Delegate’s briefing pack and discussion agenda

2 - 3 March 2009, Jakarta
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Foreword

Last year, many of us expected an economic downturn, but nothing could prepare us for how rapidly the credit crunch would escalate in the second half of 2008, or for the global financial crisis that followed. With globalisation comes significant economic returns, and cross-border flows of information, people and capital. But it also means none will be spared when things go wrong - the resulting damage spreads further and faster than ever before.

Uncertainty about the future now runs high, and optimism among corporate leaders about their medium-term prospects is low. No one knows when this economic downturn will end or what its ultimate effects will be. But one thing is certain - an interconnected world is both part of the problem and the solution. Corporate and government leaders worldwide must now act swiftly to tackle our financial, climate and energy challenges. This will require responsible leadership, innovative and sustainable solutions, and strategic collaborations.

At PricewaterhouseCoopers (PwC), we seek to identify future trends in efforts to better advise our clients - who comprise both corporate and government leaders – so that they can better navigate the way ahead. We aim to help them develop responsible long-term visions and sustainable strategies whilst managing their risks. As the Global Knowledge Partner for the World Islamic Economic Forum Foundation, PwC is delighted to share this Delegate’s Briefing Pack with you, which charts out:

- global socio-economic issues and crises, and strategic responses;
- successful attributes of a choice country;
- contribution and importance of SMEs as economic backbones; and
- sustainable solutions to address today’s complex environment.

We hope you find this Briefing Pack useful, and that you find the discussion at the prestigious WIEF forum enriching.

Dato’ Johan Raslan
Executive Chairman
PricewaterhouseCoopers Malaysia
March 2009
Foreword

I am pleased to present you the 5th WIEF Delegate’s Briefing Pack, an information-packed book which will be distributed to all the delegates of the 5th World Islamic Economic Forum in the capital city of Jakarta, Republic of Indonesia.

At WIEF we hold on to the idea that every dialogue session that we convene at our annual Forums should be an informative and meaningful experience. Thus it is very important for us to enrich the knowledge of delegates of the Forum, with relevant facts and figures in the form of statistical tables, and quotes, with the hope that they would be better equipped and well informed of the discussion at hand, mooted during the sessions.

Through the contribution of our global knowledge partner, PwC, which has been instrumental in coming up with the contents of this briefing pack with our guidance, we have been able to produce such an important piece of reference work.

It is therefore my pleasure to duly thank the research, editorial and creative teams of both the WIEF Foundation and PwC for making this all possible.

Tun Musa Hitam
Chairman
WIEF Foundation
March 2009
Programme*

5th WORLD ISLAMIC ECONOMIC FORUM
Food and energy security & stemming the tide of the global financial crisis
2 - 3 March 2009, Jakarta

*As at 30 January 2009

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<td>Secretary-General, Organization of the Islamic Conference</td>
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<td>Prime Minister of Malaysia &amp; Patron of WIEF Foundation</td>
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<td>Opening Keynote Address by H.E. Dr. Susilo Bambang Yudhoyono</td>
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<td>President of the Republic of Indonesia</td>
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<td>11.00 am - 11.30 am</td>
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| 08.30 am - 10.30 am | **Plenary 1**  
Beyond Scarcity: Overcoming The Global Food Crisis  
Food and energy prices have hit a record high worldwide. Due to the lack of international cooperation, worldwide markets gets tighter and the pain only lasts longer. This will lead to massive reduction in imports and consumption in many low-income food-deficit countries, especially in sub-Saharan Africa.  
They will be forced to choose between high-cost energy and high-cost food imports. More often than not, they will choose the former which means millions of people will be malnourished. And the gold rush towards biofuel is also taking away food from the hungry. What are the immediate steps to remedy the situation? How can the Muslim world collaborate to mitigate the price pressures? Are there investment opportunities in food security for global corporations? |                                                                                                                                 |
| 10.00 am - 10.30 am | Refreshments / Informal Networking  
10.30 am - 12.00 pm | **Plenary 2**  
Paving A Greener World: Creating A Future For Alternative Energy  
The UN reported that millions of new jobs will be created worldwide over the next few decades by the development of alternative energy technologies. More than a million people are currently employed in biofuels industry but that the figure could rise to 12 million by 2030.  
Green economy has to grow at a more progressive pace in order to take advantage of manpower needs fuelled by the cost of rapid increase of greenhouse gases. However “green jobs” are dependent upon subsidy shift from oil and natural gas towards wind, solar, and geothermal power. Are governments ready to invest on alternative energy technologies? |                                                                                                                                 |
| 12.00 pm - 14.00 pm | **Lunch & Special Luncheon Address**  
Transforming Mediocrity Into International Success |                                                                                                                                 |
| 14.00 pm - 15.30 pm | **Plenary 3**  
Stemming The Tide Of The Global Financial Crisis  
The world’s financial crisis in recent months brought about great instability not only to the US economy but to the world at large. With a staggering USD700bn rescue package being passed in the US Parliament to salvage the colossal loss incurred by such names as the Lehman Brothers, Merrill Lynch and US’s biggest insurance company, AIG, and tremors being felt in most part of Europe and Asia, one goes to wonder whether this is the end of an era of debt trading and market speculation. Is debt trading a major factor of the financial crisis? Will the world go into a new era of regulatory economics? How will the new global framework take shape after this crisis is over? Is the world ready to allow market to develop its own financial needs of the society? Could Islamic Banking provide an alternative to the current banking system? |                                                                                                                                 |
### 3 March 2009, Tuesday

