

Networking Seminar

*The Importance of
Managing
Expectations in African
Projects*

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The Stakeholders

1. The **"Land Stewards"**
 - Host communities
 - Host governments
2. The **Financiers**
 - Debt providers
 - Equity investors
3. The **Suppliers of Goods and Services**
 - Employees
 - Others



Managing Expectations of Host Communities

1. Establish a level of trust through **open and honest information exchanges**
2. Be **circumspect** in making promises
3. **Deliver** on your promises



Contributions to Host Communities

- Community development funds
- Community programmes
- Costs of local gatherings
- Compensation for:
 - ❖ Crops
 - ❖ Structures
 - ❖ Loss of livelihood
- New housing and other infrastructure
- Inflated cost for local purchases
- Engagement of ineffective local labour and substandard goods and services



Managing expectations of host Governments

1. Major disconnect on what is **fair and reasonable**
2. Payment of taxes provides **no certainty** of “a predictable, rule based, transparent environment”
3. **Engage with governments:**
 - Directly
 - Through industry bodies
 - Through Embassies and High Commissions



Government Imposed Costs

- Corporate taxes
- With holding tax
- VAT and reverse VAT
- Royalties
- Licences and Fees
- FX spread on repatriated funds
- Special levies
- Super Profits taxes
- Electricity pricing
- Excessive environmental standards
- Labour quotas and conditions of employment



Managing Expectations of Equity Investors

- **“Under promise and over deliver”**
- **Monitor analysts forecasts** and seek adjustments where appropriate
- Inputs to **feasibility studies based on practical, real experience** rather than “industry metrics”



Final thoughts...

1. Historically, expectations **not well managed**
2. Each group of stakeholders is unique and **feels more entitled**
3. **Inequitable distribution** of benefits will have to **negative consequences**
4. Management's responsibility to manage expectations:
 - Open and honest communications are **important**
 - Under-promising and over delivering is **helpful**
 - Doing what you say is **essential**



Questions and Discussion



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