Regional Agenda

World Economic Forum on Africa
Delivering on Africa’s Promise

Cape Town, South Africa 8-10 May 2013
As Africa continues its transformation into a hub of global economic growth, its positive outlook faces challenges including fluctuating commodity prices, rising inequality and youth unemployment. To address these challenges, Africa’s leaders need to strengthen national and regional competitiveness, foster inclusive growth and build resilience to a volatile global environment. Accelerating economic diversification, boosting strategic infrastructure and unlocking talent are therefore critical success factors in this new leadership context.

With these elements in mind, the 23rd World Economic Forum on Africa convened over 1,000 regional and global leaders from business, government and civil society from over 80 countries to debate how best to deepen the continent’s integration agenda and renew commitment to a sustainable path of growth and development.

Under the theme “Delivering on Africa’s Promise”, participants addressed the region’s future through the lens of the thematic pillars in this year’s programme: Accelerating Economic Diversification, Boosting Strategic Infrastructure; and Unlocking Africa’s Talent. The 2013 World Economic Forum on Africa offered business, government and civil society leaders an opportunity to address pressing regional and global issues and gain insight on this triple imperative.

The Co-Chairs of the meeting reflect the diverse group of leaders who gathered in Cape Town and highlight the importance of continuing to enlarge the dialogue across stakeholder groups. This year’s programme focused on the enabling environment required to expand globally competitive local industries; new growth models that are delivering structural transformation and inclusive growth; and how Africa’s new partners can unleash the potential of new markets.

However, economic, social and soft infrastructure gaps continue to constrain economic growth, regional integration and social development. As such, participants examined crucial infrastructure developments to accelerate delivery of the continent’s potential; new solutions to bridge the gaps in the provision of infrastructure financing; and harmonizing cross-border legal and regulatory standards to increase intra-African trade.

Africa – home to the world’s fastest-growing youth population – can take advantage of its demographic dividend if its human resources can be equipped to manage and deliver growth effectively. Participants debated how the continent’s entrepreneurs can become global champions, scale up job creation and enhance social resilience; and explored the technological and social innovations and best practices that would allow the continent to reap the benefits of this dividend.

The open and frank discussions that took place in Cape Town made clear that stakeholders are prepared to take action to address these pressing issues, and are ready to transform Africa’s challenges into opportunities to realize the region’s growth potential and move towards regional integration.

The World Economic Forum is grateful to its Members and communities for their commitment to and participation in the World Economic Forum on Africa. We look forward to welcoming you to next year’s gathering in Nigeria.
A Secure Future for Food and Agriculture

The Grow Africa Investment Forum, which ran in parallel to the World Economic Forum on Africa, brought together high-level leaders to advance sustainable agricultural transformation in Africa. Discussions focused on agriculture infrastructure projects and finance, how to engage smallholder farmers, technical innovation and tools for empowering women. The Grow Africa partnership was co-founded in 2011 by the African Union Commission, the NEPAD Agency and the Forum to galvanize greater private-sector investment and financing for African agriculture. In 2012, Grow Africa was instrumental in prompting private-sector commitments totalling over US$ 3 billion for agriculture investments in eight countries, in collaboration with the G8’s New Alliance for Food Security and Nutrition. For more information about the Forum’s work on agriculture and food security issues, visit: http://www.weforum.org/issues/agriculture-and-food-security
Infrastructure a Top Priority

The lack of infrastructure is a key factor hampering the continent’s economic development, trade and jobs creation. To address this need, the Forum is working with the African Union Commission, the NEPAD Agency, the African Development Bank and a business working group of 35 leading infrastructure companies on regional infrastructure development in Africa. As such, two reports were released in Cape Town during the meeting. *Boosting Strategic Infrastructure – From Global Frameworks to Regional Infrastructure Development* focuses on regional project acceleration in Africa. *Steps to Prepare and Accelerate Public-Private Partnerships* provides an actionable framework and best practices for preparing public-private partnerships, which could help bridge the infrastructure gap in Africa and other regions.

Connecting Africa’s Markets in a Sustainable Way

Regional integration is a key vehicle for helping Africa to raise competitiveness, diversify its economic base and create enough jobs for its young, fast-urbanizing population. Launched in Cape Town, the *Africa Competitiveness Report 2013* was jointly produced by the African Development Bank, the World Bank and the World Economic Forum. The report maps out the key policy challenges in establishing closer regional integration, including closing the competitiveness gap; facilitating trade; building better infrastructure; and investing in growth poles. Download the full report, country profiles, rankings and more at www.weforum.org/acr.