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| 15.30 pm - 17.00 pm | **Plenary 4**  
**Global SMEs: Business Beyond Boundaries**  
The key to success of emerging small and medium sized companies is the ability to steer itself into lucrative and promising openings in the market and banking on it with the proper skills and resources. In order to do so, companies need to constantly come up with innovative and cutting-edge ideas in order to be on top of the rest in the industry. This requires corporate strategy and market research, especially when one decides to transverse beyond the domestic market. Knowledge of local markets is crucial for survival for example. Should socio-cultural conditions be a central element in corporate decision-making? How best can central and local governments facilitate the growth of SMEs? |
| 17.00 pm     | Refreshments / Informal Networking                                    |
| 19.00 pm - 22.00 pm | **Concluding Session & Dinner**  
Hosted by **H.E. Jusuf Kalla**, Vice President of the Republic of Indonesia  
- Special Address by Invited Leaders  
- Jakarta Declaration of 5th WIEF read by **H.E. Irman Gusman**, Vice Chairman,  
  The House of Regional Representatives, Indonesia  
- Closing Address by **H.E. Jusuf Kalla**, Vice President of the Republic of Indonesia  
- Vote of Thanks by Hon **Tun Musa Hitam**, Chairman, WIEF |

### 1 March 2009, Sunday | Pre-Forum Programme

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| 08.00 am - 16.40 pm | Parallel forums  
- **WIEF Businesswoman Forum**  
  “Women Entrepreneurs: The Driving Force Towards a Stronger Future”  
- **WIEF Young Leaders Forum**  
  “Charting Our Course: Leading Islamic Business & Finance Forward” |

### 4 March 2009, Wednesday | Post-Forum Programme

**Indonesia in Forum:** Tourism and Investment in Indonesia
Briefing pack for participants

This briefing pack was prepared by PwC for participants of the 5th World Islamic Economic Forum 2009. The pack comprises charts for the programme’s main themes. It is also available online from www.wief.org.my

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# Guide to the briefing pack

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<td>Alternative energy</td>
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<td>Sustainable solutions</td>
<td>• Lunch &amp; special luncheon address - Role of business in ensuring sustainable environment for future generations</td>
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## Abbreviations

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<th>Abbreviation</th>
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<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
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<tr>
<td>BRIC</td>
<td>Brazil, Russia, India and China</td>
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<tr>
<td>CAGR</td>
<td>Compound annual growth rate</td>
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<td>CEE</td>
<td>Central and Eastern Europe</td>
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<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
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<tr>
<td>CIS</td>
<td>Commonwealth of Independent States</td>
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<td>EU</td>
<td>European Union</td>
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<td>FAO</td>
<td>Food and Agriculture Organization of the United Nations</td>
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<td>G7</td>
<td>Group of Seven (Canada, France, Germany, Italy, Japan, United Kingdom and United States of America)</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>GFSR</td>
<td>Global Financial Stability Report</td>
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<td>ILO</td>
<td>International Labour Organization</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>NIC</td>
<td>National Intelligence Council</td>
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<tr>
<td>OIC</td>
<td>Organisation of the Islamic Conference</td>
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<td>R&amp;D</td>
<td>Research and development</td>
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<tr>
<td>SMEs</td>
<td>Small Medium Enterprises</td>
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<tr>
<td>UAE</td>
<td>United Arab Emirates</td>
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<td>UK</td>
<td>United Kingdom</td>
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<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
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<td>UNEP</td>
<td>United Nations Environment Programme</td>
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<td>US</td>
<td>United States of America</td>
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<td>WEF</td>
<td>World Economic Forum</td>
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<td>WEO</td>
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<td>WIEF</td>
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Socio-economic overview

Global demographics
Global economics

This overview relates to the following sessions:

Leadership panel - Innovative solutions to global challenges
Global CEOs’ panel - Global economic & business scenario for the next decade
Plenary 3 - Stemming the tide of the global financial crisis
Socio-economic overview

Global demographics

This overview relates to the following sessions:

Leadership panel - Innovative solutions to global challenges
Global CEOs’ panel - Global economic & business scenario for the next decade
Plenary 3 - Stemming the tide of the global financial crisis
Chart 1: Higher projected population growth in Sub-Saharan Africa, Middle East and ASEAN countries, 2000 - 2050

Source: WEF, “Global Growth@Risk 2008” (September 2008)
Chart 2: Slower population growth, particularly in high income countries, weakens GDP and commodity demand

Chart 3: Highest Muslim population is in Asia, followed by Africa and Europe

Current: 22% of total world population
Projection: 30% of world population by 2025

Chart 4: North Africa and Middle East have the highest employment-to-population ratio - female employment lowest in Muslim regions

Chart 5: High youth unemployment rate is in the Middle East and North Africa

Source: ILO (2007)
Chart 6: The proportion of workers in vulnerable employment situations are significant in South Asia, Africa and the rest of Asia

Note: Vulnerable employment refers to working poor earning below US$2 a day

Source: UNEP, “Green jobs: Towards decent work in a sustainable, low-carbon world” (September 2008)
Chart 7: In the developing world, the proportion of poverty in urban and rural areas is highly significant in South Asia and Sub-Saharan Africa

Socio-economic overview

Global economics

This overview relates to the following sessions:

Leadership panel - Innovative solutions to global challenges
Global CEOs’ panel - Global economic & business scenario for the next decade
Plenary 3 - Stemming the tide of the global financial crisis
Chart 8: Developing Asia shows highest real GDP growth potential into 2013

Gross domestic product is the most commonly used single measure of a country's overall economic activity. It represents the total value at constant prices of final goods and services produced within a country during a specified time period, such as one year.

*Source: World Economic Outlook (October 2008)*

*Source: IMF Data Mapper, “World Economic Outlook” (October 2008)*
Chart 9: Higher nominal GDP per capita in advanced economies into 2013

Gross domestic product is the most commonly used single measure of a country's overall economic activity. It represents the total value at current prices of final goods and services produced within a country during a specified time period divided by the average population for the same one year.

Source: World Economic Outlook (October 2008)

Source: IMF Data Mapper, “World Economic Outlook” (October 2008)
Chart 10: Higher inflation rates in Middle East and Central African countries into 2013

The average consumer price index (CPI) is a measure of a country's average level of prices based on the cost of a typical basket of consumer goods and services in a given period. The rate of inflation is the percent change in the average CPI.

Source: World Economic Outlook (October 2008)
The global crisis and strategic responses

Financial crisis
Food and energy security
Water scarcity

This overview relates to the following sessions:

Leadership panel - Innovative solutions to global challenges
Global CEOs’ panel - Global economic & business scenario for the next decade
Plenary 1 - Beyond scarcity: Overcoming the global food crisis
Plenary 3 - Stemming the tide of the global financial crisis
The global crisis and strategic responses

Financial crisis

This overview relates to the following sessions:

Leadership panel - Innovative solutions to global challenges
Global CEOs’ panel - Global economic & business scenario for the next decade
Plenary 3 - Stemming the tide of the global financial crisis
Chart 11: Growing global financial risks – increased global macroeconomic and credit risks, tighter monetary and financial conditions, lower risk appetite and higher emerging market risks

Note: Closer to centre signifies less risk, tighter monetary and financial conditions, or reduced risk appetite.

Chart 12: Key global risks include fiscal crises and liability regimes, a hard landing in China, a collapse in asset prices, global unemployment, pandemic diseases, volatilities in commodity prices, global governance gaps and issues relating to natural resources and climate.

The likelihood of the 36 global risks with severity by economic loss

Source: WEF, “Global Risk 2009” (January 2009)
Chart 13: Plunging business confidence in anticipation of prolonged period of poor prospects for jobs and profits

Chart 14: Significant downside risks to global growth caused by global contagion effects

Chart 15: Projections about the higher growth for emerging countries may be impacted by the gravity of the global financial crisis.

Source: IMF, World Economic Outlook Database (October 2008)
Chart 16: Impact of global financial crisis - banks' shrinking market capitalisation

- **Market value as at end of January 2009, US$ billion**
- **Market value as at end of December 2007, US$ billion**

**Western banks**
- HSBC: 199 (96), 95 (HSBC)
- JP Morgan: 145 (95), 68 (JP Morgan)
- Mitsubishi UFJ: 101 (68), 43 (Mitsubishi UFJ)
- Bank of America: 182 (43), 22 (Bank of America)
- Goldman Sachs: 90 (42), 8 (Goldman Sachs)
- UBS: 96 (37), 12 (UBS)
- BNP Paribas: 99 (35), 12 (BNP Paribas)

**Middle Eastern banks**
- Al Rajhi Bank: 47 (22), 5 (Al Rajhi Bank)
- Kuwait Finance House: 18 (8), 4 (Kuwait Finance House)
- Qatar Islamic Bank: 5 (4), 3 (Qatar Islamic Bank)
- Bank AlBilad: 8 (3), 2 (Bank AlBilad)
- Dubai Islamic Bank: 8 (3), 2 (Dubai Islamic Bank)

