

Discovering Opportunities

Doing Business in Africa

Discovering Opportunities & Closing the Deal



A guide to the resources, programs, and services available for Canadian business pursuing the African market

This guide is also available online at www.ccafrica.ca/dbiaguide.pdf

Ce document est disponible en français



AFRICA IS OPEN FOR BUSINESS

Africa is an overlooked market for most Canadian firms. Misgivings about doing business in Africa are, generally, exaggerated. To unlock this market a continuum of services and programs offered or supported by the Government of Canada is available. The continent enjoyed economic growth of 5% in 2004, with some regions and countries experiencing 6% plus. Can your business afford to ignore this growing, diverse market? Africa should be a part of your international business development plans whatever your market segment:

Merchandise & Service Exports

Did you know that Africa is a growing export market, from consumer goods to capital equipment and services used in the mining, energy, IT, and infrastructure sectors?

Sourcing & Importing

Did you know that under the Least Developed Country Market Access Initiative 34 African countries are eligible for quota-free and duty-free access to the Canadian market?

Official Development Assistance Business

Did you know that Africa is a priority for the World Bank and other multilateral institutions, and that Canadian and other bilateral aid flows to Africa are growing rapidly? However, decisions on aid projects are increasingly being made by or in recipient countries and not by donor countries or multilateral institutions, so strategies have to shift to the new realities of international aid.

Joint Ventures & Investment

(Including mining, energy, infrastructure, manufacturing, tourism, services, etc.) Did you know that Canadian listed companies represent over half of the mining activity on the continent, that energy has huge growth potential, that many African firms are looking for international joint venture partners, and that there are financial sources for Canadian firms looking to invest in Africa?

Step by Step to Success: Using this Guide

This guide outlines the range of resources, programs, and services available to Canadian businesses pursuing the African market. These are presented in a continuum starting with tools for firms to assess their international market readiness, to market intelligence services, export risk management, and culminating with investment finance. Not every business will require every step, but whether you are "Discovering Opportunities" or "Closing the Deal", your business can use this guide as a starting point to access the varied resources, programs, and services offered by the Canadian government to be successful in Africa.

International Trade Canada

International Trade Canada (ITCan) and its Trade Commissioner Service (TCS) support Canadian business development initiatives abroad. Their websites are the best starting points for Canadian firms investigating export markets:

Step One: Visit www.exportsource.ca

Is your business ready to go global? ITCan can help you decide. Exportsource.ca is a one-stop resource for Canadian exporters. The site includes self-assessment tools for export readiness, a "Roadmap to Exporting," a "Step-by-Step Guide to Exporting," links to industry sector teams, and much, much more.

Step Two: Contact your ITCan Regional Office

Located in cities across the country, their officers understand your industry and are available to assist you. Exportsource.ca can help you find the office in your region, just click on "Regional Export Information" on the left hand menu.

Step Three: Visit www.infoexport.ca & register

The site has a wide variety of resources including market intelligence and links to Canadian trade offices across Sub-Saharan and North Africa. Registration even gets you a Virtual Trade Commissioner (vTC) of your very own! The vTC will provide you with customized access to regularly updated information and business opportunities in your selected markets

Step Four: Contact TCS staff in your markets

Trade Commissioners and Commercial Officers provide six core services in the countries they cover:

1. Market Prospect
2. Key Contacts Search
3. Local Company Information
4. Visit Information
5. Face-to-Face Briefing
6. Troubleshooting

Step Five: Visit www.infoexport.gc.ca/ifinet to learn more about international financial institutions such as the African Development Bank and the World Bank

IFInet provides up-to-date news as well as considerable resources about international development business opportunities and trends. From financing fact sheets on various developing countries, to IFIs, aid agencies, and investment funds to the regularly updated "Success Stories," IFInet is a comprehensive resource for those firms that want to know more about financing possibilities for doing business in Africa.

www.international.gc.ca

Natural Resources Canada

Canada is globally recognized for the management of its land and natural resources, for the smart application of science and technology, and for its commitment to domestic and international issues.

Natural Resources Canada (NRCan) builds on Canada's international strengths by playing a pivotal role in helping shape the important contributions of the natural resources sector to the Canadian economy, society and environment. It helps ensure a better quality of life, now and for the future, by sharing information and working in partnership with other countries. NRCan also works to increase export activities and develop new commercial markets, and represents Canada to meet our global commitments related to natural resources.

Minerals & Metals

www.nrcan.gc.ca/mms

Kimberly Process for rough diamonds

Information for Exporters

Commodity & Country Market Intelligence Specialists

International Business Development Network

International Agreements

Earth Sciences

www.ess.nrcan.gc.ca

Global Opportunities Program

Africa Strategy for Geomatics

Africa Strategy Survey for Geoscience

Sector Trade Missions

Forests

www.nrcan.gc.ca/cfs-scf

Canadian Forest Service international initiatives including "Canada Wood"

Energy

www2.nrcan.gc.ca/es

Climate change

North American Energy Working Group

International Energy Agency

United Nations Commission on

Sustainable Development

Nuclear Energy

www.nrcan.gc.ca/international

Interested in Importing from Africa?