On the Move with Young Global Leaders

Sixty-four YGLS took part in the Young Global Leaders programme in Cape Town. As part of this dynamic gathering, YGLs visited RLabs (Reconstructed Living Lab), a community project that addresses socioeconomic problems. RLabs’ vision is to empower, uplift and reconstruct communities through innovation, technology, education and entrepreneurship. YGLs learned how community-driven innovation models are applied to solve grassroots social issues, and how those models form the basis for social enterprises. YGLs took part in a strategic challenge exercise at RLabs and provided their ideas and insights in a hands-on learning journey. Learn more about the YGLs here: www.weforum.org/community/forum-young-global-leaders
Diversification Is Key to Africa’s Economic Success

Africans are starting to explore their competitive advantages and talking about what they are going to do to make the continent more self-sufficient. In a mood of pragmatic optimism, participants addressed how to deliver on Africa’s potential.

“We need to keep pressure on our own governments to force more and more transparency.”

Mo Ibrahim Chairman, Mo Ibrahim Foundation, United Kingdom; Co-Chair of the World Economic Forum on Africa
The strong economic growth being experienced by many African countries needs to be bolstered by greater diversification to improve the quality of gross domestic product growth and provide a buffer against external shocks.

Inclusive growth, seen as vital to the sustainability of Africa’s success, needs to be created by building more job-intensive industries through skills development and adding value to commodities. “It is not only the measurement of gross domestic product that is important, but the quality of that GDP. Africa needs to produce a new model of growth based on inclusivity and create new economic institutions both within and between countries to support it,” said Pravin Gordhan, Minister of Finance of South Africa.

Given the large number of young people and rapid urbanization taking place in Africa, policy-makers are focusing on how they can diversify economies to lay the foundation for a more prosperous continent.

Greater regional integration is essential for stimulating growth by creating bigger markets that will, in turn, attract investment into regional supply chains and create commercial enterprise along transport corridors. Linking markets will allow the low levels of intra-Africa trade – currently about 12% of the continent’s total trade – to increase.

The success of integration initiatives is dependent on the right political will to attract long-term investors in hard infrastructure and to remove impediments to the movement of goods and people around the continent. For example, a dependence on customs revenue by states is a major impediment to the free flow of goods.

Rwanda has boosted foreign investment levels fourteenfold within a decade and this is partially attributable to government policies to attract people with critical skills to the country, said Clare Akamanzi, Chief Executive Officer, Rwanda Development Board (RDB), Rwanda. Measures adopted by the country include the granting of three immediate free visas to all foreign investors, scrapping of visas for all Africans and introduction of an online visa application system – something not yet common in developed countries. To further channel talent into Rwanda, the government has installed “telepresence” or video conferencing in all key departments and public facilities in all districts – spending US$ 100 million on fibre-optic connections throughout the country.

Brand Africa has undergone a remarkable transformation in recent years. Continuing improvements in governance frameworks, soft and hard infrastructure, healthcare systems and education, and empowering women will allow African brands to go global. All of this progress has been good for Africa’s image and has led to the world seeing Africa for what it is: a land of opportunity.

The change in image has, in turn, allowed capital to begin flowing into African countries with greater confidence. The next phase of developing the continent’s brands will require that Africans deliver to local markets and focus on product quality and service excellence. There is strong competition from global products and services in the African market, particularly now that it is seen as a growth area.

Africans need to act with confidence and believe that they are capable of competing locally against global brands.
Inclusive growth is important to ensure the sustainability of initiatives to make Africa a prosperous region within the next 50 years. This requires significant and strategic investment in people, particularly women and the youth who constitute the vast majority of Africans, but who mostly remain economically marginalized. “We need to put women as well as youth at the centre of transformation in Africa,” said Bineta Diop, Chair of the Executive Board, Femmes Africa Solidarité, Switzerland.

Diversification requires a new focus on sectors that will provide jobs, skills and incomes. Key among these is agriculture, already the biggest contributor to GDP in African countries but suffering from low productivity through poor farming methods and inputs, a lack of land title for women who comprise the majority of African farmers, inadequate information and little access to markets.

If the continent is to become a trillion dollar food market and net exporter of food, there needs to be a mindset change to regard the sector as a commercial enterprise rather than a small-scale, subsistence-driven activity. Reaching this goal also requires investment in the entire value chain of farming and a greater focus on agro-processing.

The structural transformation of economies will enable them to move away from a reliance on the export of raw commodities to a more industrialized future.

However, this transformation needs to be underpinned by long-term improvements in competitiveness. The World Economic Forum’s Global Competitiveness Report 2013-2014 shows that 14 of the world’s 20 least-competitive countries are in Africa. Infrastructure deficits are part of the problem, as are a lack of skills, poor education systems, little manufacturing capability, inefficient bureaucracy, few effective institutions and high costs of doing business.

Nevertheless, high returns and large market gaps are creating an interest in Africa’s markets, opening up new areas of investment opportunity. The increasing need for power to underpin greater industrialization has provided large investment opportunities in energy, including green energy.