*Source: Bloomberg (January 2009)*
Chart 17: Impact of global financial crisis – significant writedowns by banks in Americas and Europe

Chart 18: Impact of global financial crisis – volatile currency movements

Source: Bloomberg (January 2009)

Percentage fall in stock market indices

- Dow Jones: -27.34
- FTSE 100 Index: -22.78
- Nikkei 225: -37.90
- Hang Seng Index: -39.39
- Shanghai Composite Index: -30.01
- Karachi 100 Index: -23.45
- Straits Times Index: -44.31
- Kuala Lumpur Composite Index: -27.68
- Jakarta Composite Index: -57.26
- Ho Chi Minh Stock Index: -59.91
- UAE’s DFM Index: -72.51
- Bahrain All Share Index: -54.03
- Kuwait SE Weighted Index: -56.83
- Qatar’s DSM 20 Index: -50.04
- Tadawul All Share Index: -50.04

Source: Bloomberg (January 2009)
Chart 20: Impact of global financial crisis – massive job cuts worldwide

Source: Bloomberg (January 2009)
Chart 21: Economies dependent on fuel exports experience higher volatilities

Standard deviation of percentage change

- Fuel exporters
- Non-fuel primary exporters
- Diversified exporters

Note:
Volatility is defined as the standard deviation of percentage changes over time (annual data). Commodity concentration measured in 1980. Excludes countries with population of less than 1 million.


**Path of crisis**

**Credit expansion/abundant liquidity**

**Investors**
- Search aggressively for yields

**Principal-agent problem**

**Lenders**
- Credit imprudence

**Moral hazard problem**

**Asset markets**
- Bubbles form

**Asian crisis**
- Capital inflows
- Abundant liquidity
- Easy credit
- Invest in high-yielding Asian securities
- Invest in US dollar-denominated debt instruments
- Bank management ignores shareholders' interests
- Government-directed lending
- Inflated property prices
- Equity market rises on economic prospect

**Subprime crisis**
- Capital inflows
- Abundant liquidity
- Easy credit
- Securitisation of loans
- Invest in long duration, complex products such as CDOs and MBS's, using short-term fund
- “Originate and distribute” model: banks have no incentive to uphold credit standards on behalf of investors
- Banks believe they have de facto bailout guarantees from governments
- Foreign currency debt relying on peg
- Inflated property prices
- Low spreads and volatility on credit products
- High equity prices

**Source**: IMF, Finance & Development Magazine Volume 45, Number 2, “Asia: A perspective on the subprime crisis” (June 2008)
Chart 23: Scenarios of potential outcome of global financial crisis and recession

Global credit and capital markets reopen and recover

**Scenario: Battered but resilient**
- Prolonged recession of 18 months or more
- New, effective regulatory regime
- Recovery generated by effective fiscal, monetary policies and led by selected geographies (e.g. China, Middle East, US)
- Moderate recovery of trade and capital flows
- Globalisation gradually gets back on course
- Attitudes slowly rebound

**Scenario: Regenerated global momentum**
- Moderate recession of three to four quarters, followed by strong economic growth
- New, effective regulatory regime
- Safe leverage ratios reached, leading to rapid expansion of trading and lending volumes
- Cost of capital recovers to historical level
- Trade and capital flows recover quickly
- Globalisation stays on course; developed and emerging economies remain linked
- Attitudes rebound, become positive

Global credit and capital markets close down and remain volatile

**Scenario: Long freeze**
- Recession lasts for more than five years, as in Japan during the 1990s
- Ineffective regulatory, fiscal and monetary policies
- All geographies stagnate
- Defensive leverage ratios, with restricted credit flows and trading in illiquid markets
- Significant government involvement in allocation of credit
- Very slow recovery of trade and capital flows
- Globalisation goes into reverse
- Attitudes become much more defensive and nationalistic

**Scenario: Stalled globalisation**
- Moderate recession of one to two years, followed by slow economic growth
- Regulatory regime holds system together but with significant drag on economy (e.g. higher cost of intermediation)
- Overly safe leverage ratios
- Significant government involvement in allocation of credit
- Significantly higher cost of capital than before crisis
- Globalisation stalls
- Attitudes become more defensive and nationalistic

Chart 24: PwC: Seven key steps to weather the storm and some leading questions

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<td>Develop and maintain a robust financial forecast</td>
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<td>2</td>
<td>Identify key forecast risks and develop appropriate responses</td>
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<td>3</td>
<td>Ensure adequate sources of liquidity</td>
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<td>4</td>
<td>Drive efficiency in working capital processes</td>
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<td>5</td>
<td>Aggressively manage costs</td>
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<td>6</td>
<td>Exercise discipline in capital investments</td>
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<td>7</td>
<td>Assess and monitor credit exposures throughout the value chain</td>
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</table>

