

**Communications Africa**  
**“Role of Private Sector in Africa’s Digital**  
**Inclusion”**  
**Addis Ababa, Ethiopia**  
**15-18 March 2002**

**Contribution of the Private Sector to Regional**  
**Integration**  
**and Success Stories**

By Ms. Sophia Bekele  
**President/CEO**  
**SbCommunications Network, plc**  
**Addis Ababa**  
**A CBS International Company**

# Contribution of Private Sector to Regional Integration and Success Stories

-----By Ms. Sophia Bekele-----

Paper presented to Communications Africa 2009

Honorable Ladies and Gentlemen  
Mr/Madame Chair

It is a great pleasure for me to be invited by the conference organizers of Communications Africa 2000.

The theme "Role of the Private Sector in the Digital Inclusion" could not have been better selected by the organizers as we representatives of Private Sector well know that the Private Sector in Africa is well excluded and marginalized not only the regional economies where we can work with each other to the global economy were I personally believe we are excluded from'. w, having said that want to thank the organizers for their efforts today and throughout to bring this highly explosive issue of the private sector in Africa by creating the necessary dialogs and debates among us.

One of the conference key topics is deal with bringing in regional and international bodies higher for the development of ICT in Africa. The emergence of global initiatives aiming are reducing the digital divide between Africa and the developed countries such as the United Nation's ICT Task Force and the G8's DOTFORCE, created by the G8 Heads of Government, the New Economic Partnership for African Development (NEPAD), and the African Union and other similar initiatives of development agencies and multilateral organizations are all aimed o bridge the digital and economic divide in one form or another.

Th implications of these initiatives for Africa also mean that Africa needs to redefine its position to the service of development and enhance the inclusion of Africa into the global economic world. Towards this end, Africa will be able to prepare an African Position to the Dot Force, UN Economic and Social Council (ECOSOC) United National Task Force, World Economic Forum and other International Foras on the digital divide.

While the subject on regionalization and internationalization could be debated jointly or separately, the focus of my presentation in this regard will be on how the private sector in Africa thus far have aided the integration of regions and how it has also contributed to the development and expansion of ICTs in Africa regionally. In parallel, I want to address some of the common issues such as why progress has been slow?, where are the success stories and what factors explain them? Who are the winners and losers in terms of ICT-related regional integration in Africa?

Let me first give definition to Regional Integration (RI). RI deals with the cooperation and harmonization of national and international development strategies that has to do with political, economic, social issues focusing on development and the creation of a common market and preferential trade attainments within a region. For Regional Integration to be successful, there has to be an implementation strategy for accelerated economic development on a regional-wide basis. I would like to mention here foras such as Communications Africa 2000 or institutions that support it like the UN create a 'talking-shop' enabling environment on issues and strategies that would accelerate and facilitate integration of different regions to bring about, more often than not avenues for discussing the issues. That is all it can do, even the UN does not have political mandate in any country. The institutions that have the political will and mandate e.g. ECOWAS, OAU (AU), PTA, European Union, NAFTA, etc. can only commit their respective countries to the process, therefore to implement any of the strategies for regional integration.

**The reasons behind why progress has been slow, first** and foremost is the differences of opinions and instability in Politics that present one of the major hindrances to regional integration. Unless, the environment is stabilized, and peace and security is established, you cannot pursue National Strategies, an example could be Somalia, let alone develop regional strategies for cooperation and harmonization (Ethiopia/ Eritrea, Somalia). Somalia is a good example of 'free economy', but yet, it is based on "Carpet Bag Capitalism", where companies/organized groups are taking advantage of instability after a war condition. But there is still not a co-coordinated national or regional development strategy. By this, we go back to the

strength of the regional institutions, the ECOWAS, SADC, AEC etc that have to bring about the changes for peace, security and economic prosperity. The member countries have to adhere to the minimum standards of the policies and procedure set out by these regional institutions.

**Second**, there is the **lack of economic critical mass for development** i.e. infrastructure, Foreign Direct Investment (FDI), access to capital, and limited role of private sector as an engine of growth. A COORDINATED approach to infrastructure development is important, be it roads, information infrastructure, national and international airports, etc.. Foreign Direct Investment is a must for development, despite the continued perceived risk on political and economic instability. Additionally, Private Sector should be given critical role in being at the forefront of markets, harnessing of technology and competition, which eventually contribute to the flourishing of the economy. Local capital markets will need to develop new financial instruments to support capital investment and to help mitigate currency risks.

**Third**, while it is mandatory that **key institutions do need to cooperate** for successful regional integration. There is the lack of development of NATIONAL Institutions in each country let alone cooperation within regions.

Fourth, is the **enabling environment for cooperation and integration**. If within a given Country, there is an already established open and competitive environment; it is easier for such a country to contribute to the formation of a regional open market aimed at regional expansion/interest. Broader business environment, with respect to tax regulation company registration, and business law, including contract dispute resolution need to be addressed.

