



How to Put Africa Back on the Right Track

Peter Reiling, George Ayittey, Jacqueline Novogratz, and Arthur Mutambara

Tuesday, July 4, 2006



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MR. REILING: Good afternoon everybody and welcome. My name is Peter Reiling. I'm Executive Vice President here at the Aspen Institute. And I am delighted to welcome you to the session called "How to Put Africa Back on the Right Track." We have a terrific panel here. Let me begin by introducing them.

And then our plan is -- I'll sort of be interviewing them for the next hour or so. And then we'll open up for questions from everybody here. And of course if you have something really pressing during our discussion, please feel free to jump forward if you want to, OK? So let me begin down on the left by introducing Dr. George Ayittey. George, can I call you George?

MR. AYITTEY: Yeah, sure.

MR. REILING: George is a distinguished economist in residence at American University, President of the Free Africa Foundation, and the author of several books, which if you haven't read them yet, please do. One is called Africa Betrayed, and the other called Africa in Chaos, among his other publications. George was born in Ghana and is a resident of the same state as me, Virginia. And George, it's great to have you here.

MR. AYITTEY: Thank you.

MR. REILING: Seated next to George is Jacqueline Novogratz. I joke that I see her so often when I open up newspapers and magazines that she's soon going to be on the cover -- on the front of my Witty's box, I have no doubt. Jacqueline is the CEO of the Acumen Fund. You all had a chance to hear from her already.

Acumen Fund is a wonderful nonprofit global venture fund for the poor based in New York City doing wonderful work around the world. And she is a member of the Henry Crown Fellowship right here at the Aspen Institute. Jacqueline, great to have you with us.

Arthur Mutambara, bigger than life, is president of the Movement for Democratic Change in Zimbabwe and managing director of the African Technology and Business Institute based in South Africa. And Arthur and I have known each other for a little over -- about three years now. He is a member of something called the Africa Leadership Initiative inspired by the Henry Crown Fellowship program here at the Institute. And he is a member of the inaugural class of fellows in South Africa.

I should also tell you, one of the interesting personal things about Arthur is that his goal is to have his own soccer team. And he is on his way -- on the way because -- you have how many children now?

MR. MUTAMBARA: Two.

MR. REILING: But he told me he wants his own soccer team to take the field soon, and he's on the way. So this is our panel, and why don't we begin our discussion by me asking this? There is no doubt I don't think in anybody's mind in this room that Africa has huge challenges. But let's start out with a question that was inspired really by the remarks we heard from Richard Dearlove, yesterday, saying that we have to get to the root causes. What do you think are the root causes of Africa's challenges today? George, do you want to start us off?

MR. AYITTEY: Yes. First of all, thank you for -- and also especially the Aspen Institute for

inviting me and my panelist -- fellow panelists here. Africa faces enormous challenges. And there are lots of people who are dying in Africa and living under oppression. We've seen so many countries blow up: Rwanda, Somalia, Congo, Liberia, for example. And as an African it makes me very angry. And there is no reason why Africa should be in such a sad state, because we are talking about a continent which is tremendously rich in resources. No reason at all why even Africa should be starving. Back in the 1960s Africa not only fed itself, but also exported food. Not anymore.

Now, let me focus on the root causes of the crisis in Africa. First of all, see -- and I also like you to always make a distinction between African leaders and African people. The leaders are the problem not the people. And we shall also make a distinction between three sectors of an African economy. We have a modern sector which is the abode of the ruling elites and the government. And then we have the traditional sector. And stuck between -- stuck in between those two is the informal sector.

Now, the vast majority of the African people live in the informal and the traditional sectors, OK. But these were precisely the two sectors which were ignored by the ruling elites. Much of the development resources were channeled into the modern sector. Now, today the modern sector doesn't make sense.

It is dysfunctional, and the governments there are also dysfunctional, of course there are exceptions. Now, it is from the modern sector that the crises emerge, and then they spill over onto the other sectors, claiming innocent victims. Now, the reason why the modern sector is dysfunctional is because our independence, our leaders went abroad and copied alien systems, alien and defective systems, to impose upon their people.

The first defective system was a political system. Back then in the 1960s they argued that democracy was a Western institution, and it was a lottery Africa could not afford. So many of them established one party's existence, with enormous political power concentrated in the hands of one individual.

Now, you don't have to be a rocket scientist to know that if you create a political system and concentrate power in the hands of one individual, no matter where the political system is, it would degenerate into tyranny. That was the first mistake. It wasn't -- it was not a mistake which was done by the colonialist, the African leaders themselves made that mistake. So for much of the post-colonial period we had one party's existence. No opposition parties were tolerated, OK. In 1990, only four African countries were democratic. And of course since the collapse of the Soviet Union the number of democracies has risen to 16 today, but even then 16 out of 54 African countries, means that the vast majority of the African people still live under tyranny.

The second mistake that they made was in the form of the economic system. They argued back then in the 1960s that colonialism was evil and exploitative -- because the colonialists were capitalist. Capitalism too was evil and exploitative, so they don't want to have anything to do with capitalism, so the official policy was to adopt socialism as an economic ideology. Now, this socialism, it's alien to Africa. Alien because before colonialists came to Africa there were markets in Africa, there were free traders in Africa.

But at any rate the socialism, economic ideology concentrated a great deal of political-economic tie in the hands of the states. So you have two defective economic and political systems concentrating a lot of power in the hands of the head of state. But then they went beyond that. Insidiously they took over one state institution after another and debauched these state institutions to serve their interest. They took over the military. Military protects them, not the people. They took over the judiciary and

tied the judiciary with their cronies so that you don't have the rule of law in many African countries.

They took over the central bank as well. They took over the civil servants and tied the civil servants -- civil service with their cronies and supporters. They took over the media and gagged it, so the media became a propaganda outfit for the government in power. So there you have a -- we have defective institutions -- I'm sorry, defective systems, and two, the economic and the political systems. And then also the state institutions taking over and perfected to serve the interest of the ruling elite.

By 1990 -- by 1980s an economic crisis has emerged. African leaders, governments came to the west for aid, the World Bank and the IMF said, "Okay, we will be willing to help you, if you are willing to reform both the economic and the political systems." The World Bank spent \$25 billion between 1981 to 1991 to help African governments to reform the economic systems.

What these leaders do was to take the money and do the Babangida Boogie -- one step forward, three steps back, and a flip and a side kick will land on a fat Swiss Bank account. Much ado about nothing -- they were not interested in reforming their economies. In fact, today as we sit and talk, if you look at political reform, only 16 out of the 54 African countries -- if you look at economic reform, the number of economic success stories is less than eight. To move Africa forward we need reform. But the leadership is simply not interested, period. Why --

MR. REILING: So George, your answer to the root cause, you're saying two things, leadership and inappropriate systems that have been adopted. Would those be the two key main points?

MR. AYITTEY: Yes.

MR. REILING: Arthur, what would you have to say about that?

MR. MUTAMBARA: In addition to what my brother has said, I think the major issue in Africa is succession with change, or the form of change without debating and discussing the content and substance of change.

We must be very clear in Africa or wherever we are in the world when we're trying to change society, to understand the substance of the change. When we attained independence: 1957, Ghana. 1980, Zimbabwe. 1994, South Africa. What is it that wanted the substance of change? The colonialist denied us human rights, they denied us democratic rights, they denied us economic activity, but the very -- some African leaders that took over power are denying us, they denied us fundamental human rights. They denied us the voice. So if you are to ask me in a phrase the fixation with the form of change without clear understanding of the substance of the change.

MR. REILING: So changing people -- leaders, but not changing what underlies the value --

MR. MUTAMBARA: Changing players and actors without changing the substance, and I will illustrate that. So that's why we had a force change when we got our independence is 1957, independence in 1960, independence in 1980, independence in 1994, South Africa. But let's check about the second wave of change. Kaunda was the dictator for 26 years in Zambia. And in 1992, Chiluba came into power in Zambia. And in 10 years from 1992 to 2002 Chiluba was worse than Kaunda, again, we brought about change in 1992 without interrogating the substance of the change that was brought in Zambia in 1992. Banda, Malawi, again, we got independence under Banda. We

changed the oppressor. A white oppressor was removed, a black oppressor was put in place.

