

Africa faces numerous key risks

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The World Economic Forum's Africa@Risk 2008 report highlights four key risks facing the region. Food security, geopolitical instability, economic shocks and climate change pose arguably the greatest threats to the continent and the imperative is for collective action to mitigate these shared risks.

According to the Forum's new report, Africa is at an inflection point. The prospect of the region sustaining 5% growth is achievable, but a number of risks loom large, threatening future development and security. Africa@Risk Report 2008, produced by the World Economic Forum's Global Risk Network is published to coincide with the World Economic Forum on Africa. It features the latest insights into trends, potential consequences and mitigation relevant to four key risks facing Africa:

1. Food and Freshwater Security – How best can Africa cope with increasing food and freshwater insecurity? What are the risks and opportunities for the region?
2. Geopolitical Instability – Can Africa sustain and consolidate progress on transparent and democratically accountable governance? Can it increase its institutional capacity to prevent, manage and resolve both intrastate and interstate conflict?
3. Economic Shocks – Can African resource-rich countries reduce their commodity dependency by diversifying their economies? How can wealth be better distributed? How can African countries increase their trade benefits?
4. Climate Change, the Environment and Challenges to Africa's Development – How will global warming affect Africa? How best can the region, countries, businesses and communities adapt to mitigate its effects?

In preparing this report, more than 20 experts from business, academia, non-governmental organizations and civil society were asked to consider the drivers of the recent period of unprecedented growth in Africa and the opportunities that exist, as well as the threats to Africa's continuing progress.

As with all global risks, these four threats to Africa's future are not isolated risks; their drivers, triggers and potential consequences are highly interconnected, the report stresses.

"Food and water security will be affected by how climate change impacts the region as well as by global and regional economic conditions," said Irene Casanova, co-author of the report and a member of the Forum's Global Risk Programme. "As food is a major proportion of poor people's consumption basket, higher food prices may threaten political stability in Africa, leading to a regressive economic crisis, and placing Africa's growth at risk. Likewise, acute water shortages might exacerbate intercommunity and interstate tensions and blight prospects for development," said Gareth Shepherd, co-author of the report and member of the Forum's Global Risk Programme.

Urgent collective action is required, including raising agricultural productivity, strengthening local adaptation to climate change, improving governance and enhancing economic resilience through diversification. Decision-makers cannot assume that tomorrow's growth story will read like today's. The economic fundamentals are in place, but political dynamics and the scope of structural reforms are more likely to shape the next chapter. The report concludes that for Africa – a continent

characterized by huge opportunities and ever-increasing regional and global interdependence – the imperative is for collective action to mitigate these shared risks.

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