

# Heading for Southern African markets

Feasibility study on the strengths, weaknesses, opportunities and threats (SWOT) and on the resources required in the Southern African markets





Sami Leppimäki, Nina Savela, Vahur Valdna, Dainis Racenis,  
Janis Tilibs & Minna M. Keinänen-Toivola

## **Heading for Southern African markets**

Feasibility study on the strengths, weaknesses,  
opportunities and threats (SWOT) and on the resources  
required in the Southern African markets

Satakunta University of Applied Sciences

Pori

2019

**Project:** SME Aisle – Exports of clusters of CB economic strengths shipbuilding, maritime, renewable energy, automation and ICT to Namibia as a stable point of entry to the Southern African markets

**Authors:** Sami Leppimäki, Nina Savela, Vahur Valdna, Dainis Racenis, Janis Tilibs & Minna M. Keinänen-Toivola

Satakunnan ammattikorkeakoulu (SAMK) | Satakunta University of Applied Sciences  
Series B, Reports 21/2019  
ISSN 2323-8356 (pdf) | ISBN 978-951-633-299-7

**Publisher:**

Satakunta University of Applied Sciences  
Satakunnankatu 23 | FI-28101 PORI  
[www.samk.fi](http://www.samk.fi)

© Satakunta University of Applied Sciences and the authors

**Graphic design and lay-out:** Teija Järvenpää & Kristiina Kortelainen  
**Cover photos:** Teija Järvenpää & Nina Savela

SAMK's publications available for free download on the internet: [theseus.fi](http://theseus.fi)

# CONTENTS

<b>1 BACKGROUND</b> .....	<b>6</b>
<b>2 METHODOLOGY</b> .....	<b>7</b>
<b>3 SWOT ANALYSIS</b> .....	<b>9</b>
3.1 Strengths .....	9
3.2 Weaknesses .....	10
3.3 Opportunities.....	11
3.4 Threats .....	12
<b>4 RESOURCES</b> .....	<b>14</b>
4.1 PESTEL analysis.....	14
4.2 Monetary resources.....	16
4.3 Capacity building (CB / SADC).....	17
4.4 Business case examples .....	18
<b>5 CONCLUSIONS</b> .....	<b>22</b>
APPENDIX 1 .....	24



# 1 BACKGROUND

The global population is expected to increase by 2 billion between 2019 and 2050. Over half of the population growth is expected to occur in sub-Saharan Africa (UNDESA 2019, 1). The population in the SADC (Southern African Development Community) is expected to increase by 2.9% annually, while the number of people in the area currently exceeds 300 million (SADC 2017, 2). Consequently, many member states of SADC are challenged by environmental pollution and scarcity in energy and water supplies. To confront these issues, these states seek support in developing ICT and automation and help in finding renewable energy solutions.

