

About the Forum on ICTs, Trade and Economic Growth

The Economic Commission for Africa (ECA) is organizing a Forum on ICTs, Trade and Economic Growth under the auspices of the Africa Node of the Global ePolicy Resource Network (ePol-NET) and in partnership with the Canadian ePolicy Resource Centre (CePRC) from 14-16 March 2006 at the United Nations Conference Centre (UNCC) in Addis Ababa, Ethiopia.

As a result of globalization and the convergence of Information and Communication Technologies (ICTs), the digital economy is radically changing international trade, affecting business practices and introducing new business intermediaries, leading to an emerging e-trade environment. At the same time, ICTs are offering new opportunities to export-oriented companies, especially Small & Medium Enterprises (SMEs), to enable more efficiency in their business processes, reducing supply and export-distribution chains and business transaction costs. However there is evidence to suggest that African SMEs and other businesses have been slow to take up opportunities that ICTs have to offer.

In predominantly agricultural economies, which most African countries are, productivity will depend upon flexible and efficient markets, and this is where ICTs can offer entrepreneurs new tools, which can be used to improve flexibility and efficiency and enhance market access. Specifically, ICTs as tools offer African SMEs the following:

1. Access to market data, which is useful in determining market expansion and reducing transaction costs;
2. Market Access such as physical infrastructure between producers, traders and consumers; and information on how markets operate, fluctuations and consumer preferences;
3. Reduction in risk of overstocking by using ICTs to confirm supply and demand;
4. Reduction in risks through early and emergency warning;
5. Enhancing productivity and efficiency, avoiding waste.
6. Provision of more effective responses to health

However, for countries, companies and businesses to benefit from the ICTs, there needs to be an enabling environment, particularly, sets of policies that not only promote ICT for development but macro-economic stability as well. Such policies can make a big difference if it for instance, focuses on how ICTs can increase the productivity of various economic sectors where a country has competitive advantage.

To a large extent, ICTs are facilitating growth in developed economies, especially through technological innovation and high volumes of demand in the ICT production sector. In addition, the use of ICTs in the value chain has contributed to multi-factor productivity. However, the impact of ICTs on macro-economic growth in developing countries, and specifically in Africa needs to be addressed through consistent research.

Such research is necessary mainly because of the significant differences in macro-economic context within Africa, and between Africa and the rest of the world, where a large proportion of its economy is based on the production of raw material and subsistence agriculture compared to Asia, where some countries have concentrated on ICT production and services, which have helped their economies grow.

Currently, the challenge facing Africa is to begin to grapple with how ICTs can facilitate trade as well as stimulate economic growth. Strategies and concepts around how this will be done will involve entrepreneurs as well as decision-makers, including those of trade support institutions, such as banks, chambers of commerce and financial organizations.

Consequently, the forum will assess the economic significance of ICTs (particularly, IT and telecommunications) and determine the nature of expected economic effects on African countries. The diffusion of ICTs and the intensification of information activities do not necessarily lead to economic growth, unless countries and indeed, businesses determine the kind of changes needed in their mode of operation and the delivery of services. Additionally, policymakers need to establish a locally-relevant macro-economic environment that facilitate economic and social changes through the use of ICTs.

The Forum will uniquely combine learning, expertise sharing (South-South and North-South), interactive dialogue, networking and business matching and be used as a launch pad for the African ICTs, Trade and Economic Growth Initiative.

A set of activities in the area of ICTs, Trade and Economic Growth are also expected to be undertaken as a result, including:

- Developing course modules on implications of policies for the facilitation of e-commerce for senior policy-makers;
- Providing technical advisory services to assist member States and Regional Economic Communities to formulate and implement e-commerce sectoral policies and strategies and undertake e-readiness studies in ICTs and trade;
- Commissioning country level research on ICTs, Trade and Economic Growth.