Visit www.importsource.ca, a comprehensive resource for Canadian importers. You can also contact the Trade Facilitation Office of Canada (www.TFOC.ca) or individual African Embassies/High Commissions in Ottawa or Washington, DC, for more information.

Industry Canada

Industry Canada's mission is to work with Canadians to build a growing, competitive, knowledge-based economy. This includes helping to make Canada the most connected nation in the world, increase Canada's share of global trade, and build a fair, efficient and competitive marketplace. Industry Canada offers a diverse range of market intelligence and international business resources for many different sectors.

Trade & Investment Resources

www.strategis.gc.ca

Canadian Company Capabilities

Trade Data Online

Country/Region Information

Market Research Reports (from USA sources)

Sustainable Cities Initiative

www.sci.ic.gc.ca

Sector Trade Teams - ttcs.ic.gc.ca

International Project Development Roadmap

strategis.ic.gc.ca/ipdr

Sourcecan Business Opportunities

www.sourcecan.com

www.ic.gc.ca

Agriculture and Agri-Food Canada

Agrifood Trade Service ats.agr.ca

The Agri-Food Trade Service provides centralized access to market information, trade counselling and export support activities, which will take the exporter from initial enquiry to foreign market. Resources include:

News and Analysis	Trade Events
Market Information	Product Suppliers
Market Access	Food Safety
Export Assistance	Regional Offices
Export Guides & Training	

www.agr.gc.ca

Exporters in the housing sector should also visit the website of the Canada Mortgage and Housing Corporation (CMHC):

www.cmhc.ca/international

Closing the deal



Canadian Council on Africa

A growing organization representing over 115 Canadian companies, educational institutions, and economic development NGOs – working closely with federal and provincial government agencies – the Canadian Council on Africa (CCAfrica) illustrates that doing business in Africa is a real option for Canadians. Africa is not an easy market, but compared to other developing parts of the world it may not be as tough as you think.

CCAfrica undertakes a number of initiatives to improve the environment for Canadians doing business in Africa:

Our bilingual Website (www.ccafrica.ca) includes daily news from Africa, business event calendar, CCAfrica reports and publications, links, and our membership list.

Events, including conferences, seminars, roundtables, and hosting of African and IFI delegations in Canada.

Publications and reports, including our newsletter, business guides, briefing notes, and major research reports.

Advocacy, including working with Canadian government agencies, African diplomatic corps, multilateral organizations, etc. to improve the policy and financing environment for doing business in Africa.

Market Intelligence, including intra-member communications, relationships with African business organizations, multilateral institutions, and government agencies.

Members of CCAfrica can contact our offices for assistance when using this brochure and its listed government resources, programs, and services. We work closely with these organizations and departments to improve support for our members.

Call Toll Free 1-888-852-9461
www.ccafrica.ca



Documentary

In April 2005, the Canadian Council on Africa hosted the Canadian premiere of this excellent documentary. Respected journalist Carol Pineau produced this unique look at ten different businesses in ten different African countries. From an airline in Somalia to children's clothing in Nigeria, these business stories challenge fundamental misconceptions that there are no business opportunities in Africa.

www.africaopenforbusiness.com

Export Development Canada

As Canada's official export credit agency, Export Development Canada (EDC) can provide a variety of financing and insurance solutions for Canadian exporters and investors.

EDC can help close your deal in Africa

EDC has considerable experience in Africa, backed by established relationships with financial institutions across the continent.

In 2004, EDC supported 225 Canadian companies in 34 African countries, for more than \$1 billion in transactions. Our varied sector experience includes mining, oil and gas, telecom, information technology, infrastructure, construction equipment and the educational sector.

And while EDC has experience supporting large projects in Africa; many transactions are under \$100,000. So whether you are considering your first export project or looking for new opportunities to expand your business into Africa, EDC can help make it happen.

Africa is a diverse continent and transactions must be evaluated on their individual merit, so it is best to contact an EDC representative as early in the transaction as possible.

Products and Services offered by EDC

Bonding. EDC's Performance Security Guarantee (PSG) and Insurance (PSI) can help you get the most out of your line of credit with your bank and reduce the potential risk of a wrongful call.

Insurance. EDC can help expand your sales and help secure your investment through our various insurance products ranging from short-term credit insurance to longer term political risk insurance.

Financing. EDC's financing support ranges from working capital solutions for exporters to structured finance deals.

Market Intelligence. EDC's country and industry expertise, including economic and political research as well as company credit information, can help you make informed decisions.