And when Banda was removed from office, Muluzi took over power. And when Muluzi got into power, in 10 years he was worse than Banda. Again, fixation with the form of change without addressing the substance of the change. In Zimbabwe, for example, we have our problems with Robert Mugabe, the dictator. Again, what I'm saying is we grapple with the issues of Zimbabwe. Let's understand that the Zimbabwean problem is a problem of culture, of values, of a system.

If Robert Mugabe drops dead tomorrow, and we are not clean in our minds about the substance of the change we seek to bring in place, 10 years later we would be fighting to remove Mutambara, the dictator in Zimbabwe. So what we are trying to do in Africa, we don't want to go through this cycle of change without substance. So in a word -- in a phrase we need to interrogate and be clear on the substance of the change we seek in Africa, so that we don't have a missed opportunity when change does come.

MR. REILING: Thanks Arthur. We all know there is no silver bullet. There are no silver bullets anywhere, but if you had to name the single ingredient that you think is the most important ingredient to changing the trajectory of Africa, what do you think it would be? Jacqueline.

MS. NOVOGRATZ: Well, first of all, going after the -- sitting between the passion here, before I answer it, because I feel pretty strongly about it, there is just two things I need to say because I really appreciate what both of my wonderful colleagues have said. I do think it's really important without wanting to muddle that we are talking about 54 different countries. And sometimes when we talk about Africa, it's too easy just to look at the simple -- both on the problematic side as well as on the solution side, and so as someone who went through free genocide Rwanda and then after genocide I agree with George in terms of the need for multi-party systems, but I also went through a country that where multi-party systems are suddenly imposed on a country. What you see is a power grab, you don't see institutions that are developing from a real understanding in principles on which you will rule society.

And the other piece I was to say just so that we really have conversation here is, I think that the role of culture is really important. And I'm going to be talking later about enterprise development. And when I was working in Africa years ago, and I think I see that more strongly now, but then Ethiopia was ruled under the revolutionary, you know, Marxist government.

And yet if you look at the culture for hundreds of thousands of years starting from the Queen of Sheba you see an extraordinary trading society so that while the rubric was we are a Marxist society, we saw some of the best capitalists and traders we had ever met versus Rwanda, which had all the right language because of the development community that we are -- that was a democratic capitalist state even though it was also a one party president at least in practice.

It was an agrarian feudal culture, and so somewhere in this conversation today I hope culture is part of the conversation. For me the silver bullet is hope. I think that we can talk about trying to change 54 governmental systems, political systems, et cetera, et cetera.

But I look to India and what some of the companies like Infosys and Wipro did in the 1980s when the -- when there was a lack of transparency, when there were terrible taxation systems, import substitution, and yet people like Dr. Murthy at Infosys said we are going to build a world class institution in the middle of Bangalore, in this country that is seen as completely poverty stricken, and

we are going to do it under the radar screen, and Indians are going to start to seeing themselves as capable of creating world class institutions that will compete anywhere in the world.

We have got to do the same things in Africa because number one we can -- we have a starting place. Instead of arguing all the time about how to create -- to only create, to change the system at the top, we are starting places by finding real winners, and having the courage to bet on those winners, build those winners ,and cut off losers.

MR. REILING: Who is the "We," Jacqueline? Who is the, "We," that's going to do that?

MS. NOVOGRATZ: A lot of people in this room. And in part goes to where I want to sit in a room with you, George, for like six hours and have these conversations. It in part it's too easy to say African leadership itself. We are a world that has, during the Cold War, played a huge piece in terms of not demanding any accountability.

Now that investors are starting to look differently, hopefully they will -- whether -- I don't care if they are African investors, Indian investors, Chinese investors, American investors, they will hold leadership accountable to create a more transparent open investment climate.

The "We," is anyone who is involved. And I would argue that all of us have that capability to get involved.

MR. REILING: Okay. George, single ingredient, what's a silver bullet?

MR. AYITTEY: Well, first of all I disagree that there is a -- one single silver bullet, there is no such one single silver bullet.

MS. NOVOGRATZ: Of course not.

MR. REILING: What would be the first item in your --

MR. AYITTEY: I think -- let me say this. We've had many international partners and donors who have tried to help Africa. Unfortunately, they have compounded Africa's problems because they've used the wrong approach. Many of them, especially during the Cold War, were also looking for the single bullet -- silver bullet. And they felt that that's an -- silver bullet was the leader.

So their approach to what's Africa was leader-centered. So anybody who came to the West and said he was anticommunist, you know, unlock the floodgates of Western aid, Mobutu Sese Seko of Zaire was one example. We're repeating the same Cold War mistakes now. Now, the U.S. is involved in Africa. The U.S. is looking for oil. The U.S. is also fighting a war on terrorism. Now, guess what? There are many African leaders who also claim to be fighting terrorism, when they themselves are the realistic terrorist. I mean, look at Al-Bashir in Sudan, he claims he is fighting all -- they say they are doing all this because they want to win American support and sympathy and et cetera, et cetera, OK. We need to be smarter than that.

We need to move away from that leader-centered model to one based upon institutions. By institutions, I mean the institutions which will empower the African people. Look, it is not America who has to solve Africa's problems. It is the African people themselves. Now, we have to empower them. There are six critical institutions that if we have established in Africa, Africans themselves

will do the rest of the job.

One, an independent and free media. It's a very critical institution. Americans take their independent free media for granted. It is not so in Africa. Right now in Africa, out of the 54 African countries only 8 of them have an independent media.

MR. REILING: George, I read some by you -- the role of FM radio in Ghana --

MR. AYITTEY: Precisely. The FM radio station has brought about, you know, free and transparent elections in Ghana. That's the role an independent media can play, in sort of -- in sort of making sure elections are transparent. The media can also play a role in fighting corruption. One of the first step in fighting corruption is to expose it. They say controlled media; it's not going to expose it.

The second institution that you need is an independent judiciary for the rule of law. We don't have that in many African countries because the bench is plagued by Mugabe's cronies, and the other dictator's cronies. Now, they get away scot-free with even murder. Nobody prosecutes them. (Inaudible), for example, is now in Senegal, now we're going after him.

The third institution that you need is an independent and free electoral commission. OK, well, in order to have free and fair elections you have to have an electoral commissioner who is unbiased. And number -- what number am I on?

MR. REILING: Number four.

MR. AYITTEY: Number four, you need a neutral and professional armed forces. The armed forces, the military, the security forces that are in Africa, they ought to protect the people, not the ruling bandits in power. We also need an efficient civil service. And our efficient civil service needs to make sure that, you know, goods and services are provided to the people regardless of their travel affiliations, regardless of their party affiliations.

The last institution that you need is an independent central bank. If you have these, these will create the environment for the Africans themselves to come to grips so they can solve their own problems, those are the six silver bullets that --

MR. REILING: No single silver bullet, but six surely will do it. Arthur.

MR. MUTAMBARA: In continuation with the advent that puts around change, the starting point is you must have values and principles. What are your values and principles as an African nation, as African people? Democracy, good governance, nonviolence, respect for constitutionalism, be very clear on the foundation of your democracy. We have never committed ourselves to the primary values and principles.

So firstly establish values and principles that you believe in. Second, you must have a vision for your country. What is the vision for Zimbabwe? What is the vision for Ghana? Where do you want Ghana to be in 30 years' time? And then come up with a game plan and strategy to take you from the crisis to the promised land in 30 years' time. Just to show you that it can be done, in 1957 the GDP of Ghana was same was the GDP of Singapore. Today, the per capita income of Singapore is ahead of Germany, Britain, and France. What happened in Singapore and Lee Kuan Yew. We're not romanticizing or praising Lee Kuan Yew. But we're simply saying he was able within a generation

to convert Singapore, a dot in the ocean without raw materials – whatever he did.

What can we learn as Africans from Lee Kuan Yew, from Mahathir, from ourselves? There are also success stories in Africa, it's not only bad news. Kufuor in Ghana is trying. Wade in Senegal is trying, South Africa, Mogae in Botswana. South Africa, the issues are all issues in building. Construction of courts, separation of powers, Mandela came and went. Mbeki hopefully is going in 2009. So there are lessons to be learned from Africa, there are lessons to be learned from other countries like India.