**Ask yourself these leading questions:**

- Do we have timely, accurate cash forecast information? If so, can we reconcile short-term, medium-term and long-term forecast?
- Do we understand those performance variance drivers that can lead to forecast risks?
- Do we have access to sufficient sources of liquidity?
- Have we taken steps to drive working capital efficiency?
- Do we understand cost drivers, and are sound linkages in place between our operating plans and our financial plans and budgets?
- Can we identify investments that may no longer be achieving our financial objectives?
- Have we analysed commercial transaction, financial counterparty and supply chain credit exposure?
- Do we have the right people strategy in place to attract and retain the talent we need – not just to survive today’s downturn, but also to win in the marketplace tomorrow?

*Source: PricewaterhouseCoopers, “Meeting the challenge of the current financial crisis” (November 2008)*
The global crisis and strategic responses

Food and energy security

This overview relates to the following sessions:

Leadership panel - Innovative solutions to global challenges
Global CEOs’ panel - Global economic & business scenario for the next decade
Plenary 1 - Beyond scarcity: Overcoming the global food crisis
Chart 25: Food-driven inflation in emerging countries and fuel-driven inflation in advanced countries

Food price contribution to inflation

Fuel price contribution to inflation

Chart 26: Consumer and commodity prices surge before retreating in the H2’08 when crude oil prices corrected sharply after unprecedented run-up

Chart 27: Aside from rising food prices, the global food crisis exacerbates export bans and unrests

Chart 28: Food crisis - countries requiring external assistance

Source: FAO, “The state of food and agriculture 2008” (October 2008)
Chart 29: Volatile petroleum prices have a direct and significant impact on global agricultural prices

Percentage change compared with constant price at US$130/barrel

Note:
A doubling of petroleum prices would lead to higher commodity prices in the range of 16–30%.

Conversely, a halving of oil prices would lead to a significant decline in agricultural commodity prices, ranging from 21–32% in 2010, depending on the commodity.

Source: FAO, “The state of food and agriculture 2008” (October 2008)
Chart 30: Volatile commodity prices reflect demand/supply mismatches

<table>
<thead>
<tr>
<th>Percent change from previous year</th>
<th>2000-05</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010f</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>13.5</td>
<td>17.3</td>
<td>10.8</td>
<td>45.1</td>
<td>-25.0</td>
<td>0.9</td>
</tr>
<tr>
<td>Oil</td>
<td>13.6</td>
<td>20.4</td>
<td>10.6</td>
<td>42.3</td>
<td>-26.4</td>
<td>1.8</td>
</tr>
<tr>
<td>Natural gas</td>
<td>10.4</td>
<td>33.9</td>
<td>1.0</td>
<td>57.2</td>
<td>-10.8</td>
<td>-4.2</td>
</tr>
<tr>
<td>Coal</td>
<td>12.7</td>
<td>3.1</td>
<td>33.9</td>
<td>97.8</td>
<td>-23.1</td>
<td>-10.0</td>
</tr>
<tr>
<td>Non-energy</td>
<td>8.3</td>
<td>29.1</td>
<td>17.0</td>
<td>22.4</td>
<td>-23.2</td>
<td>-4.3</td>
</tr>
<tr>
<td>Agriculture</td>
<td>6.0</td>
<td>12.7</td>
<td>20.0</td>
<td>28.4</td>
<td>-20.9</td>
<td>-1.3</td>
</tr>
<tr>
<td>Foods</td>
<td>6.0</td>
<td>10.0</td>
<td>25.6</td>
<td>35.2</td>
<td>-23.4</td>
<td>-0.3</td>
</tr>
<tr>
<td>Grains</td>
<td>4.8</td>
<td>18.4</td>
<td>26.1</td>
<td>50.9</td>
<td>-27.7</td>
<td>2.6</td>
</tr>
<tr>
<td>Raw materials</td>
<td>5.0</td>
<td>22.7</td>
<td>9.0</td>
<td>13.0</td>
<td>-14.9</td>
<td>-2.7</td>
</tr>
<tr>
<td>Metal and minerals</td>
<td>12.3</td>
<td>56.9</td>
<td>12.0</td>
<td>5.0</td>
<td>-25.5</td>
<td>-5.5</td>
</tr>
<tr>
<td>Copper</td>
<td>15.2</td>
<td>82.7</td>
<td>5.9</td>
<td>-0.6</td>
<td>-32.2</td>
<td>-4.2</td>
</tr>
</tbody>
</table>

\( f = \text{forecast} \)

Chart 31: Global food demand - developing countries, with their higher population and income growth, account for most of future food demand

