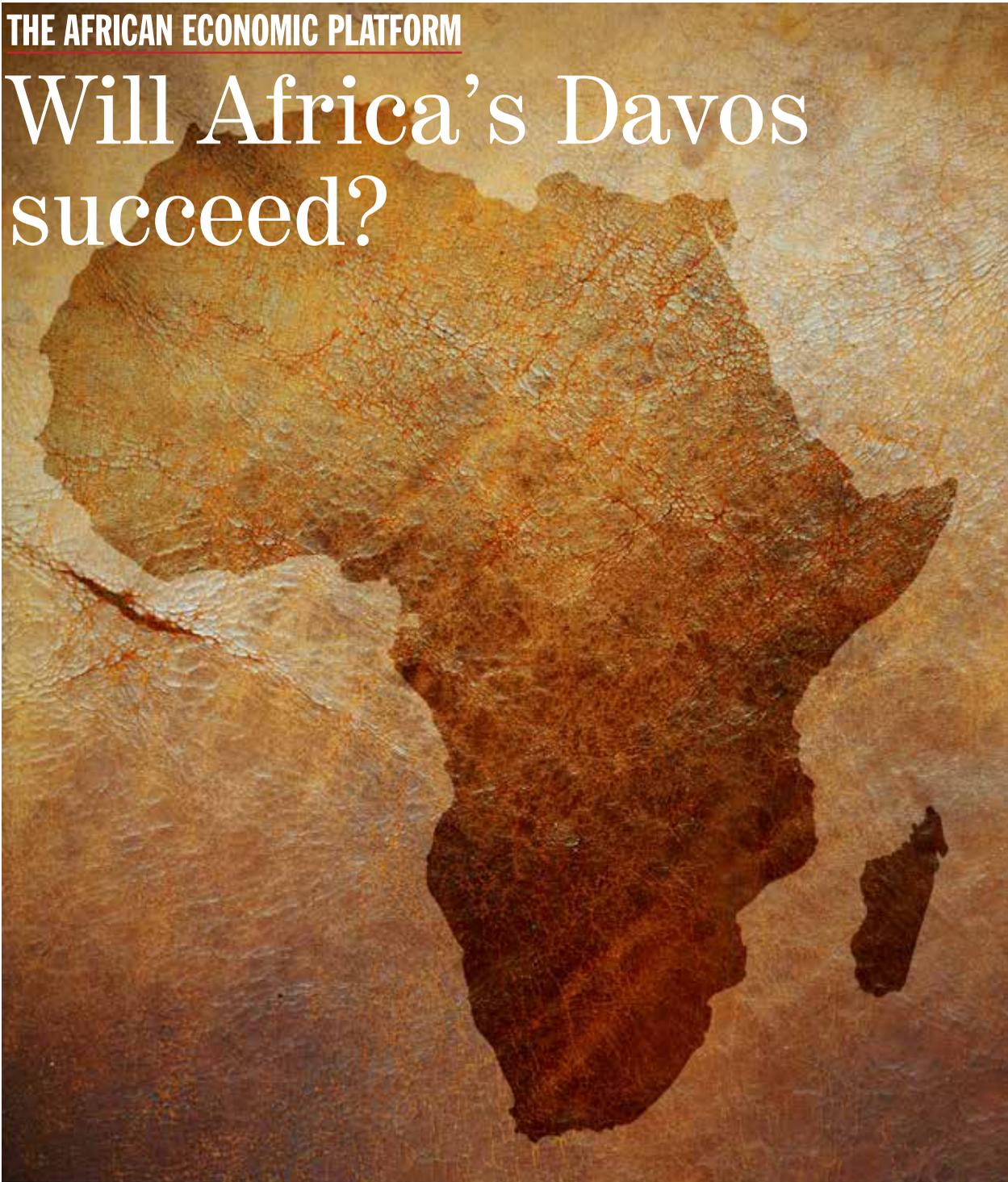


THE AFRICAN ECONOMIC PLATFORM

Will Africa's Davos succeed?



The AEP's catalytic role is meant to deliver quick wins, have a direct impact on socio-economic development, and win the confidence and commitment of African citizens.