What's happened in India around ICT, from island around ICT. Africans, let's address the vision thing. Where do you want your country to be in 30 years' time? What are you going to do in the economy to transform your country from the crisis to the promised land? What do you know for sure as an African leader? What as your team -- what can lead to -- what is the capacity of your team? What is the capacity of your part? So we need to address these issues as Africans. And, yes, there is a role for all of us here. And I'll answer that question. The bullet must involve people who are outsiders to Africa.

Three things that you can do. Number 1, direct action. Direct action, an injustice anywhere is an injustice everywhere, that's Martin Luther King. You can't be comfortable in helping America when you don't have human rights in Zimbabwe. When the starvation -- just to give you the number, so that you know what you mean by -- I'll use Zimbabwe as an example.

MR. REILING: Let's get into Zimbabwe in a second. We'll come back to Zimbabwe -- about this.

MR. MUTAMBARA: Okay, so let me -- okay --

MR. REILING: Let's come back to some solutions, and I know you're getting to that --

MR. MUTAMBARA: Yeah, but I wanted to give the solution as to what they can do.

MR. REILING: We're going to come to that.

MR. MUTAMBARA: Okay.

MR. REILING: You are an engineer. You may not know, this man worked on the Mars Rover, he worked at NASA, he worked at McKinsey, and he is working now, I'm trying to figure out how to apply technology to solving Africa's problems, helping to solve African's problems. What are some of your ideas there? What role can technology play?

MR. MUTAMBARA: Technology is very critical, the traditional thinking around technology is, well, the new technologies are for America, Japan and the great countries. The poor technologies or the old technologies are Africa. What do I say, we're turning that motto around in saying the very new technologies like wireless power, wireless telecoms, that lend themselves very much easier to poor countries.

And so we are saying let's take advantage of ICT, in particular wireless power, wireless telecoms so that in Africa, in Zimbabwe we can leapfrog and run any way as we want. WiMAX, Wi-Fi, just illustrate WiMAX as a technology allows you to have the entirety of Aspen to be connected to high-speed Internet connectivity without wires. Now, New York is already wired with physical wires.

Chicago is already wired with physical wires. The cities in Africa, the villages in Africa do not have wires. So in fact it's cheaper to use WiMAX as a technology in poor Africa than in New York and in D.C. So we are saying there is a unique opportunity to leverage high technologies by technology wireless power, wireless telecoms to allow poor countries to run where it has walked.

MR. REILING: Is that a little high on the hierarchy of needs, do you think, or can technology really have an impact? Jacqueline.

MS. NOVOGRATZ: I think technology not only can, but has been having an impact and it's interesting to look at Vodafone, and when they -- the guys were first coming out of South Africa and saying they were going to work in Congo, everyone thought they were crazy, and it's one of the most profitable countries where Vodafone is now working.

There is a hunger, and you go into villages where people are incredibly poor, and they are still finding ways to have one person on that village on a cell phone, so there is a great amount of value added. I think it's important that we don't only look at high-tech technologies when we think about what technologies are.

And there is a real opportunity to do technology transfers, so that we actually bring the technologies into Africa so that manufacturing capabilities can be built there. One example that we have is when Sumitomo developed a -- essentially a new process for impregnated -- a polyethylene based netting for a malaria bed-net.

All the traditional bed-nets have been made in polyester before that were given to the world. And this is impregnated with an insecticide so they last five years. And they don't have to be re-dipped in insecticide to be useful. It only had been produced in Vietnam and China. And so Acumen made a \$350,000 loan to a traditional manufacturing company of polyester nets. Did this technology transfer help them find the machines in China, brought in management assistance, long story short.

Three years later this company employs 2,000 women. By January they will employ 3,000 women and be the third largest company in Tanzania. That allows a different level of conversation with government about the kind of resources that are needed and the kind of transparency that's needed.

Interesting, not only does it allow then good news to be translated to the rest of the world because if I took you through this factory it would look like any factory in Germany or anywhere in the world. But it is that is as or more productive than any of Sumitomo's subcontractors in Vietnam and China. And you find that throughout Africa that because the cost of labor is so low at a manufacturing basis, Africans are as productive as any other people on earth.

The problem then becomes everything in the supply chain before the manufacturing company and after. But having an example like that of doing a technology transfer where you see real value add, and 3,000 jobs suddenly created allows the opportunity to then move into discussion around what else is needed. And I do agree with both my colleagues that this topped stuff has to be part of the conversation, but the bottom-up that comes from these technology transfers, and comes from the value add allows a richer conversation that I think will hopefully move us into places that change --

MR. REILING: Well, let's talk about bright spots. Where do you see bright spots in Africa? George, you read a lot about the dark spots, tell us about the bright spots.

MR. MUTAMBARA: Well, the -- yeah, well, you see the economies -- there are economic success stories, don't get me wrong, in Africa there are, but they are distressingly very few.

MR. REILING: What are some of them you see?

MR. MUTAMBARA: Botswana is one of them. And I always write about and praise Botswana because Botswana is the only African country that went back to its roots and built upon its own indigenous institutions. And that's why it's doing very well, okay. Mali is also doing very well. Benin is doing well. Mauritius is also doing well. Ghana is doing well because I was part of the change.

MR. REILING: If you do say so yourself --

MR. MUTAMBARA: Right. But there are -- but, you know, this is what worries me, and that is -- we should've talked -- quite often we get focus on these success stories because if you take a look they are small countries, okay. And we tend to ignore the larger pictures. The larger picture is, look at Congo, for example, it is the size of the whole of Western Europe, okay. Look at Sudan, these are big pictures, look at Nigeria for example. If we can get, like say, Congo, to become economic success story, it could become a regional powerhouse, which could pull all the others along. Yes, we have success stories in Africa, but they are very, very tiny countries.

MR. REILING: Well, let's talk a bit about that process of how you turn a country around. So Arthur, you've thrown your hat in the ring and essentially in Zimbabwe.

MR. MUTAMBARA: Right.

MR. REILING: You've been out of the country a long a time, but you are now resident there because you were born there, you know the country. What's it going to take to turn around Zimbabwe? It's a big challenge, and they have to be met.

MR. MUTAMBARA: I think it will take the involvement of all Zimbabweans. And what we are pushing for in Zimbabwe is what you call generational intervention. Change won't just happen. Change will happen because people will take a stand, and say what is it that we are going to do today to influence the lives of our grandchildren, to influence the lives of future generations. And the involvement of all Zimbabweans in the construction of economic and political solutions is very critical.

And secondly, having clarity on what we want the country to be in 30 years' time, in 20 years' time is very important. And then to say what does it require. What does it take to us as a country to transform this economy to what we want it to be. And so we are thinking in terms of coming up with market economic policy framework, science and technology strategy, social policy.

And all these ideas must be debated before the change comes. Sometimes in Africa, in Zimbabwe, wherever we are, we tend -- we tend to become too consumed with the idea of the change itself. The idea that Banda must go, Kaunda must go, Mugabe must go, without debating what we're going to do differently. So what we're trying to do as Zimbabweans is to come up with the solution or the aftermath activities, what we are going to carry out in the country after the change has come.

Now, some of the ideas we're looking at -- the issue is around the bottom of the pyramid. We're

saying that, you see, when you -- what has been done globally has been to give aid and think that Africa will survive out of aid. We don't want aid in Africa. We want to survive through economics.

We are saying what's required in Africa is economic activity. What's required in Africa is entrepreneurship. But you need to understand that we have a lot of people in Africa. We've got very small or very minimum buying power, but volume. So volume-driven economics, or what Prahalad - Professor Prahalad from the University of Michigan has called the fortune at the bottom of the pyramid.

How do you bring about economic development through profits? That's what's new in Africa. That's what's going to get Africa back on track, economic development through profits. Another thought, another idea that we are grappling with is by De Soto. The proven economy's De Soto. His argument is very simple.

Most of these African countries, most of these third world so called countries don't do well, because most of the assets that poor people have, most of the land that poor people have, most of the business that poor people have are not registers. There is no legal infrastructure for property and property rights. So we have dead capital in Zimbabwe. We have dead capital in Africa.

And so converting dead capital into performing assets is a major tool that we want to be able to use because if you have dead capital, if you don't have title to your farm, title to your land, title to your business, you can't borrow against it. You can't invest profitably in that property. So converting the dead assets, dead capital in Zimbabwe into performing assets is one instrument where we're looking at.

