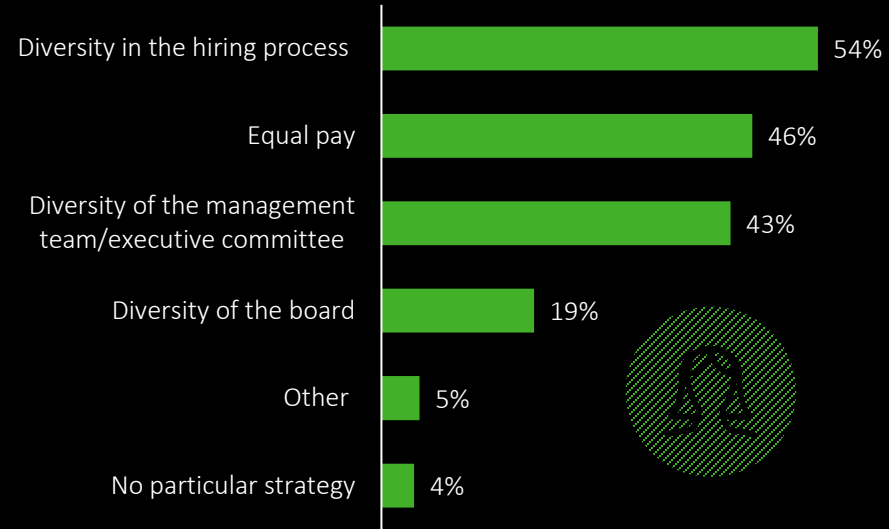
# Human Capital

How would you rate your employee performance management policy ? (in %)



Performance management policy is the third biggest HR issue mainly encountered by African CEOs (20%). However, while 36% of African CEOs are comfortable with their performance management policy, 45% suggest improving this asset. Clarifying job responsibilities and performance expectations in line with business and global strategies allow African companies to match the Future of Work.

What is your strategy for promoting women ? (in %)



Promoting women at all management levels is still an issue, but African companies have launched designated programs and initiatives to bridge the gap. While diversity in the recruitment process is the first step, diversity in the management team and promotion of equal pay also contribute to women's empowerment.



# Sustainability

Market expectations are increasingly shaping the future of African companies



# Sustainability

## The rise of ESG strategies are shaping the future of African companies

After two years of a global health crisis, the publication of the Sixth Assessment Report of the UN IPCC alerts all economic operators to the great challenges ahead. In this context, African CEOs are committed to improving their environmental, social and governance impact, transforming their companies into sustainable companies.

### A shared ambition for a sustainable performance...



Although sustainability remains relatively new to many African CEOs, it grew in importance in recent years. This is illustrated by 83% of respondents that have integrated ESG factors into their corporate strategies.

This high consideration for ESG issues can be explained by many factors. Historically, African leaders paved the way for more sustainable practices, based on their personal beliefs. However, we see that external factors are accelerating this process as international regulation and market expectations increase.

As highlighted by Hassanein Hiridjee and Pierre Goudiaby Atepa, more and more leaders are convinced that sustainability and profitability go hand in hand. Indeed, only 7% of African CEOs consider that their social and environmental approach affects their revenue negatively.

### ... confronted with several operational obstacles



However, this change in mindset has not yet fully materialised, as shown by the 48% of respondents declaring that their company does not publish a CSR report.

This should be tempered by the fact that larger companies (> \$ 100 m revenue) are more advanced, with 88% issuing a CSR report. However, medium-sized companies have to work harder to scale up their sustainability strategies.

Similarly, we observe that larger companies place more and more emphasis on their environmental impact, while smaller businesses envisage sustainability mainly from a social perspective. This tends to demonstrate a lower level of maturity.

99

“Making money and doing good.”

Hassanein Hiridjee,  
CEO Axian

“We cannot continue with a system where African raw material is sent throughout the world, only to be processed elsewhere and shipped back to Africa. Nor can our planet.”

