



Africa Alert

Recent developments in cross-border legal issues

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Pan African Franchise Federation holds inaugural meeting

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The Franchise Association of South Africa (FASA) hosted both the annual International Franchise & Entrepreneurial Expo (IFE) and the inaugural meeting of the Pan African Franchise Federation in May of this year. By hosting these events, South Africa intends to play a bigger role in promoting franchising and expanding the franchise business format to the entire African continent.

South Africa's franchise sector continues to demonstrate that it is just as or more resilient than other business sectors, as the franchise industry alone has contributed almost 12% to the country's GDP. The South African government has also recognized the franchising industry as the one area where creating new substantial jobs can be achieved quickly and effectively. It has launched various initiatives, like the Jobs Fund and the Black Business Supplier Development Programme (BBSDP) Fund supported by development banks, to help the economy grow through training and job creation.

These signs of growth offer hope that the franchise industry will not only make a full recovery from the global economic recession, but also that the industry will aid other African countries in their attempts to grow their own economies. To achieve this objective, the FASA legal advisor and two of FASA's past officers promoted the principles of franchising by holding seminars throughout Africa, in association with Standard Bank and the African Development Bank.

The Pan African Franchise Federation was an outgrowth of these meetings. It was originally formed as a result of a mandate issued to FASA by the World Franchise Council's (WFC) executive committee. The mandate sought to establish a franchise federation representing the franchise sector in Africa. The Pan African Franchise Federation will itself eventually join the European Franchise Federation and the Asia Pacific Franchise Confederation by applying to become a member of the WFC. The countries in the federation would then share the objectives of the WFC, including the desire to provide a leading and educational role in franchising on their home continent. FASA believes that, because economic growth in developing countries is overtaking established economies, it is time that Africa formed a Pan African Franchise Federation to assist with spearheading franchise growth throughout the continent. Delegations from Egypt, Ethiopia, Mauritius, Tanzania, and Nigeria attended the meeting, revealing that other African countries seek to establish or further develop their own respective franchise associations and take part in the Pan African Franchise Federation.

Proponents of a Pan African association have cited a number of reasons why such an organization could be helpful in the region. For example, it could arbitrate disputes between franchisors and franchisees. This would be particularly important in those African countries where the judicial system is not particularly efficient. Chapter affiliates of a Pan-African association could also, in

effect, be self-regulatory bodies of the franchise sector in each country where it has a presence. Among other things, chapters could facilitate growth in the industry by organizing franchise shows and/or meetings between prospective master franchisees and international franchisors. It could also manage the qualification process of interested franchisors, and organize international trade missions and seminars on topics of interest.

The hosting of the inaugural meeting of the Pan African Franchise Federation is a first step in making the foregoing a reality.

Additional information about franchising on the continent can be found in Franchising in Africa: Legal and Business Considerations, a book edited by Kendal Tyre and Diana Vilmenay-Hammond. The book, published by LexNoir Foundation in July 2012, is a reference tool for practitioners, business people, and academics. It focuses on the drafting of the relevant documents, the financing of franchise transactions in the region, and the local legal issues in selected African countries.

Click [here](#) to view a video book trailer.

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