And that's where we're very, very opposed to this chaos we've had in Zimbabwe over land because we're actually going in the opposite direction to De Soto, we're taking performing assets and converting them into dead capital.

MR. REILING: These are the farms being confiscated --

MR. MUTAMBARA: Yes, taking them from people who are using them productively and making them dead capital. So we want to make sure we've property rights, we've title on those farms. If you don't have title on land how can you have investors coming to Zimbabwe? So we want to make sure in Zimbabwe we have respect for the rule of law, we have respect for property rights. And hence we can attract domestic investors -- Zimbabweans investing in this mobile economy and then FDI coming into the country. And then also maybe drive our exports. If you don't have those two things in an economy, exports and FDI, and also domestic investment, there are many Zimbabweans in the diaspora who would want to bring the men back into Zimbabwe, but they won't do that if there is no respect for the rule of law, if there is no respect for property rights.

And lastly on what we are trying to do, what will make Zimbabwe work is the issue about what you all can do. It's important that you realize that we won't succeed unless there is intervention and involvement of the global world. Why? Because as I indicated, an injustice in Zimbabwe is an injustice everywhere. So we need your involvement in the building of capacity among Zimbabweans so that Zimbabweans can bring about change.

Capacity building within the party, capacity building within the country, the construction of those solutions through the Aspen Institute, looking at our economic models, our economic --

macroeconomic policies. The McKinsey Global Institute will need assistance from the globe. The experiences with Americans in terms of their own Constitution, the experience with America around democracy, what can Zimbabwe learn from that? What can Africa learn from the project? The second area of the involvement of the extent of people to Zimbabwe is the issue around the interconnectedness of our agenda.

Now, we had a good view -- good film last night on the global warming. How can you address issue of global warming without talking about extreme poverty, without talking about human rights violation throughout the world? How can you be successful in pursuit of the green agenda when a starving peasant is burning grass and cutting trees so they can survive?

So what we are saying, the global challenges are interconnected. We are fighting for human rights. We are fighting for democracy. We are fighting for economic emancipation in Zimbabwe and in Africa, and those struggles are linked to the struggles in the west. The issues that you are grappling with are around the environment, the issues around global warming. So it's important that we realize the interconnectedness of our struggles.

And lastly, what you can do to help us, please, the issue of standards. Don't have double standards. When you have double standards in international relations you make our jobs very difficult. When you say you believe in democracy, when you say you believe in human rights and freedom, please be consistent throughout the world. Right now, we are fighting against Mugabe, a dictator in Zimbabwe.

But our friends in America who support our struggle against Mugabe are friends with my friend Musharraf in Pakistan. My friend Musharraf -- Musharraf got into power through a coup d'etat, and appointed himself CEO of the country. But he is a friend to us and America. Why? Because we work together in the struggle against terrorism. This issue of a democratic exemption we give Egypt, democratic exemption to Saudi Arabia, democratic exemption to Pakistan.

Damages are caused because when you support us against Banda, when you support us against Mugabe then people say what -- what's the difference between Mugabe and Musharraf?

MR. REILING: Okay. George, how come more African leaders haven't spoken up about Mugabe and against Mugabeans?

MR. AYITTEY: They are a den of dictators, so they support each other. They are doing the same thing, well, look, even in Banjul, the summit at Banjul recently. They wouldn't even sign a democracy charter. Democracy charter which will limit them to two terms, they wouldn't sign it.

Well, see, this is -- well, look, North African Union should be disbanded and replaced by another organization called the Organization of Free African States, where democracy will be a sort of a litmus test. We need a new organization. You see, the OAU that we had before, look, I'm very critical of African organizations because, look, we expect better. We've fought for freedom and independence from colonial rule. We wanted that. And not, you know, we didn't -- we didn't want white colonialist to be replaced by black new colonialist.

So we take a very tough stand and critical stand against these leaders who have betrayed us. The OAU is useless. It couldn't condemn tyranny when Idi Amin was killing Ugandans at a rate of 420 a day. The OAU did nothing, it was holding the jamboree in Addis Ababa.

MR. REILING: But George, you had this new organization, NEPAD, right? The New -- what -- tell me what it stands for, I can't recall, but --

MS. NOVOGRATZ: NEPAD.

MR. AYITTEY: New Economic Partnership for --

MS. NOVOGRATZ: African Development.

MR. AYITTEY: Okay.

MR. REILING: So the whole promise was accountability, right, that there would be a sense of mutual accountability --

MR. AYITTEY: No, well, that's what they said, they have a peer review mechanism, okay, and it is simply a whitewash of some of these elections. I call them coconut elections that they hold, return to same income, but, you know, to power. We are yet to see -- even NEPAD is seeking \$64 billion in investment from the West. Look at an organization seeking \$64 billion in the west. It's the same organization which is holding a summit in Banjul, Gambia. And has invited Hugo Chavez, and also has invited, you know, the President of Iran to bash the West for not giving Africa any aid. Look, we need to be more serious in Africa. The leadership needs to be more serious in Africa and give Africa clear direction.

MR. REILING: So who are the leaders? Let's move off of Africa in general. And let me just ask you a question. Who are the leaders you admire most?

MR. AYITTEY: This is a trap.

(Laughter)

MR. REILING: This is -- and you say that because you say we shouldn't focus on the leaders --

MR. AYITTEY: Because we should not focus on the leaders. We should be focusing on the institutions. For far too long we have -- we -- for far too long we have been obsessed with leaders. Look, we have had 203 African leaders. I put a challenge for Africans on an Internet discussion forum, and also to African-Americans on an Internet discussion forum. And also to African-Americans on an Internet discussion forum, and I said, "Out of the 203 African heads of state, name me 20 good leaders."

MODERATOR: George, do institutions create themselves, doesn't it require legal --

MR. AYITTEY: No, it's the institutions, which would provide the checks.

MODERATOR: But how do the -- you see, you called for these six institutions that need to be created, how do they be created?

MR. AYITTEY: Leaders within the established institutions, which would check their own power.

MODERATOR: So who will create them?

MR. AYITTEY: Civil society.

MODERATOR: Okay, so how does –

MR. AYITTEY: Okay.

MODERATOR: -- civil society –

MR. AYITTEY: Now, civil society needs to be empowered –

MODERATOR: How does that happen?

MR. AYITTEY: In order to do its job. Civil society needs the freedom of expression. That's one of them. Civil society needs the freedom of movement, and of association –

MODERATOR: So how does that happen, George?

MR. AYITTEY: Because Africa has its own Africa's peoples' and human rights charter. The OAU wrote that peoples' and human rights charter. It didn't enforce it -- the United Nations has its own 1948 Universal Declaration of Human Rights. These rights should be enforced. Now, if civil society had those freedoms, it would be able to organize, to establish an independent judiciary that journalists themselves will also try and establish independently. The leaders wouldn't establish the institution, because you see it's a conflict of interest. The moment they write a constitution and put a two-term limit they themselves change it.

MR. REILING: Okay, so Melvyn Freeman would say, "Maybe the best thing you can do is create a counterpoint to the political power, by building a strong business sector" right? As well as a strong civil society. You're building a business sector, tell us about your work.

MS. NOVOGRATZ: Well -- okay. There's so much I want to say to George, maybe another time.

MODERATOR: You are going to get six hours to do that.

MS. NOVOGRATZ: Because, you know, it's such a complex conversation to have. Even with -- we it's interesting that of the three of us, none of us have mentioned at all that last year was the Year of Africa.

MODERATOR: Right.

MS. NOVOGRATZ: And that the world said \$50 billion 'for these poor, pathetic, starving Africans that can't do anything for themselves'.

SPEAKER: Tony Blair, Bono, everybody else said a year back.

MS. NOVOGRATZ: Bono, Tony Blair, the whole group, right? And so there's -- we haven't talked about the wonderful part, but also the extreme danger of good intentions that are not looking at what's really going on in the world -- which is why I keep -- and I think that it's also really what

Arthur is saying too. There's this connection.

You look at what -- it's four million people killed in Congo over the last 10 years; it's very much connected to those going on in Rwanda. We feel so guilty about the whole situation that we are not asking any hard questions. We have investments, one of the things Wolfowitz is doing a good job at the World Bank and saying, "Let's call corruption what it is." And it's always two parties. And so to try to get the values on the table in terms of more integrity, but on all sides of the table, not only on -- it's just the African leaders, it's just the donors, it's all of us, I do think we cannot walk out of this room, however, and say, "Oh, my God, Africa is going to have hell in a hand basket". It is not.