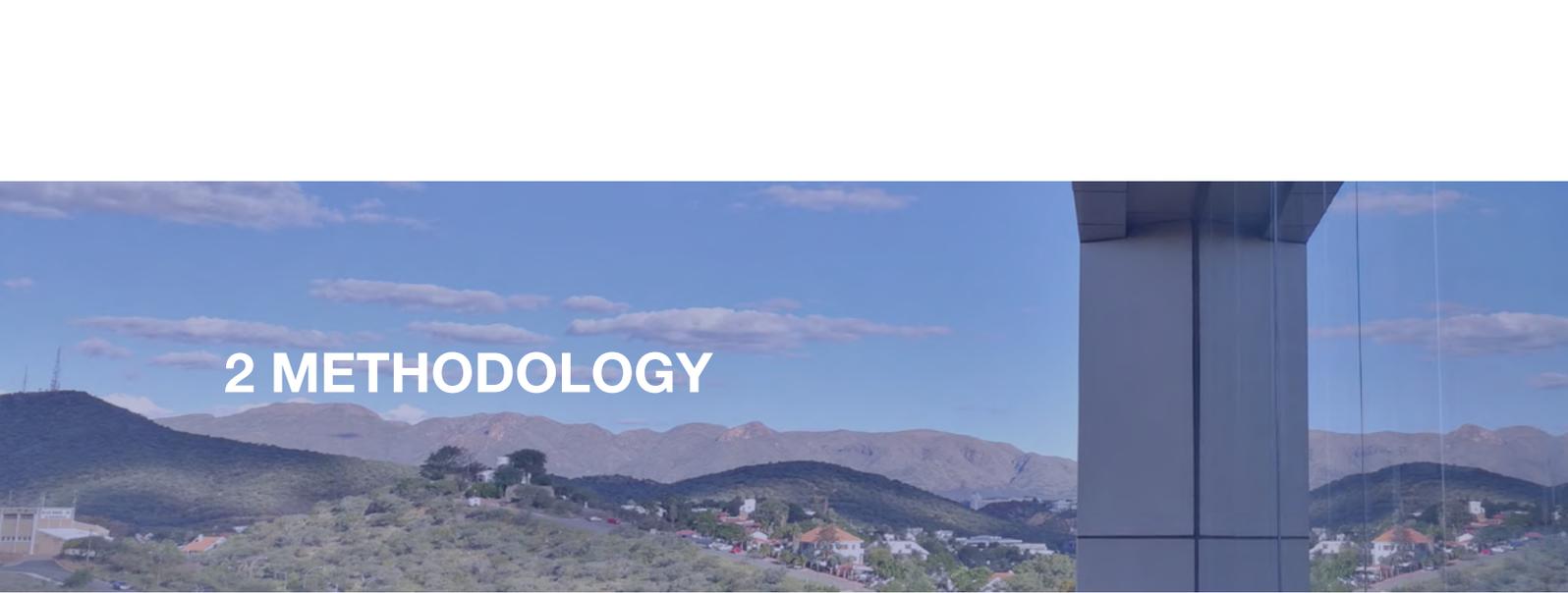
This development creates new business opportunities. Therefore, Central Baltic (CB)<sup>1</sup> companies from Finland, Sweden, Latvia and Estonia are highly motivated to develop products and services to Southern African markets. Central Baltic companies offer products and services such as logistics and seaport solutions, gate access control, small ship building, electric cranes, maritime simulators, maritime training, and renewable energy solutions. Consequently, CB companies have an important role in job creation, which is very welcomed in the SADC member states.

First, this feasibility study provides a SWOT analysis of the Southern African markets. In addition to the strengths, weaknesses, opportunities and threats involved in doing business, the study assesses what kind of resources are required from the Central Baltic area companies when they seek to enter the SADC market. Next, this study report describes what kind of funds and capacity building measures are required from both CB companies and their potential customers. Finally, the feasibility study introduces four business cases involving SME Aisle companies operating in the Southern African market.

The feasibility study was conceived as a part of the SME Aisle project, which is financed by Central Baltic Interreg program. The research was conducted between April 2018 and May 2019. The project supports Central Baltic companies' sale initiatives and their efforts in entering the Southern African markets using Namibia as a stable entry point.

---

<sup>1</sup> The Central Baltic Interreg Programme is a cross-border cooperation programme. Its scope is to finance projects in the Central Baltic sea region in Finland (including Åland), Estonia, Latvia and Sweden: <https://interreg.eu/programme/interreg-finland-estonia-latvia-sweden/>



## 2 METHODOLOGY

The feasibility study gathers data retrieved from the SME Aisle project personnel, company representatives and other stakeholders. The sources include outcomes from theoretical research, questionnaires and project communication with the participants:

- Savela N., Salahub J., Keinänen-Toivola, M.M. (2018). Doing business in SADC region. Central Baltic SME Aisle for maritime and ports, ICT, automation, renewable energy and machinery in Southern African markets. Satakunta University of Applied Sciences, Series B, Reports 13/2018. 103 pages. Available online: <http://urn.fi/URN:ISBN:978-951-633-263-8>
- SME Aisle Feasibility Study Survey, December 2018. A web survey conducted among the SME Aisle project personnel compiling information and insights the personnel found applicable for the SWOT framework in this feasibility study.
- SME Aisle business trip to Namibia, South-Africa and Zambia, March–April 2019.
- Feedback questionnaire to CB companies after their first business delegation trip to Southern Africa in September 2018.

The SME Aisle project leader Satakunta University of Applied Sciences SAMK has several years of experience in working with Namibian organizations. Its co-operation with the Namibian partners started in 2012 by training seafarers of a research vessel RV *Mirabilis* in Finland. The work continued with two projects in Namibia. NAMHUB Project (2016) mapped the business environment for smart, safe and environmentally friendly transport sector and established connections from grass root level actors to ministries. In addition, it generated a resource efficient urban development concept (renewable energy, ICT, automation: NAMURBAN, October 2015–September 2017). In May 2016, SAMK organized a Namibian business delegation trip to Finland. Thus, SAMK's operational strengths lie in solid contacts with companies (including SMEs) as well as with public authorities and universities both in Namibia and in CB region. The relationships within those networks have further deepened in various Africa-related events and discussions. New contacts are also established in the SME Aisle delegation trips. Acquired contacts and networks have considerably contributed to this report.

