

'Africa's resilient dynamism' discussion at WEF

ABN Productions hosted a panel discussion in Davos, Switzerland at the recent World Economic Forum (WEF), in partnership with *Forbes Africa* magazine, CNBC Africa and Brand South Africa, gathering senior business and government leaders to discuss sustainable growth through regional integration, infrastructure development and labour market reform.

Developments in infrastructure - both physical and financial, and deeper economic integration were seen as key to sustained growth in Africa, according to a panel of global leaders from business and politics.

The discussion centred on Africa's "resilient dynamism", the theme of this year's forum, and featured a keynote from South African minister of Finance, Pravin Gordhan, with a panel featuring South African minister of Trade & Industry, Rob Davies; Maria Ramos, CEO of ABSA; and Brian Molefe, CEO of Transnet.

The panel was optimistic about Africa's future. Indeed, while the United States and Europe battle political gridlock and mounting debt and global growth continues to stagnate as economic powerhouses like China seek to avoid a hard landing, Africa has remained one of the few bright spots for economic activity. The African continent saw growth of more than 5% in 2012 and is projected to see the same in 2013, according to the International Monetary Fund.

"In a world that is troubled with slow or no growth, which is struggling with the impact of unemployment, both business and government have serious challenges ahead," said Gordhan. "Collectively, we must balance the need for short-term solutions to immediate challenges, while making a long-term commitment to sustainable growth and implementing a sound political and economic framework."

Africa, and South Africa in particular, are clear embodiments of this year's theme, showing resilience in the face of a challenging global economic climate; South Africa has ranked in the WEF Global Competitiveness Index (GCI) as being among the best places in the world for corporate governance, regulation of the financial system and availability of financial services.*

Beyond trade - deepening economic integration

Minister Davies highlighted the need for African countries to not just broaden their economic and trade ties, but to deepen their relationships - something he said is being achieved through the development of the free trade areas covering 26 countries on the continent.

Minister Davies acknowledged that the absence of sovereign debt crises, alongside better governance across the continent, has gone a long way to creating an environment where African investments see long-term growth and returns that create sustained development across the continent. However, he reiterated the need to ensure industrialisation benefits all

Africans, and cautioned against becoming over-reliant on mineral resources.

While existing infrastructure was developed in large part for - and still largely supports - the mining industry, Minister Davies said that long-term growth strategies must reach further. For growth, he said, there must be investment in financial, energy, and technology infrastructure just as there is for the extractive industries.

Innovating infrastructure

Both Ramos and Molefe agreed that infrastructure development creates opportunities for both investors and the African people, with more than 80% of Africans remaining unbanked and 70% without access to internet.

Molefe, who is spearheading Transnet's \$300 billion investment in infrastructure projects, said that innovation in financial services and ICT create huge potential for Africans. According to Molefe, the globalisation of the retail finance market and the increasing use and availability of products such as bonds and mortgages is helping to unlock value and capital, creating liquidity across all levels of the market.

Ramos said she is seeing a significant increase in infrastructure funding and is particularly encouraged that more deals are being financed in African capital markets. However, she highlighted the need to keep innovating the financial services industry in Africa, to talk more about financial infrastructure and to create greater certainty in legal environments across the continent with regards to tariffs and financing.

Looking forward

Despite the resilience and dynamism currently being seen across the continent, unemployment and labour market instability must be tackled to sustain the dynamism of the African continent. However, unemployment in particular was highlighted as the global challenge of our time, in the words of Ramos.

According to Minister Davies, there is no 'magic bullet' for unemployment, and job creation cannot be seen as simply an incidental outcome of growth, but a target in its own right. There must be commitments from different stakeholders across labour, business and government to address practical matters and in particular youth unemployment, he said, with training and skills development being absolutely critical.

Closing the event, Brand South Africa's CEO Miller Matola said: "We often forget to highlight the positives we've achieved. South Africa is a well-established democracy, the continent is emerging from the global economic crisis well-positioned for growth and we have a solid, stable fiscal environment. It is all too easy to lose sight of what's good, and to just focus on what is not good. Our task is to demonstrate that we not only acknowledge the challenges we face, but that we are responding to them in a dynamic and innovative way through our National Development Plan and infrastructure build program."

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