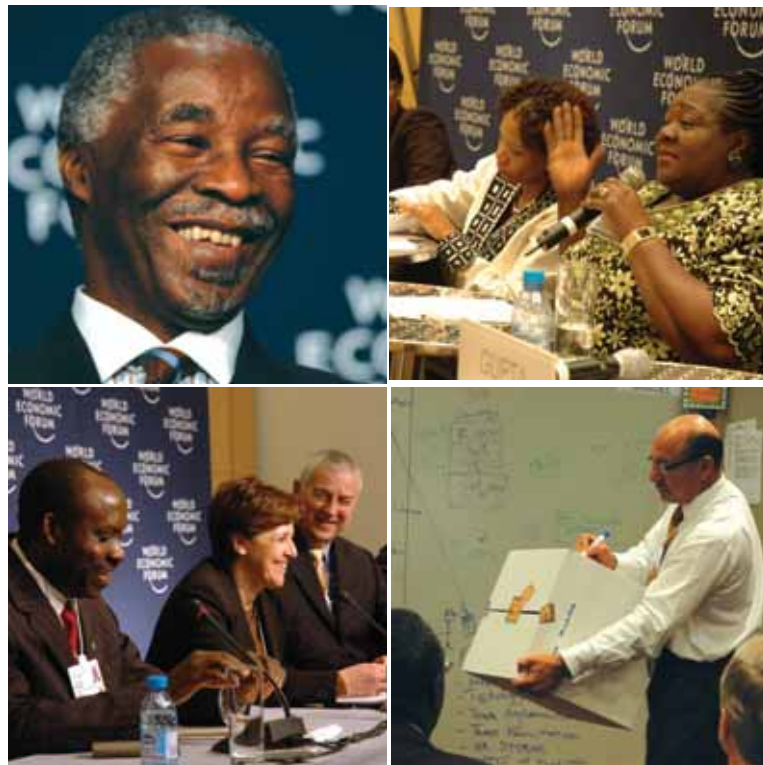


## World Economic Forum on Africa



### Going for Growth

Cape Town, 31 May – 2 June 2006

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**World Economic Forum**









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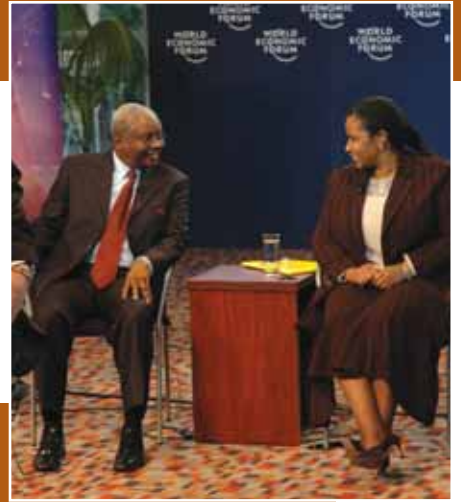
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## Preface



At a time of unprecedented African growth, the World Economic Forum on Africa, our 16th on the continent, provided a platform for leaders to discuss the opportunities and challenges facing Africa in the years to come.

Celebrating African successes and improving perceptions of the continent, the mood at the meeting was buoyant and optimistic – and optimism is often contagious and self-fulfilling. Of course, much remains to be done: insights on global competitiveness, risk and scenarios, most notably on the rising impact of China and India, focused on the risks and challenges that remain to be tackled.

We were well pleased that the meeting moved from the identification of problems to the identification of solutions, and culminated in an emphatic call to learn from, and do more to sustain, success. The event generated strong commitments to move forward in specific areas. We commend leaders that have made commitments to champion issues and drive initiatives, and who have agreed to build on the consensus that emerged on the steps required to catalyse action and delivery.

We would like to thank the Co-Chairs of the World Economic Forum on Africa in Cape Town for providing valuable guidance and oversight. They were: **Syamal Gupta**, Chairman, Tata International, India; **Jim Goodnight**, Chief Executive Officer, SAS, USA; **Maria Ramos**, Chief Executive Officer, Transnet, South Africa; **Charles Soludo**, Governor of the Central Bank of Nigeria.

The resolve of participants was palpable. We trust this overview of the deliberations captures the dynamism and energy of the meeting. More than a synopsis of interactive and plenary sessions (these are accessible on our website at [www.weforum.org/africa](http://www.weforum.org/africa)), this report provides an overview of the aspirations, achievements and commitments of the broad cross-section of leaders who took part in the meeting in Cape Town.

We look forward to welcoming you to the 2007 World Economic Forum on Africa and invite you to contribute to the hard work that lies ahead to turn commitments and aspirations into action.

A handwritten signature in blue ink that reads "Haiko Alfeld". The signature is written in a cursive, flowing style.

Haiko Alfeld  
Director, Africa

## Summary – Going for Growth



**“Is growth the new gospel of the continent? We do need to address the challenge of poverty and underdevelopment. We have to make advances.”**

Thabo Mbeki  
President of South Africa



**“Action is what counts. This is Africa’s moment, not of greatest need, but of greatest opportunity.”**

Niall FitzGerald  
Chairman, Reuters, United Kingdom; Member of the Foundation Board of the World Economic Forum

Participants at the World Economic Forum on Africa in 2006 sought to build on Africa’s recent success in achieving its best growth performance in decades. While they were eager to spread the good news, the fresh confidence among the more than 700 business, government and civil society leaders gathered in Cape Town was balanced by sober realism. Growth has to be even faster if Africa is to make a significant dent in poverty and attack major problems such as hunger, the lack of infrastructure and healthcare deficiencies, particularly in addressing the HIV/AIDS pandemic. Time is not on Africa’s side: the emergence of China and India, while boosting African trade and investment, underscores the tougher competition in the global economy.

While Africa is “going for growth”, it must find solutions with long-term, sustainable impact. The meeting produced a number of these solutions, including the launch of the Investment Climate Facility (ICF) for Africa with initial funding of US\$ 100 million, and the NEPAD (The New Partnership for Africa’s Development) e-Schools Initiative to fund Internet access in 120 schools in 16 African countries by mid-2007, with the ultimate goal of connecting all African schools within ten years.

Participants in Cape Town focused on six sub-themes: The Year of Africa in Review, Boosting African Growth, The Impact of China and India, Foundations for Progress in Physical and Social Infrastructure, Tackling Risks to Prosperity and Strengthening Branding and Changing Perceptions.

These are the key messages that emerged from the three days of interactive discussions:

### The Year of Africa in Review

The world focused unprecedented attention on Africa in 2005, which was dubbed the “Year of Africa”.

- Unprecedented economic growth on the continent suggests that the concerted efforts of the international community to boost Africa’s development are paying off.
- Initiatives such as the African Peer Review Mechanism and the Millennium Challenge Account have yielded some initial positive results.
- The general investment climate in Africa has improved, as indicated by the rapid increase in trade with and investment from China and India.
- Significant development challenges remain. Africa needs a development decade — a year is not enough.

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**“We have brought peace to Africa; now we can look at our development. Our development will come from our own investment, and that investment will come with economic growth. The development of Africa depends on Africans.”**

Firmino Mucavele  
Chief Executive, NEPAD Secretariat, South Africa

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**“We can’t have sustained poverty reduction and employment without growth.”**

Charles Soludo  
Governor of the Central Bank  
of Nigeria; Co-Chair,  
World Economic Forum on  
Africa



**“There are a lot of new ideas on the continent, in the private sector. There’s a lot of creativity. We are beginning to see a huge number of African entrepreneurs who are starting new businesses and growing them.”**

Patrice T. Motsepe  
Executive Chairman, African  
Rainbow Minerals (ARM), South  
Africa

## Boosting African Growth

While many countries in Africa are enjoying record growth, the challenge is to sustain the expansion and reduce poverty.

