

**SPEECH BY H.E. BENJAMIN W. MKAPA, FORMER PRESIDENT OF  
TANZANIA ON THE OCCASION OF THE LAUNCH OF THE  
BUSINESS FOR DEVELOPMENT  
(B4D) PATHFINDER**

Sandton, South Africa, 28 October 2009

Distinguished guests

Ladies and gentlemen

It gives me great pleasure to be here with you for the launch of the Business for Development Pathfinder, an initiative driven by the Southern African Trust and the SADC Employers' Group. When I was approached to launch this excellent initiative, I did not hesitate for one moment because the idea at its core is very close to my heart. It is close to my heart because it has an element of shared responsibility and is home grown.

It is close to my heart because when I was in office in engaging with bilateral and multilateral donors for development I insisted in self ownership of concept and design of projects. I extolled participatory cooperation in planning and, while acknowledging the principle of differentiated responsibilities, I insisted in benefits redounding from project implementation spreading equitably.

Very often, Africa has not been successful in the implementation of very well funded projects - firstly because they were not designed by us. Secondly, because there was no involvement of the key stakeholders in their elaboration and implementation. In other words, these projects were not home grown and did not take sufficient account of the aspirations of the community. In addition, they very often relied too much on government for their implementation.

The launch of the B4D Pathfinder heralds a new and promising beginning for an inclusive, holistic approach to sustainable development and poverty reduction in southern Africa, where some 100 million of our sisters, brothers, children, and elders live in extreme poverty. The B4D Pathfinder brings together businesses, the community, and governments; harnessing their respective strengths to combat underdevelopment and its economic and social symptoms, even as it promotes Business turn-over growth.

It is a home grown solution anchored on the notion that not just political governance, but **business** can also be inclusive. It embraces corporate social responsibility but goes beyond that to enable the empowerment of communities. In other words, it puts the community rather than the company integrally at the centre of focus in the core business strategy. In this way, it takes into account the whole social system in which a company operates.

The inclusive business concept is based on shared wealth creation to solve our social and economic inequities, harnessing market forces to better address the needs of the poor. In simple terms, it is based on a model that can create more wealth and spread it more widely. In this way, inclusive business should be seen as the gold standard in corporate social responsibility.

Far too often corporate responsibility in our country is met by funding self-help projects such as community water wells or sponsoring sports tournaments. Indeed sometimes there is considerable back-patting for sponsoring beauty pageants!!

It is very unfortunate that for so long we have failed to unlock the latent value within the low income and disadvantaged communities because we could not think outside the box. We were trapped by our traditional way of doing things and by following expert advice from those who were also trapped in a particular institutional culture and set of values.

The time has now come for us to be innovative. This can only happen if we change our mindset and start thinking out of the box.

Again this is a strategy close to my heart. If we really want to develop we must not hesitate, indeed we must, think out of the box. This is especially true when it comes to types of aid and modes of its delivery. I fear that, presently, aid is seen as a condition for continued development; to enable us to depend on assistance. It is not perceived as an agent towards self-sustaining development, a development which, in a determined framework and benchmarks, enables us to exit from aid dependence. In short, to seek development in dignity.

The countries which have been more resilient to the global economic crisis are those which have been able to implement policies to promote investment, support the private sector and keep their share of the market. It is no coincidence that countries like China and India with huge domestic markets, were able to withstand the challenges of the global economic crisis better than those countries that relied heavily on the international markets. This shows how the local market plays a significant role in oiling the economy especially in times of crisis. It is therefore essential that we, in southern Africa, consolidate our domestic market and empower the people to become in their national and regional economies, at the same time consumers and suppliers of goods and services.

For us in the Southern African Development Community (SADC) our individual countries are so small, with the exception of South Africa, that we are bound to integrate our individual local economies into a vibrant and lucrative regional one.

The B4D Pathfinder is focused on the SADC region, both at the national and regional levels. It puts business at the core of development, whilst recognizing that the local community can also be in business through their participation in the core business value chain. It affirms the good business is good for development, and that development is good for business too.