The information collected and documented within the previous projects and in the current SME Aisle project support various project actions. This know-how provides background material for fact-finding trips to target markets and it helps organizing events both in the Central Baltic area and in the target markets (Attachment 1). It provides source material for arranging workshops, creating project reports and organizing company meetings. In this report, the information collected from the above-mentioned sources is organized in a SWOT analysis which will be presented in the following chapter.



## 3 SWOT ANALYSIS

The following SWOT analysis explores Southern African markets (Southern African Development Cooperation area i.e. SADC area) from the Central Baltic companies' perspective. The emphasis of the analysis is on export business development between Central Baltic and SADC countries and between business clusters with products and services (e.g. certified training) such as:

- Maritime and logistics
- Shipbuilding and retrofitting
- Renewable energy
- Automation
- ICT solutions

The SWOT analysis identifies internal factors of the CB companies and their business clusters (strengths and weaknesses) and explores external factors related to the operational environment in the Southern African markets (opportunities and threats).

### 3.1 STRENGTHS

The feasibility research material indicates that the CB area companies have excellent products, solid expertise in their respective fields of specialty and extensive experience in their businesses. There are active company networks within different business clusters across the CB area. High innovation level, strong knowledge in blue growth strategies and sustainability, low corruption, high level of business sophistication, relatively active entrepreneurship initiatives and enthusiasm in start-up business are common features to CB companies. Companies typically have access to funds and financial support, and they can make use of technology and technical know-how. They also benefit from supportive national policies on foreign investments. Companies offer good customer service, high quality products and services, and are reliable in product delivery. In general, CB companies have a good reputation in other countries: they follow sustainable and ecological policies, respect good business practices, are open minded and curious, and they are renowned to be reliable business partners.

In Finland, the strengths in business include solid know-how in cleantech and in ICT, which is backed up by a very advanced education system. Finland enjoys a good reputation in many countries, such as Namibia, and its governmental system is widely appreciated. Gender equality in business is globally emphasized. Finnish companies are innovative and they have special know-how on wood-based biomass production technologies and procedures.

In Sweden, the strengths include expertise in product marketing, highly skilled ICT and cleantech sectors and a good reputation as a leader of technological innovations in global markets. Swedish companies are very advanced in terms of cooperation between business cluster actors. As the country is known for skilled professionals, sophisticated business procedures and welcoming attitude towards international partnerships, it is an easy country to operate with.

In Estonia, especially services related to sea container transportation and distribution have been a new and constantly growing business sector. Estonia is regarded as one of the most advanced cyber security countries in Europe: it has unique expertise in research, development and management of cyber security solutions and systems. Estonian companies benefit from the good geographical position of their home country.

In Latvia, the maritime cluster is closely linked to the railway system. Latvia is known for its unique geographical and cultural position providing a strategic location for business operations. The shipbuilding industry has long traditions in Latvia dating from the 16th century. Labour costs in Latvia are relatively low.

### **3.2 WEAKNESSES**

As for the weaknesses, Central Baltic SMEs tend to have limited resources when it comes to the export activities in far-away markets. In addition, CB SMEs are usually unfamiliar with the operational environment, including local culture and practices in the SADC countries. Small size of the companies in conjunction with low transnational cooperation between companies and business clusters are also considered as weaknesses. Challenges in logistics, long distances in exports, difficulties in communication and uncertainty created by currency exchange rate fluctuation may hinder business activities. Altogether, the supply and demand do not always meet. The selection of products and companies in the target market may not be interesting to CB SMEs.

In Finland, according to the survey conducted among the SME Aisle project team, the attitudes among Finnish companies seem sometimes too prudent and decision-making takes too much time when it comes to business activities in foreign countries.

In Sweden, on the other hand, consensus culture slows down decision-making processes.

In Latvia and Estonia, decision-making might still be quite hierarchical and bureaucratic due to historical factors. Companies may be eager to enter new markets without understanding the need for a proper risk analysis and the true costs of a long (but necessary) commitment time.