- Growth in sub-Saharan Africa climbed to 5% in 2005, with inflation dropping to its lowest point in more than two decades.
- Capital flows are now outpacing aid.
- This offers Africa the opportunity to address persistent impediments to sustainability such as the skills shortage and the lack of infrastructure.
- But 300 million Africans continue to live in dire poverty.

**“China is diversifying the monopoly of investors in Africa.”**

Phumzile Mlambo-Ngcuka  
Deputy President of South Africa

## The Impact of China and India



China and India’s deeper engagement with Africa offers both opportunity and cause for caution.

- The need for China and India to fuel their surging growth has boosted trade between resource-rich Africa and the two Asian economic giants.
- Africa needs to develop a coherent strategy with which to approach relations with China and India. NEPAD could offer a useful platform for the management of those ties.
- Because of their development experiences, China and India offer valuable models for Africa as the continent seeks to achieve sustainable growth.



**"We have to be realistic; we have to compete in the global economy. When we talk about growth, we must accept that we are going to lose jobs in some sectors. That's also part of being part of the global economy."**

Maria Ramos  
Group Chief Executive, Transnet, South Africa; Co-Chair, World Economic Forum on Africa



**"In Africa, you need alternative modes of financing [such as microfinance] which have been very successful in India. It is the bottom of the pyramid that pays back all the money."**

Syamal Gupta  
Chairman, Tata International, India; Co-Chair, World Economic Forum on Africa

## Foundations for Progress in Physical and Social Infrastructure

To achieve sustainable growth, Africa must put in place necessary infrastructure – both bricks-and-mortar facilities such as roads, ports and airports and the basic “software” of development such as education and healthcare services.

- Africans will not be able to enjoy the benefits of high growth if they are not provided adequate healthcare and education, as well as the physical infrastructure to provide access to clinics, hospitals and schools.
- Access to water and energy, as well as information and communications technology, is essential to sustaining economic growth.
- School attendance has risen dramatically but more must be done if the continent is to remedy its severe lack of skills.
- Countries must invest more in health services, including education to promote proper hygiene and control the spread of disease.



**"An enabling environment is Africa's biggest landmine in the process of developing the continent. Regional cooperation will make a huge difference. It starts with Forums like this. This is a big forum in which we can create home-grown solutions for home-grown problems – African problems."**

J. Adewale Tinubu  
Group Chief Executive Officer, Oando, Nigeria



**"Governments throughout Africa are beginning to realize that the private sector is where jobs are created. Let companies run so that in turn they create more revenues for the government that can be used for things like healthcare."**

Jim Goodnight  
Chief Executive Officer, SAS, USA; Co-Chair, World Economic Forum on Africa

## Tackling Risks to Prosperity

Because global risks are interconnected, confronting them requires a concerted, multifaceted approach.

- It is important to appreciate how risks are linked to understand how solutions are connected.
- Adequate infrastructure, for example, will ensure timely delivery of health services and access to schools, which are essential to boosting performance in healthcare and education.
- Business must play a greater role in pushing forward initiatives to mitigate the risks affecting Africa. The Investment Climate Facility (ICF) for Africa is an example of an innovative public-private partnership designed for that purpose.



**“We can only win the fight against corruption if each and every one of us has zero-tolerance for it. Each of us is a potential taker or a giver, and we need the courage to say no.”**

Arunma Oteh  
Vice-President, African  
Development Bank, Tunis



**“African brands can travel, but it is hard work and we have to be more innovative about how we do it.”**

Susan M. Clark  
Member of the Executive  
Committee and Director,  
Corporate Affairs, SABMiller,  
United Kingdom

## Strengthening Branding and Changing Perceptions

Africa lacks the international image that correctly reflects the new dynamism and confidence that is palpable on the continent.

- Africans must aim for proper branding. The positive Africa story needs to be told.
- A public relations campaign may be required to change perceptions. In 2010, South Africa stands to capitalize on its hosting of the World Cup football finals.

- To sustain the rebranding effort, Africa must pursue leadership reform to underpin its institutions and the democratic values its people have fostered, particularly the rule of law and freedom of expression.
- Although a problem everywhere, corruption is a scourge that has long contributed to Africa's poor image. Africans must squarely address this challenge.



World Economic Forum on Africa co-chair Charles Soludo, Governor of the Central Bank of Nigeria, leads the growth discussion with Armando Emilio Guebuza, President of Mozambique; Lars Thunell, Executive Vice-President, International Finance Corporation (IFC), Washington DC; Thabo Mbeki, President of South Africa, on his left and Jakaya M. Kikwete, President of Tanzania, on his right



## The Year of Africa in Review



**“Business believes African countries should paddle their own canoes – they need to develop the kinds of structures that allow would-be investors to invest.”**

Reuel Khoza  
Chairman, Nedbank Group,  
South Africa



**“There is the problem of tariff escalation. If Ghana exports cocoa beans to the US, the tariff is 0.5%. If it tries to export chocolate, the tariff is 30%.”**

Gobind Nankani  
Vice-President for Africa,  
World Bank, Washington DC

Declared the Year of Africa by the international community, 2005 was a year of unprecedented global focus on the continent, with significant promises and undertakings made in development and poverty alleviation. Positive economic growth seems to have been the payoff, although many challenges remain.

In 2005, the Blair Commission for Africa declared that this would be the Year of Africa. It asserted that at no previous time had there been such focus on the continent by the global community or as much goodwill towards it.

In addition, an unprecedented growth rate for the continent of 4.5% in 2005 reflects that efforts by the international community, complemented by internal reforms by Africans themselves, appear to be paying off. Haiko Alfeld, Director, Africa, World Economic Forum, noted that the African continent has “emphatically and irreversibly turned the corner.”

As the United Kingdom took over the chair of the G-8 group of industrialized countries in 2005, Prime Minister Tony Blair made reducing poverty in Africa through development the central pillar of his leadership of the high-level group. In doing so, he pushed the continent to the forefront of the agenda.

The Commission for Africa proposed an immediate doubling of aid to Africa to push development, with the amount rising to US\$ 50 billion of additional aid by 2015, in addition to other wide-ranging proposals to improve living conditions on the continent.

There were other noteworthy developments. For example, the G-8 countries endorsed debt relief for 18 countries (14 of them African) of US\$ 40 billion, in addition to agreeing to 100% debt relief for 38 countries that had successfully developed under the Heavily Indebted Poor Countries (HIPC) Initiative.

The Doha Development Round, while unsuccessful so far in providing better access for African products in developed markets, managed to put important issues on the agenda for discussion, and in so doing, increased pressure on the countries controlling these markets. The challenge is to meet agreed-to timetables for discussion to ensure that the process does not lose momentum as developed countries get diverted by their own issues.

The African Peer Review Mechanism, viewed as a significant force for positive change, kicked off in 2005 with the first peer review processes undertaken on countries drawn from the 26 countries that have signed up to the initiative.

The Millennium Challenge Account, launched in 2004 to provide development assistance to developing countries that meet specific criteria relating to issues such as governance and economic freedom, signed its first funding compacts with two African countries in 2005 – Madagascar and Cape Verde. A third country, Benin, signed in early 2006.

The US government pledged more support to Africa and, among other things, committed additional funding to the HIV/AIDS pandemic.



In addition to specific interventions, Africa also saw the benefits of a better governance climate in many member states and a deepening of democracy, including the successful conclusion of a number of elections. African leaders also joined the international community in tackling ongoing disputes in countries such as the Democratic Republic of Congo, Côte d'Ivoire and Sudan.