Technology is helping to build efficiencies and find answers to many of Africa’s challenges by providing innovative solutions to problems, such as the creation of mobile payment systems to increase access to financial services.

The number of new oil and gas producers across the continent reveals an opportunity for significant growth of revenue, jobs and opportunities along the supply chain, particularly as countries put in place transparent policies to ensure these riches contribute to broad economic growth.

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I’m happy to notice that in Africa, there is more and more awareness about the value of governance, democracy and leadership. The world is changing, and Africa is changing.


Trade, transport/comms and FS adding to growth higher up value chain for rich and poor countries

Sector value added, select African economies, latest year (2008-2011)

Source: UN Data, PwC analysis

Note: Countries selected based on highest and lowest GDP per capita (constant 2000 US$) in 2011, excluding those with total GDP (constant 2000 US$) in 2011 less than $2bn. Value added is the net output of a sector after adding up all outputs and subtracting intermediate inputs. It is calculated without making deductions for depreciation of fabricated assets or depletion and degradation of natural resources. Industry comprises value added in mining and manufacturing (reported as separate subgroups) and construction, electricity, water and gas (reported as “Other industry”). Services includes value added in wholesale and retail trade (including hotels and restaurants), transport and government, financial, professional and personal services such as education, health care and real estate services. Agriculture includes forestry, hunting, and fishing, as well as cultivation of crops and livestock production. Data taken from latest available years: 2011 (South Africa, Mauritius, Malawi, Madagascar, Ethiopia); 2010 (Botswana, Congo, Gabon); 2009 (Namibia); 2008 (Burundi).
We need to put women as well as youth at the centre of transformation in Africa.

Bineta Diop, Chair of the Executive Board, Femmes Africa Solidarité, Switzerland
Benno Ndulu, Governor of the Bank of Tanzania, said natural resource wealth is a key opportunity for the future and, although past experience of leveraging it for development has been negative, lessons have been learned and the future is more positive.

As labour costs rise in Asia, Africa – with its abundance of young people and low labour costs – may prove to be attractive to foreign manufacturing enterprises. However, work still needs to be done to reduce the costs of doing business, improve the provision of power and invest in skills development.

Africans are also starting to invest in their own continent, building new multinationals and providing world-class products and services that are increasingly being demanded by a growing middle class. Increased self-confidence provides Africans with a chance to negotiate better terms of engagement with international investors and institutions.

This confidence has led to a new determination by leaders to make Africa self-sufficient through broadening sources of revenue and leveraging idle capital. Public-private partnerships and strategic international partnerships with both developed and developing countries will help the continent to fund its own development.

Peace and security are important factors in improving the brand of Africa to make it more attractive to wary international investors. The African Union, celebrating 50 years in 2013, is working towards the goal of building a continent at peace with itself within the next 50 years.

Economic success and improving governance are helping to change perceptions about Africa, creating a more positive story that is already attracting increasingly diversified foreign direct investment into new industries and sectors outside the traditional resources sector.

Africa is investing in Africa.

Ngozi Okonjo-Iweala Coordinating Minister for the Economy and Minister of Finance of Nigeria
Civil Society’s Evolving Role

The rise of civil society is one of the most important recent developments in Africa. Excluded in the past, civil society has taken a more prominent role in enhancing good governance; today, civil society organizations are invited into discussions and recognized as important participants. Governments are starting to take civil society more seriously as a safety net to keep policy-makers on their toes. While it is crucial that civil society monitor governments, the private sector also needs to be monitored; transparency in the sector is badly needed. Africa loses over US$ 100 billion annually through the illicit transfer of funds – and only 5%-6% of this is through corruption. The question is, how best to monitor and govern the private sector? In a session on the role of civil society, Mo Ibrahim, Chairman, Mo Ibrahim Foundation, United Kingdom, a Co-Chair of the World Economic Forum on Africa, made the point that, just as there is an index of governance for governments, what is needed is a similar index for business and the private sector.

“Economic growth that is not felt by the majority of the nation is not growth at all. Once ownership is there, sustainability is there.”

Uhuru Kenyatta, President of Kenya
The time has certainly come for Africa to start talking about what it is going to do for itself.