This initiative offers a system that enables businesses in southern Africa to navigate an uncharted path to sustain their own growth and profitability, while at the same time directly contributing to sustainable development in the region by including the poor in their growth path. It is new. It is daring. It is doable. And it is replicable. That is why it is called a *pathfinder*.

It puts special emphasis on business strategies that are tailored to the poor because it has been observed, especially during the current financial crisis, that the most resilient enterprises are those which are rooted in the real economy – the people. Muhammed Yunus, founder of the Grameen Bank and the 2006 Nobel Prize winner who said:

“People are able to get themselves out of poverty. All they need is opportunity. They are not expecting charity or instructions. Charity is good, but it is not enough. If you turn it into a business proposal, then it is very powerful as it can work by itself.”

Practising inclusive business by using the B4D Pathfinder can provide opportunities to the poor in many areas including retail, distribution, joint ventures and innovation. Being poor does not mean that you have no ideas. It only means that there is a lack of empowerment and opportunity.

Those firms which are proactive and include the community in their value chain have been quite successful in expanding their market size over a short period of time. They have been able to adapt their products to the needs of the community and withstand the challenge of competition. A concrete example is SABMiller which has a tradition of sourcing raw materials locally and of investing in the local supply chain. The company has been able to expand its market share significantly, lower the costs of inputs and logistics considerably, and create an entire reliable supply chain owned and managed by the local community. This has developed into a sustainable form of employment, transfer of skills and knowledge, access to business networks, and most importantly, developed the human dignity that comes when people are empowered to move from being

subjects to being citizens, thus increasing social and institutional capital. There are other such examples in the SADC region. But these are the result of individual firms developing their own initiatives.

I believe it is important to have a more coherent and publicly acknowledged approach to inclusive business. Those firms which have an element of inclusive business in their overall strategies should be rewarded through an appropriate incentive framework to facilitate further innovation in developing inclusive business. They can serve as a practical model for inspired enterprises.

I pray this launch will pave the way for the Southern Africa Trust and the SADC Employers' Group to embark on a consultation and stakeholder engagement campaign at all levels targeting business, government, and civil society institutions including academics to embrace the B4D Pathfinder.

This is a noble initiative. If it is embraced, the pay back could be enormous for businesses and communities alike, and there could be more likelihood that the objectives of the Millennium Development Goals, especially poverty reduction, can be achieved. Through the initiative, businesses can do well by doing good.

As I said earlier, the B4D Pathfinder is anchored on shared responsibility. Business, governments and civil society work together to address poverty at the local, national and regional levels, using globally ground breaking concepts and standards. Government has to ensure the creation of an enabling environment including good infrastructure for business to flourish. Civil society organisations must promote the concept through advocacy and facilitating community participation, and the private sector needs to manage the risks and create opportunities that the poor and the marginalized can leverage to lift themselves out of poverty. This is a shared challenge, calling for a shared commitment to build an equitable, shared society.

I endorse the proposal that the B4D Pathfinder should include a **charter** which will guide its strategic objectives and aspirations, a **barometer** to measure and guide a company's evolution towards inclusive business, and a **toolkit** to support businesses to develop best practices. These mechanisms will help to drive the process in a coherent manner so that, as the initiative progresses amongst companies, there is an element of self evaluation and monitoring to ensure success, and creates opportunity for credible independent review or assessment.

I am confident that the B4D Pathfinder will be a resounding success because it is based on the solid foundation of people centred development and leadership by the business community itself.

I commend SADC Employers' Group and the Southern Africa Trust for a very bold and innovative initiative. It will see southern Africa through to sustainable development and shared growth if it is embraced by business, governments, and civil society organisations alike. I therefore call on SADC to embrace this remarkable initiative and give it all the support it needs to be a resounding success.

Partnerships of this nature are a force to reckon with as far as development is concerned. This is an opportunity to mobilise the skills, knowledge, experience and technology that exists within the corporate sector and to give business a real chance to make a difference.

I challenge you all to own and adopt this model of inclusive business in your daily endeavours. And I am proud to launch the B4D Pathfinder.

I thank you for your attention.