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Wide-ranging discussions at Africa Economic Summit

Opening the World Economic Forum's Africa Economic Summit 2004, on 2 June, President Chissano of Mozambique, welcomed participants to Maputo and expressed his hope that the Summit would help extend the debate over Africa's fuller integration into the global economy. He also added his hope that the Summit would highlight best practices and promote concerted action to promote change.

President Chissano said he believed that the energy and ingenuity that drive business can help governments and can help build needed capacity in a coordinated manner. However, he was not insensible to the problems

that continue to face Africa, and he listed unemployment, poverty, the elusiveness of peace and stability, and the epidemics of HIV/AIDS, malaria and tuberculosis.

Mozambique, he said, had learned the hard way in its search for peace, but had finally resolved the problems of civil dispute through dialogue, tolerance and forgiveness.

"We have learned how essential peace is for economic development and for our lives."

He acknowledged governments' needs to enhance the public sector's ability to deliver services, to build infrastructure and to improve legal frameworks. But he expressed his pride in the progress Mozambique had made in the fields of literacy, access to medical care and to primary schooling.

Speaking for Africans as a whole, President Chissano pledged a commitment to development of the continent without dependence on charity.

He saw improvements in efficiencies of primary industries such as fishing, agriculture and forestry as bases for economic growth. This should be followed by industrial development that would allow Africa to emulate the economic advances recorded by Asian countries since 1960.

Continent moving forward

Sir Mark Moody-Stuart, Chairman of Anglo American and Co-Chair of the Africa Economic Summit 2004, reiterated that increasing sound governance and capacity building would lead to results for populations as a whole.

He said that in some respects the World Trade Organisation had not delivered on its promises and that events in Iraq had turned the eyes of the world away from Africa. But he saw this as an opportunity for Africa to influence change and get change moving.

Turning to President Thabo Mbeki of South Africa, Sir Mark listed the aspirations enumerated by President Mbeki at the 2003 summit in Durban as the aims for the coming year: the hope for a settlement in Sudan, peace in the Democratic Republic of the Congo, the end of the war in Liberia and political agreement in Zimbabwe.

President Mbeki replied that he believed the continent had done well. He said he had not offered predictions in 2003 but, rather, had offered commitments on what would be done to reach those goals. All those commitments, he said, had moved in the way indicated.

He said he was confident the continent was moving forward, saying that the African Union's peace and security council increased the continent's capacity to control and to deal with violence.

President Mbeki referred to the question of responding to the challenges of underdevelopment by citing the examples of regional initiatives to help underdeveloped regions in Europe. Africa, like Europe, could not count exclusively on market mechanisms to solve its development problems. State interventions were also necessary, he said.

Reuel Khoza, Chairman of Eskom, South Africa, said that President Chissano had highlighted the need for cooperation between business and governments. Business, he said, could push and goad the political leadership towards a greater sense of urgency.

African agriculture

In a Summit session on “Agriculture: Creating Opportunities through Business” it was said that Africa must stop thinking of agriculture as a backward, isolated social safety net “in which 200 million rural poor live at or below poverty in subsistence level farming. Instead it should be seen as an integrated and complex business enterprise, linked to cities, and adding value at every level of the process, then we can find ways to coordinate efforts, information, opportunities and needs through NEPAD.”

Richard Mkandawire, Adviser, Agriculture, NEPAD Secretariat, pointed to the "enormous problems" farmers face, from infrastructure to hurdles barring market access.

"But it is not all doom and gloom, if we focus on non-traditional commodities. Kenyan floriculture is a major income earner, as is horticulture from Senegal and Mali, or beef from Namibia and Botswana."

He also highlighted that the "absolute commitment to invest 10% of national budgets to agriculture means we are entering a new era of development."

Other success stories came from West Africa. "Thirty years ago we had zero foreign exchange; now we have half a billion in primarily agricultural exports," said Augustine Adongo, Chief Executive, Federation of Ghanaian Exporters. "We looked at the market and saw windows of opportunity in Europe and North America."

Adding value goes beyond making the desert bloom with irrigation, or growing organic food. "More important is the process through which we bring products to market, set up certification schemes monitored by a third-party accreditation body, and meet the stringent requirements of European consumers who pay more if we measure up," said Klaus Merckens, Executive Director, Sekem Group, Egypt.

"That in turn means investing in Africa's most important agricultural resource: our people," said Gerrit J. Booyens, Chief Executive Officer, Southern African Citrus Cooperative, South Africa. "Enable them to engage; invest in knowledge and expertise to aid the producer."

Others urged providing services to small farmers. "We need to start identifying opportunities that help get their product to market," said Rosario dos Santos Cumbi, Industrial and Commercial Manager, Tongaat-Hulett Açucar, Mozambique.

Because firms are willing to release funds for a recognised organic certification, such labels are "money in the bank," and can eliminate waste and overproduction.

Start with the product and work out from there, urged Carlos M. Costa, Deputy Director, Technoserve Mozambique. "Focus on what makes money; look for a cash crop. Then you can work outward and upward from there, just as Mozambique has moved from growing cashews to processing nuts."