By Garth le Pere

The African Economic Platform (AEP) closely resembles initiatives such as the World Economic Forum (WEF), the Boao Forum for Asia (BFA), and the Clinton Foundation. As such, the AEP serves as an organisational mechanism for bringing together Africa's political leadership, its academic community, business leaders, private sector, and civil society in order to collectively reflect on and develop common approaches to the economic transformation of Africa within the context of Agenda 2063 and the 2030 SDGs. It was created in 2014 by African Ministers of Foreign Affairs and the African Union Commission (AUC) on Agenda 2063 and got off to an auspicious start with its inaugural assembly of stakeholders in Mauritius from 20-22 March 2017. The AEP will also serve as a lobby and advocacy mechanism to influence the agenda of the African Union Summit of Heads of State and Government as well as other global summits for the purpose of accelerating Africa's integration.

The focus and relevance of the AEP thus takes on added urgency when it comes to the transformative vision of Agenda 2063 which is to achieve "an integrated, prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in the global arena". The ambition and vision of Agenda 2063 is, therefore, to set the entire continent on an irreversible path of growth and development over the next five decades, with continental integration providing the gravitational pull for bringing regions, countries, and people closer together in this common enterprise. The adoption of the first 10-Year Implementation Plan for Agenda 2063 in June 2015 provides the AEP with the first litmus test to prove its relevance.

The AEP's catalytic role is meant to deliver quick wins, have a direct impact on socio-economic development, and win the confidence and commitment of African citizens. Whereas African leaders often participate annually in the WEF to deliberate on African and global issues, the AEP's rationale is inspired by having a similar platform by Africans, for Africans, and with Africans. It thus represents a strategic intervention and an innovative endeavour by a range

of African stakeholders to develop an ecosystem of opportunities and options that would make a positive and enduring impact on the continent's economic transformation and integration processes.

Such an ecosystem is not only meant to provide momentum for realising the transformative ambition and vision of Agenda 2063 and the 2030 SDGs but very importantly, to ensure that the requirements and protocols of development finance for both are met and that the AEP's long-term sustainability is assured.

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sources of funding. Hence, there is an overwhelming imperative for Africa as a continental geo-political entity of 55 countries to finance its own growth and development. It is precisely in this existential context that the AEP has been established as an annual assembly for promoting results-oriented dialogue and frank discussion as a response to the financial sustainability of Agenda 2063 and meeting the 2030 SDGs while ensuring that the AEP itself is able to play a custodial role in this process over the long-term.

Modes of Participation and Organisation

The AEP wishes to follow best practice traditions of similar forums

such as the WEF, the BFA and the Clinton Foundation, but within a distinctive Pan-African idiom that is African-owned and African-driven and which is inclusive and pluralistic. In order to promote robust discussion and dialogue, the annual assemblies of the AEP will take place in a retreat format that strictly adheres to non-disclosure and attribution of views or identity under Chatham House Rules but whose final communique is expected to be endorsed through an AU Summit decision.

Every member state of the AU will be eligible to host the annual AEP assembly. As a platform its uniqueness lies in its convening authority and normative legitimacy which brings together state and non-actors from the continent and abroad. Besides governments and their delegations, the invited assembly includes leading continental institutions, corporate leaders, investors, African financial institutions, civil society activists, and international development agencies.

In order to concentrate the collective minds of these stakeholders, participation is restricted to AU Heads of State and Government, their delegations and representatives of the above sectoral interests. Representation requires a certain symmetry and balance between state and non-state actors as well as geographic representation. The stakeholders will be offered different but yet to be defined categories of membership but only those with an African identity and origin will be offered full membership, with the exclusive right to put items on the agenda for the annual assembly.

In its initial years of establishment, the AEP will be organised by the African Union Commission (AUC) and the African Union Foundation and its operational costs will be included in the annual AUC budget. Initial sources of AEP funding will include its membership contributions, and voluntary and assessed contributions from AU Member States. Coordination will take place through the office of the Deputy Chairperson of the AUC and a logistics committee will be chaired by the AU Commissioner for Trade and Industry with the assistance of an inter-departmental organising committee.

As an annual forum, it is important that the AEP also becomes the centre of an Africa-centred knowledge and advocacy community. This will require it to be capable of functioning within a strong capacity enhancement framework in financial, organisational and managerial terms. In this regard, it must play a leading role in developing the capacities for its own strategic governance and organisational management so as to ensure that the objectives of Agenda 2063 programmes and the 2030 SDGs are met, that they are on track, and that they have the necessary traction in purpose, performance, and outcomes.

