

Working Capital: *Under Pressure, Under Scrutiny*

Rising rates, regulatory minefields, and supply chain scars are forcing corporates operating in Africa to rethink how they unlock — and protect — their cash.

In theory, Working Capital Management is textbook finance: delay payments, collect early and manage inventory to minimise idle cash. In practice — particularly across Africa’s fragmented inflation-sensitive markets — it’s very similar to combat logistics.

“It is a painful process to get your base right,” said Adriaan Botha, Head of Corporate Finance for Nestlé South Africa, after what he described as a period of stockpiling and lost visibility during the pandemic.

From stockpiling to scrutiny

For much of the past four years, Working Capital had been deprioritised — eclipsed by pandemic-era disruptions, conflict and rising commodity prices, resulting in supply chain firefighting. The pandemic caused a fundamental shift in the consumer market. Shoppers hoarded, distributors doubled up, and producers loaded their warehouses just in case. That created windfalls for groups like Nestlé, the world’s largest food company. But the aftershocks are still being unwound.

“The period from 2020 to 2024 was a turbulent time for our industry - those years marked mixed results for us. As the market returns to its usual dynamics, we are experiencing the effects of that previous growth. Working Capital Management has therefore become a key focus area for us.”

Adriaan Botha, Nestlé

After the chaos of the past few years, companies like Nestlé are now under pressure to clear out excess stock, chase overdue customer payments, and rethink how they should finance day-to-day operations.

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Where cash gets complicated

Operating across Sub-Saharan Africa, the margin for error tightens. “In the US, you’ve got one currency, a single banking platform and regulation is not as tight as in Africa, and it’s not consistently changing and becoming stricter,” said Vasu Reddy, Vice-President of Treasury for Sub-Saharan Africa at DP World, an end-to-end supply chain solutions provider.

In much of Africa, managing Working Capital is less about fine-tuning and more about staying afloat — where every country brings its own specific rules, risks and roadblocks. Delayed shipments, weak currencies and suppliers demanding cash up front can stretch payable cycles and squeeze Working Capital from all sides. Companies might have to absorb foreign exchange losses on slim margins, while still fronting supplier payments for inbound shipments that may take months to arrive.

The liquidity squeeze

In response, treasury teams are shifting their focus inward — mining their own balance sheets for liquidity. Instead of relying on expensive or uncertain external financing, companies are pushing harder on the internal levers: stretching payables, chasing down receivables, and reducing excess stock to free up cash.

At Nestlé, Working Capital was once left to the operations team. Now it’s on the corporate finance desk. Botha said: “It’s been on the backseat for so long because of other priorities. Its been reignited, and it needs much more attention.”

Pick a country, pick a problem

For multinationals operating across the African continent, risk is uneven and fast-moving. Nestlé and DP World executives both cited Zimbabwe, Mozambique and Nigeria as case studies in how currency risk, regulatory friction and supplier inflexibility can severely disrupt planning.

In Nigeria, credit terms from global suppliers mean little when shipment delays can stretch into months. During the pandemic, it was frequently taking up to 90 days for shipments from China or India to reach Nigeria.

The result? Corporates are negotiating aggressively with local customers and vendors alike, adjusting payment terms and pushing back non-core outflows to stay liquid.

Borrowing strategies are shifting too. Borrowing in local currency has become not only a hedge against devaluation, but sometimes a necessity for repatriation and control. Even where it’s more expensive upfront, it often proves cheaper in hindsight.

Digital... until you ask for an invoice

Digitisation remains a work in progress. While Supply Chain Financing tools are more streamlined, broader Working Capital platforms are still somewhat lumpy. Many banks, the executives agreed, are strong on payments but still reliant on manual processes for trade and receivables finance.

“From a payments perspective, banks are good... but when it comes to your trade solutions, Working Capital solutions in terms of loans and paid financing or even supply chain to some extent, most banks will still ask you for a paper invoice,” said Botha at Nestlé. While digital platforms are now common across banks, most still rely on customers uploading documents. The real shift is from handling documents to capturing structured data directly.

That evolution in how banks process information mirrors a broader shift in financial priorities. Across markets in Africa, Working Capital has shifted from background process to front-line concern. With cash harder to access, FX risk rising and operating conditions diverging wildly from one country to the next, treasury teams are being forced to do more with less — and do it faster.

While the pandemic was a catalyst for greater Working Capital discipline, current pressures are rooted in longer-term structural shifts. Still high interest rates, geopolitical fragmentation and growing regulatory scrutiny are forcing companies to revisit long-held assumptions around liquidity and cash conversion cycles. As a result, Working Capital is no longer a crisis response measure, but a core lever in decision-making.

What priorities are we seeing across Africa?



To support clients navigating this new environment, Citi is investing in data-driven solutions that improve visibility, forecasting and access to liquidity. The bank is embedding digital tools directly into clients' enterprise systems, helping treasury teams move faster with fewer resources. It is also expanding programmes in Supply Chain Finance and Dynamic Discounting, aligning Working Capital strategy with broader business goals such as supplier resilience and ESG performance.

In summary, several themes are emerging. Companies are increasingly turning to their banks to unlock liquidity tied to Working Capital and to lower funding costs. Agility within supply chains has also become critical, driving demand for solutions that enable faster, more flexible responses. The final piece, according to Kunal Bid, Citi's Trade and Working Capital Sales Head for Sub-Saharan Africa, is delivering these tools digitally and embedding them within clients' existing processes.

“Agility within supply chains has also become critical, driving demand for solutions that enable faster, more flexible responses.”

Kunal Bid, Citi'

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