Many African countries have also seen a windfall from record oil and commodity prices over the past two years.

These positive trends seem set to continue beyond 2006, given their long-term nature. But what is in question is the delivery by the G-8 on the significant promises made in 2005. Africa is not on the agenda for the 2006 meeting and member

states appear far from ready to make concessions on trade issues. The donor community remains fragmented and is not being held accountable for its lack of results in Africa.

African countries are also moving too slowly in taking advantage of the programmes and commitments made by the developed world, and many of their central problems – disease, skills shortages, education, unemployment and others – remain major challenges. The private sector remains weak, particularly in the area of small and medium enterprises and the key sector

for poverty eradication – agriculture – is still underdeveloped.

In addition to concerns about global trade, African governments must focus on increasing intra-African trade. "We meet as African trade ministers to discuss what we can take to Hong Kong. But we never meet to ask how we can deepen intra-African trade and break down tariffs among ourselves," remarked Mandisi Mpahlwa, Minister of Trade and Industry of South Africa.

What Africa needs is a development decade – a year is not enough. Africans need to be more proactive about solving their own problems. As Charles Soludo, Governor of the Central Bank of Nigeria affirmed, "Ultimately, Africans will develop Africa."

### A Rosier Picture – Africa's Outlook

	1997-2003	2004	2005*	2006**	2007**
(%)					
Growth					
Africa	3,7	5,3	4,8	5,8	5,8
Oil-exporting countries	4,7	6,0	5,5	6,9	6,3
Non oil-exporting countries	2,9	4,7	4,4	4,9	4,8
Inflation					
Africa	10,2	7,5	7,9	7,3	6,6
Oil-exporting countries	7,8	8,1	8,8	6,7	6,0
Non oil-exporting countries	12,6	6,9	7,1	7,9	7,1

Note: These aggregates do not include Liberia or Somalia, for lack of enough data

\* Estimates \*\* OECD projections

Source: OECD Africa Economic Outlook, 2005/06

There was also a new resolve to promote the African business and investment climate, with many countries extending economic reforms and putting in place structures to fight corruption. Discussions about establishing the African Investment Climate Facility started in 2005 and the facility was launched at the World Economic Forum on Africa in 2006, with initial funding of more than US\$ 100 million, including strong corporate and donor government support.

In addition, a change in leadership at the African Development Bank precipitated a greater focus on infrastructure development.

A key development on the business front has been the rapid increase in Chinese, and to some extent Indian, investment in African countries. In just a few years, trade and investment between China and Africa has tripled, with the pace of such engagement becoming particularly vigorous during 2005. The trend has continued into 2006, as has the phenomenon of South African business expansion into the continent.



## Boosting African Growth

Africa is experiencing record growth rates in many countries in a new era of peace, political stability and macroeconomic reform. But the challenge is to ensure that this growth is sustainable and reduces poverty, and is not only driven by high oil and commodity prices and windfall investments from China. Increased revenues must be used to address problems in the business environment, build infrastructure, increase access to finance for entrepreneurs and improve health and education. These measures will help to unlock growth right down to the bottom of the pyramid – the rural poor.

Growth in sub-Saharan Africa reached an eight-year high of 5% in 2005, while average inflation fell to its lowest rate in 25 years. About 20 countries achieved growth of more than 5%. Coupled with surging commodity prices, improved governance and reduced conflict, Africa's fortunes seem to have changed for the better, with experts noting that the outlook is the best it has been for decades.

**"In the past it was just state, state, state. Now we say we have the state, the private sector and civil society – it is a partnership."**

Joaquim Alberto Chissano  
Director, African Rainbow Minerals (ARM), South Africa; President of Mozambique (1986-2004)

Growth has become Africa's new development strategy, which can be sustained through political stability and sound macroeconomic policies.

Yet, with an estimated 300 million Africans still living in dire poverty, Africa is by no means out of the woods yet and many questions remain. What is driving this growth and who is benefiting? Is it sustainable? Is it creating jobs? Is it reducing poverty? What is holding back even greater growth?

South African President Thabo Mbeki said, "Without growth we simply cannot deal sustainably with the issues of poverty and underdevelopment."

While the Commission for Africa has called for massive increases in aid, some believe Africa is receiving too much, propping up otherwise unviable states and reducing governments' willingness to deal with problems. There is little evidence to suggest that aid is linked to growth. "The current foreign aid system works very well for everyone – except poor people," declared William Easterly, Professor, Economics

Department, New York University, USA. But President Jakaya M. Kikwete of Tanzania, said that, in reality, many countries simply do not have the resources to survive without aid, even when they have good policies.

Nonetheless, capital flows to Africa have increased to the point where they now outpace the US\$ 25 billion in aid. Remittances flowing into Africa dramatically increase such flows by more than US\$ 10 billion and are seen as an important catalyst for increased economic activity.



However, many challenges remain. There are predictions that Africa will be the only region that is unable to meet the Millennium Development Goals (MDGs) – despite claims that the goals are overambitious for Africa and were developed without input from Africans – because the growth Africa is experiencing is not necessarily reducing poverty.

Skills shortages are a major constraint to sustainable growth. Greater investment in quality education and skills training is required to address the problem.

Addressing the business and investment climate is crucial for increased growth. Areas needing to be addressed include removing excessive bureaucracy and regulation, improving customs and tax administration, providing viable microfinance institutions, addressing crime and corruption, deepening financial markets and addressing property rights and contract enforcement, among others.



“Us, buoyant and bullish?” Meeting co-chairs sharing a light moment during a press conference on African growth prospects

Countries can sustain growth in their revenue base only by increasing private sector activity and bringing more businesses into the tax net.

The Investment Climate Facility, launched at the World Economic Forum on Africa in 2006, aims to tackle many of the problems that keep investors at bay and that compromise the private sector's ability to stimulate economic activity and revenue generation. Removing the obstacles to doing

**“Growth in Africa is not going to come about as a result of actors outside Africa.”**

William Easterly  
Professor, Economics Department, New York University  
USA

business would also have the effect of reducing investor risk.

The issue of competitiveness of African products, as well as increasing the levels of intra-African trade need to be tackled with the same vigour given to the problems in the international trade agenda. Companies must be competitive in their own regions before they can effectively compete in the global arena. Business should become more engaged in trade issues, since it is companies that trade, not governments.

Africans believe the continent needs to develop a strategy to deal with the overwhelming wave of trade and investment from China, notably in extractive industries. The continent should not be left worse off once the boom ends; deals must be made more sustainable through, for example, downstream linkages and local partnerships.

Infrastructure is crucial to development and Africa needs to develop stronger public-private partnerships to address the backlogs, as well as reducing the risk to investors in large projects. Rural infrastructure has been identified as a priority because of the potential to unlock growth in poorer and marginalized areas. Technology should be used to promote health, education and trade in rural areas.

Africa's current growth rates are being driven in part by record oil and commodity prices. African countries need to find ways to allow the positive economic growth they are experiencing to trickle down to the people who need to benefit the most – the poor.

This is not only the responsibility of government, but must also involve business and civil society. Former President of Mozambique Joaquim Chissano summarized, “In the past it was just state, state, state. Now we say we have the state, the private sector and civil society – it is a partnership.”