And what I see every time, and I was just in Tanzania on last Tuesday and Wednesday, there is extraordinary -- there is a groundswell that is happening of hopefulness, there is a strengthening of civil society, there is a business sector that as both of my colleagues have said, do not want charity, they want investment, they want to be seen as partners, and it goes back to what I was trying to say yesterday about equality.

We want to have honest conversations, and we welcome Pakistan as well, I say it's the same thing. So two examples of where we, besides the bed net company, which by the way, now is going into Jatropa, which is a biodiesel, which is going into housing for its employees, and as a second generation American immigrant with a grandmother who worked in a sweatshop sewing factory that the factory count that these company is building is going to be much larger than the one that my father grew up in Pennsylvania. So there is real hope going on in the entrepreneurial sector.

But even for the very, very, very poor, I just want to tell a story about a little organization in Kenya that started 10 years ago with 15 beggars and prostitutes that said, "We cannot wait for a government anymore. We cannot wait for the business sector, we can't even wait for the microenterprise groups to help us, we are doing these ourselves." And they started raising money looking at housing, long story short, today we have been negotiating within their group of 150,000 members of the Mathare Valley slum, which is about 1.5 million person slum, so about 10 percent.

And we are negotiating a \$10 million equity syndication with them, where we would put a million of our own money, but help them raise another \$9 million so that they can purchase the 300 acres of land that's quite near the slum where they are currently living in Nairobi. Building houses where we are getting carving 45.15 credits for them, because of the elegance of the green housing that they are doing, they are creating new jobs with the bricks. And it's all done on a private market basis. Now, its not -- there is obviously a charitable component in this, and its very -- we would like to see some of that philanthropic money and aid money going rather than just to the government leaders --

MR. AYITTEY: I agree -- fantastic.

MS. NOVOGRATZ: But there's a way of supporting these guys who have all the great intentions, and obviously have learned how to mobilize capital and move one another, but still to scale this are going to need a lot of management assistance, a lot of connections, a lot of financial management. Someone's got to pay for that. So while we have an equity investment, and we very much expect to get our money back plus, ironically it's going to cost us a lot on the grant side to ensure that that equity is safe, if that makes sense to you. And so we need to start seeing more of these kinds of interventions.

Also in Kenya, where a woman who could not stand -- the fact that the public health service system

is so broken despite the fact that UNAID has thrown in hundreds of millions of dollars over the last few years, forget the last five decades. And so she went around and started essentially collecting individual health workers and said, "I'm going to turn you into an entrepreneur. I'm going to give you a clinic, but you have to make it financially sustainable. At the headquarter level, we will subsidize the training that's needed."

Now, a lot of -- the people like us who were so well intentioned, kept coming to me and saying, "Why are you making them go one by one by one by one on their financial sustainability basis when there are 35 million Kenyans who have no access to health care?". And I kept saying, "Because if we keep starting with having to get to 35 million, we are not going to get nowhere. We don't have a work plan for that. Let's get four. This year, we are going to get four clinics sustainable." Well, we now have 60, they are financially sustainable. Last year they had 400,000 visits, and I think, in the next five years, we will have a parallel system, that then can be taken to the Kenyan government, to the media, and to international community to say, "We can do it." People can do it. And shame governments, and shame the international community to do things smarter to not have a double standard. But at the same time, don't expect these always, these lofty conversations to trickle down. And so, for me the good news is -- I would argue many individual entrepreneurial, very, very smart individuals and institutions that are starting to develop, that need to be nursed and supported, but in a really tough way, and then communicate it in a very powerful way, so that we start changing the hold on it.

MR. REILING: Check. Thanks. Those are great examples. So businesses are always great in a country, they create jobs, they create incomes, the ripple effects are tremendous. What about the political ripple effects? What's the -- do you see a political role for the business community in these countries will help in to bring about changes?

MS. NOVOGRATZ: Absolutely. And I think that's part of what's making South Africa move. You see, guys like Serria Labaposa(phonetic) who is the head of the biggest labor party, who understands business to say, you know, "We got to do this differently." And the Anu Shah who runs malaria bed net company is constantly in conversation now with Benjamin Mkapa in Tanzania, who has become very pro-business as a President. And maybe over time, rather than starting with the Congo, which is in such dire shape to then to take a country like Tanzania, and hold it up, in term -- and that again comes to where the international community comes in by move, putting our money where our mouth is, and not only going after putting the money where the politics is to create change. Absolutely, I think, the business community is the most important sector right now in Africa to influence African leadership.

MODERATOR: George, what do you think about the role the business community and helping to create a change?

MR. AYITTEY: You know, -- we want to represent exactly. In the beginning, I said that, you know, an African economy is made up of a modern sector, an informal sector and a traditional sector. The vast majority of the African people live in the informal and the traditional sectors. These are the sectors which have been ignored for the past 40 years. They least took development money, for example, you take a look at Ivory Coast. More than 80 percent of Ivory Coast's development was concentrated in Abuja, the capital. The informal --

MR. AYITTEY: Yeah absolutely, totally ignored, okay. In my book Africa Unchained, I said, look the modern sector is totally hopeless, it's non-reformable. We shouldn't waste any more time on

that, okay, bypass it. If we have any aid money, channel it into the informal and the traditional sectors. That is the way the vast majority of the African people live. These people like capital, okay. They don't have the infrastructure, unfortunately, you see, the political elites are not interested in those sectors.

If you look at Zimbabwe, for example, the informal sectors, last year, Mugabe bulldozed, destroyed their shops, rendering more than 800 people of them are homeless. They don't like the modern, the informal sectors. Okay, but you see this is where -- I agree with her, okay, she knew -- this is where we have to move Africa in a new direction, the new direction being the focus on the traditional, and the informal sectors. That's where the vast majority of the people are. What is development? Development is improving the lot of the people, not developing the pockets of the corrupt elites. And the people are in the informal sectors and the traditional sectors.

MODERATOR: Okay, Arthur. It's inauguration day. You are President of Zimbabwe. What's your message for the business community?

MR. MUTAMBARA: I think the starting point is to realize that there is a dialect called relationship between politics and business. If people are not empowered, if people are not involved with the project that Jacqueline is talking about, they cannot actually be politically active. So it's very important that the business community in the formal sector -- formal sector and the communal sector, because I said three section, is the formal, informal and the communal -- communal is the rural areas. And most women are involved in the communal sector. Most women are involved in the informal sector. So it would be very important for us to say that the business activity, the business community is as much part of the solution to the country going forward.

And also we need some of the business people to be part of the political management of the state. We want some of the cues around management, around productivity, around efficiency that we have in the corporate world to be used in government. Some of the issues in Africa is that we have to -- run in countries, they have never run tuck shop in their lives, they have never run a store, a bottle store. And you are minister of finance; to what extent can you run the macro economic issues of a country, when you have no basic understanding of bookkeeping for a bottle store. So I would want to see some of the experience, some of the values coming out of the business community being used around the country. In other words, to some extent to run the country like a business.

MODERATOR: Okay, two more questions. And I want to open it up to the audience here. One, you mentioned the diaspora, Africans living outside of Africa. George, you remember the African diaspora. In fact, the first time you and I met, I think, we were talking about your work with the Ghanaian diaspora. So what do you think is the best role that the African Diaspora can play?

MR. AYITTEY: Oh, the diaspora can up a lot. I myself have been mobilizing them. We were able to effect change in Ghana, even over here, we were able to effect change in Ghana peacefully. Ghana didn't blow up, all the neighbors, all of Ghana's neighbors blew up. That's when we want, we can make political change. Number two, I have also been involved, the recent one among the Ghanaians, a small fact, last month I went to Minneapolis, talked to the Ghanaian diaspora, and I challenged each one of them to invest \$1000.

And I told them, I need 100 Ghanaians to raise \$100,000 by December, and we are going to take that money, and we are going to go into the informal sector. Now, that's where you find the real hard working Africans. And these are the people -- well, when you -- if you have ever been to Africa, you

go to the road side, you see many of them. They are artisans, they are producing chairs, whatever cane things and everything. So they said, "You don't have a secure place of employment. We are going to both put up a building, and we're going to take them off the road, and put them in there, and we are going to make a profit and show that yes, the diaspora can invest in Africa, and make a profit." This is a message, which I am going to spread among the Africans in diaspora. So that there is a role that we can play.