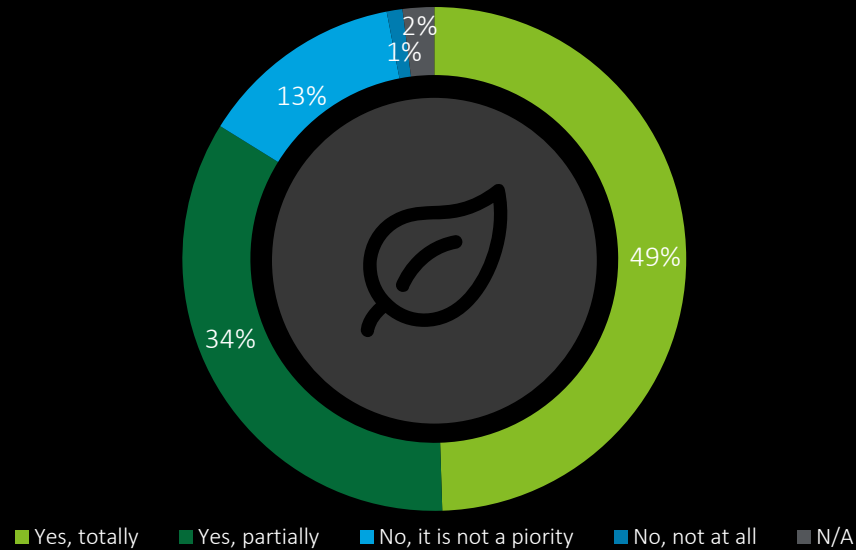
Pierre Goudiaby Atepa, Architect,  
CEO Groupe ATEPA



## Sustainability

Sustainability principles are spreading among African companies ...

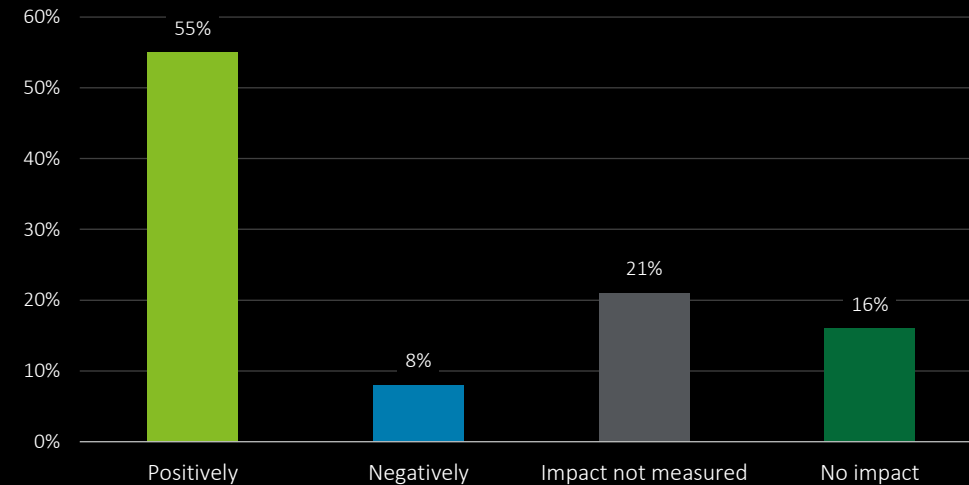
**Are ESG Matters at the heart of your corporate strategy ?**



A total of 83% of African CEOs declare that ESG matters are, at least partially, at the heart of their corporate strategy. This proportion is constantly growing, and we expect that we will soon reach the point where more than half of African CEOs put ESG matters totally at the heart of their company strategy.

... which contributes positively to generating revenue.

**How does your social and environmental approach affect your revenue ?**



Many international studies aim at demonstrating that Corporate Social Responsibility initiatives pay off in the long run, in terms of reduced production costs, improved public image and sales or enhanced talent attraction. African CEOs seem to share the idea that CSR is an investment rather than a cost, with 55% of them seeing a positive impact on their revenues while only 8% consider it to be negative. Interestingly, there is still a large share of CEOs (37%) for whom there is no impact, or the impact is not properly measured.