# The Impact of China and India



**"I see in India and China an opportunity to convert our comparative advantage into competitiveness."**

Firmino Mucavele  
Chief Executive, NEPAD Secretariat, South Africa



**"For the first time, there are centres of power that understand our development challenges."**

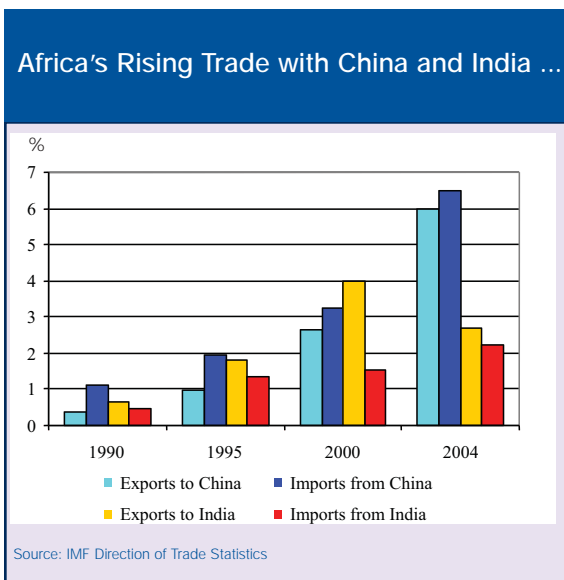
Mandisi Mphahlele  
Minister of Trade and Industry of South Africa

China and India have become major trading partners of Africa and are increasing investment on the continent. Africa has the raw materials and commodities that China and India need to fuel their surging growth. Africa must develop a coherent approach to the two Asian economic giants, with commercial relations based on sustainability and mutual profit. China and India serve as models for Africa because their experiences hold useful lessons for developing countries on how to manage gradual economic and political transformation.

Murray & Roberts, South Africa, asked if China is a great opportunity or whether it should be approached with a great deal of caution. His question – one that even China's immediate neighbours are posing – captured the ambivalence Africans have about their growing relationship with Asia's two economic giants. Arnold's fellow panellists delivered the answer in unison: "Both!"

**"We need to change from a defensive mindset about China and India to one that is more embracing, and one in which we can help determine the terms of engagement."**

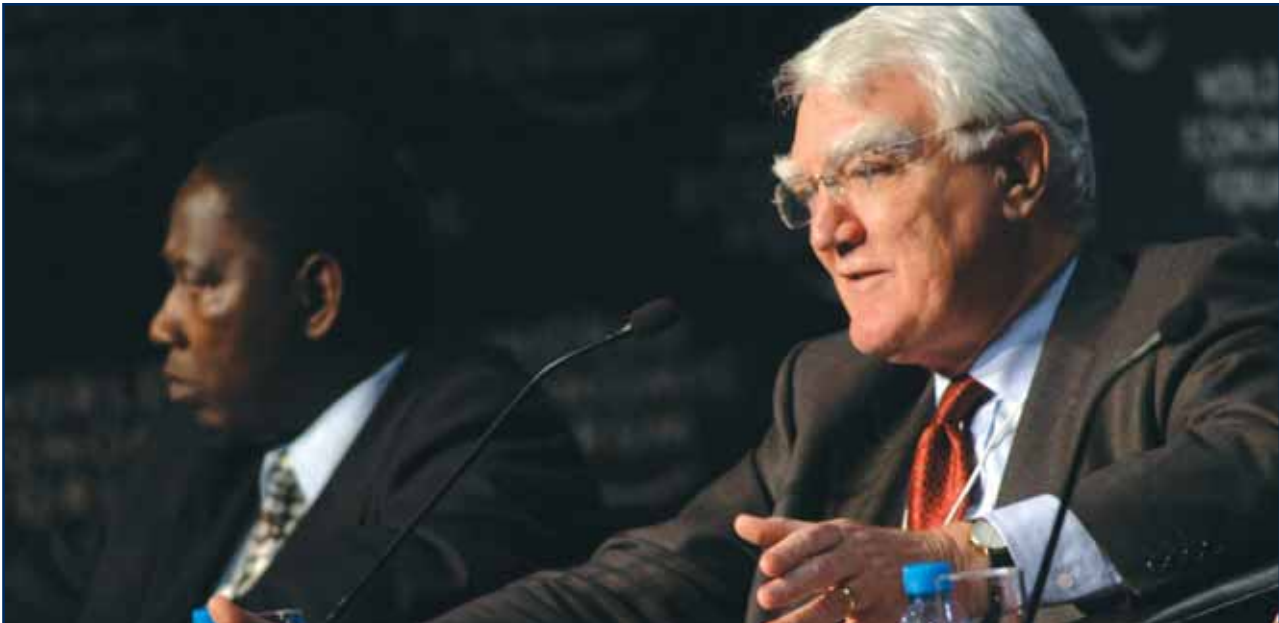
Ebrahim Rassool  
Premier of the Western Cape Province, South Africa



Like any other region, Africa is dealing with the implications of the emergence of China and India. In one session, moderator Millard W. Arnold, Director,

The numbers support the case for China and India as an opportunity. China, the second largest consumer of energy, is importing nearly 30% of its oil and gas from sub-Saharan Africa. Chinese trade with Africa will exceed US\$ 36 billion this year (nearly three times what it was in 2002), but this is still less than the US\$ 50 billion in trade that the US conducts with the continent. China is now Africa's third largest trading partner, ahead of the United Kingdom. According to an Organisation for Economic Cooperation and Development (OECD) study, Chinese enterprises are investing about US\$ 1 billion a year in Africa, mainly into the energy and commodities sectors.

Indian companies are following. The Tata Group, for example, has invested about US\$ 100 million and plans to triple that over the next three years. Like China, India has invested in energy exploration in the

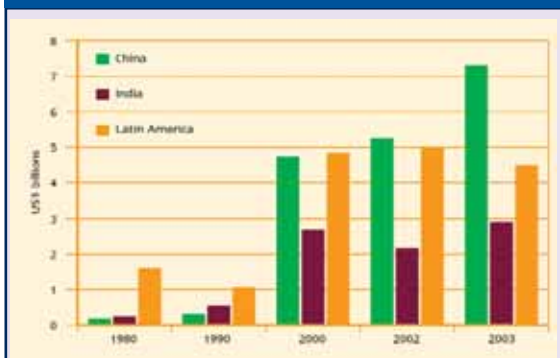


Sir Mark Moody-Stuart, Chairman, Anglo American, United Kingdom, makes a point on the impact of Chinese resource hunger on Africa as NEPAD Secretariat Chief Executive Firmino Mucavele looks on

Sudan and elsewhere. It has also extended credits to West African nations to boost sales of Indian IT services, mimicking China's offers of financing to win infrastructure-building contracts. China has parlayed its purchases of commodities, from copper to cassava, into sales deals for its companies to provide anything from construction services to arms.

"India and China need Africa," said Firmino Mucavele, Chief Executive, NEPAD Secretariat, South Africa. "If you look at the resources we have, we have a comparative economic advantage in mining, agriculture and tourism. I see in India and China an opportunity to convert our comparative advantage into competitiveness." As Nigerian entrepreneur Omwan' Busty Okundaye, President, International Operations, USTY Global Company, People's Republic of China, advised potential investors in China, Africa will have difficulty competing with the Chinese in low-end manufacturing. While labour costs may be comparable, poor infrastructure and other factors make transaction costs much higher.

### Sub-Saharan Exports to India, China and Latin America



Source: UNCTAD Handbook of Statistics, online

**"China and India will not transform Africa; Africans will transform Africa."**

Jakaya M. Kikwete  
President of Tanzania

The seemingly perfect match of wants and needs could turn sour if not properly managed. The last thing Africa needs is another round of despoiling by plundering juggernauts hungry for the riches under its soil. Tanzanian President Jakaya M. Kikwete



made that crucial point when he underscored Africa's new confidence and asserted that "China and India will not transform Africa; Africans will transform Africa." He declared, "There is no scramble for Africa."

