



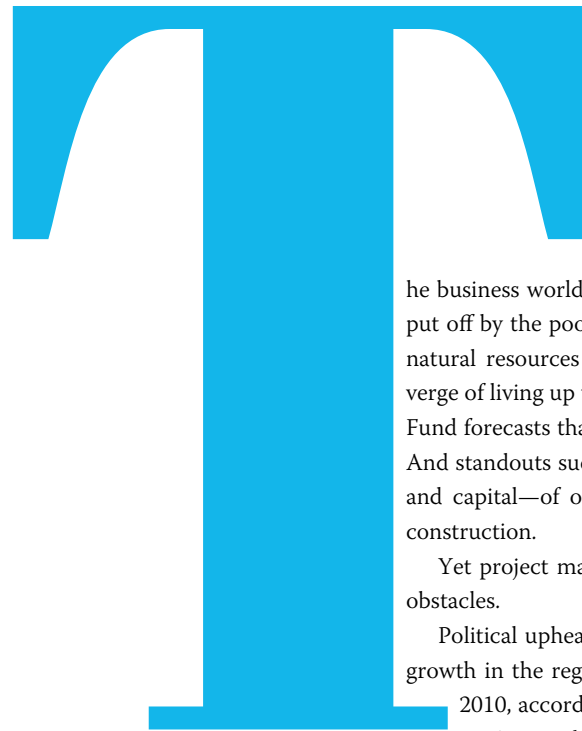
AFRICA

THE WORLD'S SECOND-MOST POPULOUS CONTINENT REMAINS A LARGELY UNTAPPED MARKET. THE POTENTIAL WINDFALL IS HUGE—IF PROJECT TEAMS CAN MANAGE THE MYRIAD OBSTACLES.

HIGH RISK, HIGH REWARD



BY SARAH FISTER GALE / ILLUSTRATION BY NEIL WEBB



he business world has long eyed Africa, but many companies have also been put off by the poor infrastructure and massive poverty. Now, backed by vast natural resources and a surging youth population, the continent is on the verge of living up to its great economic potential. The International Monetary Fund forecasts that Sub-Saharan Africa's GDP will jump 5.8 percent in 2012. And standouts such as South Africa and Nigeria are drawing the attention—and capital—of organizations launching projects in everything from IT to construction.

Yet project management success in Africa requires conquering a host of obstacles.

Political upheaval in North Africa, for example, is expected to slow GDP growth in the region to below 1 percent in 2011, down from 4.7 percent in 2010, according to the African Development Bank.

Across the continent's 53 countries, infrastructure needs are massive and frequently prohibitive. In Sub-Saharan Africa alone, the total financing required for infrastructure development is an estimated US\$93 billion a year, according to World Bank. China now dominates that market, funding two-thirds of all new infrastructure development in Africa in the last five years.

But limited local talent and personal safety issues can derail projects if these challenges are not carefully factored into every project and risk-management plan.

"Investors coming into Africa will be well-advised to understand the nature of the environmental factors that rule in these countries and develop effective strategies for dealing with such factors," warns Deji West, finance director at Afren Nigeria, an oil and gas exploration and production company in Lagos, Nigeria. "To underestimate some of the complexities resulting from these factors would be to undermine project success significantly."

The obstacles shouldn't dissuade companies from the abundant opportunities Africa offers, says Gwendolyn Appel, director of project management at DAI, a global development firm in Washington, D.C., USA.

"If you are avoiding Africa, even Sub-Saharan Africa, you are missing out," says Ms. Appel, who oversees the home office operational support team for several projects in Somalia, Nairobi and Liberia. "Investors looking for projects with strong value propositions will find tremendous opportunities in Africa."

INFRASTRUCTURE ISSUES SHOW NEED FOR CHANGE

During the 2010 FIFA World Cup, South Africa showed off a dazzling infrastructure overhaul that included new rail lines and roadways, huge stadiums, and an upgraded airport. However, much of the continent remains woefully lacking in even the most basic infrastructure.