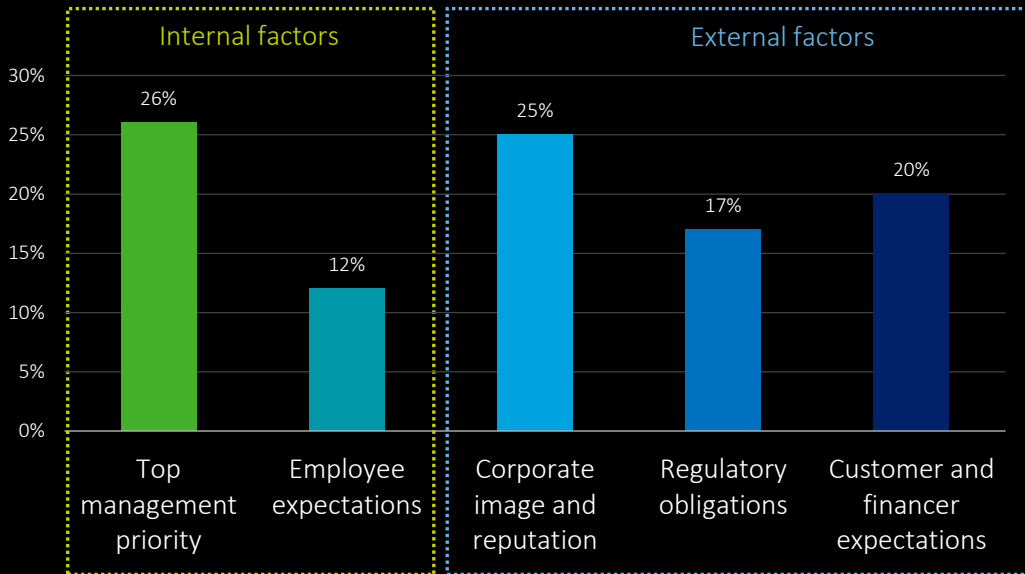




# Sustainability

CSR is slowly switching from internal beliefs to external requirements...

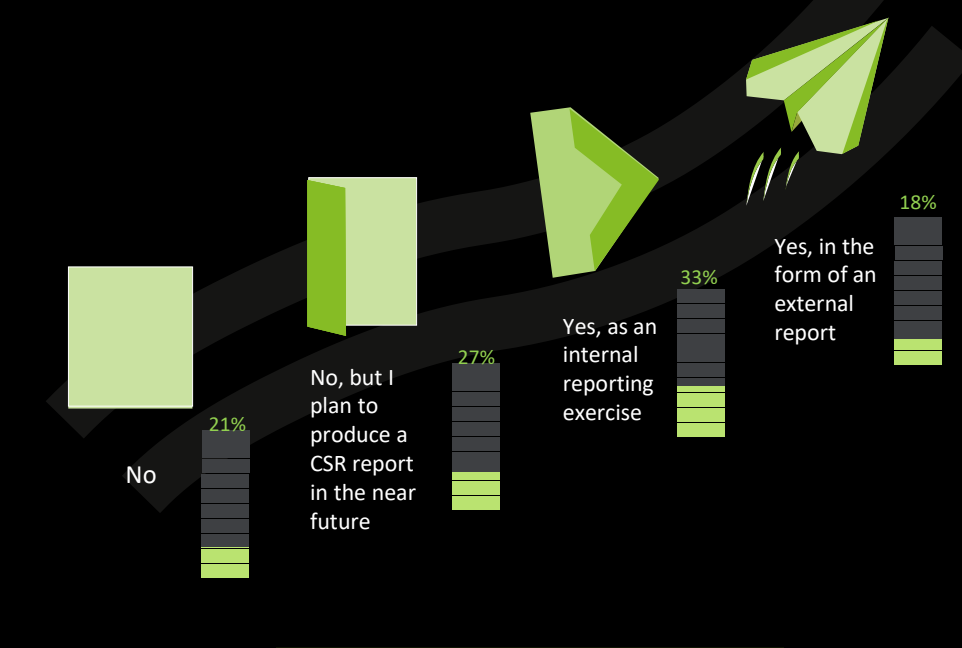
## What are the main drivers of your approach in terms of social and environmental impact?



The leadership's personal beliefs remain the main driver to set high ESG goals for African CEOs. However, their relative importance is gradually decreasing while employee expectations and external factors tend to gain importance over time. Given this global trend, we can anticipate that ESG impact will increasingly become a requirement rather a personal choice.

... but this is not yet fully reflected by companies' CSR performance reporting policy.

## Have you set up a CSR performance reporting policy?



About half of the companies (51%) prepare a CSR performance report, although a large portion (33%) still see it as an internal exercise. Even among companies that do not currently prepare a CSR performance report, most plan to do so in the near future.

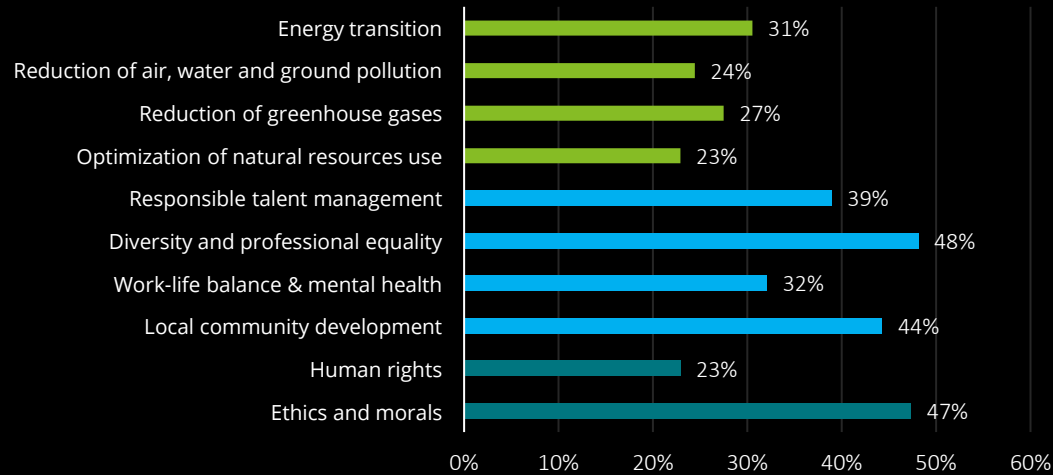
It should however be noted that the above is an average. 37% of larger companies (with revenue of \$100m and higher) are very well advanced and produce an external report, while only 11% do not produce a report.