The lack of capital or information on funding opportunities can make foreign market entry difficult for many CB companies. It may be an obstacle especially in Southern Africa where the market environment is challenging and requires a long investment time. Financial resources are often limited and insufficient to cover long periods of payback terms. The small size of the enterprises may cause a problem and their ability to open offices and sales channels overseas may be inadequate. Some companies lack specific export strategies in targeting Africa, or they may ignore essential target market factors such as culture and mentality. Their knowledge about the market situation in Southern African countries and familiarity with the needs of the local community and companies are often deficient. Usually, CB companies lack a good local contact who would support their activities in Southern African markets. Therefore, a reliable partner from a Southern African country is what the companies from CB area need. Local contacts are better placed in running tasks concerning business development in the target market as practicalities are hard to handle from a distance.

CB companies sometimes offer too complicated technological solutions for emerging markets, i.e. too high-tech electronics or too complicated features in products. Also, the sales price may be set too high for the market. CB companies are not familiar with the business partnership models in SADC countries. Sometimes decision-making processes take more time than expected. Although corruption levels are relatively low in many SADC countries and situation is improving through time, many CB companies are still biased towards Southern African markets. Success stories and examples of good practices are needed.

### **3.3 OPPORTUNITIES**

Political and economic stability in the Southern African region facilitates CB companies' economic cooperation and export activities. Actions and projects supporting exports enable companies to access new markets and help establishing personal contacts with local authorities and entrepreneurs. SADC countries represent emerging markets with a need for high-tech products. Developing Southern African markets are ready, open, large and diverse. There is a need for new product innovations and marketing practices. CB companies have access to

a high and growing labour force in the target market and low labour costs. They also have a possibility to promote values and experiences that are proper to CB companies' business culture.

The service sector is becoming more important, which may improve economic prospects and enhance employment opportunities in the region. Many of the SADC countries typically have small sized companies, strong position in oil business, rich natural resources and a large agricultural sector. International organizations (both non-governmental organizations and intergovernmental organizations) work as potential channels for funding.

The young population in SADC countries are looking for business opportunities in order to stay in the region. This means that they are interested in receiving good education that leads to improved life perspectives. Professional specializations in ICT, automatization, solar energy solutions, water supply solutions, automatization, and food production are especially on demand. There is still little competition in many of the Southern African countries and these countries are making great progress in social development. The general attitude towards foreign investments is welcoming in several African countries. Due to the climate change, there is an increasing need for cleantech solutions. Global warming urges the need to resolve problems locally ever more. Countries such as Namibia provide a relatively small market but offer a gateway for the businesses to expand in the SADC area.

### **3.4 THREATS**

Competition with European countries outside of Central Baltic area, South Africa and China as well as competition with big multinational companies having vast resources create a threat to CB SMEs. Also, underdeveloped operational environment may be too challenging for exporting SMEs. Negative economic and societal development is a constant risk in SADC countries as the region faces challenges in energy supplies and security, in health and environment related issues, and in managing infrastructure and financing. In addition, businesses operating in Southern African countries face problems like corruption, safety issues, bureaucracy, language barriers (especially in Angola and Mozambique), underdeveloped and weak infrastructure (internet, electric grid, roads etc.), and shortage in highly qualified workers. Unpredictable changes in legislation, volatile currency rates together with high logistic costs create a high-risk environment for investments in some sectors. Although many SADC countries are considered secure places to invest, there are some issues with personal safety when operating in the target country.

Businesses' mobility and international trade are sometimes crippled by a limited access to funds, to vital information (i.e. SADC countries' trade information), or

to energy and technology. Complicated bureaucratic infrastructure, difficulties in cultural adaptation and political instability may also block business activities. Lack of customer purchasing power is a tangible threat as well.

In the future, climate change imposes a severe risk for the Southern African countries and for the foreign businesses involved in the area. This threat includes diminishing amounts of natural resources, unexpected weather conditions, such as storms and drought, and even conflicts. Even though SADC countries are considered generally stable in political terms, political conflicts in some Southern African countries may still occur. Restricted financial policies, custom procedures and bad experiences may hinder willingness to pursue business activities in these countries.