Solving the massive deficiency in Africa will require an evolution in the way projects are selected, planned and managed, says Dickinson Agyapong-Bempa, PMP, an Accra, Ghana-based project management consultant. "Many

infrastructure projects in Africa either fail altogether or are completed but do not meet their objectives," he says.

The reasons? He cites:

- Lack of proper risk assessment
- Poor stakeholder engagement, especially with local communities
- Deteriorating infrastructure
- Poor reporting and communication

It's also common for projects to be abandoned midway through due to funding losses or disagreements among builders and financiers. Many countries are littered with half-built roads to nowhere, says Mr. West, president of the PMI Lagos, Nigeria Chapter. A June 2011 report by the Nigerian government revealed that there are more than NGN7 trillion worth of unfinished or abandoned projects in the country.

Not only do these false starts and bad investments waste precious infrastructure funds, they also make it more difficult to get new projects off the ground, says Mr. Agyapong-Bempa, president of the PMI Ghana Potential Chapter. "Those failures impact the funding we will receive in the future because there's not a lot of confidence in the way any projects will be managed."

Such waste could be eliminated if business owners, government leaders and contractors invest in developing project management skills and processes, Mr. West says.

But such a transformation may be a long time coming.

"The unwillingness to embrace project management as a standard in government suggests that the vision for Nigeria to be one of the 20 best economies by the year 2020 remains unattainable," he argues.

Yet the situation may also serve as an incredible opportunity to showcase the value of project management to local governments and businesses. "If we had the right project management competency—especially in risk management, communication, project planning and benefits realization—we could derive much more value from our investments," Mr. Agyapong-Bempa says.

Such results could have a cascading impact by proving that African countries are a safe—and lucrative—place to invest project funds, he adds. "Stakeholders won't continue to give us money for projects unless they see processes in place to ensure effective delivery."

MONEY TROUBLES: CASH AND CARRY

The scramble to secure project funding is hardly unique to Africa, but managing the actual cash flow can be a logistical nightmare. Because some African countries have unstable banking systems, placing a large amount of money for several months in a local bank account is inadvisable, particularly with dramatic currency fluctuations, Ms. Appel says.

Local organizations sometimes split assets among several banking institutions and/or use large international banks, she adds.

At the same time, project leaders need enough cash to pay for materials and contractors to avoid delays. "The key is to have enough cash to operate, without having so much that the bank decides to keep it. You could incur



PORTRAITS OF DICKINSON AGYAPONG-BEMPA BY NYANI QUARMYNE



INVESTORS LOOKING FOR PROJECTS WITH STRONG VALUE PROPOSITIONS WILL FIND TREMENDOUS OPPORTUNITIES IN AFRICA.

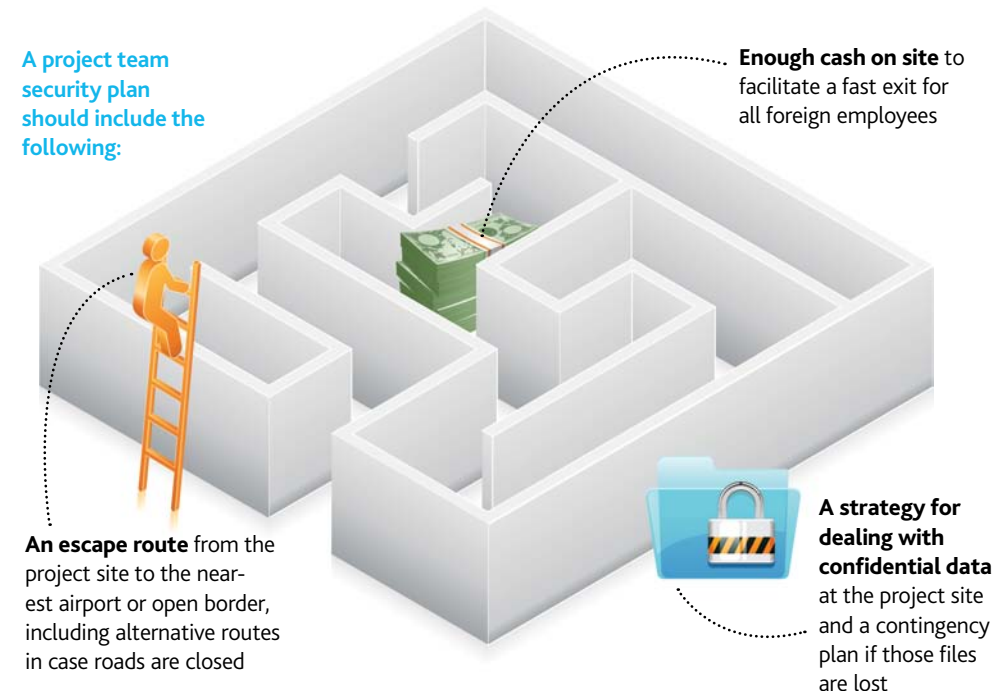
—Gwendolyn Appel, DAI, Washington, D.C., USA