Pravin Gordhan, Minister of Finance of South Africa
01: Klaus Schwab, Founder and Executive Chairman, World Economic Forum
02: Gunilla Carlsson, Minister of International Development Cooperation of Sweden
03: Nkosazana Clarice Dlamini-Zuma, Chairperson, African Union Commission, Addis Ababa
04: Breakout groups in a session on Shaping the Post-2015 Development Agenda
05: Resource Wealth Management; Andrew Wales, Senior Vice-President, Sustainable Development, SABMiller, United Kingdom; Young Global Leader; Global Agenda Council on Biodiversity & Natural Capital; Aigboje Aig-Imoukhuede, Managing Director, Access Bank, Nigeria; Kwesi Bekoe Amissah-Arthur, Vice-President of Ghana; Winnie Byanyima, Executive Director, Oxfam International, United Kingdom; and Ricardo Saad, Global Director, Capital Projects, Africa, Asia and Australia, Vale Mozambique
06: Elizabeth Littlefield, President, Overseas Private Investment Corporation (OPIC), USA; Global Agenda Council on Social Innovation
07: Geoffrey White, Chief Executive Officer and Director, Lonrho, United Kingdom
08: Anders Borg, Minister of Finance of Sweden
Realizing Africa’s bountiful potential has been frustrated by a chronic lack of infrastructure. Leaders are now making determined efforts to bridge the infrastructure gap by driving initiatives that could be transformational.

“The infrastructure deficit puts constraints on Africa’s ability to compete, to reduce poverty and reach our full economic potential.”

Goodluck Ebele Jonathan President of Nigeria
New infrastructure in Africa is essential if rising growth rates are to be sustained and if growth is to translate into development that significantly improves the lives of people. Nicky Newton-King, Chief Executive Officer, Johannesburg Stock Exchange, South Africa, said that, “As Africa moves from informal to formal economies, it requires more formal markets … An opportunity presents itself for collaboration across markets, without necessarily aiming for a single market.”

Political recognition of the importance of infrastructure is reflected at the highest level. As such, infrastructure has been named as a key priority within the African Union’s Strategic Plan to promote regional integration, socioeconomic development and cooperation on the continent. “The infrastructure deficit puts constraints on Africa’s ability to compete, to reduce poverty and reach our full economic potential,” said Goodluck Ebele Jonathan, President of Nigeria.

Much of the infrastructure development needed involves complex engineering and major construction, making it very expensive and putting it beyond the traditional sole ambit of the public sector. Extensive collaboration and partnering between governments, funding agencies, multilateral institutions and the private sector are clearly required.

Soft infrastructure is a further important aspect when considering impediments to growth, development and, indeed, hard infrastructure development. In this category are regulatory frameworks, skills capacity, financial markets and official bureaucracy. Here again, public-private partnerships will play a key role.

The costs of not tackling the challenge are enormous. The infrastructure gap has an impact on growth, competitiveness, living conditions and, ultimately, social cohesion. “If we don’t partner effectively to bridge the infrastructure gap, the African growth story will not translate into development and the barbarians will storm the gates,” said Kennedy Bungane, Chief Executive, Barclays Africa, and Head, Africa Group Strategy, Barclays, South Africa.

The shortfall is estimated to weaken GDP growth by up to 2% a year across Africa. In many countries on the continent, transport costs are at least 100% more than they would be with road, rail, port, air-link and border crossing facilities of a higher standard. Only about 30% of African households have electricity, while natural water resources are chronically underused for irrigation and power generation.

Another political and economic imperative in Africa is regional integration – to strengthen capacity, deepen markets, cut costs and raise competitiveness. The building of infrastructure meshes very well with regional integration as not only are many envisaged projects “cross-boundary”, but the benefits will be shared. And, to realize critical projects, countries are impelled into taking practical measures for cross-boundary cooperation, aligning standards and even merging systems.

Such cooperation is already demonstrated in the Programme for Infrastructure Development in Africa (PIDA), which has been approved by Africa’s heads of state. Developed by the African Union Commission in partnership with the United Nations, the African Development Bank and NEPAD, PIDA specifically calls for new partnership models between business, government and donors to implement 51 priority infrastructure projects already identified – many of them involving multiple national jurisdictions.

These projects cover power generation, transportation, water and telecommunications. The power segment concentrates on hydroelectricity generation, such as with the Inga project in the Democratic Republic of Congo, which will potentially massively boost Africa’s energy output; building interconnectors between power pools; and laying regional oil pipelines.

Transportation plans include linking major production and consumption centres, for example with the Abidjan-Lagos Corridor, and opening up landlocked countries to more trade. A key ICT initiative is the “Missing Links” continent-wide provision of connectivity.
Trillions of dollars are there ready to find the right investment opportunity in the energy sector – it is not an issue of capital, it is about creating the right opportunity.

Brian Herlihy Chief Executive Officer and Founder, Black Rhino Group, USA, a Young Global Leader

An overall cost of US$ 68 billion to 2020 has been put on these projects alone. This might seem a daunting figure, but it represents just 0.2% of Africa’s gross domestic product and 1% of national budgets, making it quite feasible. The World Economic Forum has helped facilitate the prioritizing of a handful of these projects for immediate “acceleration” based on their bankability and do-ability.