## 4 RESOURCES

### 4.1 PESTEL ANALYSIS

The following PESTEL analysis model explores political, economic, social, technological, environmental and legal business environment in the SADC area in general. A more in-depth PESTEL analysis can be conducted once the Central Baltic companies have committed to the market. However, some elements of the PESTEL analysis are common to any business interested in Southern African markets. The nature of the deeper analysis depends on the business cluster the company represents. This chapter introduces some important parameters of the PESTEL analysis to support strategic planning when a Central Baltic SME is preparing to start business activities in Southern Africa.

Political factors to consider when doing business in the SADC area:

- Political stability of a country
- Governmental interference in the country's economy
- Mode of governance (for example a socialist past)
- Corruption index

Economic factors to consider when doing business in the SADC area:

- Currency and its fluctuations
- Governmental debt
- Credit rating
- Disposable income of the potential consumers

Social factors to consider when doing business in the SADC area:

- Cultural dimensions: practices within a community, importance of the local presence ("Ubuntu concept", long term commitment, significance of personal relationships)
- Attitudes towards foreign investments ("protectionism")
- Acceptance of the products and services
- Population growth
- Age distribution and demographics (urban development)

Technological factors to consider when doing business in the SADC area:

- Infrastructure, e.g. availability of water and electricity for technological solutions
- Technological progress in the business sector
- Know-how and need for training
- Distribution and logistics

Environmental factors to consider when doing business in the SADC area:

- The effects of climate change (especially in agriculture and in rural areas)
- Availability of raw materials
- Environmental ethicality of a product or a service
- Sustainable development

Legal factors to consider when doing business in the SADC area:

- Regulations in land ownership
- Consumer rights and laws
- Product safety and labelling
- Contracts and business practices

A more in-depth analysis may be found in Savela N., Salahub J., Keinänen M., (2018): Doing business in SADC region: Central Baltic SME Aisle for maritime and ports, ICT, automation, renewable energy and machinery in Southern African markets.

## 4.2 MONETARY RESOURCES

One of the key challenges for SMEs is how to find funding for bringing their products and services to the SADC market. Especially in the case of Southern African countries, local funding might become a problem. Some examples of funding sources that SMEs may utilize are:

- The Nordic Project Fund (Nopef) supports Nordic SMEs' competitiveness by providing funding for preliminary research and preparatory business operations on foreign markets outside the EU and EFTA area. Funded projects must contribute to the internationalisation of the companies, and a company applying for funding must have sufficient human and financial resources in addition to some experience in the field of industry. Nopef promotes business initiatives that contribute to increased competitiveness, employment, economic growth, transfer of skills and technology, or involves Nordic cooperation partners. Nopef is financed by the Nordic Council of Ministers and managed by the Nordic Environment Finance Corporation (NEFCO). (Kauppakamari 2019, Nopef 2019). Website: <https://nopef.com/>
- The Nordic Investment Bank (NIB) is an international financial institution in the Nordic and Baltic countries. It provides long-term loans to both private and public sector customers operating in viable and environmentally friendly projects. NIB evaluates all the projects it finances from the perspective of sustainable growth. NIB is an international financial institution jointly owned by Iceland, Latvia, Lithuania, Norway, Sweden, Finland, Denmark and Estonia (Kauppakamari 2019, The Nordic Investment Bank 2019) Website: [https://www.nib.int/nib\\_in\\_brief/nordic\\_investment\\_bank](https://www.nib.int/nib_in_brief/nordic_investment_bank)
- COSME program (EU): The COSME (Program for the Competitiveness of Enterprises and SMEs) program aims to boost the EU's economic growth by creating new jobs and promoting entrepreneurship, competitiveness and internationalisation of SMEs. It facilitates SMEs' access to equity and loans. The budget for the COSME program for 2014–2020 is EUR 2.3 billion. (COSME 2019). Website: [https://ec.europa.eu/growth/smes/cosme\\_en](https://ec.europa.eu/growth/smes/cosme_en)
- The European Funding Alliance: The European Funding Alliance supports businesses e.g. in project development and grant applications. It provides financial services and administrative support. (The European Funding Alliance 2019). Website: <http://www.thefundingalliance.com/>
- Other possible funding options: European Development Fund, World Bank projects, United Nations, EU Aid, Horizon 2020.

## 4.3 CAPACITY BUILDING (CB / SADC)

SME Aisle project encourages Central Baltic companies to start export business in the SADC by using a capacity building approach. However, a company needs to have a certain level of competence in international export activities to start with. Capacity building in Central Baltic companies consists of several elements. The essential questions in capacity building are:

- What is the level of commitment of the company to embark upon export activities in Southern African markets? Owners, management and key persons need to be genuinely committed in order to make the market entry successful (GO / NO GO -decision making).
- Are the products and services offered by the company suitable to the target market? The products and services must be compatible with the customer needs in the specific SADC market area.
- What are the technical, commercial and operational capabilities of the company? Can the company adapt its functions effectively to the new markets?