Call Toll Free 1-866-278-2300
Or email us at Africa@edc.ca

www.edc.ca

Canadian Commercial Corporation

The Canadian Commercial Corporation (CCC) provides international contracting assistance to Canadian companies pursuing export contracts. CCC's involvement and the government's guarantee of contract performance strengthen the credibility of Canadian companies and the confidence of buyers.

Market Intelligence

Make better export business decisions by arming yourself with the best information available. Through our online tools and partner links, you can identify markets and opportunities for what you have to offer.

Opportunity Advice

If you've decided to respond to a bid opportunity, we can help you understand the procurement process, obtain bid documents and identify ways to enhance your bid response.

Project Promotion

What would it mean if you could offer your prospective buyer a Government guarantee of contract performance? In fact, it could be the decisive factor. So bring us aboard; we'll stand behind your performance with the full weight of the Government of Canada

Contract Advisory Services

If you need to supplement your sales team's strengths with a contracting expert, look to CCC. Our experienced professionals can help you structure and negotiate the terms and conditions of your contract. You get CCC's extensive experience in international contract structuring, including strategies to shorten the bid process and bring customer discussions to a successful conclusion.

Prime Contractor Package

Acting as a prime contractor, CCC can significantly boost your credibility and clout by supporting your deal with a performance guarantee signed by the Government of Canada.

Manage cashflow

Depend on CCC's contracting experts to maximize margins and ensure that your contract is structured to maintain a healthy cash flow during the course of the project. Use our Receivables discounting service to maximize liquidity when cash flow counts most.

www.ccc.ca

Canadian International Development Agency - Industrial Cooperation Program (CIDA INC)

CIDA's Industrial Cooperation Program (CIDA-INC) provides financial contributions to Canadian firms doing business in Africa. CIDA-INC can also cover some of the costs of providing training and ensuring social development, gender equality, and a clean environment within the framework of the venture. Firms can approach CIDA-INC for ventures in every country in Africa except Libya. In recent years, CIDA-INC has supported around 60 Canadian ventures a year in Africa.

CIDA-INC offers two types of support:

For manufacturers and investors: Contributions are intended for firms producing goods or providing services that want to invest and establish a long-term business agreement in the host country. The Canadian firm invests in the project, transfers technology, and ensures that the goods or services are produced locally. Contributions are available at two stages, for the viability study and for start-up support. They are proportional to the size of the project and are generally in the \$100,000 to \$500,000 range.

For Professional services firms: In this situation, CIDA-INC contributions support consulting firms that seek to participate in infrastructure projects in Africa. Contributions are available at the two stages, for a feasibility study, and for implementation support. Contributions are proportional to the size of the project and are generally in the \$100,000 to \$500,000 range.

Who is eligible for support?

Eligible firms must be subject to corporate income tax in Canada, be profitable, must have been in business for at least three years, and have had annual sales of more than \$700,000 for at least two consecutive years. They must have a proven track record in their product or service, and they must want to establish long-term business relationships in a developing or transition country. CIDA-INC contributions are paid on a cost-sharing basis, with the contribution covering 75% of costs. The firm must absorb the remaining 25%. The CIDA-INC program does not address itself to sales support, being reserved for investment and infrastructure projects in Africa. Full details are available on the CIDA website, at:

www.acdi-cida.gc.ca/inc

Canada Investment Fund for Africa

Launched in the middle of 2005, the Canada Investment Fund for Africa (CIFA) is a private equity fund managed by joint venture partners Cordiant (Montreal) and Actis (UK). CIFA is a C\$200 million fund dedicated to making private equity investments in businesses throughout Africa. The fund comprises a C\$100 million anchor investment from the Government of Canada, with the balance being raised through third parties.

The objective of the Fund is to spur economic growth by providing risk capital for commercially successful private sector businesses. CIFA will also aim to generate significant direct and indirect benefits by way of increased trade and investment flows between Africa and Canada.

CIFA specialises in equity investments, and does not provide commercial loans. Typically investments will range in size between US\$5 million and US\$50 million in companies with an operating history, although we may invest in greenfield ventures where there is an experienced operating partner and significant asset acquisition is anticipated. (Smaller projects may be considered via the Actis sister firm Aureos and its regional investment funds in Africa.)

After reviewing the online investment criteria, contact Cordiant in Montreal:

Tel (514) 286-1142

or

investmentproposals@cifafund.ca

www.cifafund.ca

What to know about other sources of financing for African projects?

The Canadian Council on Africa produced a very useful Conference Report after its "Unleashing Finance" conference held in Toronto (April 2005). This report, available online, includes links to presentations, websites, and emails from a number of financial institutions and funds with an appetite for Africa.

Go to www.ccafrica.ca and click on the "Unleashing Finance" conference banner, and then click on "Conference Report" in left menu list.