MODERATOR: Arthur, the role of the diaspora.

MR. MUTAMBARA: First, involvement in the democratic change process is, we need ideas from the diaspora about economic solutions. We need ideas from the diaspora around political solutions. Secondly, we want some of them to come back home. We need a critical mass of Africans in Africa thinking right. Not all Africans have to come home, but we need a critical mass back home, we don't have that. Once we have a critical mass in Africa, then we can leverage the other diaspora in America, in Japan as our money in the bank in terms of them investing in Africa, them mobilizing other resources into Africa.

The third area of involvement is publicity and information, raising the profile of the African agenda, raising the profile of the issues that are being resolved in Africa, so that the world can participate in the construction of solutions to the African agenda.

MODERATOR: Jacqueline has acumen, been able to tap it all into the diaspora?

MS. NOVOGRATZ: Yeah, in a couple of ways. One, and it's really building on what Arthur has said. Another place I see how it is that, and it's anecdotal, so take it for what it's worth. But it seems to me at any rate that a lot of people of my age are now moving back to Africa --

SPEAKER: People in the 20s.

MS. NOVOGRATZ: People in the 20s. I will include you in that category. They are rather than staying in London, staying in New York, they are choosing to start companies, help other people start companies in Africa, so that, and in itself is a way of exchanging ideas, and the diversity ideas really makes change, and bringing strong skill sets.

One of my colleagues from Stanford has now started the biggest call center in Kenya, and another one is moving into Ethiopia to start a technology center. So there is a -- so a number of our Acumen entrepreneurs, Earnest Stockhaul and Lisa Campbell, who were educated at Harvard Business School and McKenzie and are now running what seem to be the largest antiretroviral distribution program in South Africa as a full profit company.

For -- when you have HIV the antiretrovirals, finding a way to -- what he does in this case in South Africa, because again, we get all this government aid that typically goes to government clinics and NGOs on a very, very small basis and too often, anti-retroviral, the medicines to keep people healthy either don't reach them or don't reach them on the day they are supposed to reach them, and so what Earnest did, a Botswanian guy, Harvard Business School-McKenzie goes back to Johannesburg, really to the epicenter of AIDS, and recognize this that in the private clinics, which there about 5000 clinics across South Africa that are privately run, there is about 50 percent capacity, and he essentially is now creating a Medicaid for South Africa. He is buying the other 50 percent of their time using government money, the money that mostly came from the (inaudible) money from the United States to get contracts to give to local doctors, to give the antiretroviral treatment to poor

people for free, when in a way, where they can have appointments, there is dignity, they know, it's going to happen, and it's so we are again, using matrix, which costs money looking at the accountability of that versus what you're saying in the government with the idea again of bringing a blueprint for trying to make change.

We also believe that acumen fund that if we are going to work in countries, people in the country themselves, but to put their own skin in the game. And so, we've now raised a lot of money, and I think that George, your idea of \$1000 per person is really powerful one. But in Tanzania, we have raised \$20,000, in South Africa we had much larger ambitions, because there are some very, very wealthy Africans to say, "Look if we are going to put our hearts and souls in these countries, you better be putting your some of your heart and soul in it as well." So there is locals, and then raising money now in the diaspora community.

And then the fourth piece, I would say is within the diaspora is an enormous amount of skills in mentoring capability. Money is not going to solve Africa's problems. Building the institutions and the management, capabilities that are needed in and of themselves won't do that, but they will go a long way. I would actually turn in, it's a shame that Peter is facilitating and not really speaking, because he has been working in Africa for 25 years as well, but the work TechnoServe does of bringing in real expertise from the outside is another -- has got to be another piece of this puzzle.

MR. REILING: I agree. You know, AIDS has just come up, and obviously it's impossible to have a discussion of Africa without talking about AIDS. Arthur, it's another reason to get (inaudible) again. What are you going to do?

MR. MUTAMBARA: Actually, maybe before I even do that, let me just dramatize the issue around HIV AIDS in Zimbabwe. 3,500 people are dying every week, because of HIV AIDS and malnutrition, 3,500 every week. Life expectance, 34 years, so if you are 35 in Zimbabwe, you've overstayed, 34 years, life expectancy's amount. So in terms of position national crisis, I think, we will go to get into a crisis more to say, we have a national crisis around HIV AIDS. In addition to that because of the issue around food, 4 million Zimbabweans this year would require food assistance, otherwise they would die because of starvation, 4 million out of 40 million people, one-tenth of the population potentially could die this year without food assistance. Again, because of the macroeconomic environment, 85 percent unemployment in Zimbabwe, 85 percent unemployment, and then 90 percent of the people of Zimbabwe living below the poverty line, so if it's --

MS. NOVOGRATZ: Less than a dollar a day.

MR. MUTAMBARA: Yeah, less than a dollar a day, 90 percent of the people are living below poverty line. And then so we have a national crisis. So which means, we got to put measures in place that have a crisis in nature in terms of what we are going to do to have an infusion of money to the country, to stabilize the economy. After stabilizing the economy, how do you make sure that we actually have food for the people, accommodation, housing? So we have to think about a recovery plan, stabilization strategy, and then a long-term plan to make sure it will never happen again, that Zimbabwe is being subjected to that kind of economic crisis.

MR. REILING: Last question, I want to open it up then. China, I tried to come to a gathering like this without talking about China. And China is moving in a big way into Africa. Is this a good thing, George?

MR. AYITTEY: It's not a very good thing. And I can say this, and bluntly, number one, China coming to Africa opens up economic opportunities. Africa will have the opportunity to serve all products in Africa -- I'm sorry in China, et cetera, et cetera. But a lot of people know -- of course, you know, China has signed an oil deal with Nigeria and also another one with Kenya. And it's all over in Zimbabwe with its Zimbabwe's platinum mine. China is also involving Sudan, et cetera, et cetera, okay. But the problem that we face in Africa is that, you know, no matter how much we make a growth and you transfer all this, okay, it goes to governments, okay. And you and I know that very little of that would trickle down to the poor, to the people on the ground. Okay, so that's the first negative thing about that.

Okay, number two, China's investment in Africa doesn't have a conscience, no conscience, none whatsoever. China would do with just about any government, okay. Sudan, for example, with terrible human rights violation, so the point here is that, China's involvement takes African leaders off the hook. And it says that it is going to have, give us a big setback in terms of the democratic struggle.

You can see, Angola -- take Angola, for example, last year the IMF and the World Bank refused to extend \$2 billion in loan to Angola, unless Angola becomes transparent. Angola receives a lot of oil money. And nobody knows what, you know, where the oil money goes. The same thing with Nigeria, for example. So the World Bank insisted that, "Look unless you come up with that transparent accounting, blah, blah, blah, we are not going to give you \$2 billion in oil revenue." Guess what? Angola went to China, China give them their loan, so that pressure is off. It's the same thing with Sudan. Okay, Sudan is not going to clean up its human rights violations. Western oil companies are not going to invest in Sudan, but Sudan is going to turn to China. And China, because it's on the Security Council, is going to make sure that Sudan is not sanctioned. So this is -- this is one on the -- so net -- on net terms, it's a downside for Africa.

And a lot of people say that well, look, you know, I always take the position that any foreign company or country which comes to Africa, it comes to Africa to pursue its own interests. The Americans went to Africa to pursue American interests, the French go to Africa to pursue French interests, the Chinese don't go to Africa, because they love black people so much. They are going there to pursue their interests. We want leaders who pursue the interests of their people. So in net terms, we have to be extremely conscious about, you know, Chinese in pursuing, they are all over Zimbabwe.

MR. REILING: Are you worried about the Chinese in Zimbabwe?

MR. MUTAMBARA: Yeah, we actually we've got a problem, because we have a failed state in Zimbabwe, we have a failed state. And the government is, what we call the Look East policy, which is actually a policy best on lack of choices, because no one can engage them. So they only go to the East. And as a result they are selling the country for a sum. So right now, we have dues that are being cut with the Chinese, with the Indians, that we are actually looking at and say, "If decisions of government, should we respect these agreements? Was that criminal agreements where you are selling the entire country for a sum, and we are thinking about coming out with a banner that says, "Zimbabwe is not for sale."