<table>
<thead>
<tr>
<th>Growth (%), 2000 – 2030</th>
<th>All agriculture</th>
<th>Cereal</th>
<th>Edible oils</th>
<th>Meats</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>1.5</td>
<td>1.2</td>
<td>2.3</td>
<td>1.7</td>
</tr>
<tr>
<td>Developed</td>
<td>0.7</td>
<td>0.9</td>
<td>2.0</td>
<td>n.a.</td>
</tr>
<tr>
<td>Transition</td>
<td>0.5</td>
<td>0.8</td>
<td>1.7</td>
<td>n.a.</td>
</tr>
<tr>
<td>Developing</td>
<td>2.0</td>
<td>1.4</td>
<td>2.5</td>
<td>2.4</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>2.8</td>
<td>2.5</td>
<td>2.9</td>
<td>3.3</td>
</tr>
<tr>
<td>Middle East &amp; North Africa</td>
<td>2.2</td>
<td>2.1</td>
<td>2.3</td>
<td>3.3</td>
</tr>
<tr>
<td>Latin America &amp; the Caribbean</td>
<td>1.8</td>
<td>1.2</td>
<td>2.6</td>
<td>2.0</td>
</tr>
<tr>
<td>South Asia</td>
<td>2.3</td>
<td>1.6</td>
<td>2.7</td>
<td>4.0</td>
</tr>
<tr>
<td>East Asia &amp; Pacific</td>
<td>1.7</td>
<td>1.2</td>
<td>2.4</td>
<td>2.1</td>
</tr>
</tbody>
</table>

*n.a. = not available*

Chart 32: World’s undernourished population largely in Africa, India, Asia Pacific and China

Undernourished population in millions

Total: 849 million

Source: FAO, “The state of food insecurity in the world 2008” (December 2008)
Chart 33: In alleviating high food prices, most countries apply price controls, provide consumer subsidies or reduce taxes on foodgrains

Countries carrying out policy action (%)

Reduce taxes on foodgrains
Increase supply using food grain stocks
Import export restrictions
Apply price controls/ provide consumer subsidies
None

Note: Based on preliminary information collected by World Bank staff and amended by FAO (April 2008)

Source: FAO, “The state of food insecurity in the world 2008” (December 2008)
Chart 34: Latin America and Africa regions show high potential for cropland expansion

Source: FAO, “The state of food and agriculture 2008” (October 2008)
Chart 35: Developing countries, with higher populations, need to allocate more spending on agricultural R&D

R&D spending as a share of agriculture GDP

The global crisis and strategic responses

Water scarcity

This overview relates to the following session:

Leadership panel - Innovative solutions to global challenges
Chart 36: Water consumption since the 1930s has increased more rapidly than the overall population

Source: PricewaterhouseCoopers and SAM Sustainable Asset Management AG, “The Sustainability Yearbook 2008” (February 2008)
Chart 37: By 2025, approximately 57 countries with two billion people fall within freshwater scarcity category

Physical water scarcity: More than 75% of river flows are allocated to agriculture, industries, or domestic purposes. This definition of scarcity - relating water availability to water demand - implies that dry areas are not necessarily water scarce.

Approaching physical water scarcity: More than 60% of river flows allocated. These basins will experience physical water scarcity in the near future.

Economic water scarcity: Water resources are abundant relative to water use, with less than 25% of water from rivers withdrawn for human purposes, but malnutrition exists.

Little or no water scarcity: Abundant water resources relative to use. Less than 25% of water from rivers is withdrawn for human purposes.

Not estimated

Source: NIC, “Global Trends 2025: A transformed world” (November 2008)
Chart 38: Developed countries have the highest per capita water consumption

Cubic meters/person/year

Source: NIC, “Global Trends 2025: A transformed world” (November 2008)
Chart 39: The exploitation of river basins threatens the long-term survival of ecosystems

River basin areas where water reserves are being exploited by humans

Source: PricewaterhouseCoopers and SAM Sustainable Asset Management AG, “The Sustainability Yearbook 2008” (February 2008)
Creating value

The choice country
Global small medium enterprises (SMEs)

This overview relates to the following sessions:

Lunch & special luncheon address - Transforming mediocrity into international success
Plenary 4 - Global SMEs: Business beyond boundaries
Creating value

The choice country

This overview relates to the following session:

Lunch & special luncheon address - Transforming mediocrity into international success
Chart 40: Developed countries have most innovative potential followed by Developing Asia

Source: WEF, “Global Growth@Risk 2008” (September 2008)
Chart 41: 12 pillars of country competitiveness and ease of doing business factors

**Competitiveness**

**Basic requirements**
- Institutions
- Infrastructures
- Macroeconomic stability
- Health and primary education

**Efficiency enhancers**
- Higher education and training
- Goods market efficiency
- Labour market efficiency
- Financial market sophistication
- Technological readiness
- Market size

