



# Bearing Consulting

*Stockholm – London – Barcelona – Geneva – Johannesburg*

## ICT as an enabler for regional integration in Africa

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## **AGENDA**

- About Bearing Consulting
- Overview of the region
- Overview of the region's ICT sector
- Benefits of regional integration
- ICT's role in regional integration
- Regulators' roles in fostering regional integration



# About Bearing Consulting

- Bearing Consulting is a consultancy incorporated in United Kingdom with local offices in London, Stockholm, Barcelona, Geneva and Johannesburg.
- The business was established in 2001, and operates under the Bearing brand name since 2004
- Through a resource pool of more than 70 expert consultants, we are currently engaged in projects across four continents
- Our consultants have on average 25 years experience and have held senior management or expert positions



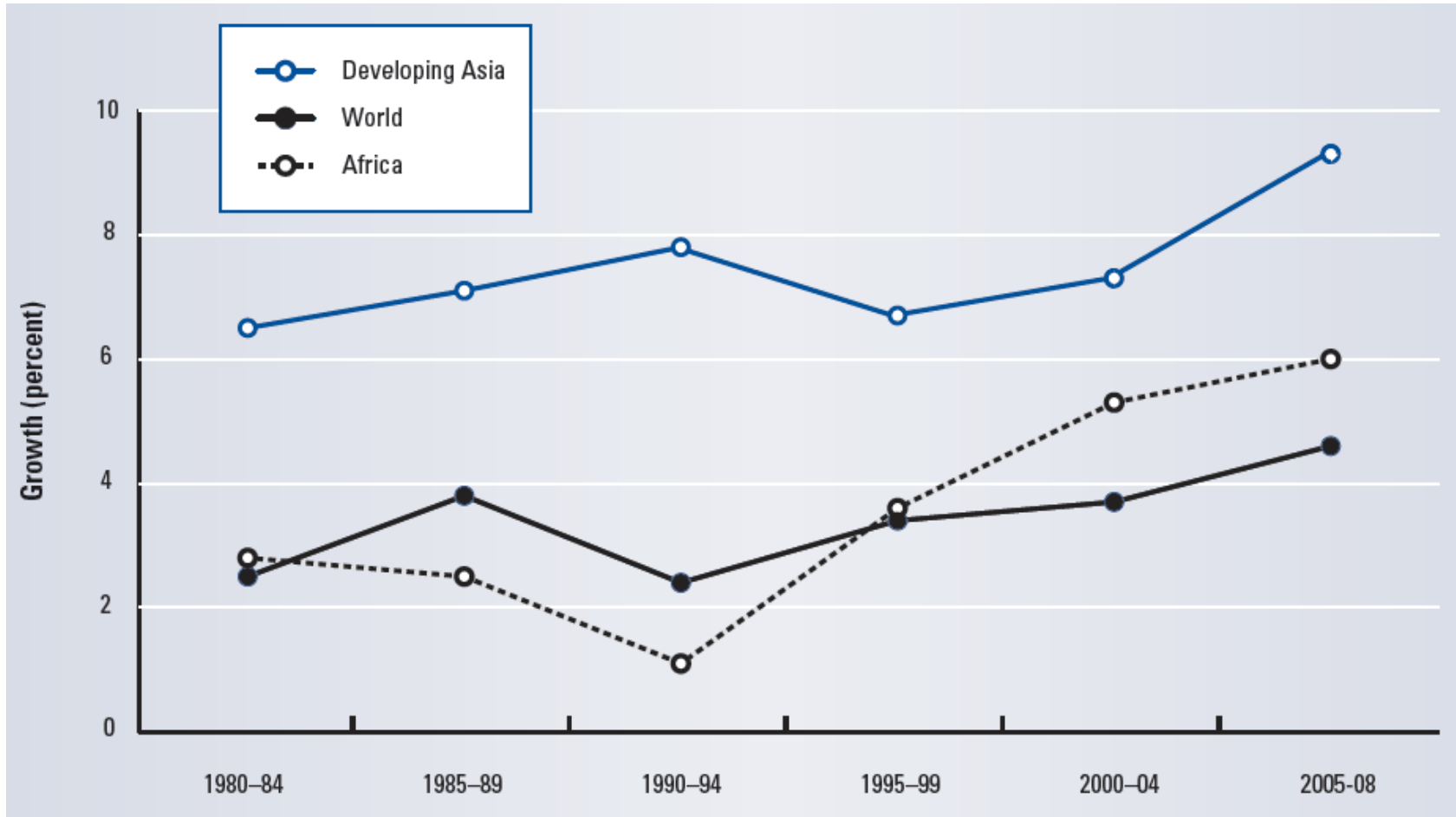
## Values

Our decisions and deliveries are based on shared values within Bearing: C<sup>3</sup>E