The World Bank estimates that Africa as a whole needs to spend US$ 93 billion a year for a decade to fully bridge the infrastructure gap. Currently, roughly half of this is being spent. Yet, financial experts agree that sufficient money is available to make up this shortfall – if bankable opportunities can be presented, partnerships can be formed to source the funds and risks can be mitigated.

African central banks themselves have considerable cash reserves in low-yield investments and the African Development Bank is targeting this money for a new African infrastructure bond likely to be launched within 12 months. If 5% of African central bank foreign reserves go into this bond it will raise some US$ 22 billion – and have a catalytic effect in attracting other investments from further afield. Cash surpluses are available internationally in the wake of the financial crisis, and quantitative easing in developed countries has also fuelled liquidity. “The international financial crisis provides Africa with a great opportunity to access funds to finance its infrastructure programme,” said Mthuli Ncube, Chief Economist and Vice-President, African Development Bank (AfDB), Tunis.

Africa has a very good chance at a fresh start.

Mustafa Vehbi Koç Chairman of the Board, Koç Holding, Turkey; Co-Chair of the World Economic Forum on Africa
Integration, integration, integration: it will make Africa stronger and benefit the world.

Carl Bildt Minister of Foreign Affairs, Sweden

John Rwangombwa, Governor of the National Bank of Rwanda (NBR); Global Agenda Council on Population Growth; and V. Shankar, Group Executive Director and Chief Executive Officer, Europe, Middle East, Africa and the Americas, Standard Chartered, United Arab Emirates

01: Souad Elmallem, Chief Country Representative, North Africa, and Strategy Director, Africa, Bombardier Aerospace, Canada

02: Building Africa’s Financial Sector: Volkert Doeksen, Chairman and Managing Partner, AlpInvest Partners, Netherlands; John O’Sullivan, Southern Africa Correspondent, Economist, South Africa; Stephen Olabisi Onasanya, Group Managing Director and Chief Executive Officer, First Bank of Nigeria, Nigeria; Naveed Riaz, Chief Executive Officer, Africa, Citi, South Africa; John Rwangombwa, Governor of the National Bank of Rwanda (NBR); Global Agenda Council on Population Growth; and V. Shankar, Group Executive Director and Chief Executive Officer, Europe, Middle East, Africa and the Americas, Standard Chartered, United Arab Emirates

03: Robert D. Hormats, US Undersecretary of State for Economic, Energy and Agricultural Affairs

04: Tewodoros Ashenafi, Chairman and Chief Executive Officer, SouthWest Energy (HK), Ethiopia; Young Global Leader

WorkStudio: Mapping the African Infrastructure Landscape
ICT as a Key to Growth

Communication technologies have the potential to facilitate development across a wide range of sectors in Africa. With over 650 million mobile subscribers on the continent, there is enormous opportunity and potential. A lack of broadband Internet remains a critical challenge and rolling this out is recognized as a key priority. A comprehensive regulatory framework is essential to the development of communication technologies. Facilitative policy in this regard will encourage foreign direct investment. Mobile technology will be a key enabler for financial inclusion, although there has been limited success using mobile technology, with the most successful example being mPesa. Further mobile solutions should be explored, including mobile microcredit offerings. There are, however, hurdles to overcome, including regulatory challenges and conflict regarding ownership of the platform between telecommunications companies and banks.
In addition to longer-term debt for infrastructure, short-term financing is also required for project preparation and there is a ready appetite for this in the private sector. For example, the International Finance Corporation is successfully providing seed funding called “Infraventure” for feasibility studies, with up to US$ 4 million given at a time in a partnership model.

It is, of course, more difficult to draw the private sector into long-term projects because of the increased risks, but a way forward might be to break large undertakings up into “bite-sized” niche elements with shorter-term profit possibilities.

A key objective of large infrastructure development is to enhance the mobility of productive resources, such as people, goods and money. But such mobility is often hindered by soft infrastructure deficits, including onerous border crossing regulations, visa red tape, unaligned education and accounting standards, and a lack of interaction between various countries’ capital and equity markets. Some of these issues require political intervention, but some could be facilitated by private-sector engagement.

The key to success in bridging infrastructure gaps in Africa is clearly effective partnerships between all stakeholders. No sector can hope to tackle the enormous challenge alone and it is in all parties’ interests to ensure the environment is conducive to such partnerships. A transformed and prosperous continent requires sound infrastructure and this can only be built through effective collaboration.
Stuck in Customs

Facilitating the movement of people, goods and capital across borders is fundamental to the much-desired regional integration of Africa. However, red tape at borders in Africa can hold up shipments by more than a month whereas, in OECD countries, the equivalent time frame is about 10 days. Costs of delays in this respect are considerable. This has obvious implications for trade in food produce in particular, but also harms supply chain relationships and ultimately deters investment. Removal of these barriers will not only provide cost benefits for the private sector, but will also speed up excise revenue flows for government.

