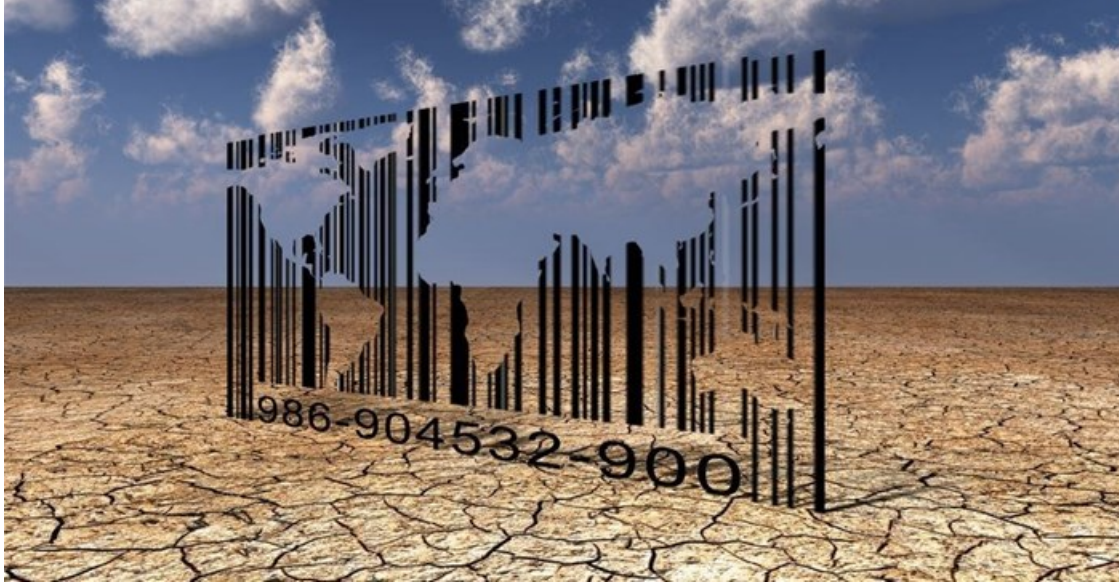


WEF needs to move beyond spin to help Africa

Set against the backdrop of low growth, dire unemployment figures, and a huge infrastructure deficit - the theme of this year's African World Economic Forum (WEF) is "inclusive and sustainable growth".



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This is a familiar subject for policymakers. On both the regional and global stage it's natural to speak in terms of market integration among groupings of nations to stimulate economic growth. Reducing bottlenecks to trade often serves as the focal point, with Free Trade Agreements (FTAs) typically the formal means of implementing these initiatives.

The idea behind all of this is that connected markets provide a larger base of customers into which companies can sell their products and services. And that, for their part, customers benefit from greater product diversity and value. This in turn creates a virtuous cycle in which a growing economy makes investment in the region more bankable. With greater access to funding, investment in needed capital projects can be accelerated, in turn reducing Africa's sizeable infrastructure gap and stimulating inclusive growth.

Admittedly, this orthodox take on markets and growth is not firmly embraced across Africa. Rather, what remains prevalent is an emphasis on government intervention and the role of the 'developmental state' as seen in South Africa's [National Development Plan](#).

What's not in dispute is the continent's [infrastructure gap](#). Road and rail transport costs in Africa are estimated to be about 50% greater than comparable regions in other parts of the world. And over 600 million people across the continent lack access to electricity while even greater numbers make do with sub-standard levels of drinking water and sanitation.

Estimates suggest that the continent needs as much as [\\$1 trillion](#) in invested capital over the next 10 years to close the infrastructure gap.

The question is whether the WEF gathering can make a dent in this problem. In reading background studies to this year's meeting, the forum seems more attuned to the world it would like to see, rather than the one at hand. To move beyond the "spin" the forum should address impediments to inclusive growth.

New solutions to old problems?

The WEF is not the first to have focused on market integration as a way to promote economic growth. The African Union Summit has recently taken steps to establish a continental [Free-Trade Area \(FTA\)](#) that would include all 54 African countries.

This is on top of an alphabet soup of long established sub-regional groupings such as the East African Community, West African Community, Southern African Development Community (SADC). A grouping of these three FTAs stands as a Tripartite Free Trade Area covering a combined population of almost 600 million people.

Yet [trade between African nations](#) still represents only 12% of the continent's total trade. This is far below levels seen in North America (40%), Asia (50%) and Western Europe (70%), and is often cited as an impediment to Africa's economic development.

SADC's recent history provides a useful perspective to the successes and failures of African FTAs. SADC was established in its modern form in 1992, having a mandate to promote integration of economic development programmes among member states. At its 2003 [Dar es Salaam Summit](#) it adopted an ambitious 15 year programme in which a free trade arrangement, customs union, common market and ultimately a regional monetary union were to be established.

While piecemeal progress has been made since then, the plan's more ambitious aspects have been largely set aside. [Post mortems](#) cite a range of protectionist measures that are defeating its objectives. These include the reluctance of member states to wind back tariffs on goods and services, provisions promoting local content, subsidised industry assistance and visa restrictions.

The [WEF](#) has replaced the language of FTA's and customs unions with the call for "connecting markets, revitalising manufacturing, and integrating innovation".

The practical side of this focuses on industrial corridors in transport, energy markets and financial services and e-commerce.

Here too, SADC was ahead of the curve in terms of planning and adopting a regional infrastructure master [plan](#) in 2012. This sector based "corridor" approach to development is meant to be rolled out across energy, transport, water and telecommunications.

But where the SADC has been quick to plan - it has fallen down in implementation.

Old problems stand in the way of new solutions

A report by the [Development Bank of Southern Africa](#) concludes that few measures to facilitate trade have yielded measurable results. National interests have tended to override regional objectives. Local and global protectionist trends have only made this more pervasive.

The [SADC Energy Plan](#) may become the next non-starter in infrastructure development. So far, it has identified power generation and transmission projects costing between US\$ 90 billion to over US\$200 billion. No doubt some development finance will be allocated to these projects, but the bulk of the required investment is unlikely to move beyond countless feasibility plans.

Obtaining the hundreds of billions needed in power markets alone will require improved standards of governance and regulation. But member states often struggle in these areas, and comprehensive reform across the region seems an unlikely outcome until these fundamental issues are addressed.

Is rhetoric better than reality?

It seems incongruous that the WEF talks about the region as the least competitive globally, but follows with the observation that "fortunately, there are [regional clusters](#) of global manufacturing excellence".

This is not to discount clusters of excellence. But the WEF's reference to an African Outer Space Programme within the context of growing a manufacturing base, and pointing to drones as a solution to the continent's transport woes, is, at best, naive.

Hopefully the meeting will rise above the spin, and make a meaningful attempt at addressing the dire economic conditions affecting the lives of hundreds of millions of people across Africa.

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