

GRM

Legal sector insights for sub-Saharan Africa

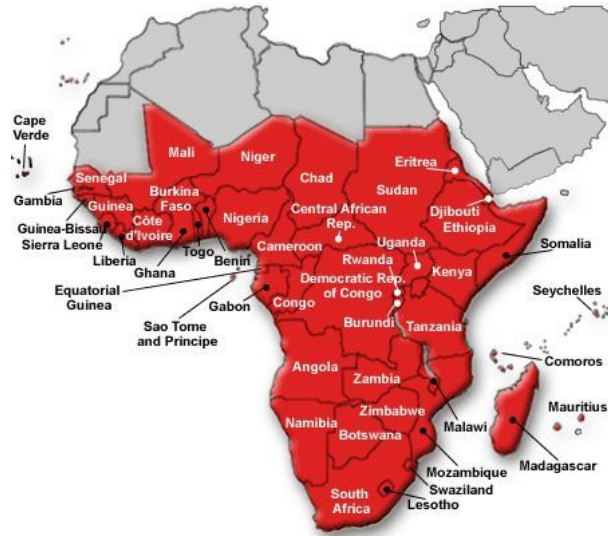
2019

What is Sub-Saharan Africa?

UN Development Program lists 46 of Africa's 54 countries in Sub-Saharan Africa (SSA)

World Bank puts 48 countries in SSA

SSA's extraordinary diversity calls for a detailed look into country-specific data in order to truly understand the nuances of the region.



Growth overall

- In 2017 estimated GDP for SSA was US\$1.67 trillion
- Growth in the region is estimated to have increased from 2.6% in 2017 to 2.7% in 2018, slower than expected, partly due to weaknesses in Nigeria, South Africa, and Angola.
- Growth is expected to accelerate to about 3.5% in 2019 - IMF
- 2019 Global Economic Prospects (GEP) - SSA's regional growth is expected to accelerate to 3.4% in 2019

- According to World Bank, between 2012 and 2025, Africa is expected to be the 2nd fastest growing region in the world in terms of real GDP growth
- Global Population growth will be driven by Africa
- = a burgeoning middle class, and a growing GDP

Notable country data

- Several countries of the West African Economic and Monetary Union grew at 6% or more, including Benin, Burkina Faso, Côte d'Ivoire, and Senegal
- Growth in Nigeria expected to rise to 2.2% in 2019
- Angola is forecast to grow by 2.9% in 2019
- South Africa is projected to accelerate modestly to 1.3% in 2019
- Côte d'Ivoire is forecast to grow at 7.3% in 2019
- Kenya is anticipated to grow at 5.8% in 2019



Deal flow - Where there is investment & growth - there is always a lawyer!

- Africa projected to capture 12% of the global legal spend by 2025 (was 4% in 2011). Africa's infrastructure requirements run to \$130– 170 billion a year according to the African Development Bank
- Africa with her vast natural resources will become a compelling investment destination for international investors.
- OHADA membership is only 17 out of 54, and predominantly Francophones.
- The legal industry also faces every other challenge that other industries face for growth: unstable macroeconomic climate, political unrest and restiveness, increasing insecurity and terrorism, albeit that most parts of the Continent now enjoy free democracies, and others, partially free democracies.

Some key considerations

- Market globalization continues to shape the development of industry sectors globally, including legal service, resulting in countless domestic and cross-border mergers, alliances and networks over the last 20 years.
- Huge variety across SSA countries in terms of legal market access - i.e. protectionism (regulatory conditions restrict foreign incursion) versus liberalism (more open-market).
- Certain countries and cities have already been identified by GRM as investment destinations in Africa. These cities include but are not limited to Lagos, Johannesburg, Nairobi and Casablanca.

Legal tech & AI

- AI global economic returns of this revolution expected to be in the region of about \$16 trillion.
- Currently, no African country is among the top 10 countries expected to benefit most from AI and automation.
- A major challenge is the low numbers of legal tech vendors available in Africa.
- Countries such as Kenya, Nigeria, South Africa, Zimbabwe, Uganda are streaks ahead compared to other SSA countries.
- The city of Lagos in Nigeria alone generated about \$136 billion from Information and Communication Technology in 2016. But the reality is that this is far behind the developing world!
- However. the successful lawyers and firms of the future will probably be those that are best able to adapt and to use AI to augment their legal service.



LPOs

- Majority of legal systems in Africa have Common Law roots and so Africa can become an LPO destination of choice.
- The African legal industry has a large pool of competent and skilful legal workers. In Nigeria alone, over 3000 lawyers are called to the Nigerian Bar, yearly.
- Currently, only South Africa has emerged as a notable LPO destination in Africa.
- Side note: Part of the reason for the low tech adoption rate in Africa is epileptic power supply across the Continent. LPO is a 24/7 available service. If the power issue is not fixed, SSA will remain stagnated.

Closing insights

- Huge growth prospects in SSA!
- If you are still running an SSA strategy and lumping almost all of Africa together into a single strategy, you may be missing out on solid business growth opportunities
- The economic strength of many African continues to rise
- High levels of foreign investment
- Large number of infrastructure, energy and commodity projects and manufacturing plant deals
- Labour is talented, affordable and plentiful
- Improving governance and regulatory factors
- one needs to examine the industries in Africa that perform well, independent of the geographical boundaries.

Key contacts

Rob Green, CEO

r.green@grmsearch.com

+2721 271 0274

Rayne Handley, Head of Research & Analytics

r.handley@grmsearch.com

+2721 271 0269

Darius Zeederberg, Head of Legal

d.zeederberg@grmsearch.com

+2721 271 0271