Some Emerging Challenges

Firstly, from an institutional perspective, it is important that African governments become an integral part of driving the AEP process from year-to-year by growing its footprint as an ecosystem of opportunities and options which is closely aligned and tailored to Agenda 2063 and the 2030 SDGs. This will require both political and financial commitment as well as close cooperation with the AUC in the design and execution of the capacity imperatives that are relevant for a sustainable AEP.

Secondly, as a fresh initiative by, for, and with Africans, the AEP can draw on other best practice experiences of effective stakeholder mobilisation and resource utilisation which are germane to the AEP's support of the structural transformation of Africa through Agenda 2063 and the 2030 SDGs. The structures and processes of the WEF, the BFA, and the Clinton Foundation are instructive case studies which could inform the sustainability of the AEP (which we refer to below).

Thirdly, the AEP could also be considerably strengthened through robust and active participation by the private sector and emerging circles of African philanthropy. In much of Africa, there is too much dependence on external funding for development programmes. This has resulted in political, social, and economic agendas that are not determined by, with, and for Africans, thereby suppressing domestic agency, participation, and ownership. The substantial growth

and expansion of Africa's private sector and the significant scope of African philanthropy as a development resource could contribute to the AEP's sustainability if effectively mobilised.

The AEP in Africa's Political Economy

The AEP could be the catalyst for embedding this opportunity and options ecosystem in Africa's changing and improving political economy. The most critical development in this regard has been the signing of an accord by African Heads of State and Government in Kigali, Rwanda in March 2018 to establish the African Continental Free Trade Area (AfCFTA). When fully functional it will be the largest trade zone of its kind in the world, made up of 55-member countries, a population of 1.2 billion people, a GDP of more than \$3.4 trillion and with the potential to boost intra-African trade by 52 per cent.

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As a whole and notwithstanding the impact of the global financial crisis in 2008, Africa has managed to maintain an aggregate growth rate of around 4 per cent up to 2014 (compared to 3 per cent for the global economy) but this slowed down to 2.2 per cent for 2015/2016, then rebounded to 3.4 per cent in 2017 with expectations that there will be further expansion to 4.3 per cent in 2018. Total financial flows reflect the dynamism of Africa's domestic markets where inflows were \$180 billion and remittances amounted to \$66 billion in 2015.

It is also salutary for Africa's integration and the AfCFTA that a combination of economic and demographic factors will result in a significant expansion of wealth over the next 15 years, with Africa's total GDP projected to increase to \$2.6 trillion by 2020 and to \$15 trillion by 2060.

There are also great opportunities for industrial beneficiation which takes advantage of Africa's great bounty of natural resources and human capital and this is in line with the African Union's injunction that 'green' industrialisation should underpin inclusive economic transformation. A further impetus for economic growth is provided by increasing levels of urbanisation and the fast emergence of an African class of consumers: by 2030, 18 of the continent's major cities could have a combined spending power of \$1.3 trillion.

Overall, there have been major improvements in the values and standards of political, economic, and corporate governance, thanks in large measure to the efforts of the African Peer Review Mechanism to which 37 countries now subscribe (as of March 2018). However, we cannot ignore low levels of accountability, deficiencies in combatting corruption, and the mounting challenge of dealing with illicit financial flows (where losses are estimated at \$50 billion per year).

Persistent Systemic Concerns

To add to these and on the reverse side of the ledger, there are significant systemic concerns often associated with scepticism about Africa's rise. To name but a few, these are poverty, high unemployment, unequal distribution of resources, HIV/AIDS, political instability, food and human insecurity, poor governance, weak institutions, and environmental degradation. All these are symptomatic of the skewed ownership of income, assets, and productive capacity but also of a democratic recession and political instability. The main consequences have been restricting the voices of ordinary people in political participation and decision-making and this has had a material bearing on the reversion to authoritarian and repressive forms of rule as well as the rise of religious extremism.

Africa's problematic political and economic fortunes are compounded by persistent neo-patrimonial forms of governance and patronage culture where public resources and power are appropriated for narrow sectarian or corrupt ends. Other structural

problems include a general decline of already weak manufacturing and agricultural sectors; chronically high unemployment rates among Africa's women and youth; and the concentration of growth in the commodity and extractive sectors.