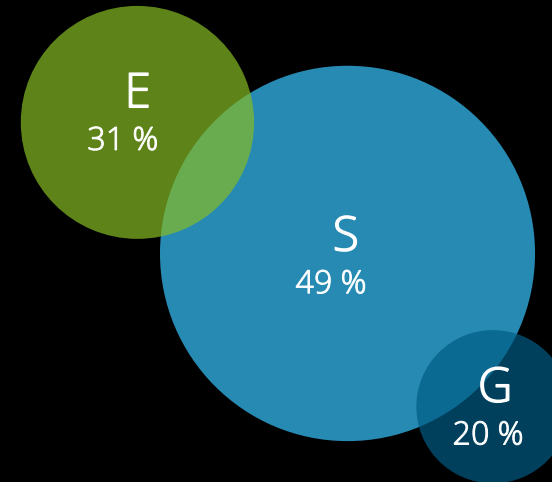
# Sustainability

Social impact remains the top priority of African CEOs when it comes to their sustainability footprint

Which of the following actions are among your 2022 priorities?



To which ESG category do your priority actions belong?



When it comes to sustainability actions, African CEOs have many different priorities to implement. On average, each CEO selected 3 or 4 priority actions with the promotion of diversity and professional equality, local community development and the ethics and morals being the most frequently mentioned priority actions. When trying to distinguish actions belonging respectively to the environmental, social and governance pillars, we may see a predominance of social actions. Indeed, almost half of the priority actions selected (49%) are social actions. This tends to demonstrate that CEOs favour actions they can directly control and with which they can achieve rapid results in a self-reliant manner. Environmental and governance actions are probably more demanding and more easily implemented by larger firms, as they require more coordination with partners outside of the company





# Methodology & Acknowledgements



# Methodology

## Our approach

Ahead of the AFRICA CEO FORUM organized by Jeune Afrique and scheduled to take place on 13 and 14 June 2022 in Abidjan (Côte d'Ivoire), Deloitte conducted the 2022 Africa CEO Survey, collecting data and perceptions from 194 CEOs, operating in over 50 African countries, across all regions: North Africa (13%), East Africa & Indian Ocean (18%), West Africa (40%), Central Africa (16%) and Lusophone & Southern Africa (13%).

The purpose of this survey is to share African private sector leaders' perceptions of key issues and challenges, as well as to document and analyze their approach towards a series of fundamental aspects of their business model.



### Preparation of the study

The survey is based on a panel of 194 respondents across a large number of countries, sectors and business size, as shown in the following pages.

They were asked to answer 35 questions tackling the following 5 fundamental aspects of their business model:

- Strategy
- Funding & governance
- Innovation
- Human Capital
- Sustainability



### Adaptation to international context

The survey's platform was accessible online from 9 February to 9 May 2022.

A large portion of the respondents therefore shared their perceptions before the start of the war in Ukraine. As a consequence a second round with 3 additional questions was organised, enabling us to collect responses from 94 CEOs.



### Analysis of the results

The data collected was processed and cross-sectional analyses were conducted to determine main trends and outstanding features to depict CEO perceptions of the current and anticipated business climate in Africa.