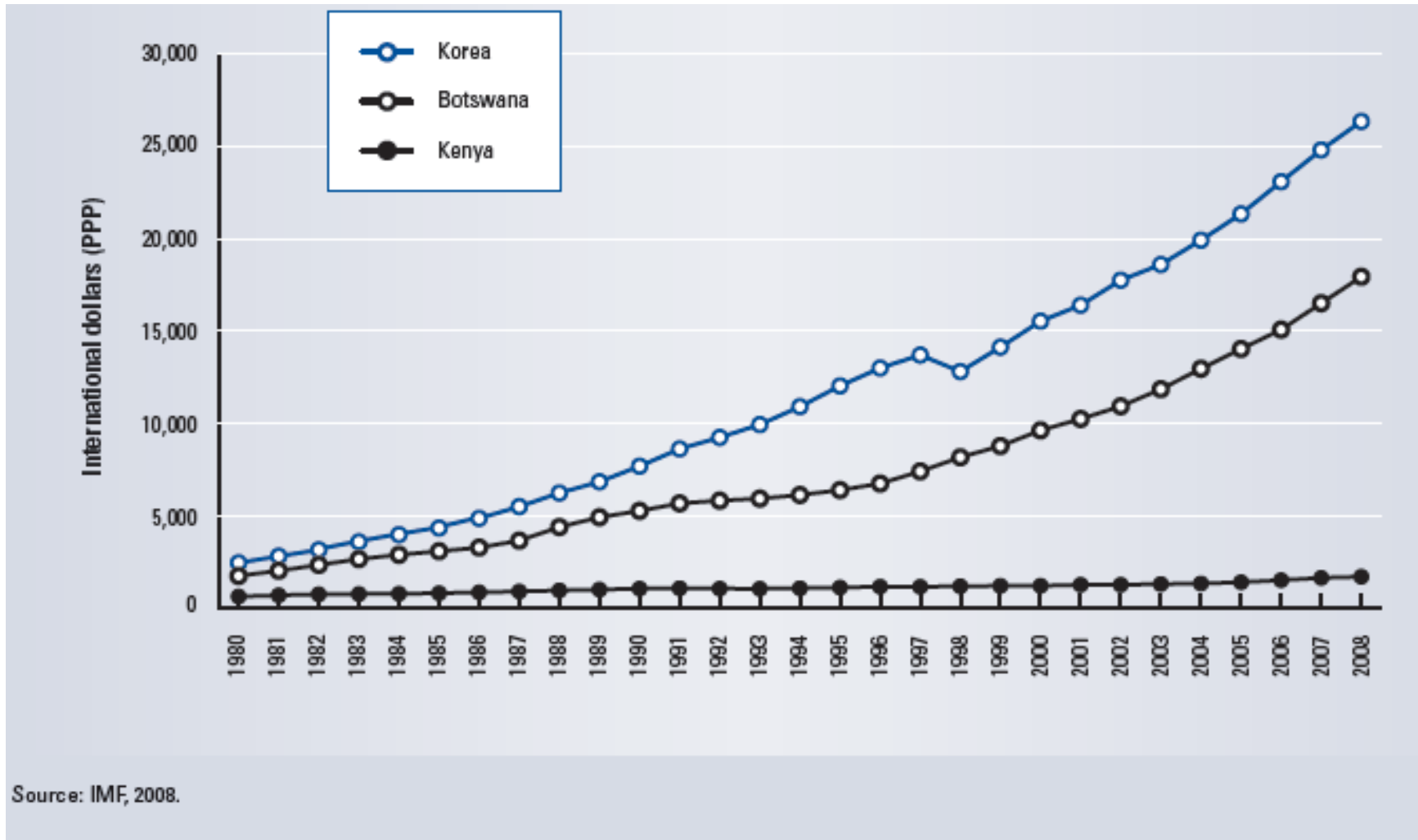


## Africa's comparative growth performance 1980-2008





## Gross Domestic Product