The SWOT-analysis identifies companies' weaknesses and gives direction to capacity building. The question here is: How can new capacity building overcome weaknesses?

Table 1. Examples of capacity building approach to overcome identified weaknesses.

<b>Identified weakness</b>	<b>Solutions through capacity building</b>
SME's limited resources	Cross-border cooperation models, cluster cooperation
Unfamiliarity with operational environment, business culture and practices	Business trips to target markets, market studies, coaching of the companies
Low transnational cooperation between companies & business clusters	New projects to facilitate cooperation between companies and business clusters
Lack of communication between different actors in a business cluster	Creation of forums (workshops, online platforms)
Long investment time	Evaluation of resources, both within the company and external funding opportunities
Limitations in financial resources (venture capital), lack of readiness to start joint ventures	GO / NO GO -evaluation, postponing market entry, coaching, systematic search of venture capital
Too complicated technological solutions for emerging markets	More rudimentary technological solutions, evaluation of the market's needs

## 4.4 BUSINESS CASE EXAMPLES

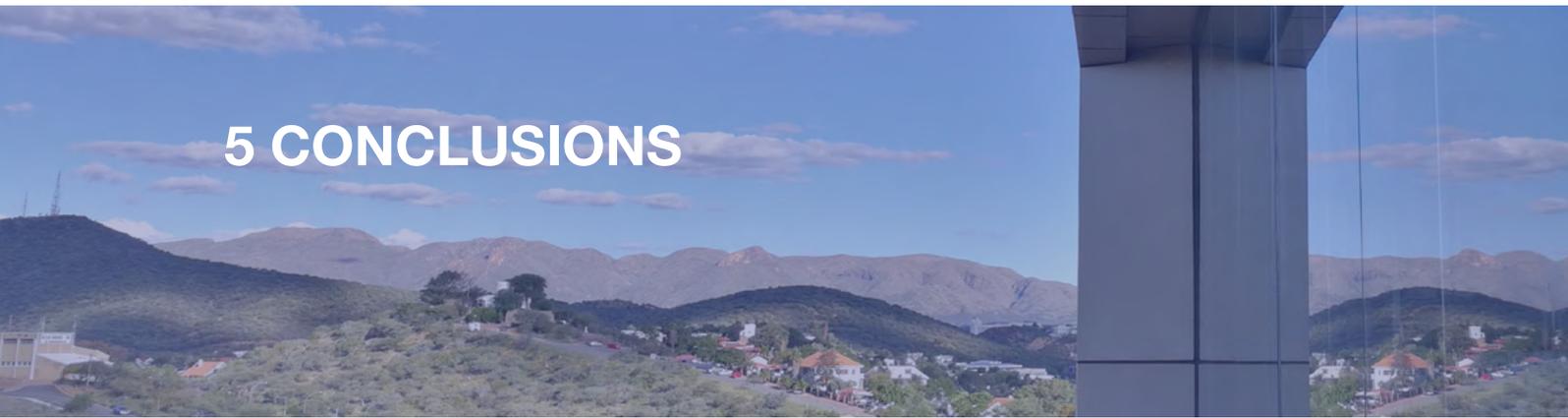
The next SWOT charts present four business cases from companies involved in the SME Aisle project. There is one case per each participant Central Baltic country. The cases include businesses in Namibia, South Africa and Zambia, one from each. The cases also represent various sectors: maritime, automation, ICT and renewable energy.

<b>Case company A: Latvian SME focusing on automation</b>	
<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• Highly qualified employees</li> <li>• Lower production costs as competitors in Western Europe and in the US</li> <li>• Global recognition</li> <li>• Advanced after-sales service</li> <li>• Compliance with quality standards ISO 9001: 2008, ISO 27001: 2005</li> <li>• Stable relationship with suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Long and sometimes hard-to-predict delivery period for component parts</li> <li>• The existing technical base does not correspond to the planned future, production of technologically superior products</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• Using employees' expertise in engineering effectively to create new innovative products and solutions</li> <li>• To become leader in document authentication device production</li> <li>• Reducing the production costs</li> <li>• Reducing the proportion of defective products</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of qualified and educated workforce may become topical in the future when production increases</li> <li>• Increase in component prices</li> <li>• Unfavourable exchange rate fluctuations</li> <li>• Unfavourable political situation in the countries represented by some clients</li> </ul>