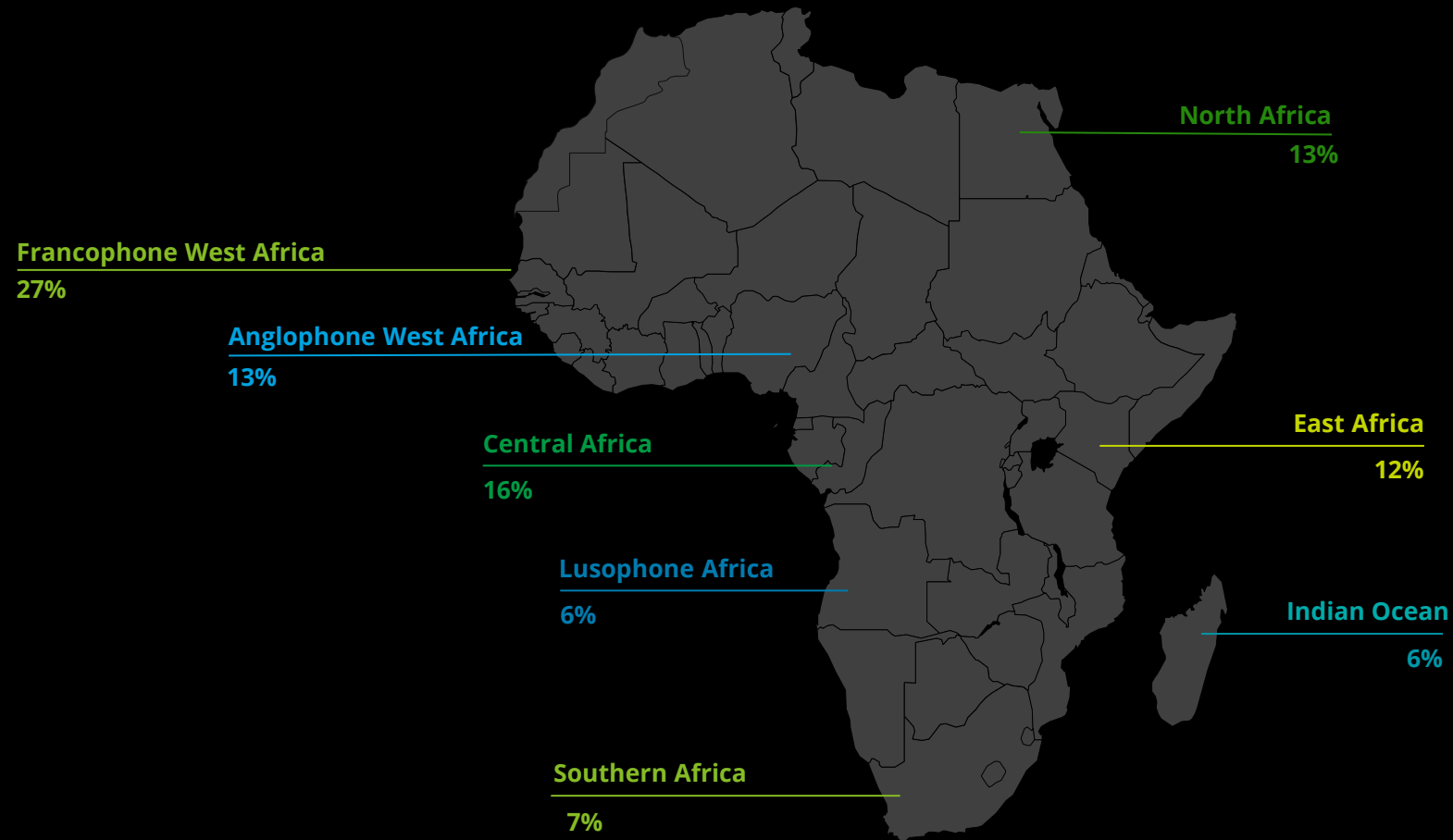
Graphs were produced to illustrate the lessons learned and, simultaneously, 11 individual interviews with African business leaders were arranged in order to conduct a more in-depth analysis.