So we have a national crisis where, our national assets and our national resources are being sold for a sum. But however, I must put a caveat, it's not a Chinese problem, it's a global problem. Today it's China, but yesterday it was the United States. When do we have becking, those are opposed to

communism. So it's an issue of national interest. You know, this notion that America does not have permanent friends, they have permanent interests. So I think enticing to the argument, I put across about global standards that less have consistent global standards, make sure that if we believe in democracy, human rights, and all this good values, we'll always stick to them, and make sure that the Chinese and the other people can also follow in that fate.

Now, one thing about values that we need to emphasize, at least on our part -- as part of our solution is that there is no way you can legislate values. There is no way you can legislate morality, there is no way you can legislate shame. You build values of our time, you build a value system 20-30 years, just think about the American system.

An American general will never think about getting out of (inaudible). I hope they don't. An American President, popular as Clinton, who never think about changing the Constitution to run for it at that time, because it's not even something that the society, the value system thinks about, but in Africa, our great leader is (inaudible), who was supposed to be one of the great, you know, success stories was thinking about having that time was stopped by the democratic processes in Africa.

Muluzi, again, another hero of change was asking about having at that time. This same story applies to Chiluba and so on and so forth. One thing, you have to do in Africa is not to depend on personalities, but depend on institutions. But most importantly we have to now identify a new value system and work towards this construction, and that will take time.

MR. REILING: Have you promised a step down after your second term?

MR. MUTAMBARA: Definitely.

MS. NOVOGRATZ: We are going to hold him accountable.

MR. REILING: Questions from the audience please. Yes.

SPEAKER: My name is Jessie, and I have been involved in filmmaking project that reflects on the role of women as leaders in peace making efforts, and to bring our stories that I have learned about being in Africa, and I'm curious to hear from all of you starting with Jacqueline, about the role, do you think that women can play with respect to solving this leadership crisis in Africa, and also the rule, if there is a particular one for woman in building up entrepreneurship in this volume driven economy that can you mention whether if, there are so many activities that women are directly responsible for?

MS. NOVOGRATZ: To your first question, and there are actually about five questions, I think, layered in there -- so let me start with women at the top, and the most obvious being on Ellen Johnson-Sirleaf, the first woman African President. Again, it goes to us as a world, I think we really have to make her succeed in it. In some ways, it goes to my first points that I actually, really agree with George that there is no silver bullet and yet, if we can find more -- more beacons of hope, more examples of what has worked, and can work, people start internalizing it, and then they can say, no.

And I think that goes in part to what you're talking about little values. So I do think there is a huge role for helping women leaders. Going back to my own life in Rwanda, post-genocide, now, you are looking at a situation where many of the men were killed or put in prison, so the -- suddenly you had a country with a tragedy, and also a real opportunity for women to step into power.

And what I really learned, and I'm sure you are probably seeing it as well, and really talking to women even across the ethnic lines was that they could really understand each other's suffering, and through that notion of the shared suffering really became leaders in the peace movements. And I see that in countries across Africa. And so I say, "Yes, there is no doubt that women are really at the lead of peace making, not just in Africa, but certainly across the world."

On the entrepreneurship, I'm more mixed. I think that there are huge opportunities for women entrepreneurs. And we've -- we certainly work with a number of strong women entrepreneurs, but I'm -- I'm more and I talked to my team about this at Acumen Fund a lot. I'm more interested in getting anything to work. And so what we are finding is that whether it's a male or a female entrepreneur, if you have a product that people want to buy, whether it's the government or poor people, and you create jobs, the employer over time typically, unless it's heavy manufacturing is going to end up hiring women.

And we are seeing that with the net factory. There was no requirement, and 95 percent of the employees are women. So suddenly they have \$2 million in new wages going to women, you started changing a huge dynamic, which, you know, now they are unionized, and the head of the company isn't always so happy with us. There is a real -- there is a real change in their own -- so I think -- I think, we risk putting on too many constraints, if we are only looking to the women entrepreneurs. We really need enterprises that work, that I really do assert that women will be the most employed.

MR. REILING: Yes, sir. We can take a few more questions.

SPEAKER: Oh, yeah.

MR. DAVID COLTART: It appears, efforts of (inaudible) people and (inaudible) what looks to be (inaudible) Africa's probably be next generation women and children, to have a sustainable economy you have to have comfortable workers (inaudible) it's all about education. So looks to me like \$25 billion spend on education. Would you be taking use of (inaudible) as opposed to all these temporary stuff that is not working? It looks to me like that's -- it's really the answer for education?

MR. REILING: George.

MR. AYITTEY: It will, yeah. Okay. Let me caution, you know, first of all, the first question, in terms of looking at an issue through western lenses, okay. You are looking at a general issue, women, role of women, but you are looking at a modern sector, okay. If you look at informal sector, and if you look at a traditional sector, women have played a prominent role in traditional African economy. Look, 80 percent of Africa's federal peasant farmers, food crop, they are women. Go to any market in Africa, it's dominated by women, okay.

If any in traditional Africa, women could be queens. They could lead armies, for example. So there is a role for -- women have applied these traditional roles. Again, because we neglected both the traditional and informal sectors, we didn't give them any education, for example, in the villages and so forth. So the role of women is, in fact, markets in West Africa, gave women economic independence, but guess what, even in my own country, in 1983, we were blowing up, destroying these maggots, because we thought it were symbols of capitalism, you know, and they hate the women the most. What we need to do is to go back to our own, okay, institutions that they are traditional institutions of market, for example, and recognize the role of -- and built upon these.

MS. NOVOGRATZ: What about education?

MR. REILING: I want to make sure we get –

MR. AYITTEY: Yes, educate them.

MR. REILING: I want to make sure we get in lots of questions. David.

MR. DAVID COLTART: I would like to make comments to try and give of course, (inaudible) clarifications we will have to (inaudible). And we are all concerned what's, where we can particularly (inaudible). The first, is basically and end to these (inaudible) sometimes racism in dealing with African views. (inaudible) Robert Mugabe (inaudible) gave us some, I think, a different standard is applied -- by the least to African views and it's compounded problems of –

MR. REILING: And this is Arthur's point about a double standard.

MS. NOVOGRATZ: Yeah.

MR. REILING: We should mention, you are a member of a parliament in Zimbabwe.

SPEAKER: Under the office (inaudible). Secondly, in the transition to democracy, many African countries engaged in a transition and the status, for example, Zimbabwe is at present, you have seen the transition that we rejected, but the same interest applied to countries elsewhere in the world in transition, used to -- to be applied by the ways to African countries in transition.

To give you an example, America put \$100 million into the orange revolution in the Ukraine. America's democracy budget for Zimbabwe this year is \$5 million, just to put it in (inaudible). And then, thirdly when we achieve the transition to reinforce, I think it was (inaudible), we need trade not aid. I think, Americans need to look at that wonderful (inaudible) statute for South Africa (inaudible) and see how it can be expanded to reward countries that have made that transition to democracy, and to then infringe that democracy.

MR. REILING: (inaudible). Yes.

SPEAKER: I think, recently working with a number of African –

MR. REILING: Could you identify yourself, please.

SPEAKER: What?

MR. REILING: Could you identify yourself?

SPEAKER: I'm (inaudible) Clark. We are working recently with a number of young entrepreneurs, and they've kind of voiced dismay of the millennium development policies, and (inaudible) those who may not have (inaudible) Africa.

SPEAKER: They liked it.

SPEAKER: Excuse me, somebody else liked it. Can any of you comment on what you feel about the new U.N. kind of goals to alleviate poverty? Whether they fit into Africa, can really reemerge? Have I got anyone in trouble?

(Laughter)

MR. MUTAMBARA: I think, for us they are guideline, you know, a very broad guideline of the basics of what, you know, Africans and other people should be shooting for. But beyond that, we have more specific needs that we are pushing for as Zimbabweans, as Africans, but we strongly believe that we should use that as framework, because we have not achieved them. And we are very far away from even attaining an as semblance of the millennium goals.

But let me also emphasize in the same vein the issue around gender. We should little bit defensive in Africa around gender, because we have the same issues. Economic empowerment of women in Africa is very critical. The formal sector, informal sector, communal sector, most of the models we have implemented in Africa have concentrated on the formal sector, where as women are dominating the informal sector, they are dominating the communal sector, and we are not empowering those women in those areas.