China and India are still feeling their way in Africa – and Africans have yet to forge a coherent strategy in relations with their new Asian partners. "The success of relationships with India and China depends on how we [Africans] work together," reckoned Mucavele. "We need to increase domestic investment and productive capacity. If we do that, we don't need to be afraid of China, India or whomever." Africans, he explained, had worked hard to end conflicts on the continent. The increase in commerce with China and India is part of the peace dividend. But, he argued, China and India are not saviours. "Our development will come from our own investment. The development of Africa depends on Africans."

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**"We no longer need to go through a boom and bust cycle, at the end of which people say 'Money was made, but what happened to it?'"**

Obiageli Katryn Ezekwesili  
Minister of Solid Minerals of Nigeria

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For this reason, he and other participants, including Mandisi Mphahla, Minister of Trade and Industry of South Africa, called for NEPAD, the African Union's framework for improving governance and promoting sustainable development across the continent, to be the platform for managing a sound and sustainable pan-continental policy towards China and India. "This relationship should assist Africa with capacity challenges and should create the basis for sustainability into the future," Mphahla said. "We need to clarify the nature of our relationship. NEPAD must be the centrepiece of our engagement."

Good governance is the key, concluded Sir Mark Moody-Stuart, Chairman, Anglo American, United Kingdom. Whether it is China, India or any other trading partner, he said, "...we should maintain the growing standards of transparency, particularly in resources. I would encourage subscription of all countries and companies to the Extractive Industries Transparency Initiative."

To be sure, as developing countries, China and India pursue economic diplomacy in styles different from the US and Europe. In particular, China's value-neutral approach has made it welcome – even hotly courted – in certain markets where Western interests are reluctant to enter or do so with attached strings. For Africa, the attraction of China and India may be as much the sympathetic means as the mutually profitable commercial ends. "For the first time, there are centres of power that understand our development challenges," Mphahla observed. "We see China and India as models giving Africa the hope that sometime, someday, with the right policies, we will get there," added Kikwete.

In the long run, that hope may be the most valuable product that China and India can trade to an aspiring Africa.



## Foundations for Progress in Physical and Social Infrastructure



Thulani Gcabashe, Chief Executive of Eskom, leads participants in a brainstorming breakout group on African infrastructure development

In order for current growth trends to be sustainable, the physical and social infrastructure of African countries must be upgraded. Trends toward urbanization have exacerbated existing deficiencies in rural areas and placed new strains on cities. Participants discussed new strategies for upgrading systems of water distribution, energy access, and information and communication technologies. They also tackled challenges (old and new) in the areas of education and healthcare.

**“We must come up with an optimal combination of energy sources to allow the continent to develop.”**

Salomon Banamuhere Baliene  
Minister of Energy of the Democratic Republic of Congo

While expanding economies hold promise for Africa's future, many of the continent's 900 million people will be cut off from their benefits without adequate healthcare, education and physical infrastructure. Strong leadership and regional initiatives are required if lagging infrastructure projects are to keep pace with market-led growth. Grand plans are not enough, and public and private sectors must work together at every step.

“We need to take ideas and turn them into bricks and mortar,” said Jay Naidoo, Chairman of the Board, Development Bank of Southern Africa, South Africa. “That is the challenge facing Africa today.”



Brian Bruce, Group Chief Executive of Murray & Roberts, prioritizes action items for a business contribution to move African infrastructure projects beyond grand designs



## Physical Infrastructure

Among the most pressing, but least adequately addressed, issues is access to safe water. Water scarcity and inefficient distribution pose major obstacles to development projects on all levels. Water should be priced according to its value, said participants, but it should always be within reach of the poorest in any society. "Affordability of water for everyone is a human right," said Alexandre J. Cantacuzène, Senior Vice-President, Nestlé, Switzerland.

Concretely, the African Development Bank, which pledged to facilitate pan-African infrastructure projects, committed to working towards the Millennium Development Goal of bringing access to safe water to 80% of rural Africa by 2015.

Also essential to development and sustained growth are clean, affordable and accessible sources of energy. Much of rural Africa still lacks electricity, and participants suggested various distribution and generation methods including scaling up existing transmission infrastructures and harnessing hydropower. While external inputs may be needed in the start-up phase, ultimately all systems should be



**"We need to take ideas and turn them into bricks and mortar. That is the challenge facing Africa today."**

Jay Naidoo  
Chairman of the Board,  
Development Bank of  
Southern Africa, South Africa

self-funding. As an initial step, the Energy Poverty Task Force committed to electrify 11,000 households in the Democratic Republic of Congo and Lesotho.

"We must come up with an optimal combination of energy sources to allow the continent to develop," said Salomon Banamuhere Baliene, Minister of Energy of the Democratic Republic of Congo.

Improved information and communication technology is also a glaring need. "Connectivity is a problem on the continent," said Jakaya M. Kikwete, President of Tanzania. Much work remains to construct physical



"Learning by Doing": Oliver Suinat, Managing Director, Africa, HP, Germany, leads a discussion of IT companies on scaling up success of the NEPAD e-schools initiative



highways, but, increasingly, information highways demand attention as well. Certainly, electrification must come first, as what one participant termed “the refrigeration divide” trumps the digital divide as a priority. But connectivity is essential, as it can also help meet a series of social infrastructure goals.

The issue calls for public-private partnerships. “ICT is the enabler,” said Olivier T. Suinat, Managing Director, Africa, HP, Germany. “We believe you should provide the tools, and entrepreneurship will take care of the rest.”

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**“Without infrastructure, how do you get products to market, people to clinics, students to schools?”**

Maria Ramos  
Group Chief Executive, Transnet, South Africa;  
Co-Chair, World Economic Forum on Africa

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## Education

While school attendance in Africa has increased dramatically since 1990, too many children across the continent still lack access to basic education, and those that have access to primary, secondary and tertiary education are often unprepared for the specific requirements of the private sector.

The NEPAD e-Schools Initiative will fund e-access in 120 schools across 16 African countries by mid-2007 and will scale up to all 600,000 African schools in ten years. Innovative energy sources will be required to overcome the “refrigerator divide” and the NEPAD programme will need a collaborative effort from government, business and civil society to move forward. But the potential gain for students in even the most remote areas has already been realized in pilot projects in 20 countries.

Another educational imperative concerns the lack of skilled workers for Africa’s growing private sector. “Trouble is there are too many matriculants in skills that, frankly, are of no use for industry,” said Ian Cockerill, Chief Executive Officer, Gold Fields, South Africa. Moreover, the skilled workers that exist often pursue higher paying jobs overseas. Participants agreed that businesses need to make their needs known to universities, so that those needs can be met through the curricula.

## Healthcare

Twenty-five per cent of the global disease burden is in sub-Saharan Africa, while only 1.3% of the world’s healthcare workers are found in the region. Part of the problem is the limitations of market driven delivery systems. “When you are providing health services to the poor,” said Co-Chair Maria Ramos, Group Chief Executive, Transnet, South Africa, “there isn’t money to be made”. NGOs and governments need to partner with businesses to create innovative solutions to vital health dilemmas.

Participants suggested promoting hygiene, spreading accurate information about HIV/AIDS prevention and treatment, integrating traditional healthcare workers into standardized healthcare systems and easing restrictions on new healthcare products.

Concretely, the World Economic Forum’s Global Health Initiative has launched guidelines for large companies to support HIV/AIDS and malaria programmes within their supply chains. Moreover, the Forum committed to beginning a public-private partnership to strengthen public healthcare systems in Africa. Focusing on epidemic and pandemic diseases, the programme will be launched at the World Economic Forum Annual Meeting 2007.