based on Purchasing Power Parity (PPP) per capita GDP



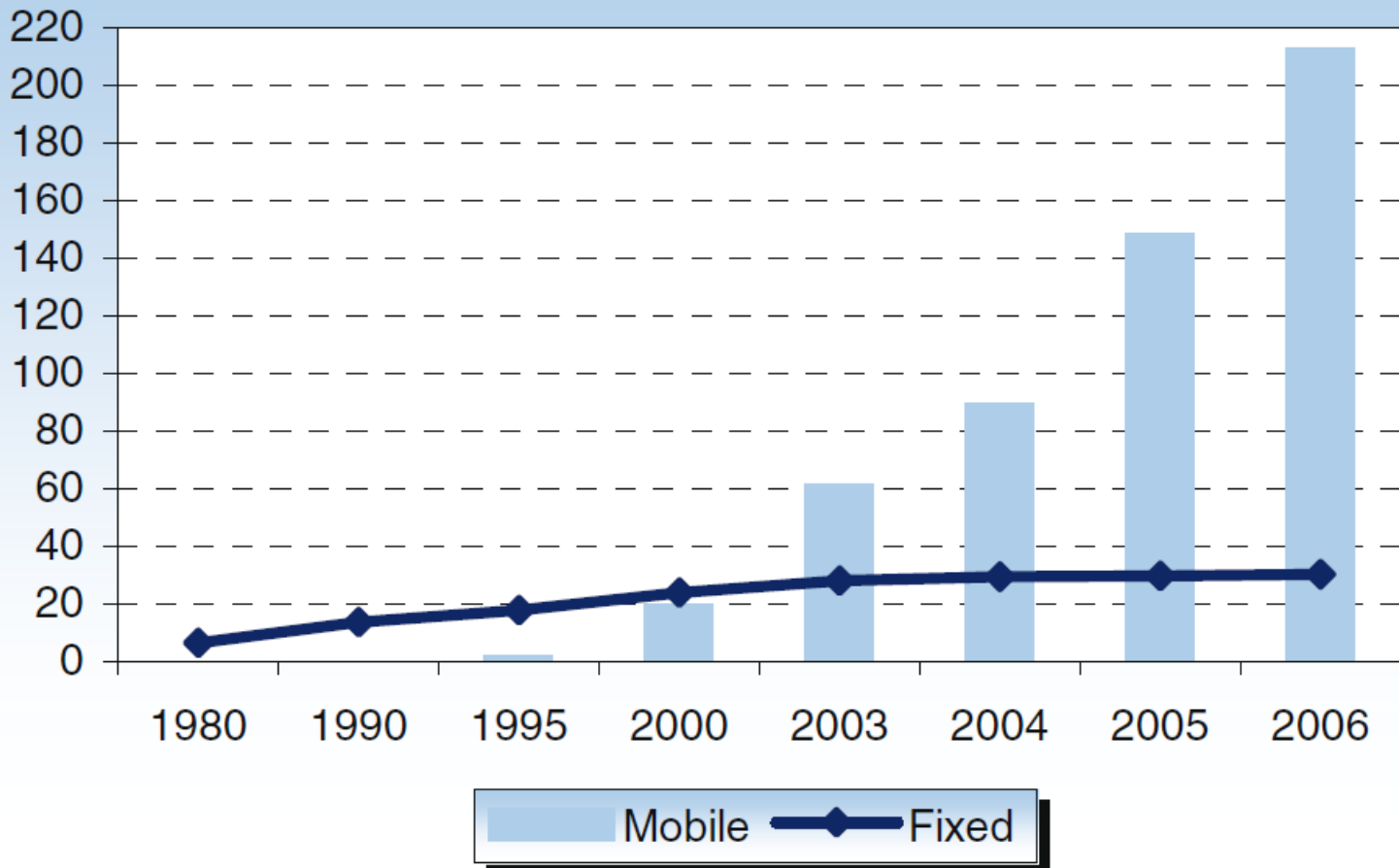
Source: IMF, 2008.