There are many **success stories of private sector companies** that have aided regional integration. MTN, ECONET, Africa on-line, Dimension Data are some of the ICT related success stories in regional economic integration. These companies have gone regional because an enabling environment was created for them at home. To strengthen this point, lack of competition due to policy level issues and monopolistic environment leads to weak economies that hinder companies from competing or even developing regionally. Again, the new market must be ready to the expanding company. For instance, taking the case of two important South African Companies that have expanded globally namely Dimension Data and Old Mutual. Both companies became too big for South African market and had to expand globally, because they have the necessary capital base to pursue their global ambitions. They did not expand into African markets. On the other hand, South African Banks have expanded into other African countries because they have competitive advantage based on experience they already gained in a more developed and competitive market. The market they expanded to did not create any barriers to entry. The banking industry the African Market they expanded to needed their presence.

**Why did the South African Banks NOT expand to Wall Street?** In Wall Street, you already have first Class Banks like Citi Bank, Bank of New York, Chase Manhattan, and Chemical Bank, Bankers Trust etc... This market is for global players and not for regional players. Big German Bank like DutcheBank, Commerz Bank, with their massive capital base and experience gained in advanced European Markets can go to Wall Street and compete with the American Banks and Japanese like Bank of Tokyo, Mitsubishi and other Asia Banks such as Bank of Hong Kong & Shanghai Banking Corp (HSBC). In a nutshell, what drives private sector involvement in regionalization or globalization includes, strong capital base, strategic competitive environment, the willingness to pursue either a regional or global business policy and a free competitive environment based on open markets.

The profit motive is only to ensure that the business operations are sustainable in whichever market they are operating and does NOT actually drive their regional strategy or global strategy. Finally, if companies expand for whatever strategic reasons into new markets, the perspective of regional integration or globalization become paramount, because ultimately, the benefits of such expansion aids the regional integration or globalization process.

**In ICT sectors**, companies like MTN have expanded in the African market because they have something to offer to these markets. MTN can expand to Nigeria for instance, but cannot expand to England or Ethiopia, two different markets. One is a global market and the other is a regional market. The same applies to MNET, which cannot operate in North American markets, where there are well established Cable TV companies offering highly developed content from the American Entertainment industry.

One can present **concrete examples and recommendations** regarding the role of Private Sector ICT companies and Regional Integration. Regarding ICTs generally, there is the present “mistake” of focusing too much on the new ICTs, e.g. Internet (e-mail, web etc.), GSM, mobile phones and Satellite based voice and data communications and disregarding the old ICTs. Such as radio, terrestrial television, telex to mention but few. People in distance African villages have received news information including sports commentary, music and entertainment programs and educational programs through Radio. One new recent improvement in Radio broadcasting technology is the adaptation of global satellite technology to Radio eg. **Worldspace**. Using the improved bandwidth of Satellite technology compiled with the global reach and coverage possibilities offered by satellite, various contents, news information, music, educational program, data are disseminated via the Worldspace Radio Channels. World Space is a commendable Private Sector initiative that has married an old ICT (radio) to a new ICT (Satellite). The Proper content is requires for communicating news and information, health issues, agriculture, (eg. The Challenge still remains how to harness the ICT possibilities offered by this medium to enable it be of proper benefit to the large rural population in Africa. Finally, Worldspace is a very concrete example of an ICT application that could and is being used to foster regional integration among African countries through the dissemination of information.

**TV Africa** is also a private sector initiative and a good example of fostering regional integration. TV Africa partners with National TV companies of African countries to deliver alternative content in a separate channel via Satellite.

**Africa On-line** is another example of a Private Sector investment by African Lakes Corp, which provides Internet point-of-presence (POPs) as Internet Service Providers (ISPs) in various African countries. Kenya, Cote d'Ivoire, South Africa etc.. Internet telephony and Business Services, such as e-commerce, e-logistics, e-fulfillment, e-procurement to mention but a few. Africa On-line exists where the market allows for private sector players in Internet service provision and as such a competitive environment is required. These again will be a strong boost to regional integration efforts in the area of ICTs.

**Sub-Saharan Informer**, yet another private sector initiative in the area of newspaper/on-line publishing (old/new ICTs) to deliver integrated content of news information and communication with a regional foundation

In a nutshell, it is evident that private sector is a critical stakeholder in the regional integration process of Africa. **Given the proper environment, private sector will definitely aid regional integration agendas.** In closing, **what drives regional integration will always be governments setting the policy frameworks for an open market** and regional and global cooperation in order to create opportunities the private sector organizations could make use of to the maximum.

**Addis Ababa, Ethiopia and an advisor to the implementation of UNECA's sponsored African Information Society Initiative (AISI), an initiative committed to build the African Information Society via the active use of technologies.**