Escape Plans

Working in Africa can be dangerous for foreigners. Project leaders must develop education plans, provide secure working and living arrangements, and develop evacuation strategies. For example, when Egypt's government was overthrown early last year, several companies were forced to pull projects and staff out of the country to avoid getting caught in the unrest.

It may be possible to continue the project, leaving day-to-day project tasks in the hands of local employees. Those who remain can safeguard data, act as a signatory on the project's account to maintain cash flow and otherwise keep an eye on things so that the project doesn't come to a complete halt.

A project team security plan should include the following:



Blackout Periods

Consistent, reliable access to electricity is an infrastructure weak spot in Africa—and a constant challenge for project teams.

More than 30 African countries face regular power outages.

Only 24 percent of Sub-Saharan nations have consistent electricity coverage, according to the African Development Bank.

High energy costs have contributed to lowering productivity rates at African companies by as much as **40 percent**, the United Nations estimates.

Some project teams bring in diesel-operated power generators, says Jens Schleuniger, Africa portfolio manager at VCH, an asset management firm in Frankfurt, Germany. This can cost two to three times more than relying on coal or hydropower, but it eliminates the risk of power outages.

substantial risk if the money is lost in an unstable situation,” Ms. Appel explains.

Project managers must be able to predict cash-flow needs several months in advance, then update those projections frequently to define the funds needed for any one-to-four-week span. As part of that planning process, they should also factor the time it takes to bring money into the country.

When DAI works in an African nation with an unreliable or unknown banking system, project managers sometimes minimize the risk by looking to neighboring countries with more stable financial environments. When the company launched a project in Somalia, for example, the team initially set up a bank account and project office in neighboring Nairobi, Kenya until it found an acceptable banking solution in the country. Working with an international banking firm, the team wires funds weekly to members on the ground while maintaining a secure distance.

“It gave us a relatively close base of operations and allowed us to start working on the ground very quickly,” says Steven O’Connor, DAI’s director of communications.

THINK GLOBAL, HIRE LOCAL

Whether they’re building a highway or creating a high-speed Internet network, companies need project talent—and there Africa is sorely lacking.

Although North African countries such as Morocco and Egypt have carved out niches as IT outsourcing hubs, project management skills are in short supply. Much of the continent suffers from brain drain, with many of its most promising people pursuing opportunities in other parts of the world.

Africa also faces high unemployment rates, particularly among its younger and best-educated workers, according to the International Labour Organization. Two-thirds of Sub-Saharan Africa’s population is under 25, yet this group only represents one-third of the workforce, according to The World Bank. In some countries, such as South Africa, Tunisia and Morocco, youth unemployment rates are three times higher than those of their older counterparts.

With such high unemployment rates, foreign organizations that import their own workers on projects in Africa may find themselves stoking tensions.

Dickinson Agyapong-Bempa, PMP, on site at a project involving the laying of fiber optic telecommunications cables in the city of Accra, Ghana.



“When foreign firms run projects in these communities using all foreign workers, it creates strained relationships with the local community,” Ms. Appel says. That can lead to red tape, permit delays and, in some cases, safety issues. For example, over the last three years, more than 140 foreign nationals have been kidnapped in Nigeria, reports the U.S. Department of State Bureau of Consular Affairs.