## Tackling Risks to Prosperity

Risks are interconnected, requiring a multifaceted approach to confronting them. Infrastructure and education, for example, are keys to solving persistent problems such as hunger and impediments to the delivery of health services. As Africa goes for growth, it must move on a wide number of fronts, focusing on the basics of sustainability, including education, the empowerment of women, infrastructure, the rule of law and healthcare. Above all, business, in partnership with government, must play a more active role in pursuing solutions. The new Investment Climate Facility for Africa is an example of an innovative public-private partnership aimed at promoting sustainable growth.

**“If we get paralyzed by the prospect of risk, we will cease to achieve anything in terms of economic development and growth.”**

Sean M. Cleary  
Managing Director, Strategic Concepts, South Africa

At a workshop on managing risks, participants examined the linkages between threats such as terrorism, pandemics, oil price shocks and climate change. Worries of a terrorist strike may drive petroleum prices up, while the rise of energy costs could spur development of alternative fuels, a long-term response to climate change. “It is almost impossible to separate one risk and think of it in isolation,” Sean M. Cleary, Managing Director, Strategic Concepts, South Africa, counselled. “In a highly interconnected world, these risks manifest themselves in highly systemic ways.” But, he warned, “If we get paralyzed by the prospect of risk, we will cease to achieve anything in terms of economic development and growth.”

Globalization means that the world is fraught with risks, both on and off the radar screen. Even at a time of unprecedented growth, Africa has its full share, some threats in greater proportion than in other regions. It was a poignant coincidence that while participants gathered in Cape Town, the United Nations in New York was assessing the progress (or lack of it) in the fight against HIV/AIDS. UN projections forecast that the death toll from the pandemic in Africa, which accounts for almost half of HIV/AIDS fatalities, could reach 100 million by 2025. The disease is the leading cause of death among Africans.

As Africa goes for growth, Africans must go for solutions. On a range of challenges from health to hunger, reputation to regional trade, the continent has to counter the daunting array of problems with a varied



**“The current foreign aid system works very well for everyone – except poor people.”**

William Easterly  
Professor, Economics  
Department, New York  
University, USA

arsenal of traditional and innovative remedies. The goal: to sustain the region’s 5% growth and push it even higher.

At the meeting, participants identified key solutions, including infrastructure, delivery of healthcare services, education, empowerment of women, improvement of the investment climate, the promotion of regional and global trade, and the reshaping of Africa’s image, among others.

“We sometimes get lost in a one-dimensional growth debate,” said meeting Co-Chair Maria Ramos, Group Chief Executive, Transnet, South Africa. “But for sustainable growth, you need to have other things in place. We have to spend money on health, on education. Without infrastructure, how do you get products to market, people to clinics, students to schools?”

Take hunger as an example. In one workshop, participants discussed solutions for eliminating this scourge in Africa, including the education of women and girls; microfinancing for small-scale farmers; assistance in the provision of water, seed and fertilizer; the promotion of small enterprise; the application of effective business models; and the development and support of top-class agricultural colleges. In the session on HIV/AIDS, there was widespread recognition that education is a crucial tool in combating the pandemic. In the plenary session on overcoming the challenges to growth, Thomas Fuentes, Special Agent in Charge of International Operations, Federal Bureau of Investigation, USA, underscored how crime and corruption can ruin a country’s competitiveness.



Initiatives such as The New Partnership for Africa's Development (NEPAD) and the Millennium Development Goals (MDG) are predicated on the principle that Africa must take a multifaceted approach to the risks it faces. But many countries lack the capacity to pursue a full-court press. "There are trade-offs in the MDGs; if you do more of one thing, you will do less of another," reckoned William Easterly, Professor, Economics Department, New York University, USA. The likelihood that Africa will meet its MDG commitments is diminishing. Less than 30 nations on the continent have subscribed to NEPAD and the African Peer Review Mechanism (APRM), which has uncovered deficiencies in some economies.

The lack of capacity is perhaps the strongest argument for greater participation of the private sector. In practically every session, that was the clear refrain. "HIV/AIDS workplace programmes are a business imperative," said Brian Smith, Director, Human Resources, Volkswagen of South Africa, South Africa. "While many large organizations are involved, smaller firms often don't have the time or resources to do the same. It makes sense for big firms to extend programmes through to suppliers and SMEs."

In securing Africa's energy future too, business must play its part. "Africa will not develop without clean, affordable sources of energy being readily available," said Salomon Banamuhire Baliene, Minister of Energy of the Democratic Republic of Congo. "The private sector must play a major role.

We must liberalize. We must allow public-private partnerships to develop all kinds of energy sources."

This spirit of cooperation and comprehensive action is what lies behind the Investment Climate Facility (ICF) for Africa, an Africa-owned public-private partnership to make the continent a better place in which to do business. Endorsed by the World Economic Forum's Africa Economic Summit 2005 and the G-8, the ICF was launched in Cape Town with US\$ 100 million in funding. Its objective: to remove obstacles – both real and perceived – to doing business in Africa by focusing on property rights and contract enforcement, reducing red tape, reforming taxation and customs, making financial markets more inclusive, facilitating infrastructure, increasing the flexibility of labour markets, promoting competition and controlling corruption and crime.

While previous initiatives may have gone awry, this time Africa may be in a perfect "sweet spot" of peace, stability and growth that will make a difference. "The political will is there," Jakaya M. Kikwete, President of Tanzania, assured participants. Africa may not get a better chance than now to blunt for good some of the sharp threats it faces. "Action is what counts," declared Niall FitzGerald, Chairman, Reuters, United Kingdom; Member of the Foundation Board of the World Economic Forum. "This is Africa's moment, not of greatest need, but of greatest opportunity."



Tackling risks to African prosperity: Steve Booyesen, Group Chief Executive, Absa Group, South Africa; Thomas Fuentes, Special Agent in Charge of International Operations, Federal Bureau of Investigation, USA; Obiageli Katryn Ezekwesili, Minister of Solid Minerals of Nigeria; Jim Goodnight, Chief Executive Officer, SAS, USA; Trevor Manuel, Minister of Finance of South Africa; Gobind Nankani, Vice-President for Africa, World Bank, Washington DC



# Strengthening Branding and Changing Perceptions



Emulating and sustaining success: Joaquim Alberto Chissano, Director, African Rainbow Minerals (ARM), South Africa and President of Mozambique (1986-2004); Reuel J. Khoza, Chairman, Nedbank Group, South Africa; Jakaya M. Kikwete, President of Tanzania, during the discussion on “Changing the Tone of African Leadership”

For the moment, Africa lacks an international image to match the real growth of its economies, and the vibrant aspirations of its peoples. News headlines highlight only war, famine, criminally mismanaged aid or epidemic disease. Participants committed themselves to rebranding Africa, building on recent achievements, such as South Africa’s winning bid for the 2010 World Cup, to spread the word that Africa is a promising place to visit and in which to do business.

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**“There is a strange arrogance among some business leaders that they would be better at running the country than the politicians.”**

Mark J. Lamberti  
Deputy Chairman and Chief Executive, Massmart Holdings  
South Africa

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From Cape Town to Cairo, Africans have been feeling good about the direction of their countries and their continent as a whole. A recent Voice of the People poll showed that a majority (52%) of Africans are optimistic about the future. With the most encouraging economic indicators in 30 years, and unprecedented peace and prosperity, Africa should be courted by Western investors and visited by foreign tourists. Instead, Westerners still view Africa as “the hopeless continent”.

“It’s the CNN effect,” said Charles Soludo, Governor of the Central Bank of Nigeria. While civil war in Sudan and Uganda dominate headlines, stories of conflict resolution and unprecedented growth fall off back pages. “We should do the branding properly,” said Thabo Mbeki, President of South Africa, “to tell this very, very positive story.”