All these dimensions force nations to take a broader interlinked view of agricultural policy, noted Mandisi Mpahlwa, Minister of Trade and Industry of South Africa. "We don't want to get in a situation where we see ShopRite supermarkets as an enemy of African agriculture. With the right incentives we can encourage it, and other such retailers, to source half their goods from local farmers."

Infrastructure: Making Priority Projects Happen

Moderator Leslie W. Maasdorp, International Advisor, Goldman Sachs International, South Africa, in introducing the session, said that at previous Africa Summits the focus had been on creating enabling conditions for development in the region, and building up institutions. Now attention is being given to implementing these commitments.

NEPAD has identified 20 priority projects and 10 flagship projects. There is a perceived lack of commitment

from business, and the session was intended to identify why the expected level of investment has not been forthcoming.

Outlining NEPAD's priorities, Reatile Mochebelele, Adviser, Infrastructure, NEPAD Secretariat, said the heads of state who formed NEPAD set criteria for projects to be undertaken under its framework.

These included some that had been stalled for political reasons, where blockages could be removed in the new political climate, and projects initiated by the regions that would contribute to African economic integration. Though NEPAD is not a financial agency, it mobilises resources, and makes sure there is political support for projects.

It is important to address the harmonisation of projects across regional borders, he said and that the private sector plays a role, along with the development banks. The NEPAD business group was thus of critical importance.

He stressed the need for patience in the planning of projects, especially when several countries are involved, as the political will to proceed is essential.

Steve J. Lennon, Managing Director, Resources and Strategy, Eskom, South Africa, spoke of the dangers of fast-tracking projects in view of the huge costs involved. The proposed West Corridor Electricity Interconnect (Westcor) venture - involving the Democratic Republic of Congo, Angola, Namibia, Botswana and South Africa - is a 15-year project, and the Mozambique-South Africa natural gas venture inaugurated this week was eight years in the making.

Developers need a consistent policy environment across the region, he said, and there should be cross-sectorial planning using synergies in the development of electricity, road, rail and water projects. Feasibility studies alone were costly and financing mechanisms had to be built up. An African energy investment commission has been formed to help with this.

Charles Steyn, Country Manager, Sasol Mozambique, gave a presentation on the US\$ 1.2 billion, 860-kilometre pipeline to South Africa which was just inaugurated stressed the importance of meticulous planning and the involvement of the national and provincial governments, and local communities.

George E. Taylor-Lewis, Director, NEPAD Unit, African Development Bank, Tunis, commented: "I realise from the discussions that many people are unaware of the large amount of work that has gone into getting the NEPAD infrastructure programme to its present level. Following on from that, there is clearly a big communications gap between the NEPAD organs and the private sector, especially in the south, and this is something that has to be worked on."

The African Peer Review Mechanism

Participants discussed the African Peer Review Mechanism (APRM), asking: What's taking so long? How thorough would the reviews be? What outcomes would result? And were the calls by business for issuing "red cards" to delinquent countries realistic or even helpful?

Prof. Wiseman L. Nkuhlu, Chairperson, of the NEPAD Steering Committee, explained the status of the APRM, and what has delayed it.

"Heads of state are concerned that the process is taking longer than they wanted, but did not want to interfere with the panel," Professor Nkuhlu said. The process must speed up.

As for "red cards," the review process would be to highlight a nation's strengths and weaknesses and would involve public debate and transparency.

"Judging by the speed at which African countries are reforming, the majority of countries will adopt a programme of action," he said. Where they did not, the political leadership would lose the confidence of their own people.

The NEPAD and its APRM were designed to encourage democracy-building and open societies, said Peter Anyang' Nyong'o, Kenya's Minister for Planning and National Development "Governments need "the energising element of the democratic process" to remind them that what ought to be is not always what is." But African governments are at various stages in democracy, and we should take care in giving instant prescriptions, he added.

Nyong'o said the APRM would require a learning process, as few understood what it involved. "In Africa we must uplift the weak while encouraging the strong," he said.

High expectations of the APRM rightly put governments under pressure, said Stanley Subramoney, Deputy Chief Executive Officer, PricewaterhouseCoopers South Africa. "Business likes a stable and certain business environment, and business has been impatient with the process. Most have a sense of urgency about delivery. Africa cannot wait – the time is now."

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Calendar of Events

- **8 - 10 June**, G8 Summit, Sea Island, USA
- **25 - 26 June**, NEPAD Multi-Stakeholder Dialogue, Addis Ababa, Ethiopia
(postponed to **October 2004**)

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Contact

General Manager - Communications and Outreach

Ms. Thaninga Shope-Linney
Tel: +27(0)11 313 3331
Fax: +27(0)11 313 3778

Manager – Publications and Editorial

Ms. Mundia Kunyanda
Tel: +27(0)11 313 3161
Fax: +27(0)11 313 3778

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Fax: +27 (0)21 671 1109

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