Foreign project owners in Africa are far more likely to succeed if they hire local talent, according to Ms. Appel. Not only does it help build better community relationships, hiring local workers is far less expensive than bringing in foreign workers. And the workforce is improving: The education and skill level of African workers is steadily increasing, and the sheer size of the available labor pool is substantial.

Hiring people familiar with the local customs also increases the chance that community leaders will embrace a project. And project managers can then tap into local networks for information and resources.

PROJECT MANAGEMENT'S NEW FRONTIER

How can we make project management take off in Africa? asks Tony Van Krieken, PMP, in the PMI International Development Community of Practice.

Oren Whyche-Shaw, PMP, responds:

Make greater use of local implementing agencies. Contractors should develop capacity for project management office (PMO) functions. However, few governments are in a position to insist on the PMO function in multilateral development bank (MDB) grants and contracts, unfortunately.

Second, most people negotiating the funding don't have the knowledge of project management nor sufficient appreciation for the value add of the PMO function.

And in truth, MDBs aren't aware or convinced of that value, either. Once MDBs (or bilateral banks) start raising the bar, hiring certified Project Management Professional (PMP)[®] certification holders in their own shops, and having them write project implementation units and international contracts into funding agreements, then by example, local private consultants and contractors will go for the certification to stay competitive.

What do you think can be done to improve project management in Africa? Weigh in at id.vc.pmi.org.



South Africa's high-speed Gautrain cut travel time between Pretoria and Johannesburg from two hours to 38 minutes when it began service in August 2011.

"It's always better to try and build capacity in the country, and only bring in expatriates when a skill or expertise can't be found," advises Mohamed Nouredin, independent construction consultant and former associate director at Davis Langdon, Maadi, Egypt. On the Mall of Egypt project, he hired Egyptian contractors for all of the excavation, with foreigners and locals overseeing project management and construction.

"By using a blend of local and international experts, you can guarantee the quality of the product and the project reporting that you require," he says.

Companies adopting a hybrid approach must be prepared for communication issues, though, Mr. Agyapong-Bempa warns. He worked with vendors in Ghana who brought in foreign laborers who couldn't communicate with local team leaders, causing delays and daily frustrations. To eliminate this risk, Vodafone assesses the skills and language of all vendor teams as part of contract negotiations. "On a high-value project, you need to be able to communicate with everyone on the team," he says.

THE FINE LINE BETWEEN GIFT-GIVING AND BRIBERY

Companies implementing projects in Africa must learn to manage the fine line between a gift and a bribe. "In our culture, when you want to do a project in a community, it is customary to engage the chiefs and elders of the community. In doing so, you may show your respect by bringing gifts to the chief," Mr. Agyapong-Bempa says. "But this does not align with PMI practices," such as the PMI Code of Ethics and Professional Conduct.

In fact, such gift-giving can be seen as a bribe, which is considered unethical—and is often illegal.

"You have to be very clear in your project plans about what acceptable practices are," Ms. Appel explains. "Bribes can take many forms in these countries, and if you are not careful, you can end up violating the U.S. Foreign Corrupt Practices Act, which can include time in jail."

One way to avoid even the perception of bribery is by requiring sealed bids and using committees to choose contractors. DAI has learned, though, the practice often requires educating local workers.

"In strong family communities, it's not uncommon for people to say, 'My cousin can do this, so what would we have to do to compete?'" she says.

Project owners must strike a balance between showing community leaders respect and hewing to international codes of conduct.

Vodafone, for one, outsources this responsibility. When the company needs to acquire a mobile site in a region with such a custom, it partners with a local vendor, who manages the permit (and gift-giving) process on its behalf. **PM**

DAUNTING CHALLENGES

Three case studies illustrate the obstacles that project teams in Africa face. But they also show that with the right approach to the continent's unique risks, these projects can deliver real rewards.

A Mall Rises as a Regime Falls



The 160,800-square-meter

(1.7-million-square-foot) structure will rank as the country's largest horizontal mall, complete with an indoor ski slope.

associate director for Davis Langdon, a global construction consultancy in Maadi, Egypt.