Crafting an AEP Response

In view of these considerations and challenges, Africa's transformation destiny must be predicated on its own agency and the promotion of a narrative that captures its own past and present experiences but with a firm eye on crafting a better future. The AEP could provide the strategic leverage and practical pathways in demonstrating how Africa's multi-layered human and natural development assets could be harnessed as a critical part of this transformation destiny.

This will be profoundly shaped and influenced by how the continent, its regions, countries, and people find a commonality of purpose that draws on four interconnected spheres of environment, economics, politics, and culture. Environmental concerns must be located in the challenges of addressing climate change adaptation and mitigation; economic concerns on promoting welfare-enhancing and inclusive growth and development with a focus on 'green' futures; political concerns with improving governance especially with regard to more effective institutions and better policy implementation; and cultural concerns must take account of how Africa's great diversity of people, language, and belief could be turned into an asset of social development.

How these spheres are brought together in a virtuous circle is the normative equivalent of Africa's 'quadruple bottom line'. Moreover, these interconnected spheres become even more material in the broader vision Agenda 2063 and the 2030 SDGs so as to ensure sustainable futures and social justice for Africa's ever-growing population which continues to be scarred by endemic poverty, political instability, and ethnic exclusion.

The geographic size and socio-political complexity of Africa will demand a level of sustainability of the AEP that is capable of designing and

implementing practical metrics and tangible outcomes that are necessary for realising the letter and spirit of Agenda 2063 and the 2030 SDGs and in terms of the opportunities and options ecosystem mentioned above.

Towards a Sustainable AEP

The main challenge for the AEP and its stakeholders is how to maintain its healthy diversity and how to become a productive and resilient component of Africa's transformation destiny in terms of the essential tenets of Agenda 2063 and the 2030 SDGs. The sustainability ethos of the AEP should be based on how it could become the essential instrument for the successful implementation of a new development vision for both the continent and its people.

Consequently, its sustainability must

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be underpinned by its organisational functionality, operational effectiveness, branding credibility, and self-financing ability over time. This must be accompanied by reachable short- and medium-term milestones that concentrate on putting in place the correct mix of organisational and Africa-wide stakeholder arrangements which are strongly supported by competent human resources and effective financial arrangements.

The AEP sustainability mechanisms must therefore ensure that there is sufficient buy-in and ownership of the platform process among stakeholders such that, on one hand, its annual convening is certain and guaranteed; and on the other, it must be a steering mechanism for prudent and achievable outcomes that are

measurable from year-to-year. In addition, it must demonstrate tangible evidence that there is both necessary and sufficient progress in implementing recommendations and initiatives which flow from the annual gatherings as far as Agenda 2063 and the 2030 SDGs are concerned.

The sustainability of the AEP will thus depend on building the foundations for constructive engagement between governments, political parties, business, professionals, academics, trade unions, religious groups, NGOs youth and women for the purpose of shaping short-, medium-, and long-term targets and agendas around the common themes of Agenda 2063 and the 2030 SDGs. The AEP's sustainability must, therefore, be forged in the crucible of developing strategic and innovative partnerships in Africa and globally and defining best practice models and traditions.

The AEP and its *raison d'être* very much represents a form of 'indigenous institutionalisation' and as such it should help to pioneer new forms of domestic resource mobilisation and financing to underwrite its own as well as continental initiatives, with much of this responsibility being borne by African governments. This is the essence of the proclamation of 'The Africa We Want' in Agenda 2063 and the African Common Position on the 2030 SDGs. However, domestic sources for its own operations could be significantly enhanced if the AEP could focus on new forms of philanthropy as part of its sustainability outreach and as a strategic plank in its annual platforms. There is great scope for African business, commerce, and financial sector to support the operations of the AEP.

The Scope for African Finance and Philanthropy

Against the above imperatives for growth, development, and integration, it is something of a sad irony that despite a rich repository of resources, Africa cannot finance its own development. The components of Africa's largesse show that the continent derives \$520 billion from annual domestic taxes and \$168 billion in annual income from its natural resources; has \$400 billion

in international reserves, \$1.2 trillion from stock market capitalisation, and \$160 billion from Sovereign Wealth Funds; and that it can raise \$64 billion in Diaspora remittances, \$20 billion in Diaspora bonds, and another \$60 billion by curbing illicit financial flows.

