

WEF's promises for Africa growth

The World Economic Forum is underway in Durban, South Africa, this week, with a particular focus on the continent of Africa, its opportunities, challenges and future growth.



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The global economy is no doubt facing some major challenges. Sluggish growth, leading to stagnant global trade, subdued investment and increasing policy uncertainty world-wide, are just a few. Further to this, with economies worldwide on the cusp of a fourth industrial revolution, which is expected to drive significant change to global industries and business models, there is also major concern around jobs of the future, and potential job loss – with pressures mounting on industries to drive innovation, harness technology and to create a new way of working and growing.

Kunle Elebute, national senior partner, KPMG in Nigeria and chairman, KPMG West Africa, said: “While Africa is presented with a number of challenges – some closely aligned to the global view and others completely unique, the continent also holds many opportunities for future growth. However, these opportunities can only be unlocked, if we tackle them systematically and if we focus on the core of what drives an economy – infrastructure, its people, and its ability to innovate and improve growth.”

Africa’s growth and development is intimately linked to infrastructure development on the continent, and in many instances, the lack thereof.

Key challenges

In fact, possibly the biggest obstacle for the continent to adapt to this next revolution is the lack of sufficient infrastructure. It is well known that there is a direct correlation between infrastructure and; building or accessing markets, workforce productivity and – generally – economic growth and social development. However, the reality in Africa is that it faces a number of key challenges within this sector including:

- Economic hubs or nodes are geographically dispersed, where there are 1000’s of miles of very rural land in-between them.
- There have been very few collaborative strategies, planning or development of cross-border infrastructure projects – where rather, most countries have been focused on what they need to do in-country to improve infrastructure networks.

- There are limited funds available to fund long-term development infrastructure projects, or to maintain the ones that are built. This has left a financing gap in this sector, perpetuating bottlenecks that make these projects less attractive to investors – both foreign and local.

“Addressing these key issues and devising collaborative plans that focus on regional integration and cross-market support will be critical this year,” continued Elebute.

Furthermore, as the world starts moving more rapidly towards the Fourth Industrial Revolution, the impact of digital transformation needs to be looked at. This sector bodes immense opportunities to further bridge the digital divide between emerging and developed markets, as well as provides great opportunity to support and advance the millennial generation and entrepreneurs in Africa – the future business owners and leaders.

Adapting to the Fourth Industrial Revolution therefore is a strategy that can be more inclusive, as it will empower African states to harness the technology and the skills available to them, as well as enable these states to continue to form part of the connected, global economy.

Such a movement would need to encompass key strategies, underpinned by significant investment into R&D on the continent, a realignment of education to increase talent pools and skills transfer and the opening up of cross-border trade – making business in Africa easier and less complicated to stimulate growth.

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To this end, innovation and job creation also play a pivotal role in the economic development of the continent and there is no doubt that a stringent focus will be placed on these two areas in this year’s WEF conference.

It is about unlocking regional growth in Africa, understanding the demographics and how they can work for the continent, and developing solid strategies to mitigate the skills gap and drive forth sustainable job creation opportunities – through encouraging innovations and enabling a better Africa.

Elebute added, “Africa has very often done things differently, leapfrogging the banking sector with the advent of online and mobile banking, for example, and using innovation to create growth and opportunities. This is evidence of the power of technology and in the coming years more focus needs to be placed on harnessing the power of what new technologies can offer and, as industry players, finding ways that we can better use it to create opportunities.”

Significant change

This year's WEF will get organisations thinking about the implications of technology on their own businesses. Core to this is understanding the impact it will have on the workforce across Africa. Statistics indicate that one of the top five labour market shifts that are affecting strategy include the changing workforce, at 43%, driven strongly by workforce technology. This is scaring employees and employers alike however, it is more about adding additional value to what would have been a transactional process than replacing the human element. Elebute indicates that this is one of the definite shifts we will see into the next year and beyond.

Nhlamu Dlomu, KPMG executive board member, partner, head of people and change, agrees and indicates that Africa has been doing the same thing for years and certainly, the continent is on the verge of seeing significant change.

"Changing the way Africa employs, educates and manages existing or potential employees is set to be a sure focus. And entrepreneurship is at the centre of this – harnessing the 59% of millennials who are entering the job market and demanding a different workforce strategy, using entrepreneurs to provide core business functions instead of expanding the business head count and creating opportunity for skills transfer and development – across and inter-Africa," said Dlomu.

Africa is on the brink of a workforce revolution – driven by technology and new job seekers – and it is now that policies need to be adapted, businesses need to realign what they once knew and - as a collective - the continent needs to define new strategies to move forward, with conviction.

"Africa is a massive continent and more governments therefore need to start thinking smartly around their urban areas, planned infrastructure projects, job creation and the power of connectivity and digital transformation – as this can significantly reform their strategies; towards investment and development that will underpin their adaptation to the Fourth Industrial Revolution, and will empower and enable their nations to leapfrog," concluded Elebute.

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