1. Intra-regional trade is very low – around 7%, compared to the EU's 76%
2. Abundant resources – minerals, land, water, people
3. Poor transport infrastructure and poor customs & border management and service quality
4. Insufficient energy production across Sub-Saharan Africa (e.g. Singapore electricity generation capacity is 11.5 GW for a population of 4M, Nigeria's is around 3 GW for a population of 150m)
5. Estimated 500 million mobile phones in SSA in a population of around 900 million (210 million phones in 2006)
6. According to the World Economic Forum, factors necessary for diversifying production and exports through export of services are
  - Human capital
  - Infrastructure, especially pertaining to telecommunications
  - Adequate institutions, in particular in the area of regulations and contract enforcement

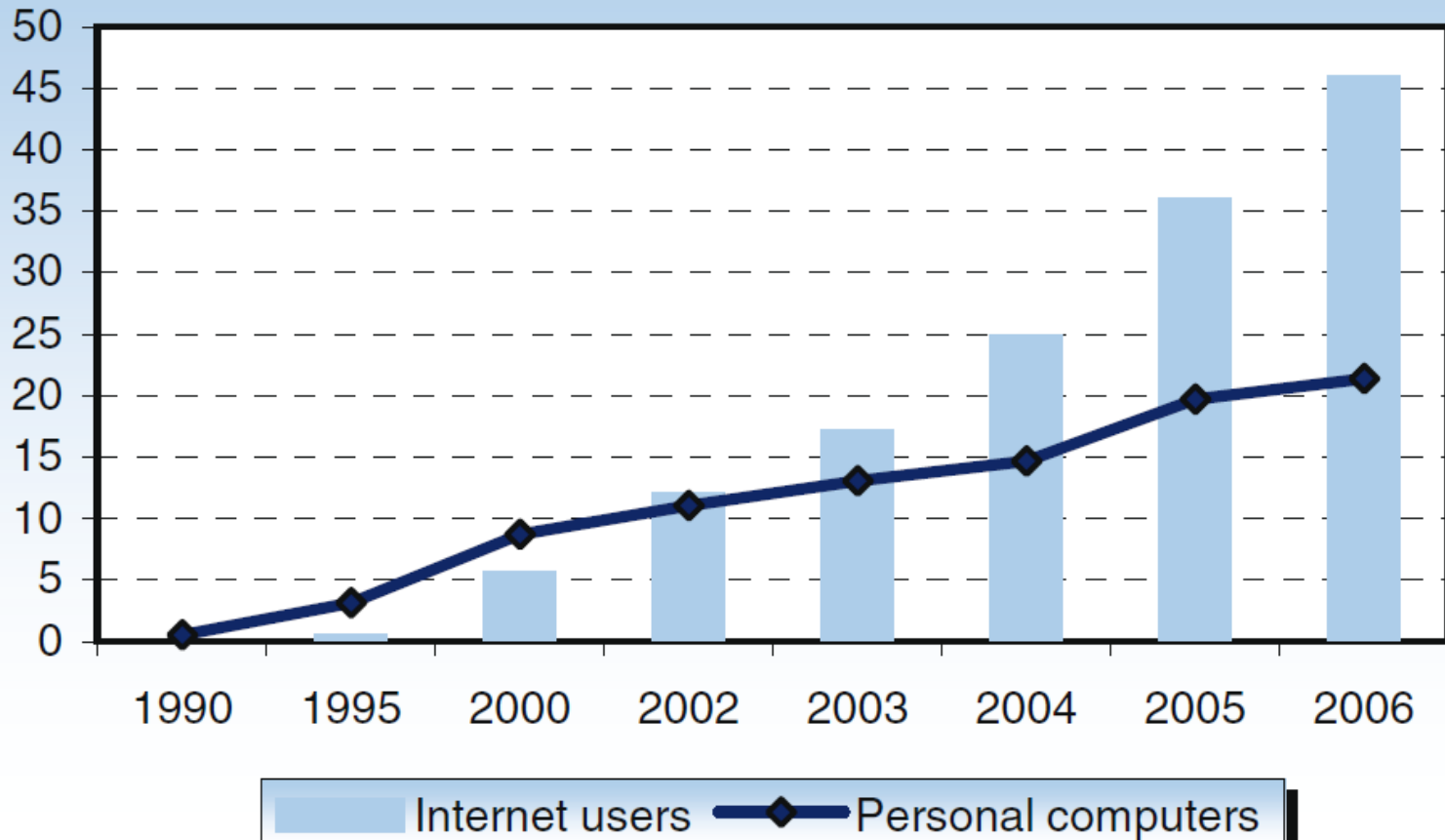


**Figure 1.11- Africa: Telephone subscribers per 1,000 inhabitants, 1980-2006**





**Figure 1.12 - Africa: Internet users and Personal computers per 1,000 inhabitants, 1990-2006**





1. Greater competitiveness
2. Greater economies of scale and operational efficiencies
3. Lower average costs, particularly important in the deployment of technology
4. Move towards a regional business efficiency frontier (lower cost/income ratios)



1. Integrate Customs & Excise operations and to streamline border operations, thus improving intra-regional trade – Scanning Systems
2. Streamline travel through visa waiver programmes
3. Harmonisation trade policies, tariffs etc. across economic communities and customs unions - SADC, EAC, COMESA and ECOWAS
4. Transparency of medicine prices – the variance in medicine prices across SADC is as high as 5,000%
5. Transparency in commodity and consumer goods products
6. Mechanisms to validate the authenticity and age of medicines and other consumer products