It is also noteworthy that in 2016 Africa had 700 large companies which were earning revenues of more than \$500 million annually and that many of these companies have a growing Pan-African profile. Taken together, they have revenues of \$1.4 trillion and represent critical and strategic growth sectors in energy, telecommunications, retail, healthcare, transportation, and construction.

Corporate and commercial success is replicated and manifested in the wealth and prosperity of actors in the private sector. In 2009, there were 107 000 individuals who represented Africa's High-Net Worth Population defined by individual base assets of \$30 million (excluding their main residence). By 2013 this population had increased by 30 per cent to 140 000 and is currently around 180 000. It has High-Net Worth wealth of \$1.3 trillion while it is estimated that the potential for High-Net Worth and institutional philanthropy is between \$3 and \$7 billion. However, of the 40 wealthiest Africans on the Forbes list, only 22 had philanthropic programmes while self-reported donations amounted to only \$825 million. (This figure is indicative since there is also a large measure of giving that is informal and not publicised.)

More specifically, the AEP stands to benefit if it is able to take advantage of the expanding landscape of institutional philanthropy. This is characterised by an infrastructure made up of private, corporate, and family foundations; community grant-makers; worker's trusts and pension funds; public foundations; financial services mechanisms; and a range of intermediary offerings. Philanthropic efforts traverse a wide spectrum but are mainly directed towards education and health, poverty alleviation, entrepreneurship, support of community radio stations, scientific discovery, and relief for refugees and displaced persons.

It is worthwhile, therefore, that we

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briefly examine the World Economic Forum, the Boao Forum for Asia, and the Clinton Foundation since they could be informative for the AEP. Space does not allow for more detailed examinations of their institutional and administrative organisation, and the management of their human and financial resources but the sketches below do provide the necessary insights as to their relevance for the AEP.

The World Economic Forum

The WEF has gained global recognition (and even notoriety) for its annual gatherings at the end of January in Davos in the eastern Alps of Switzerland. These gatherings see a coming together of about 2500 top business and corporate leaders, heads of state and government, top government officials and cabinet ministers, heads of regional and international organisations, and leading lights of the academic world, celebrities, and members of the media. At any meeting these participants come from about 100 countries. Every year, the annual meeting will concentrate on a particular theme. For example, in 2015 the theme was the new global context; in 2016, mastering the fourth industrial revolution; in 2017, responsive and responsible leadership; and in 2018, creating a shared future in a fractured world.

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The WEF relies on 1000-member companies to fund its activities, most of which are multi-national enterprises with more than \$5 billion in revenue. There is a stratified system of membership according to engagement and participation in WEF activities. In 2011, the annual individual membership fee was \$52 000 while an 'Industry Partner' had to pay \$263 000 and a 'Strategic Partner' \$527 000. These annual fees were raised in 2014 by 20 per cent and this has remained constant to date. Current general admission to the Davos meeting is \$19 000 per person.

Following the rise of anti-globalisation protests in 1999, the WEF began to invite non-governmental organisations (NGOs) and this participation has increased ever since as the WEF has sought to address criticisms that it suffered from a trust deficit; was a purveyor of neo-liberal and market-friendly ideas that increased poverty and destroyed the environment; and that it pandered to a 'Mafiocracy' of bankers, industrialists, technocrats, and politicians.

The Boao Forum for Asia

The BFA, also referred to as the 'Asian Davos', was established in February 2001 by 26 very diverse countries under the rubric of promoting regional integration and growth. The founding members include Australia, Bangladesh, China, India, Kazakhstan, Korea, Myanmar, Malaysia, Nepal, the Philippines, Tajikistan, Singapore, and Vietnam. It derives its name from the town of Boao in China's southern Hainan province which has been the permanent venue of the forum since 2002. Between 2006 and 2016, three more countries joined, bringing its current membership to 29 countries.

Recently the BFA has been concerned with the implications of anti-globalisation sentiments originating in the West but especially in the United States and how this would affect the BFA agenda on economic integration and trade liberalisation. Such concerns have been compounded by the prospects of trade wars, geo-political rivalry, protectionism, and other neo-mercantilist tendencies. The problems of deteriorating growth and

growing trade deficits in the United States and the European Union have raised particular challenges for the Asian global value chain. This could undermine the inclusivity norm of globalisation and thereby have detrimental effects on members of the BFA, particularly China.

