Africa out of the spotlight at the World Economic Forum?

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Last week, the 54th annual meeting of the World Economic Forum (WEF) took place in Davos, Switzerland. In recent years, Africa was at the forefront of discussions, but this year lacked high profile participation and made a more modest contribution. Two reasons have been noted: the absence of key figures and of clear evidence of progress of the African Continental Free Trade Area (AfCFTA).

The presentation of promise of the AfCFTA has been popular with delegates in the past – it represents a beacon of hope for the continent, whose challenges have been a topic of discussion at the forum for years. However, given that negotiations on key issues are still ongoing and trade under the AfCFTA has not begun, mention of the agreement and expectations of what it could deliver is no longer sufficient to pique the attention of investors. That said, Wamkele Mene, the Secretary-General of the AfCFTA Secretariat, did share an update on the Guided Trade Initiative (GTI). Thirty-one countries have joined the GTI, a pilot initiative, for which a Ministerial Directive provides the legal basis, designed to test the operational instruments of the AfCFTA, to provide for the start of commercially meaningful trade under the AfCFTA, and to promote trade under the AfCFTA. While this is a significant proportion of the 47 countries that have deposited their instruments of ratification of the AfCFTA, negotiations of the two fundamental requirements for a free trade area (tariff concessions and preferential rules of origin) are not yet complete. This means that trade under the complete AfCFTA is not yet possible. These negotiations are of course complex and sensitive, but it is very important that every effort be made to complete the negotiations as soon as possible, so that implementation of the AfCFTA and trade under this important agreement can begin.

Commentators have also noted that some key African leaders were not there – including Cyril Ramaphosa, Nigeria’s president Bola Tinubu, and Kenya’s president William Ruto. Ramaphosa’s absence has been said to be related to the upcoming elections. In 2024, South Africa will be one of 64 countries that will head to the ballot box – and one of the 16 elections to be held in Africa. Given that the ANC is on the back foot preparing for the election (expectations are that they may receive less than
50% of the vote), it is understandable that Ramaphosa would choose to stay home and consolidate his election strategy.

The same cannot be said of Ramaphosa’s Nigerian and Kenyan counterparts (who pulled out of the event at the last minute) – these countries had general elections in 2023 and 2022, respectively. President Tinubu may have pulled out given the rise in inflation in Nigeria after the decision to float the naira, choosing to stay at home to prevent further public backlash. It is not entirely clear why Ruto decided to send his vice-president instead – while some have implied that this might be because of the domestic cost of living crisis, Ruto was present at both UNGA and COP28 while the crisis was underway.

It might have been that even with these leaders present, Africa would not have been a key focus anyway. With focus on Ukraine and Gaza, the conference had the key theme of “rebuilding trust”, with four sub-themes: security and cooperation, creating jobs for the fourth industrial revolution (“for a new era”), artificial intelligence, and climate and energy strategies.

**What did Africa achieve at Davos 2024?**

The secretariat of the AfCFTA partnered with the WEF to launch the Private Sector Action Plan at Davos. The Action Plan, in partnership with 40 private companies, lays out a series of goals and commitments across four sectors that have been identified as key for Africa’s industrialisation: agriculture and agro-processing, transport and logistics, the automotive industry, and pharmaceuticals. Another venture launched was the Timbuktoo start-up fund. Launched by the presidents of Rwanda and Ghana in collaboration with the UNDP, the fund aims to empower Africa’s youth by supporting entrepreneurship.

Factors that are hindering Africa’s growth were discussed at the conference. During the Frontlines for Nature session, the director for the DRC’s Virunga National Park laid out the consequences of the competition for resources: violence, extreme poverty, and environmental degradation. Despite being Africa’s most biologically diverse protected area – it is known for its endangered mountain gorillas – Virunga National Park is characterised by prolonged armed conflict and the violent extraction of minerals.