To travel across the continent, Africans have to apply for visas in advance for more than two-thirds of its countries, although new recommendations are being formulated to change this situation. Currently, visas on arrival are possible in just 14% of African countries. In contrast, for South Americans, visas on arrival are available in 81% of other countries on their continent, while in North America and the Middle East, the figure is 50%. The “one-size-fits-all” syndrome for visas can be a major business inhibitor.

“Africa is a place where frugal innovation works.”

V. Shankar Group Executive Director and Chief Executive Officer, Europe, Middle East, Africa and the Americas, Standard Chartered, United Arab Emirates

“Sound infrastructure will enable both public and private companies to achieve economies of scale and become increasingly relevant and competitive within the global community.”

Ibrahim Assane Mayaki Chief Executive Officer, NEPAD Planning and Coordinating Agency (NPCA), Halfway House, Johannesburg
01: Zhong Jianhua, Special Representative of the Chinese Government on African Affairs, Ministry of Foreign Affairs, People’s Republic of China
02: Susan Shabangu, Minister of Mineral Resources of South Africa
03: Kola Karim, Group Managing Director and Chief Executive Officer, Shoreline Energy International, Nigeria; Young Global Leader
04: Mapping the African Infrastructure Landscape WorkStudio

“[Africa’s] innovation should be built around people and solving their problems.”

Frans van Houten Chief Executive Officer and Chairman, Royal Philips Electronics, Netherlands; Co-Chair of the World Economic Forum on Africa
Unlocking Africa’s Talent

Leveraging Africa’s Greatest Asset: Talent

As populations decline across the rest of the globe, Africa’s singular demographic advantage will only be realized if innovation and entrepreneurship are promoted.

“...

You can never consider yourself a leader if you do not reach out and empower fellow women, especially girls and younger women.

“...

Joyce Hilda Banda, President of Malawi
The continent’s hard indicators – a 6.2% aggregate growth rate points to US$ 2.6 trillion in combined GDP by 2020 – are finally looking up. But Africa’s greatest resource is, and always has been, abundant: it will have 1.1 billion people of working age by 2040, a workforce greater than China’s. As populations decline across the rest of the globe, Africa’s singular demographic advantage will only be realized if innovation and entrepreneurship are promoted from Cape Town to Cairo.

“There needs to be a deeper realization,” said Martyn Davies, Chief Executive Officer, Frontier Advisory, South Africa, a Young Global Leader and Member of the Global Agenda Council on China, “that our most valuable asset is not what’s under the ground, but what’s potentially in our people.”

To capitalize on the economic opportunity, the continent must invest in developing its human talent. The latest United Nations Human Development Index, released in March, ranks just four African countries as having “high” human development indicators, while just one country, Seychelles, was ranked as “very high”. By contrast, 38 out of 46, or 83%, of the world’s lowest-ranking countries are in Africa.

“The continent’s innovation should be built around people and solving their problems,” said Frans van Houten, Chief Executive Officer and Chairman, Royal Philips Electronics, Netherlands; Co-Chair of the World Economic Forum on Africa.

While foreign direct investment is surging, the continent needs to implement innovative methods of including historically underutilized segments of the population, particularly women and young people. New technology and fresh ideas from social entrepreneurs need to be scaled to make this happen.

“Women are the third emerging market,” said Anne Githuku-Shongwe, Founder and Chief Executive Officer, Afroes Transformational Games, South Africa, a Social Entrepreneur. According to the World Bank, more women (61%) in Africa participate in the labour force than is true in most other parts of the world. But millions fewer girls than boys complete primary education, female entrepreneurs have less access to credit and women earn less than men across the board.

One key to bridging this gap is for female leaders to scale their efforts to help other women succeed. The first part of that equation is increasingly powerful.

“You can never consider yourself a leader if you do not reach out and empower fellow women, especially girls and younger women,” said Joyce Hilda Banda, President of Malawi.

Such empowerment must come from more than small-scale microcredit and mentorship schemes, but involve enlisting women in the technology sectors and medium- and large-scale enterprises. One example of this is the plan of Uhuru Kenyatta, President of Kenya, to press forward with legislation that ensures 30% of government procurement contracts are steered towards young men and women.

“We want to mainstream the issues of youth and women,” said Kenyatta. Fundamentally, this means training traditionally “unskilled” populations. “We want to ensure that this gap – which is a huge gap – is addressed.”

The 20 countries with the highest percentage of their population under age 15 are all in Africa, and the continent has the world’s largest youth bulge. But last year, just 40% of the 91 million new entrants into the labour market found work. To consolidate growth, young people must be provided with greater opportunities.
Youth exclusion and disempowerment can also have radical political consequences, as was seen in North Africa two years ago. “One of the sparks of the Arab Spring, especially in Tunisia, was that youth didn’t feel like they had a place at the table,” explained Alia Mahmoud, Global Shaper, Tunis Hub. Mahmoud was one of the many Global Shapers – exceptional young people chosen by the Forum for their leadership potential – who participated in the 2013 World Economic Forum on Africa.