<b>Case company B: Estonian SME specialized in maritime and logistics i.e. fish production automation</b>	
<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• An innovative product for the food and fish industries</li> <li>• Large international customer base</li> <li>• Highly educated company staff</li> <li>• The product helps to solve a clear problem: food storage temperature monitoring</li> <li>• The personnel have good presentation skills for introducing their product</li> </ul>	<ul style="list-style-type: none"> <li>• As a start-up company, limited access to capital</li> <li>• Lack of bargaining power in the local market</li> <li>• Little information on the needs of local businesses</li> <li>• Placing a sample product on the market and testing it requires financial resources</li> <li>• Lack of knowledge on the legal system and laws in the local market</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• Target Market in Africa: many potential customers dealing with fish processing and logistics</li> <li>• The product provides added value for local business products</li> <li>• Product development helps local businesses sell high quality products internationally</li> <li>• Lower production costs</li> </ul>	<ul style="list-style-type: none"> <li>• Macroeconomic changes in the economy</li> <li>• Political stability</li> <li>• Climate change</li> <li>• Payment risks</li> <li>• Exchange rate risks</li> </ul>

<b>Case company C: Finnish SME specialized in renewable energy i.e. agricultural technologies and solutions</b>	
<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• The company is ready to invest a suitable amount of time and money to measure the market potential and possibilities</li> <li>• Long experience, extensive know-how and tested advanced technological solutions in the field of its business</li> <li>• The company has partners already and it has gained experience in African markets</li> </ul>	<ul style="list-style-type: none"> <li>• Limited resources of SME</li> <li>• Hard to find suitable investors and solvent customers</li> <li>• Making a deal takes a long time</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• Growing demand for agricultural and farming solutions</li> <li>• To find one of the major players already in the markets and ready to invest</li> <li>• Aid and charity program workers in private or governmental organizations provide opportunity to enter the markets</li> </ul>	<ul style="list-style-type: none"> <li>• Failing to find end users or suitable partners who are already or are going to operate in the industry</li> <li>• International competition</li> </ul>

<b>Case company D: Swedish SME specialized in renewable energy solutions i.e. wind and solar energy</b>	
<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• 26 years of experience in renewable energy resources</li> <li>• The company has already taken steps in internationalization to neighbouring countries</li> <li>• A total book value of power plants is approximately 56 500 000 euros</li> </ul>	<ul style="list-style-type: none"> <li>• Has not yet found a right partner from the target markets</li> <li>• Wind power is not a suitable form of energy in some SADC countries or the sector is in its infancy in development (e.g. landlocked countries)</li> <li>• All data from the target market is not available</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• Since 600 million people in Africa today live without electricity, there is a need for renewable energy solutions</li> <li>• Governments are becoming more and more supportive towards these initiatives through e.g. legislation and opening the markets</li> <li>• Supportive funding from the EU etc. for projects and pilot initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• African governments are reluctant to provide subsidies for renewable energy solutions, which influences the business cases for wind power</li> <li>• Public acceptance of the technology is uncertain because of e.g. noise emissions → promotion of general awareness &amp; need for training</li> <li>• Potential intellectual property and technology theft</li> </ul>



## 5 CONCLUSIONS

This study has presented some key success factors and general level issues regarding feasibility when doing business in the SADC region. First, the report presented the SWOT analysis, which reflected the fact that CB companies from Finland, Sweden, Latvia and Estonia have very well-developed products and services in maritime and logistics, automation, ICT, and renewable energy. Simultaneously, the need and potential for such solutions in the SADC countries is substantial. Not only are SADC countries potential customers for Central Baltic SMEs but they also offer a favorable business environment with natural resources, young and eager workforce and even relatively stable and democratic societies to welcome new businesses. The SWOT analysis was followed by a PESTEL analysis, which can be used as a tool when the companies are planning their entry to the SADC market.

The main challenge for the Central Baltic companies is how to connect their business solutions with the existing demand. The SMEs are not usually familiar with the business environment and the actual needs of the potential customers, or they may have prejudices towards the SADC markets. The CB SMEs may face difficulties in financing their business activities in the SADC. Thus, business cluster cooperation and company networks need to be strengthened with more in-depth information provided from the target market. In the future, CB SMEs need additional information related to customers, competitors, competitive products, services, solutions, regulations, and the possible business partners.