At the time of the revolution, the excavation had been completed and construction had just begun. Work was stopped until June, two months after the riots were over, though many project activities continued, including contract development and bidding. The developer, Majid Al Futtaim Holding, has since rebaselined the project to be completed in 2014.

"Unstable governments are one of the constant challenges that project owners in Africa face," Mr. Nouredin says. "You've got to brainstorm the eventualities and monitor the political and economic environment regularly to be sure you are prepared."

Although teams can't predict every revolution, they can take the time to identify the major risks and likelihood of their occurrence. "Explosive inflation, political coups and sudden, dramatic changes in the price of raw materials are some of the risks that project teams have to be prepared for," he says. Steel price fluctuations, for example, was a predicted risk on the project that the team mitigated by buying the material early to avoid a possible future price increase. ■

As one of Africa's more stable and mature economies, Egypt was long considered a relatively low-risk environment for projects. Or at least it was until the 2011 revolution turned the country upside-down. Project leaders were suddenly confronted with violent riots throughout the capital of Cairo and other Egyptian cities, followed by the overthrow of longtime president Hosni Mubarak.

Before the uprising, Mohamed Nouredin was leading development of the EGP4.4 billion Mall of Egypt project in Cairo. Once complete, the 160,800-square-meter (1.7-million-square-foot) structure will rank as the country's largest horizontal mall, complete with an indoor ski slope.

The project team considered many risks during the planning phase, including fluctuation in the price of concrete reinforcement steel and possible changes in regulations.

But it didn't factor in the political climate: "An Egyptian revolution was not in our risk registry," says Mr. Nouredin, former

Connecting a Continent

Looking to help wipe out the continent's digital deficit, France Telecom's Orange partnered with about 20 organizations, including African telecom and development companies and governmental agencies, to launch a project aimed at bringing Internet connectivity to nearly two dozen African nations. Teams are installing a 17,000-kilometer (10,563-mile) undersea broadband cable linking France and Portugal to 21 countries along the west coast of Africa, from Mauritania to South Africa.

Scheduled to be completed the second half of the year, the US\$700 million Africa Coast to Europe (ACE) Submarine Cable Consortium project will provide cost-effective, reliable access to global telecom networks for the first time to half of the ACE countries, and cable diversity to the others.

But getting the cable laid and connected requires keeping everyone in sync.

"The biggest issue is coordination," says Cynthia Perret, project manager for submarine systems deployment at Orange in Paris, France. "We have so many partners and stakeholders, and everyone has tasks to perform."

The cable network begins in France and ends in South Africa, with core hubs in Senegal, Côte d'Ivoire, São Tomé and Príncipe, and South Africa; other nations will branch off the main line. This way, if a situation arises during construction that prevents the team from making an onshore connection

in a country not designated a hub, the project scope can be reduced without seriously impacting the project. The problematic nation could then be connected later on, when conditions improve.

This type of contingency plan is particularly important on the ACE project because many of these countries may face political instability, piracy or worker safety issues.

While Orange is overseeing the undersea cable side of the project, each nation is responsible for building the coastal facilities necessary to bring the cables onshore.

When the plan was initially drawn up, Côte d'Ivoire was deemed one of the most stable countries involved—hence its selection as a hub. But in November 2010, a hotly contested presidential election spurred a civil war that lasted until April 2011.

All this unrest occurred in the midst of construction, threatening to derail the project, Ms. Perret says. "A branch connection only affects that country, but a core connection affects the whole system."