**Innovation and sophistication factors**
- Business sophistication
- Innovation

**Ease of doing business**

<table>
<thead>
<tr>
<th>Starting a business</th>
<th>Protecting Investors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures, time, cost and paid-in minimum capital to open a new business</td>
<td>Strength of investor protection index: extent of disclosure index, extent of director liability index and ease of shareholder suits index</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dealing with construction permits</th>
<th>Paying taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures, time and cost to obtain construction Permits, inspections and utility connections</td>
<td>Number of tax payments, time to prepare and file tax returns and to pay taxes, total taxes as a share of profit before all taxes borne</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employing workers</th>
<th>Trading across borders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difficulty of hiring index, rigidity of hours index, difficulty of firing index, firing cost</td>
<td>Documents, time and cost to export and import</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Registering property</th>
<th>Enforcing contracts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures, time and cost to transfer commercial real estate</td>
<td>Procedures, time and cost to resolve a commercial dispute</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Getting credit</th>
<th>Closing a business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strength of legal rights index, depth of credit</td>
<td>Recovery rate in bankruptcy</td>
</tr>
</tbody>
</table>

Chart 42: Countries that are easy to do business with, have significantly higher GDP per capita

Chart 43: Companies internationalise activities for market, resource and efficiency factors

Location criteria in order of importance, 2007 – 2009 (% of responses)

Chart 44: JVs overtaking M&A as a growth strategy across all regions in next three years

Source: PricewaterhouseCoopers, “12th Annual Global CEO Survey” (January 2009)
Creating value

Global small medium enterprises (SMEs)

This overview relates to the following session:

Plenary 4 - Global SMEs: Business beyond boundaries
Chart 45: Higher income countries which are ranked high in the ease of doing business, have higher proportion of SMEs

Chart 46: SMEs contribution to employment and GDP are prevalent across high to low-income countries

Chart 47: Transforming local SMEs into world-class innovative SMEs – the Korean experience

Directions SMEs can take to develop into world-class innovative companies.
Key factors necessary to move to the next level:
- Government support and innovative policies
- Collaboration of knowledge and experiences

Source: Korea Institute for Industrial Economics and Trade, e-Kiet Industrial Economic Information Volume 396, “The global competencies of SMEs (small and medium enterprises) should be strengthened” (February 2007)
Corporate sustainability

Alternative energy
Sustainable solutions

This overview relates to the following sessions:

Lunch & special luncheon address - Role of business in ensuring sustainable environment for future generations
Plenary 2 - Paving a greener world: Creating a future for alternative energy
Corporate sustainability

Alternative energy

This overview relates to the following session:

Plenary 2 - Paving a greener world: Creating a future for alternative energy
Chart 48: By 2030, although oil’s share of global energy demand is declining, it is still a significant component of the global energy mix, along with coal and gas.

Chart 49: Oil, gas and water endowments – map of resource-rich countries

Source: WEF, “Global Risk 2008” (January 2008)
Chart 50: Over more than three decades, the R&D investment support for renewable energy sources is relatively low compared to other energy sources

Source: UNEP, “Green jobs: Towards decent work in a sustainable, low-carbon world” (September 2008)
Chart 51: By 2030, biofuels are expected to create most green jobs in renewable energy

Source: ILO, “Green jobs facts and figures” (September 2008)
Chart 52: Alternative energy sources, other than nuclear, create more than double the jobs created by fossil fuels

Note: Percentage figures represent total job creation relative to oil (percentage difference)

Source: University of Massachusetts Political Economy Research Institute and Center for American Progress, “Green Recovery: A program to create good jobs & start building a low-carbon economy” (September 2008)
Chart 53: Solar PV is the most cost competitive electricity source

Chart 54: Installed global solar capacity will grow by roughly 30% to 35% a year into 2020, requiring capital investments of more than US$500 billion

GW (gigawatts)
Cumulative installed capacity

Cumulative installed PV capacity
Annual PV capacity additions


Source: McKinsey, “The economics of solar power” (June 2008)
Corporate sustainability

Sustainable solutions

This overview relates to the following session:

Lunch & special luncheon address - Role of business in ensuring sustainable environment for future generations
Chart 55: Transportation, agricultural and industrial processes are main contributors to greenhouse gases emission

Data limitations:
1. Only emissions above 40 million tonnes of CO₂ equivalent are represented
2. Data is for 2004, except *(1994) and dashed circles (2000).