## REFERENCES

COSME, Program for the Competitiveness of Enterprises and SMEs 2019. Europe's programme for small and medium-sized enterprises. [https://ec.europa.eu/growth/smes/cosme\\_en](https://ec.europa.eu/growth/smes/cosme_en) [Accessed October 23, 2019]

The European Funding Alliance 2019. Services. <http://www.thefundingalliance.com/services/> [Accessed October 23, 2019]

Kauppakamari 2019. KauppakamariTieto: Julkinen rahoitus ja tuet. <https://kauppakamaritieto.fi/fi/s/t/ulkomaankaupan-perustieto-ja-asiakirjat/a-ulkomaankaupan-tietolahteita/a2-julkinen-rahoitus-ja-tuet/>

Nopef 2019. Financing. <https://nopef.com/financing/> [Accessed October 23, 2019]

SADC 2017. Southern African Development Community towards a common future: SADC selected economic and social indicators 2017. Available online: [https://www.sadc.int/files/7115/4021/7218/Selected\\_Indicators\\_2017.pdf](https://www.sadc.int/files/7115/4021/7218/Selected_Indicators_2017.pdf)

Savela N., Salahub J., Keinänen-Toivola, M.M. 2018. Doing business in SADC region. Central Baltic SME Aisle for maritime and ports, ICT, automation, renewable energy and machinery in Southern African markets. Satakunta University of Applied Sciences, Series B, Reports 13/2018. 103 pages. Available online: <http://urn.fi/URN:ISBN:978-951-633-263-8>

SME Aisle Feasibility Study Survey, December 2018. Survey conducted among the SME Aisle project personnel. (Survey available upon request).

SME Aisle Business Trip to Namibia, South-Africa and Zambia, March-April 2019.

The Nordic Investment Bank 2019. Nordic Investment Bank. The international financial institution of the Nordic and Baltic countries. [https://www.nib.int/nib\\_in\\_brief/nordic\\_investment\\_bank](https://www.nib.int/nib_in_brief/nordic_investment_bank) [Accessed October 23, 2019]

United Nations, Department of Economic and Social Affairs, Population Division 2019. World Population Prospects 2019: Highlights (ST/ESA/SER.A/423).

## APPENDIX 1

### Project SME Aisle awareness raising events May 2018 - February 2019.

16.-18.3.2018	Meremess 2018: Tallinn (Tallinn, Estonia)
7.4.2018	Open doors of Port of Rauma / Avoimet ovet Rauman Satamassa (Rauma, Finland)
8.5.2018	Europe day (Rauma & Pori, Finland)
16.-17.5.2018	Navigate fair (Turku, Finland)
24.5.2018	Sjöfartens dag / Maritime day (Mariehamn, Åland)
14.6.2018	MatchINDUSTRY 2018 contact and meeting event (Pori, Finland)
26.-27.9.2018	Smart Cities in Smart Regions (Lahti, Finland)
24.9.-26.9.2018	Subcontracting trade fair / Alihankintamessut (Tampere, Finland)
1.11.2018	Collaboration Festival 2018 (Tallinn, Estonia)
12.11.2018	Latvian Chamber of Commerce and Industry (LCCI): open days (Riga, Latvia)
22.11.2018	Africa-Nordic Business Conference (Helsinki, Finland)
29.11.2018	Tech Industry 2018 exhibition (Riga, Latvia)
24.1.2019	Tallinn University of Technology (Taltech): company meeting day (Tallinn, Estonia)
4.2-6.2.2019	Winterwind 2019 in Umeå (Umeå, Sweden)
7.2.2019	Merenkulkumessut (Rauma, Finland)
8.2.2019	Angola day (Stockholm, Sweden)

This feasibility study provides a SWOT analysis of the Southern African markets and assesses what kind of resources are required from the Central Baltic area companies when they seek to enter the SADC market. This study also introduces four business cases involving SME Aisle companies operating in the Southern African market.

It is prepared in accordance with the Central Baltic project SME Aisle (duration 2018–2021) project and its core themes, which include shipbuilding, maritime and logistics, renewable energy, automation and ICT.

ISSN 2323-8356 (pdf) | ISBN 978-951-633-299-7

samk