# Methodology

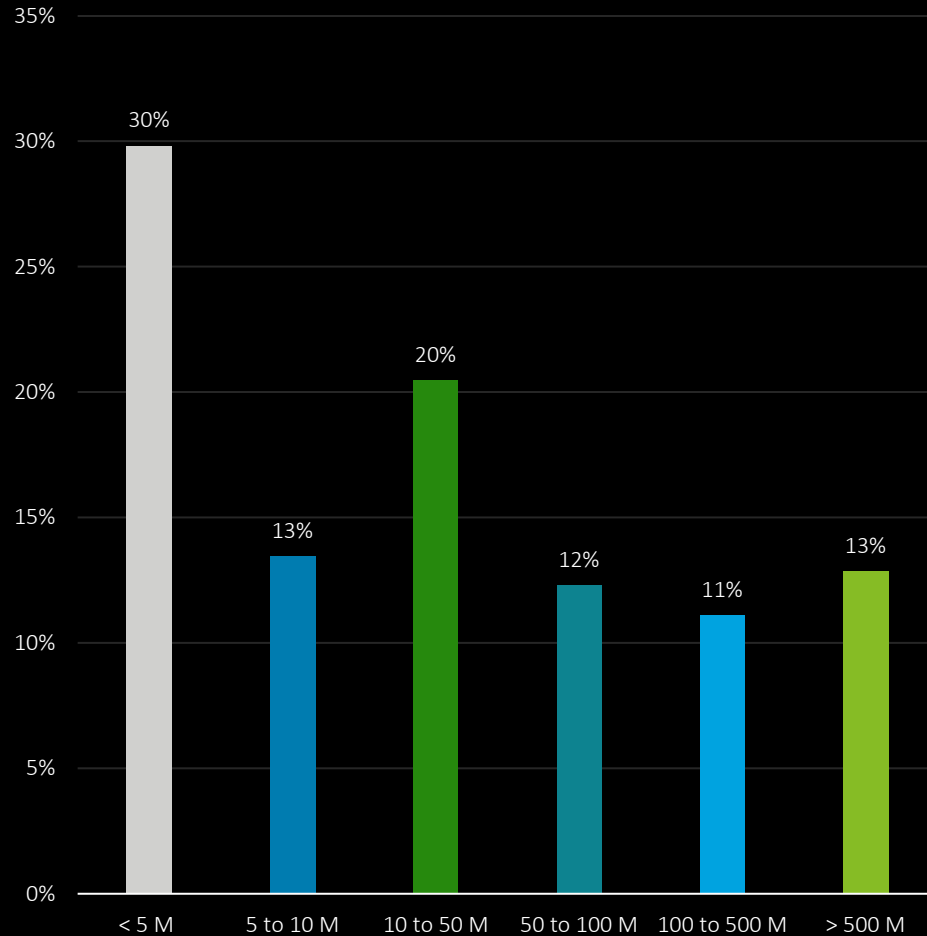
Overview of the sample of respondents

## Respondents by African regions

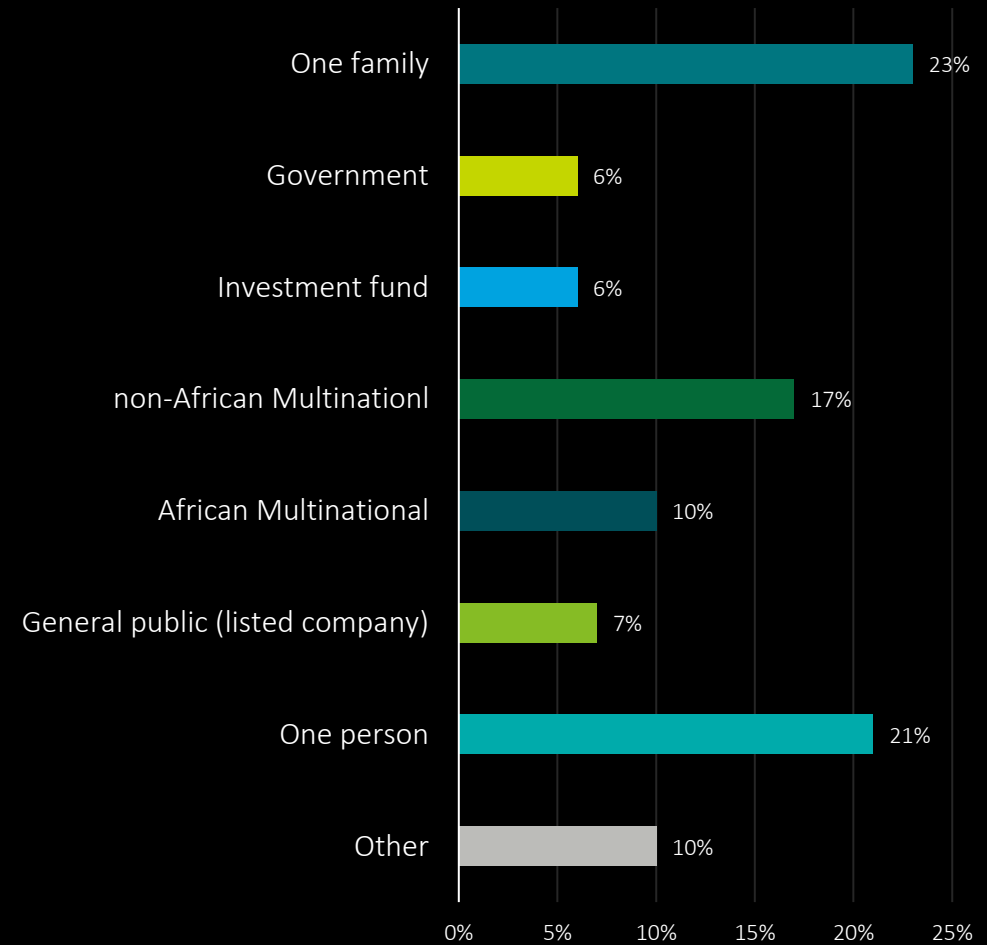


# Methodology

## Respondents by level of revenue generated (in USD)

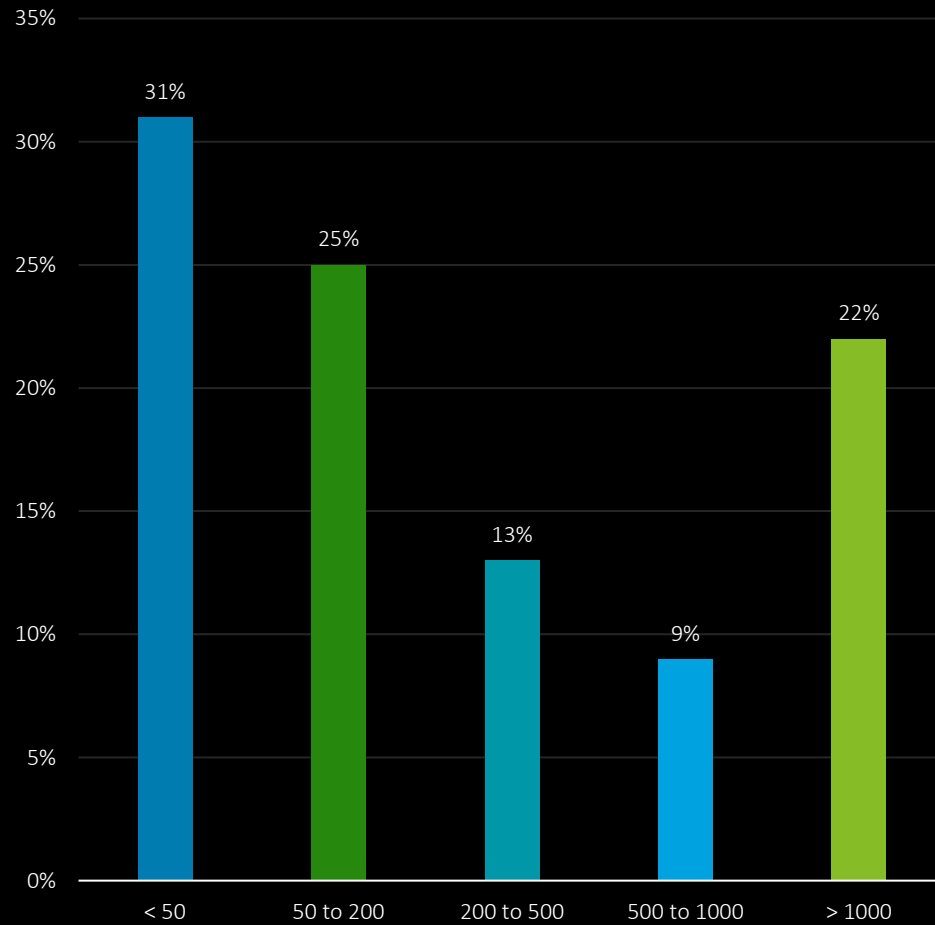


## Share of respondents by ownership structure

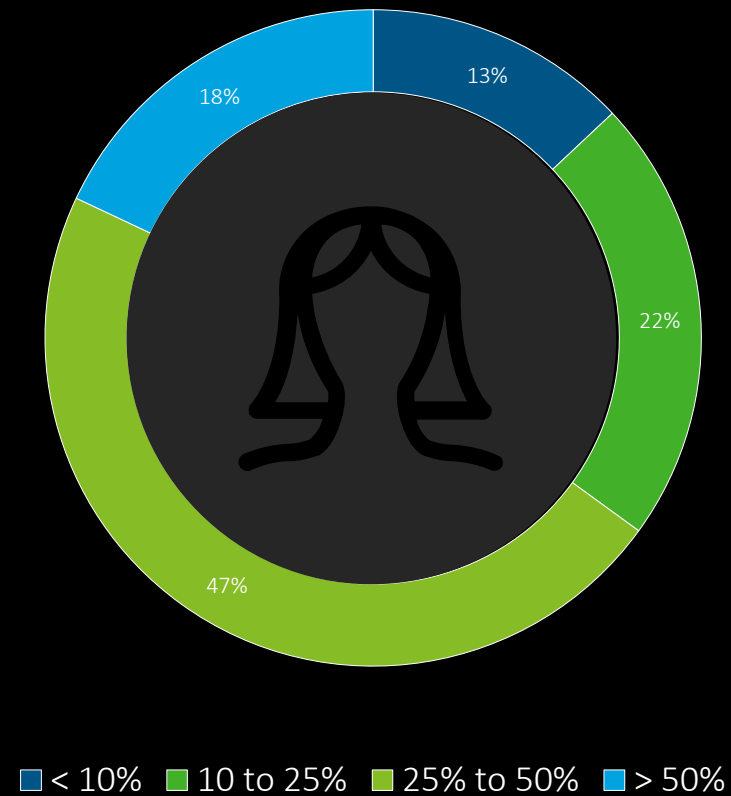


# Methodology

## Respondents by number of employees (Staff in Africa)

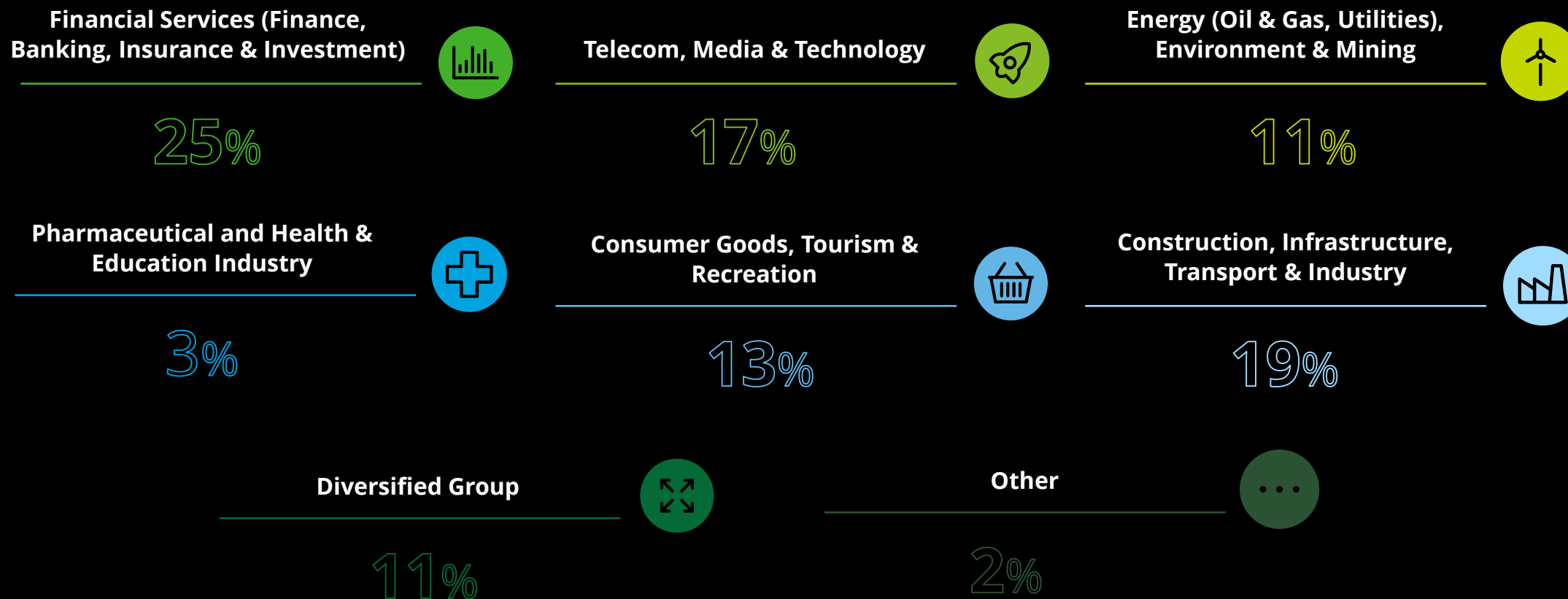


## Percentage of women in the workforce



## Methodology

Overview of the sample of respondents by sector





## Acknowledgements

We would like to begin by thanking each and every business leader who responded to the online questionnaire as well as those who agreed to meet Deloitte Partners and experts across the continent to answer our questions and share their insights.

We would also like to individually thank the leading figures that allowed us to illustrate each area through qualitative testimonials. These are : Patricia Poku Diaby, CEO Plot Ghana, Sarah Masmoudi, CEO Kilani Group, Laïla Ait El Mkaïdem, Deputy Managing Director, Optorg Group, Serge Ekue, President BOAD, Jonathan Louw, CEO Honoris United Universities, Hassanein Hiridjee, CEO Axian Group, Simon Tiemtore, Chairman, Vista Bank Group, Pierre Goudiaby Atepa, CEO Atepa Group, Yahia Bouhlel, CEO GoMyCode, and Paul-Harry Aithnard, Regional Managing Director, Ecobank.

The contributions they have made by sharing feedback on their own experiences has made this survey all the more meaningful. Through their passion and optimism, each of them is committed on a daily basis to taking actions that have a positive impact on the Africa continent.



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