Several recommendations and commitments to enhancing the international perception of Africa emerged from the discussions.

## Rehabilitate Africa’s Image

Participants called for an outright public relations campaign to overhaul the image of the continent internationally. Some recommended branding Africa “the next big thing” or the “must-have” trading partner with “must-have” products.

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**“The perception of Africa must change - from being a black hole into which money disappears to being a fertile field for growth.”**

Simon Anholt  
Independent Consultant on Branding, United Kingdom



Others suggested involving celebrities in an “I am an African” campaign. A homecoming-themed campaign should target the African diaspora. Film companies should be encouraged to shoot movies in African locations. The Forum of Young Global Leaders committed to sponsoring a film series highlighting African success stories.

Africa achieved a good first step towards changing perceptions last year when South Africa won its bid to host the 2010 World Cup. To capitalize on the opportunity for all of Africa, the games must highlight a continent that is not only safe but warm and welcoming. “The World Cup is 43 days that can completely change the perceptions about our country and our continent,” said Yvonne Johnston, Chief Executive Officer, The International Marketing Council of South Africa (IMC), South Africa.

### Strengthen Brands

Part of overhauling the perception of Africa is increasing the awareness of, and desire for, its products. African brands should be strengthened and strategies should be adopted to increase their value and availability in markets overseas. While much national pride existed for particular products – beer from Kenya, diamonds from South Africa – several participants agreed with Simon Anholt, Independent Consultant on Branding, United Kingdom, that Africa’s brand image was “an ongoing catastrophe”.

“Brand Africa has to be deleted,” he said, “so we can develop 54 individual brands with their own brand values.” Others encouraged advertising strategies rooted in the myriad cultures, rather than in national iconographies. “African brands can travel,” said Susan M. Clark, “but it is hard work and we have to be more innovative about how we do it.”



### Reform Leadership

Perhaps the most direct way of enhancing the image of Africa is by changing the nature of its leaders. “We must become the change we want to see,” said one participant, citing Mahatma Gandhi. To do this, Africa must develop the next generation of leaders that will bring Africa forward into a peaceful and prosperous new century.

African history has several examples of strong leadership, including Julius Nyerere of Tanzania and Nelson Mandela of South Africa. Today, democratic systems have replaced dictatorships in many countries, term limits have replaced life terms and direct elections have replaced military coups.

**“We must nourish the institutional reforms that underpin democracy.”**

Reuel J. Khoza  
Chairman, Nedbank Group, South Africa



“Poverty need not be hereditary”: Deputy President Phumzile Mlambo-Ngcuka extols the potential of social entrepreneurship as a driver of growth

“We must nourish the institutional reforms that underpin democracy,” said Reuel J. Khoza, Chairman, Nedbank Group, South Africa. “The rule of law, an independent judiciary and basic freedoms such as freedom of expression and freedom of the press must be entrenched and become part of the DNA of our democracy.” Other goals include fostering trust and cooperation between business and government leaders and encouraging responsible opinion-shaping from the media.

Africa must also train the next generation of Mandelas and Nyereres to ensure that democracy lasts across the continent. Once again, The Forum of Young Global Leaders has committed to helping NEPAD in its leadership programme with a pledge to establish leadership development institutes across Africa.

Corruption, which costs African economies US\$ 150 billion every year, remains a significant obstacle to trustworthy leadership, and thus to investment-worthy countries. A World Economic Forum initiative is tackling the problem. The 103 signatories to the Forum’s Partnering Against Corruption Initiative have pledged to engage the African business community.

Ultimately, however, corruption, like Africa’s poor image, can only be overcome if each African takes into their heart the ideals of a new continent.

“Each of us is a potential taker or giver [of bribes],” said Arunma Oteh, Vice-President, African Development Bank, Tunis, “and we need the courage to say no.”



# Achievements, Commitments and Aspirations

We have selected a few achievements, commitments and aspirations from the three days of the World Economic Forum on Africa in 2006.

The commitments vary: Some are championed by individuals, others by a group of members, while in some cases the Forum community has merely played a facilitating role, assisting progress and galvanizing action on African-led initiatives.

The Forum is proud to be associated with leaders in business, government, civil society and academia who are committed, through their actions, to improving the state of the world.

It is our hope that achievements of the past can be emulated and scaled up, that aspirations outlined this year will inspire future commitments and, most importantly, that commitments will translate into tangible, measurable action and achievement.

**“Action is what counts. This is Africa’s moment, not of greatest need, but of greatest opportunity.”**

Niall FitzGerald  
Chairman, Reuters, United Kingdom; Member of the Foundation  
Board of the World Economic Forum

## Achievements

**Promoting Investment** – The Investment Climate Facility for Africa – endorsed by our Africa Economic Summit 2005, and an outcome of the G-8/ UK Commission for Africa’s ‘Year of Africa’-deliberations – was launched in Cape Town with secured seed funding of US\$ 100 million and a strong, business-led mandate to improve Africa’s investment climate.

**Ensuring Access to Education** – The NEPAD e-Schools Initiative demonstration project operates in 16 African countries and will fund e-access in 120 schools by completion in mid 2007. The ultimate goal is to have all 600,000 African schools involved within ten years.

### Building Social Infrastructure

- **Fighting Hunger** – A National Council was launched in Kenya, under the auspices of the Forum’s Business Alliance Against Chronic Hunger, with eight multinational and domestic companies providing time and resources.
- **Promoting Global Health** – Guidelines were launched for large companies to support the HIV/AIDS programmes of smaller companies in their supply chains.

### Promoting Social Entrepreneurship

- Sunette Pienaar was named the South African Social Entrepreneur 2006 in Cape Town.
- Across Africa, the Schwab Foundation has engaged and celebrated the most promising social entrepreneurs.

**Fighting Corruption** – The Forum’s Partnering Against Corruption Initiative (PACI) now counts 103 signatories representing more than US\$ 500 billion in annual turnover. PACI signatories have committed to doing business in Africa in support of anti-corruption efforts on the continent.

### Business Takes Action against HIV/AIDS –

selected examples of corporate engagement:

- Eskom has supported 42 suppliers in South Africa to establish HIV/AIDS workplace programmes, reaching 20,000 people .
- Unilever has supported 70 small tea farms in Kenya to establish HIV/AIDS workplace programmes, reaching 12,000 people.
- SAB Miller has supported 400 owner drivers and 160 bars to establish HIV/AIDS workplace programmes.

**Addressing the Resource Curse** – Global deliberations of the mining industry on responses to resource endowment challenges and opportunities have now fully incorporated insights from leaders of Africa’s mining industry.

**Sharing Best Practices** – In a session on ‘Technologies for Growth’, experts shared experiences on how to ensure that technologies relevant to African markets are adopted more effectively.



"Building an International Business Alliance to Scale Up Success": Jim Goodnight, Chief Executive Officer, SAS, USA; Patrice T. Motsepe, Executive Chairman, African Rainbow Minerals (ARM), South Africa; and Syamal Gupta, Chairman, Tata International, India, at the closing session of the World Economic Forum on Africa

## Selected Commitments

The **African Development Bank** has committed to be the lead facilitator of pan-African infrastructure projects, and participants agreed to better leverage public-private partnerships and better integrate the views and contribution of business as a partner in infrastructure development projects.

The **World Economic Forum** has committed to launch a public-private partnership to strengthen public healthcare systems in sub-Saharan Africa. This will address epidemic and pandemic diseases and will be launched at the Annual Meeting 2007 in Davos.