Part of the solution lies in promoting a pedagogy of leadership. “There is a fundamental flaw in our education system – across the continent – there is not enough talk about leadership. We spend most of our bandwidth across our education system teaching students facts,” argued David Smollan, Chief Executive Officer, Smollan Group, South Africa. “We need to teach skills, leadership skills. Nowhere in the curriculum do we focus on developing those skills in young people.”

Across the continent, social entrepreneurs have transformed both business and societal landscapes over the last decade. From microfinance to mobile telephony, the social enterprise sector has benefitted from youthful energy and compelling ideas, but uneven investment flows have meant that scaling is often difficult.

“These are still early days for many social enterprises,” said Bruce McNamer, President and Chief Executive Officer, TechnoServe, USA, “and even earlier for those tools that allow social enterprises to scale.” The right type of government policies can enable such enterprises and facilitate financing.

We need to teach skills, leadership skills. Nowhere in the curriculum do we focus on developing those skills in young people.

David Smollan Chief Executive Officer, Smollan Group, South Africa
Skills development is crucial for building Africa over the next 50 years and, by that time, should no longer be one of the key issues constraining African development.”

Frannie Léautier Executive Secretary, The African Capacity Building Foundation, Zimbabwe; Co-Chair of the World Economic Forum on Africa
Africa Social Entrepreneurs of the Year

Hilde Schwab, Chairperson and Co-Founder of the Schwab Foundation for Social Entrepreneurship, in the presence of President Jacob G. Zuma, Donald Kaberuka, Nkosazana Clarice Dlamini-Zuma, David A. Lipton and Naveen Jindal, conferred the Africa Social Entrepreneur of the Year award on five African social entrepreneurs. A growing number of corporations see income inequality and environmental problems as fundamental threats to their long-term growth. Many governments are starting to rethink the way they deliver goods and services that improve social outcomes.

The Schwab Foundation for Social Entrepreneurship supports a wide range of social enterprises across the continent. At the 2013 World Economic Forum on Africa, the Foundation named five Africa Social Entrepreneurs of the Year:

- Frederick K.W. Day, Buffalo Bicycle Company, Southern Africa – The company produces the Buffalo bicycle, a robust, purpose-built bicycle designed for African terrain and load requirements.
- Anne Githuku-Shongwe, Afroes, South Africa – Afroes uses interactive mobile learning strategies to teach youth about entrepreneurship and leadership, and to empower them as citizens to address their countries’ challenges.
- Njideka U. Harry, Youth for Technology Foundation (YTF), Nigeria – YTF works in regions of Africa plagued by poverty and pervasive unemployment, especially among youth and women. It provides life skills and resources to enable beneficiaries to join the economic mainstream.
- Chuck Slaughter, Living Goods, Uganda – By combining the best practices of microfinance, franchising, direct selling and public health, Living Goods is creating a fully sustainable system to improve the health, wealth and productivity of the world’s poor.
- Andrew Youn, One Acre Fund, Kenya – One Acre Fund provides a unique “market bundle” that brings a functioning value chain directly to rural farmers, and has used this combination of services to enable farmers to permanently transform their livelihoods from poverty to profit-generation.

01: Social Entrepreneurs Award 2013 for Africa
02: Salim Amin, Chairman, A24 Media/ Camerapix, Kenya; Young Global Leader Alumnus; Global Agenda Council on Poverty & Sustainable Development
03: Therese Gearhart, President, Southern Africa, Coca-Cola Company, South Africa
04: Tumi Makgabo, Founder and Executive Director, AfricaWorldwide Media, South Africa; Young Global Leader
These are still early days for many social enterprises, and even earlier for those tools that allow social enterprises to scale.

Bruce McNamer President and Chief Executive Officer, TechnoServe, USA; Social Entrepreneur; Global Agenda Council on the Role of Business
01: Working Women session
02: Enase Okonedo, Dean, Lagos Business School, Nigeria
03: His Majesty King Mswati III of Swaziland, King of Swaziland
04: Jack Leslie, Chairman, Weber Shandwick Worldwide, USA
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08: Jamie C. Drummond, Executive Director and Co-Founder, ONE, United Kingdom; Young Global Leader Alumnus; Global Agenda Council on Africa
Promoting Women in Leadership

The number of African women in leadership positions has increased in recent years. Women need to be encouraged to work in all sectors, including technology, manufacturing and energy. In each country, it is important to identify where girls are being lost to these fields, and to address the causes. Rather than mentorship schemes to promote women, sponsorship should be encouraged, in which persons in senior ranks take on talented women and guide them through the next steps of their career. A comprehensive policy framework would help tackle the problems that women face, and facilitate their promotion to positions of leadership. Panellists in a session on female leadership were of the opinion that quotas for women are valuable, as companies do not tend to make these changes themselves. A business case must be made for the promotion of female leadership. If 50% of a population is not participating properly in a country or business, it is an inefficient use of human resources. The business case is more convincing for many than an equality-based case for female promotion.