7. Mobile money through use of mobile phone technology and services such as M-Pesa, PayPal and Wizit
8. Systems to enable regional financial markets integration – trading and distribution of debt and equity



## Regulators' roles in fostering regional integration

1. State financed and/or subsidised broadband & telecommunications infrastructure – the World Bank reported a direct correlation between broadband access and GDP growth in Africa in 2010 through regression testing
2. Adoption of ICT systems and infrastructure to support Customs & Excise operations, trade policies and tariffs and the publishing of commodity, medicines and consumer goods prices across sub-regions either directly or through PPP (concessions etc.)
3. Provide a regulatory framework that will support banking and financial markets integration across the region and across sub-regions
4. Establish PPPs to exploit regional resource optimisation and stimulate private sector investment (e.g. energy trading)
5. Systems to support cross border trading of financial instruments (Debt management offices, national treasuries, stock exchanges)



## Regulators' roles in fostering regional integration

6. Given the daunting list of constraints that depress African productivity and export growth, African governments will need to:
  - Prioritise and sequence reforms and investments in the business environment and infrastructure in order to unleash the potential for growth in their industries
  - Bring together policies to promote competitiveness within a coherent strategy rather than as a series of ad hoc interventions. Experience shows that, in isolation, these interventions tend to be ineffective.



*“..because the execution of an idea is always more important than the brilliance of the thought..”*

**(Harvard Business Publishing – Morgan, Levitt & Maleck – INVEST model)**

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