The Forum's **Energy Poverty Task Force**, a group of Forum member companies active in the search for, and implementation of, innovative solutions to rural electrification has committed to two pilot schemes, electrifying 11,000 households (with a significant potential to scale up) in the Democratic Republic of Congo and Lesotho by 2008.

**Improving Energy Access** – The Development Bank of South Africa, the African Development Bank, Areva and Shell committed to facilitate the creation of a project database for small-scale energy projects to facilitate the sharing of knowledge.

African members of our community of **Young Global Leaders** have, inter alia, committed to:

- Sponsor a film series on African Success Stories
- Launch a financial literacy programme in Rwanda
- Establish leadership development institutes throughout Africa

A core group of leaders has committed to establish the **South African Foundation for Social Entrepreneurship**.

To **leverage the power of sport** – The South African 2010 Local Organizing Committee pledged to make 2010 an African World Cup, inter alia, by maximizing African business involvement in all events surrounding the Cup.

### Commitments on Health:

- A **food and beverage company** committed to working with the Forum's Global Health Initiative to implement world-class malaria control programmes in at least three countries of operations.
- Companies committed to **providing and analysing** their data to help show the cost benefit of providing effective AIDS treatment to workers and communities.



- **Action on HIV/AIDS** – Volkswagen committed to supporting at least nine of their small-scale suppliers to establish strong health and safety programmes, including HIV/AIDS workplace programmes.

**To promote the African brand**, Bata shoes manufactured in Kenya will in future carry the stamp “Made in Africa” – a pledge made by Thomas J. Bata, Chairman, Bata Shoe Foundation.

**Changing Perceptions** – Forum companies in the advertising, media and entertainment industries committed to support recent successes in business and government in Africa by establishing a “Rebranding Africa Campaign” to be launched at the Annual Meeting 2007 in Davos.

## Aspirations

A selection of the broad range of aspirations expressed by participants in Cape Town:

**Principles to projects** – Operationalize NEPAD principles on transnational private-public partnership into tangible costed projects like the West Africa gas pipeline and the Inga Dam.

**Breakthrough in trade** – Improved market access for African goods.

Increase the input and engagement of **African business in global trade** negotiations.

**Improved governance** – Build on Africa’s gains in improved peace and security, improved governance standards and entrenched rule of law **to ensure that the exception becomes the norm.**

### Healthcare:

- **Healthcare systems** – Develop sustainable and comprehensive approaches to the strengthening of healthcare systems in sub-Saharan Africa.
- **Increase access to HIV treatment** – Unilever, Eskom, Volkswagen, Standard Chartered Bank, SAB Miller and Heineken aspire to support all the small and medium size enterprises in their supply chain to establish HIV/AIDS workplace programmes. Together, they could reach over one million people, but will need to partner with government to make this happen.



**“The challenge is how do we get companies and entrepreneurs to flourish and develop.”**

Lars Thunell  
Executive Vice-President,  
International Finance  
Corporation, (IFC),  
Washington DC

There should be **deeper, more symbiotic partnership** between universities, business and governments in Africa to ensure universities as drivers and incubators of growth.

Reduced **constraints to intra-African trade** to allow capacity, efficiencies and scale to be improved regionally even as negotiations continue in the global arena.

**China and Africa** – Improve Africa’s role in determining terms of engagement with China. Increasingly move from perceiving China as a threat to discussing holistic, win-win solutions to strengthen the partnership and maximize the opportunity arising from trade and investment with Asian giants.

**Rebranding Africa** – To associate **Africa with positive images** and to build stronger country brands within the continent.

**“Our belief has been that by bringing business together with governments and civil society, those partnerships could unlock Africa’s great potential and would allow the continent to assume its proper role in the global economy.”**

Peter Torreele  
Managing Director, World Economic Forum



# The Creative Imperative in Africa

The World Economic Forum on Africa in 2006 continued discussions that had taken place at last year's meeting in Cape Town and at the World Economic Forum Annual Meeting 2006 in Davos, Switzerland. The workshops, which were extremely well attended, and other sessions were designed to sustain efforts to follow "the creative imperative" by shaping solutions to a range of global challenges – from hunger to healthcare, investment to infrastructure. More than 700 government, business and civil society leaders pooled their knowledge and enthusiasm and shared their experience to find innovative ways to keep Africa "going for growth".



South African Finance Minister Trevor Manuel 'thinking on the box' in a WorkSpace brainstorming session on improving Africa's investment climate

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**"In reality, we have to implement programmes to which we have already agreed. Basically our challenge is our capacity to implement those. The capacity to implement stands at the centre of our challenges."**

Thabo Mbeki  
President of South Africa

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The following is a selection of creative conclusions that came out of the workshops:

**Global Risks:** The proliferation of interconnected risks in the globalized age requires a more sophisticated approach to confronting them. Participants devised worst-case scenarios for risks salient to Africa including oil price shocks, terrorism, climate change and a pandemic – and then considered ways to mitigate the threats or prevent them from becoming reality. One common conclusion was that business must play a role in confronting global risks in partnership with government and civil society.

**Infrastructure:** Africa's infrastructure deficit can only be solved with strong leadership and pan-continental cooperation. Public-private partnerships are essential, given the limited resources and knowledge in the public sector. Other key elements for a successful infrastructure development programme include political will and stability, strategic planning, efficient logistics and bureaucracy, the capacity for dispute resolution and the availability of skills and talent.

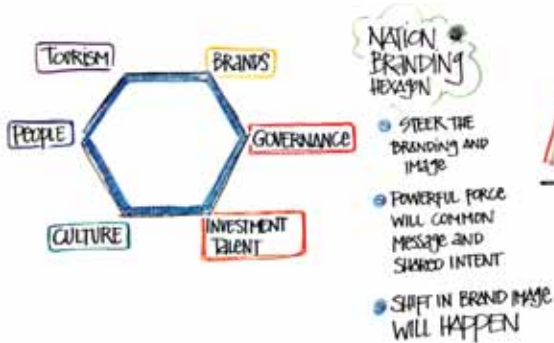
**Investment Climate:** A crucial outcome of the World Economic Forum on Africa was the launch of the Investment Climate Facility (ICF) for Africa with more than US\$ 100 million in initial commitments. This pioneering public-private partnership will run for seven years and will target the impediments to investment

and aim to unblock them. Participants focused on the following priorities: crime and corruption, enforcement of property rights, expansion and reform of financial markets, tax and customs reform, promotion of efficient business registration and bureaucracy, encouragement of competition, the need for greater flexibility in labour markets, and the development of adequate "soft" and "hard" infrastructure. Progress in these areas, which are priorities of the ICF, should be measured against targets or benchmarks.

**Hunger:** The fight against hunger is not a simple matter of putting food in people's mouths. A comprehensive approach is needed to ensure a sustainable solution. This includes educating women and girls; providing microfinancing for small-scale farmers; assisting farmers with water, seed and fertilizer; help for small enterprises; promotion of effective business models; and the support of world-class agricultural colleges. In each area, businesses are among the many stakeholders that have a role to play. The private sector, for example, can be instrumental in encouraging entrepreneurship at the village level.

**Rebranding Africa:** Perceptions of Africa must match the new reality of a confident, growing continent where peace, stability and democracy have spread in recent years. Africa has to promote itself as the world's "next big thing" as China and India have done. Business can play a role by highlighting corporate success stories and the more favourable investment climate, particularly achievements in democratization and deregulation. Success will come through cooperative efforts among Africans, not through the patronage of the Western media.

Participants in action at the Cape Town WorkSpace to explore and work through ideas, envisioning new possibilities and prioritizing responses to complex, systemic problems on perceptions of Africa, infrastructure, risk and the African investment climate



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