Africa’s position in the North-South global rift was also discussed. The director of the WTO, Ngozi Okonjo-Iweala, noted a shift of trading power towards the south, saying this indicated a “diffusion of the global centre of power”. She emphasised the need for the North and South to unite and cooperate to solve global trade issues. South Africa’s Minister of Finance, Enoch Godongwana, took a different stance: he emphasised the role of South-South collaboration and the need to reform multilateral
institutions to better suit the development needs of the South. He drew special attention to BRICS – noting that Saudi Arabia, Egypt, the United Arab Emirates, Iran and Ethiopia joined the original group of Brazil, Russia, India, China and South Africa, on 1 January this year.

Is the World Economic Forum Still Relevant for Africa?

The WEF is still relevant to and for Africa. The forum presents African delegates with the opportunity, amongst others, to pitch to prospective international investors, for example, and is therefore significant for those looking to attract FDI as a part of an industrial strategy (as is the case with almost every African country). While agreements such as the AfCFTA stand to benefit Africa, policymakers must keep in mind that governments don’t trade – private entities do. Without investment – both foreign and intra-African – the AfCFTA is unlikely to achieve its ambitious objectives. While it is to be expected that the BRICS expansion and South-South collaboration feature prominently on the agenda at gatherings such as the WEF, BRICS does not feature any trade of investment agreement, and is unlikely to in the near future. Aside from China, South Africa does not export very much to the members of BRICS, and has a trade deficit with every single BRICS member. Trade with some members is negligible; for example, South Africa trades more with Eswatini than with Russia. Other economic and political considerations are of course important.

Private Sector Action Plan

In terms of investment, the most exciting update at Davos was the announcement of the Private Sector Action Plan by Wamkele Mene in collaboration with the WEF. The Action Plan has involved private companies in the promotion of the agriculture and agro-processing sector, the transport and logistics sector, the automotive industry, and the pharmaceuticals sector. Agriculture and agro-processing hold immense development potential, are important for employment, livelihoods and for food security. The automotive sector has featured prominently in the industrial strategies of Africa’s larger economies, namely South Africa, Kenya, Morocco, Tunisia, and Nigeria. Transport and logistics services are one of the five priority sectors of the AfCFTA as of 2023; improvements in transport and logistics will be critical to facilitate intra-continental trade and trade with global partners. The pharmaceutical sector has been on the agenda as a key way for African states to ensure dependence and health security, and has taken on added significance since the pandemic.

Companies associated with the Action Plan include the Coca-Cola company, Anheuser-Busch InBev and Heineken (together represented by the Worldwide Brewing Alliance Africa Beer Group), DHL, Dubai
Ports World, Volkswagen, and the International Federation of Pharmaceutical Manufacturers and Associations, among others.

Coca-Cola aims to establish a “Mango Hub” within the East African Community, leveraging the “common market” for easy cross-border movement of mangoes. The focus on mangoes is said to be advantageous as mango puree has a longer shelf-life than other fruit juice bases, making it easier to transport and store in the African context (where logistics can be problematic) and an asset to the local fruit juice industry. AB InBev and Heineken have committed to increase the share of grains they source in Africa. Thus far they have launched crop projects in Ethiopia, Uganda, Tanzania, Zambia, and Botswana. Collaborating with organisations like the World Food Programme, they aim to broaden the range of crops, including traditional (sorghum, cassava) and higher-value complex crops (barley, maize).

DP World is investing $80 million in a 300,000m² mega-logistics park in Sokhna, Egypt, through a partnership with Egypt’s Suez Canal Economic Zone. In Tanzania, DP World secured a 30-year contract to upgrade and operate a section of Dar es Salaam port, involving an initial investment exceeding $250 million, potentially reaching $1 billion over the contract’s duration.

Another aim of the Action Plan is to increase vehicle manufacturing to 4.5 million units (compared to 1.1 million in 2022), which would require the creation of at least 20 more plants on the continent. Mentioned in the Plan is the fact that Volkswagen is engaging in public-private partnerships in Rwanda, where it has partnered with government to create a modern farm featuring electric tractors. The government contributes land, permitting, and licensing support, while Volkswagen aims to establish a carbon-neutral business ecosystem, fostering positive socioeconomic and environmental impacts. The company envisions replicating such transformative partnerships as a model for future projects.
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