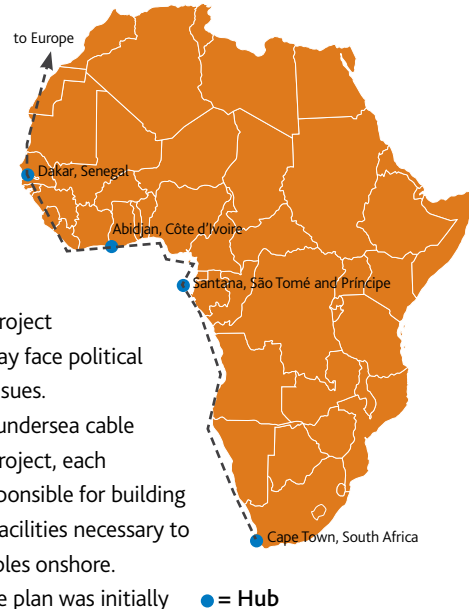
The team devised an alternative solution to bypass the Côte d'Ivoire connection, but it would add significant cost and delays. Before the contingency plan had to be enacted, though, the nation stabilized. Power and water were restored, and Ms. Perret feels confident Orange can complete that leg of the project.

But even with a happy ending, the Côte d'Ivoire experience serves as a powerful case study for any company launching projects in the region.

"On international projects of this scope in Africa, the problems you anticipate tend not to be the problems that occur," Ms. Perret says.

The best way to handle such dramatic interludes is to be flexible, stay in close contact with stakeholders and constantly manage the risk registry, she says. In this case, stakeholders in Côte d'Ivoire alerted the project team early on about the need for an alternative plan and kept their French partners abreast of the situation so they could make decisions in real time.

"If we didn't have good communication and a solid project plan, this wouldn't have worked," Ms. Perret says. ■



Teams are installing a 17,000-kilometer (10,563-mile) undersea broadband cable linking France and Portugal to **21 countries** along the west coast of Africa, from Mauritania to South Africa.



Battling Violence and Funding Gaps for the Greater Good

Last October, Sport Beattie and his team spent 41 hours in a race across Zambia as part of a rescue effort to save an orphaned elephant whose mother had been killed by poachers.

Heavily armed poachers ambushed the project team, and two rangers were murdered in the ensuing battle.

In the end, the 6-month-old emaciated elephant was rescued and driven back across the country to the safety of a staging post in the capital of Lusaka. It will remain there until it has regained its strength and is able to be relocated to the elephant orphanage in Kafue National Park.

Although such a harrowing event is unimaginable for most project managers, it's all too typical for Mr. Beattie, CEO of Game Rangers International, a nongovernmental conservation organization.

And he contends the financial obstacles can be equally daunting. "Access to the necessary levels of funding and support is the greatest challenge to making any conservation project a success story," he says.

Along with the rescue missions, the organization completed a project to construct a care-and-release facility in Kafue National Park, where orphans are rehabilitated in preparation for joining the local wild elephant population. The team is now in the planning

stages to build a nursery facility and education center on the outskirts of Lusaka, set to be completed this year.

The need for the orphanage project is clear, as the country's elephant population shows a staggering decline—one-tenth of its size 50 years ago. But inconsistent funding governs many of the organization's project management decisions, from the size and timeline for new facilities to the number of elephants they can rescue. It also means that

Mr. Beattie and his team must constantly parse their time between caring for the animals, supporting anti-poaching efforts, increasing awareness among local communities and raising funds.

"Project management of something like an elephant orphanage project is very three-dimensional," he says. "One must always remain cognizant of the impact each and every decision will have on the project, the overall conservation effort and the local communities. It can be quite a balancing act."

The team has learned the value of flexibility, even for mundane project tasks such as transporting milk powder to the remote bush

camp. "Throw a broken-down Land Rover in the middle of the bush, and suddenly some quick decisions need to be made," Mr. Beattie says.

Patience and a willingness to adapt are key ingredients to successful project management in Africa's remote locales.

"Keeping the problem in perspective and maintaining a sense of enjoyment for what you are doing are crucial to your long-term survival as a project manager in this kind of environment," Mr. Beattie says. "We survive by focusing on the day-to-day challenges and remaining completely adaptable to the situation in front of us." ■



PHOTOS COURTESY OF DAVIDSHEPHERD.ORG



Kavalamanja, one of the rescued elephant orphans

PHOTO © RHODA-LEE AMOR

250,000

The number of elephants in Zambia in the early 1960s

25,000

The current number of elephants

Source: David Shepherd Wildlife Foundation