
ANNUAL REPORT 1999/2000

REPORT OF THE PRESIDENT OF THE FOUNDATION BOARD ON THE ACTIVITIES FROM 1 JULY 1999 TO 30 JUNE 2000

Last year we celebrated the 30th anniversary of our Annual Meeting in Davos. It was also the most successful year in the history of the Foundation. First, we increased and consolidated our partnership and membership base, moving closer to our objective to be the organization of the 1,000 foremost global companies. In order to allow the integration of new important corporations, such as Alcoa, Deutsche Lufthansa, Estee Lauder, Gateway, HSBC Holding, Mitsubishi Corp, Royal Philips Electronics, Shiseido Company, Viacom and others, we again had to discontinue some of the traditional memberships that no longer fit the set criteria. Second, the participants rated all our traditional activities, including our Annual Meeting in Davos and our Regional Summits, as great successes.

The participation of key public figures, such as President Bill Clinton of the USA, Prime Minister Tony Blair of the United Kingdom, King Abdullah II Ibn Hussein of the Hashemite Kingdom of Jordan, Indonesia's President Abdurrahman Wahid, South Africa's President Thabo Mbeki, Argentina's President Fernando de la Rúa and others, again demonstrated the role of Davos as a catalyst for the global agenda. Taking place at the dawn of a new century, the meeting's theme "New Beginnings: Making a Difference" was especially appropriate.

Governors Meetings in 12 industries were again integrated into the Annual Meeting in Davos. Task Forces who met in our headquarters in Geneva in advance of the Annual Meeting carefully prepared the Governors Meetings.

Several initiatives also came out of the Annual Meeting in Davos, such as the Global Alliance for Vaccines and Immunization (GAVI), supported by a large grant of the Bill and Melinda Gates Foundation.

During the year under report, the following regional activities took place:

- Central and Eastern Europe Economic Summit, Salzburg, 30 June-2 July 1999
Taking place after the ending of the Kosovo crisis, the prospects for reconciliation and reconstruction were in the centre of the debates, giving also a new dimension to the subject of European enlargement.
- East Asia Economic Summit, Singapore, 18-20 October 1999
The discussions conveyed a sense of restored confidence, although there was no question of perceiving the Asian crisis as a parenthesis to be closed. Interestingly, numerous debates evolved around a new "triangle of growth" which is expected to emerge from Internet-related activities in the region.
- India Economic Summit, New Delhi, 5-7 December 1999
Held in the immediate aftermath of the general elections, the Summit was placed in a much-awaited context of political stability. The tone of the discussions was set by the Prime Minister's claim that "India is on the move." The general feeling was that, for the most part, the signals demonstrated by the Indian economy are encouraging and that the country will be of growing interest to potential investors. At the end of the Summit, the participants presented ten recommendations to the Government of India.

- **China Business Summit, Beijing, 16-18 April 2000**
At its 19th Summit, the Forum broke new ground by welcoming more participants from Chinese enterprises than from foreign and multinational companies. China's coming accession to the World Trade Organization and an ongoing overhaul of China's primary economic institutions continue to reshape the market. Extensive discussions around new technologies and the Internet revealed the growing entrepreneurial spirit in China.
- **Eurasia Economic Summit, Almaty, 26-28 April 2000**
This very first Summit in Central Asia was a real success in terms of business and government participation. What emerged from the discussions was a sober and realistic look of what remains to be done in the region. Not only must barriers of all sorts and competition for regional supremacy be overcome, but also governance at large is a stumbling block that needs to be removed fast.
- **Mercosur Economic Summit, Rio de Janeiro, 5-7 May 2000**
For political reasons, Mercosur and its relaunch were the hot topics. With new administrations just put into place five months prior to our Summit in Argentina, Chile and Uruguay, it was the moment of renewal or relaunching for the Mercosur integration process which had been put on hold. Another topic, leadership responsibilities, was accompanied by a strong message for responsible growth.
- **USA Meeting, Washington DC, 23-24 May 2000**
The meeting theme "US Leadership in the Global Economy" triggered discussions around six broad subject areas: trade, financial markets, the economy, politics, national security and technology. Debates ranged from the US elections to bioterrorism, from oil prices to the human genome project. There was widespread agreement that the United States needs to stay engaged prominently in world affairs.
- **Southern Africa Economic Summit, Durban, 21-23 June 2000**
The two key objectives were to give an economic input to the African Renaissance concept and to pursue regional integration priorities in Southern Africa. The main impediments to the African Renaissance were seen to be the insufficient capacity for conflict resolution and the healthcare issue.
- **Central and Eastern European Economic Summit, Salzburg, 28-30 June 2000**
Concerns about stability in several parts of Europe, most particularly in the south-east and in the Caucasus, combined with the urgency for European integration, were the two key messages conveyed throughout the Summit. To demonstrate that good corporate governance leads to good performance, the Forum created a Business Council with an initial focus on well-managed, successful Russian companies, to be extended at a later date to the whole region.