Education is an essential component of women’s advancement. Socialization at household level is also critical; households must be encouraged to raise girls and boys in the same way, so that they can aspire to similar careers. It is important to begin conversations about equal responsibility in the home. It is also critical to get men more involved in family care.
New Solutions sessions highlight creative approaches to solving some of the region’s most intractable issues. Each panellist presents a concrete solution, followed by a facilitated group discussion on its impact and scalability.
Delivering on Africa’s Promise

01: Rapelang Rabana, Founder, ReKindle Learning, South Africa; Global Shaper
02: John O. Onaiyekan, Cardinal and Roman Catholic Archbishop of Abuja, Nigeria; Global Agenda Council on the Role of Faith
03: Seth F. Berkley, Chief Executive Officer, GAVI Alliance, Switzerland
04: Ali Faramawy, Corporate Vice-President, Microsoft, Turkey
05: Naveen Jindal, Chairman, Jindal Steel and Power, India; Young Global Leader Alumnus
06: Wendy Y. Ngoma, Dean and Head of School, Wits Business School (WBS), University of the Witwatersrand, South Africa
07: Reeta Roy, President and Chief Executive Officer, Mastercard Foundation, Canada; Global Agenda Council on Social Innovation
08: John Manners-Bell, Chief Executive Officer, Transport Intelligence, United Kingdom; Global Agenda Council on Logistics & Supply Chain Systems
09: Xavier-Luc Duval, Vice-Prime Minister and Minister of Finance and Economic Development of Mauritius
10: Susan Mashibe, Executive Director, VIA Aviation, Tanzania; Young Global Leader
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Further Information

The event page of the World Economic Forum on Africa provides access to a richer level of content from the meeting, including videos, photographs, session summaries, insight reports and webcasts of selected sessions.

http://www.weforum.org/africa2013

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This report is also available to download in PDF or HTML format:
Upcoming Meetings

World Economic Forum on the Middle East and North Africa
Dead Sea, Jordan 24-26 May 2013

Shaping the New Regional Context

Decision-makers across the Middle East and North Africa are responding to the challenge of translating societal momentum into concrete positive outcomes. This represents an opportunity to make historic gains in the region on issues such as youth unemployment, transparency, income disparity, private sector development and infrastructure. The meeting will convene over 1,000 leaders to examine the policies and business strategies necessary to support the aspirations of the region’s economies, while catalysing dialogue to overcome long-standing fault lines and facilitate multistakeholder partnerships for the future. For more information, please e-mail: MiddleEast@weforum.org

World Economic Forum on East Asia
Nay Pyi Taw, Myanmar 5-7 June 2013

Courageous Transformation for Inclusion and Integration

After a series of bold economic and political reforms in Myanmar, the meeting will be the first leading international gathering of senior decision-makers from industry, government, academia and civil society to be held in the country. As Myanmar assumes the chairmanship of ASEAN in 2014, it will have a critical role in guiding the bloc’s 10 member economies towards economic integration in 2015. In this regard, the meeting will provide value to participants from the ASEAN region and to those who see in ASEAN an important evolving geopolitical and geo-economic pillar of the global economy. For more information, please e-mail: EastAsia@weforum.org

Annual Meeting of the New Champions 2013
Dalian, People’s Republic of China 11-13 September

Meeting the Innovation Imperative

The Annual Meeting of the New Champions – known as the Summer Davos – is the foremost global business gathering in Asia. The meeting creates an opportunity for exchange between leaders from top-ranked multinationals and chief executive officers of dynamic and fast-growing companies, including key decision-makers from government, media, academia and civil society. It will bring together more than 1,500 participants from 90 countries to share strategies and solutions and discuss global issues and risks. For more information, please e-mail: NewChampions@weforum.org

Summit on the Global Agenda 2013
Abu Dhabi, United Arab Emirates 18-20 November

The Summit on the Global Agenda brings together the most relevant thought leaders of the Forum’s Network of Global Agenda Councils. Comprised of groups of experts from academia, business, civil society, international organizations and government, the Councils advance knowledge and collaboratively explore issues shaping the global, industry and regional agendas. Over 900 Members of the Network will engage in workshops and sessions to provide comprehensive insight and recommendations on some of the most pressing global challenges. For more information, please e-mail: gacsummit@weforum.org
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