And also land, we are talking about land reform in Zimbabwe. Not enough women were given land under the chaos that Robert Mugabe called to land reform program. So we are looking out at land (inaudible) reform, land revolution enough almost make sure women get land in their own names, and their own land, their own property.

We are talking about the issue around desire to end dead capital. Most of the women in Africa are disenfranchised, they don't own property. Okay. And yes, we have our own cultural reason, but we also have gender justice as an issue that we have to address within the economy, and gender justice in politics. African women leaders, we need to actually make our constitutions, as political parties, democratic, and empower women into positions of authority within our parties and also in government.

MR. REILING: George.

MR. AYITTEY: As for U.N. millennium development goes, I wouldn't touch that with a 10 foot goal. But I want to leave you with two African problems that one is -- it sort of gives you a sense of how Africans, the people think. The first one is, it takes a village to raise a child, okay, which was what, I think, Hilary Clinton use this, you know.

The second one, the second, and this is very important in terms of, somebody asked me a question about education and women. And this proverb says, an African proverb says, "Educate a man, and you educate an individual, but educate a woman, and you educate a whole nation." That's very powerful, and that's why, you know, analyze much of the philosophy in traditional Africa.

MR. REILING: Tom.

SPEAKER: My name is Tom Reilly. What do you think that westerners can do to encourage the leaders of the informal traditional sectors? You know, I'm from the technology world. I think there might be some things we can do. But I'm interested in your thoughts about how do we encourage the redevelopment or -- you know, the redevelopment of those traditional parts of economy that worked

before.

SPEAKER: Now, Africa's salvation, you know, the issue is not totally hopeless. There is hope for Africa, but Africa's hope rests on those that I call the Cheetah generation. The cheetah generations are the young Africans who are educated, they are technologically savvy. They understand what accountability is. They (inaudible) no nonsense against corruption, and they understand what deficiency is.

Some of them are young graduates who are here in America, some of them are also in Africa, and Jacqueline knows some of them who are trying to set up their own businesses. And these are people who go into the informal sectors. And who are -- people, who are willing to get their hands dirty, okay. These are the cheetah generation, very intellectually agile --

SPEAKER: Agile. The generation, those are who are empowered. They stuck in their intellectual path, and all that they do is give me, give me, give me. You give them, they squander it, they are stuck there. Africa's hope lies with the cheetah generation. They are the young, young, you know, you may call them the young troupes. And many of them are here in the U.S., and some of them are also in --

SPEAKER: West Africa.

SPEAKER: Quick answer to that.

MR. REILING: Quick answer, and now, I'm going to take two more questions.

SPEAKER: Targeted programs for women, what do we do for Zambia has a path, we are coming up with programs for women in the raw areas, for women in the formal sector. Remember in Zimbabwe, with the HIV AIDS problem, where this HIV AIDS orphans, and the women are the ones who are looking after this kids, not men. So we have to actually come up with programs that leverage technology, that leverage captivity and entrepreneurship, but that aren't meant for women. In particular, women who are grappling with the issue of looking after HIV AIDS orphans, women who are in the communal sector, women who are in the formal sector, so we can have programs that are specifically targeted for women.

MR. REILING: Okay, two more questions. Nancy.

SPEAKER: -- that many of the most enlightened leadership -- leaders in African countries which is presiding over governments for 50 percent of the government expenditures are coming from that side. So there is kind of maybe a risk of this sort of welfare dependence.

MR. REILING: So your question is aid worse than neutral perhaps?

SPEAKER: It is aid worse than neutral and if your answer is yes, what would you say we should do about it, should there be a reduction, should there be shift. And if your answer is no, you might still want to answer how should the new 50 billion that Tony Blair and (inaudible) have called for it, how should that be deployed because that might (inaudible) spending having 75 or 80 percent of their expenditures are coming from outside?

MR. MUTAMBARA: I think I will start by answering by saying what we want and then I will talk

about aid. What we want is free and fair trade, what we want is to be treated as equals, what we want is investment. That is what will bring about sustainable economic progress in Africa.

Now, aid, in the absence of trade, in the absence of investment, in the absence of sustainable economic growth in Africa can actually be damaging because it creates a dependency syndrome, it creates corruption where the abuse of the aid becomes the part of the problem and of the solution, but if we start by addressing and doing what we want which is FDI, what we want which is the domestic investment by local Africans and desperate investment and trade, then aid can then supplement and help those efforts. But if you started the aid and it being a part of -- a part, I mean in itself then it can actually be worse than the neutral.

MR. REILING: George.

MR. AYITTEY: Oh, boy. There is a question of (inaudible). First of all, one, there is no question that aid to Africa has been ineffective. Since 1960, more than 400 billion in U.S. aid has been pumped into Africa, and there is nothing to show for it, very little to show for it.

MR. AYITTEY: Okay. Now, we can argue all day about what went wrong with the aid. Now, there is blame on both sides, on the both the recipients, okay, African governments and also on the donors, for example. 80 percent of U.S. aid is spent here, okay. Same with French aid, the aid is tied, so in fact, you know, George sort of says aid benefits the donors more than the recipients, okay.

Chinese aid is 100 percent tied, okay. We can go into all that, et cetera, et cetera. The recipients also squander the aid. We knew some that do that is squandering the aid. We know that Mobutu was also squandering the aid, but you can't stop it because aid has become a huge industry with its own lobbies, okay, so what to do, okay.

We don't want to channel the money to the governments. We want to channel the money, at least channel part of the money to civil societies that are -- we can set out the institutions, set out Radio Free Africa, for example, okay. Let Radio Free Africa do for Africa what Radio Free Europe did for the Soviet Union, for example. Set these institutions up, and independent and judiciary.

This is where you can channel part of the money into independent institution. The establishment of independent is, otherwise, the aid simply props up corrupt and incompetent regimes. In Africa we know that. Look at all the aid money which was pumped into Ethiopia recently. You know, what operated during the elections in Ethiopia, when in Ethiopia -- when Meles Zenawi, we saw that he was losing the -- you know, elections opened fire on supporters for example, okay.

Now, but the important line is Africa doesn't need aid. The aid resources Africa needs is in Africa itself. Look Africa's begging bowl leaks horribly. If you take aid as water coming in, again look the Bonos and the Geldofs and the G-8 want to pump in 50 billion, but look at what gets out of that bucket. The AU itself last August estimated that corruption alone cost Africa \$148 billion. That is a huge leakage out of here.

Food imports, okay, costs Africa 20 billion a year. Now, Africa also spends 50 billion to purchase weapons. These are all leakages. So if you ask me whether more water should be pumped into this cup, I will tell you that let's plug the leakages, okay. That should be our first priority.

MR. REILING: Okay, last question, Jonathon.

SPEAKER: Jonathon and I am a South African. It seems that we've -- we haven't touched the one article issue, it's really -- it started out, is it really as critical because perhaps I think it isn't. It seems that I'm -- I a 100 percent agree with what my colleagues and what they said but they -- they're, actually I think they have avoided one particular key issue, and that's security. Because without -- we talked about the rule of laws, but without security the rule of laws is ineffective. It is how do you create a truly accountable security systems that can secure rights whether they're individual human rights, whether they're property rights and where everything else which is the ultimately foundation that African -- Africa can rebuild itself. And without that --

SPEAKER: Yeah, you talked about that.

SPEAKER: -- you're simply going to be building on the (inaudible)

MR. AYITTEY: In terms of, yeah, I mean, the security is provided by the military, the police force and the judges, okay, and that's where you need the independent institutions there, and you know, and not institutions parked by the government because you know, they provide security for them not the people.

MR. REILING: George, Jacqueline, Arthur, are you guys bullish about Africa, yes or no?

MR. AYITTEY: I am --

MS. NOVOGRATZ: Totally.

MR. AYITTEY: We are the cheetah generation.

SPEAKER: Totally.

(Applause)

MR. MUTAMBARA: Yeah, I'm very bullish. Please, don't lose hope, change is coming to Africa. Change is coming to Zimbabwe, but we need your help, we need your assistance, but we are very hopeful that we're going to be successful, and next time we meet, we will be discussing how Zimbabwe can help America solve its problem.

SPEAKER: Yeah.

(Applause)

MR. REILING: Thank you, everybody.

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