The successful development of our activities was also expressed in the increase of income from Swiss francs 51,306,002 to Swiss francs 61,100,642, while the expenditures developed from Swiss francs 50,380,441 to Swiss francs 59,416,135. This figure includes substantial amortization on the investments in our new headquarters and in new equipment. The surplus increased from Swiss francs 925,560 to Swiss francs 1,684,507, resulting in an increase of the Foundation Capital from Swiss francs 7,062,041 to Swiss francs 8,746,549.

The 30th year of existence of the Foundation will also be remembered as the year of substantial change inside the World Economic Forum. The changes were first formulated in a *Roadmap for the Future* with the following objectives:

- to make the World Economic Forum even more mission-oriented (improving the state of the world)
- to centre the World Economic Forum around the global agenda (macro-level, industry-related and region-related)
- to make the World Economic Forum the “hub” for private-public partnerships
- to make the World Economic Forum more inclusive, reaching out to the stakeholders of society (such as NGOs)
- to engage our members and partners much more in the World Economic Forum’s activities; they should become the driving force
- to institutionalize the World Economic Forum by defining clear guiding principles and by creating higher transparency.

In order to execute the strategies laid down in the *Roadmap* and create the necessary capacities and capabilities, a substantial internal restructuring took place. We created

- the Centre for the Global Agenda to address key global issues of a political, economic, social and environmental nature
- the Centre for Global Industries to address industry-related issues
- the Centre for Regional Strategies to address region-related issues.

It is our objective to become in each of these areas the leading global institution for collaborative efforts in addressing strategic issues.

We also nominated a Managing Board and a Leadership Team, defining clear responsibilities and accountabilities, while at the same time maintaining a flexible flat organization.

In many areas, we made substantial progress in professionalizing the World Economic Forum, particularly by building up capabilities to capture and manage knowledge of a complex nature.

In the framework of our process-oriented strategy we have started a number of global task forces. In this respect, our involvement in the preparation of the G-8 Summit in Okinawa was of particular relevance and importance. On the request of the Government of Japan, who held the presidency of the Summit, we submitted recommendations to the G-8 heads of state and government on turning the digital divide into a digital opportunity.

The Global Competitiveness Report (GCR) has remained the most authoritative source for assessing the micro- and macroeconomic foundations of the competitive advantages of nations. Designed to assist members in developing successful business strategies in an increasingly complex world economy, the Report has become an invaluable tool for governments for benchmarking the conditions of competitiveness. As such, the Report has served as an important catalyst for policy change in a rising number of countries.

In an effort to broaden its audience even further, it has been decided to publish *The Global Competitiveness Report* in cooperation with Oxford University Press. In ensuring the highest standards of scientific rigour, the Report has continued to benefit from the Forum's strategic partnership with Harvard University namely Professors Michael Porter and Jeffrey Sachs.

First published in 1979, *The Global Competitiveness Report* has evolved with globalization itself. In the 2000 edition, special emphasis was placed on technological progress as a key driver of economic growth. Other important innovations include an empirical study of the environment-growth nexus and an assessment of exchange rate expectations in the context of Europe's international competitiveness.

The Global Competitiveness Report 2000 was supplemented by the Africa Competitiveness Report. Examining the economic and social outlook for almost 30 African countries, this Report was presented at the Forum's Southern Africa Economic Summit in Durban in June 2000. Together the two reports have covered 84 countries, providing a unique basis for a comparative analysis of the global economy.

I would like to thank all our partners, members and constituents, and particularly the employees of the Forum, for their valuable help in making this year a stepping stone in building a leading global institution for the 21st century.

KEY FIGURES IN SWISS FRANCS

YEAR	1995/96	1996/97	1997/98	1998/99	1999/2000
Total income, out of which	36,347,457	42,074,397	51,890,452	51,306,002	61,100,642
Members' fees	14,887,600	16,047,893	18,761,000	20,915,531	22,106,920
Total expenditure Including R&D and investments	35,783,161	41,432,138	51,047,818	50,380,441	59,416,135
Surplus to be Added to the Foundation capital	564,295	642,259	842,633	925,560	1,684,507
Foundation capital	4,651,587	5,293,847	6,136,481	7,062,041	8,746,549

TOTAL STAFF

Full time	58	59	73	68	81
Part time	21	21	26	24	22

In its transfer to a knowledge and process oriented organization, in 1999 the Forum invested particularly in its human resources, which was reflected in an increase of personnel costs of 27.69%.