While the BFA does represent an alternate to the hegemonic agenda-setting of the WEF, it has not been able to successfully crystallise or cross-pollenate its ideas into other regional forums in Asia where it could exercise considerable policy influence. This has much to do with the elastic nature of its annual themes, where one is quickly eclipsed and superseded in favour of the next, without due follow up or continuity of purpose. Rather than building its comparative advantage as the bellwether of Asian integration, it reproduces annual themes that make it appear as striving too hard to match the WEF in impact and importance.

The Clinton Foundation

Upon leaving the White House in 2001, President Bill Clinton's vision was to set up an NGO that would be dedicated to addressing growing global inequalities and thereby, deliver tangible outcomes that could improve the lives of people all over the world. He would accomplish this by leveraging the unique capacities of governments, partner organisations, and a range of like-minded individuals. And thus began the work of the Clinton Foundation which through to 2016 has raised around \$2 billion from American corporations, foreign governments, political donors, and a constellation of wealthy groups and individuals.

Achieving tangible results has been contingent on Bill Clinton's ability to "wrangle rich people's money for poor people's problems". By the Foundation's own reckoning, it has improved the lives of at least 430 million people spread across 180 countries and this has been made possible by close to 3000 action commitments made at the Foundation's convened meetings. Initiatives are inspired by the Clintons' commitment to action and are as divergent as improving crop yields in Africa, earthquake relief in Haiti, fighting childhood obesity in the US, doing something about climate

change, and reducing the cost of HIV/AIDS drugs worldwide for 10 million persons.

The Clinton Global Initiative (CGI), set up in 2005, is the most prominent of the Foundation's activities and its annual meetings attract a cast of the wealthiest and most influential people in the world, including current and former heads of state, Nobel Prize laureates, leading corporate and industry barons, and representatives of the world of foundations, philanthropy, and the media. After the CGI was set up – almost as the antithesis of the WEF and as "Davos with a soul" – the Foundation's revenue more than doubled from US\$58 million to US\$134 million between 2005 and 2008. By 2009, the Foundation had revenues of

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US\$242 million but declining to \$223 million in 2015, with nine branches and independent fundraising arms in Canada and Britain.

An entry ticket to the CGI annual meeting costs \$15 000 and corporate sponsors can pay up to \$250 000 to have their profiles showcased in the meeting's official literature as well as being invited to exclusive receptions hosted by the Clintons. An annual highlight of the CGI is the granting of the Clinton Global Citizen Awards to "outstanding individuals who exemplify global citizenship through their vision and leadership".

Charity Watch has given the work and achievements of the Clinton Foundation an 'A' grade based on the

fact that 89 per cent of its donations have directly funded its initiatives or have gone into Clinton programmes. However, questions have been raised about the transparency of donation sources, especially from governments which are perceived to be currying political favours, for example, like those in the Gulf Region of the Middle East. There has also been the problem of possible conflicts of interest while Hillary Clinton was Secretary of State and ran for the presidency of the US when accepting foreign and politically sensitive donations became a major issue.

Concluding Remarks

The analytical messages presented here as well as the didactic experiences of the WEF, the BFA and the Clinton Foundation, demonstrate the importance of developing multi-stakeholder participation, commitment, and involvement on the basis of a shared and common enterprise. The AEP must therefore be seen as a compact for driving a Pan-African programme that addresses major growth, development, and integration concerns and brings these into a productive and virtuous circle that is capable of uniting the entire African community in the pursuit of the objectives of Agenda 2063 and the attainment of the 2030 SDGs.

Its success or otherwise will firstly and in large measure be determined by its approach and methodology to governing its own structures and processes; and secondly, by how it builds and develops the necessary synergies with its multiple stakeholders and sectors with a view to providing the necessary means of empowering them in advancing the frontiers of growth, development, and integration as these are expressed through Agenda 2063 and the 2030 SDGs. All this effort must be predicated on a realisable and sustainable agenda directed at the structural transformation of Africa for the benefit of all its people.

It has often been said that Africa is the graveyard of grand continental schemes. Let us hope that the AEP is not another false dawn that falls prey to the curse of Cassandra. ■