Source: UNEP, “Kick the habit: A UN guide to climate neutrality” (2008)
Chart 56: Top greenhouse gas emitters (including land use change and forestry)

The following gases are taken into account:
- CO₂ - Carbon dioxide
- CH₄ - Methane
- N₂O - Nitrous oxide
- PFCs - Perfluorocarbons
- HFCs - Hydrofluorocarbons
- SF₆ - Sulphur hexafluoride

Source: UNEP, “Kick the habit: A UN guide to climate neutrality” (2008)
Chart 57: Some alarming facts on environmental challenges

<table>
<thead>
<tr>
<th></th>
<th>Climate-related disasters</th>
<th>262 million people affected annually from 2000 – 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Water shortages</td>
<td>1.8 billion people expected to suffer from fresh water scarcity by 2025, mostly in Asia and Africa</td>
</tr>
<tr>
<td>3</td>
<td>Environmental refugees</td>
<td>Potentially 50 million environmental refugees due to climate change over next few years</td>
</tr>
<tr>
<td>4</td>
<td>Displacement by flooding</td>
<td>330 million people in coastal areas, flood plains of rivers and small island states increasingly exposed</td>
</tr>
<tr>
<td>5</td>
<td>Food shortages and malnutrition</td>
<td>Affects 180 million people today and threatens to affect 600 million people by 2080</td>
</tr>
<tr>
<td>6</td>
<td>Pollution</td>
<td>2 million people globally die prematurely each year due to indoor and outdoor pollution</td>
</tr>
<tr>
<td>7</td>
<td>Access to energy</td>
<td>1.6 billion people without access to modern energy (almost 1 in 4 humans living today)</td>
</tr>
<tr>
<td>8</td>
<td>Adequate housing</td>
<td>1 billion slum dwellers in poor housing lacking essential facilities such as clean water and sanitation</td>
</tr>
</tbody>
</table>

Opportunities: The global market for environmental products and services is projected to double from current US$1,370 billion p.a. to US$2,740 billion by 2020

Source: ILO, “Green jobs facts and figures” (September 2008)
Chart 58: Business and government need to lead together on climate change

Perceived importance of the following measures

- A clear and consistent policy framework by government
  - Not at all important: 5
  - Not very important: 9
  - Important: 37
  - Critical: 46

- A management structure that rewards decisions made for long-term business success
  - Not at all important: 8
  - Not very important: 14
  - Important: 43
  - Critical: 31

- Greater public awareness and engagement
  - Not at all important: 8
  - Not very important: 18
  - Important: 39
  - Critical: 30

- A better balance between incentives and constraints through regulation and tax
  - Not at all important: 8
  - Not very important: 19
  - Important: 43
  - Critical: 26

- Clearer communication about the threats and scope of climate change
  - Not at all important: 8
  - Not very important: 21
  - Important: 38
  - Critical: 28

- A new global climate deal (e.g. Copenhagen protocol to succeed the Kyoto protocol)
  - Not at all important: 11
  - Not very important: 22
  - Important: 34
  - Critical: 27

- An efficient global carbon market
  - Not at all important: 14
  - Not very important: 24
  - Important: 34
  - Critical: 23

Source: PricewaterhouseCoopers, “12th Annual Global CEO Survey” (January 2009)
Chart 59: The evolution of climate policy

1992
- Earth Summit, Rio, UNFCCC.

1995
- Conference of Parties (COP) 1. Berlin Mandate agree to strengthen commitments to reduce GHG emissions.

1997

2001
- EU Green Paper.

2002
- Canada ratifies Kyoto.
- EU Countries ratify Kyoto.

2005
- Phase 1 EU ETS launched.

2006
- Montreal Climate Exchange.

2007
- Carbon market valued at US$64 billion according to World Bank States and Trends. First global carbon contract trade at Nordpool.

2008
- 1000th CDM registered.
- US Elections.
- COP-14, Poznan. New Zealand ETS.

2009
- Annual Meeting WEF, Davos.
- COP-15, Copenhagen.

2010
- Australia Federal Greenhouse Gas ETS.
- Canada ETS.

2012
- Copenhagen Protocol?

Note:
- UNFCCC – United Nations Framework Convention on Climate Change
- GHG – Greenhouse gases
- JI – Joint Implementation
- CDM – Clean Development Mechanism
- ETS – Emission Trading Scheme
- WEF – World Economic Forum

Source: PricewaterhouseCoopers, Copenhagen Climate Council Thought Leadership Series #1, “Tackling emissions growth: The role of markets and government regulation” (November 2008)
Chart 60: Carbon and renewables – policies and initiatives

Source: PricewaterhouseCoopers, Copenhagen Climate Council Thought Leadership Series #1, “Tackling emissions growth: The role of markets and government regulation” (November 2008)
Chart 61: There is positive correlation between sustainability and corporate financial performance

Correlations result - Summary

Note:
Return on Invested Capital (ROIC) = net operating profit after tax/invested capital
Sharpe = (% change in share price p.a. – risk free rate)/standard deviation of decile

Source: PricewaterhouseCoopers and SAM Sustainable Asset Management AG, “The Sustainability Yearbook 2008” (February 2008)
Chart 62: Corporate social responsibility value curve

As companies move from left to right on the value curve, greater returns are realized as CSR becomes more integrated into core business strategy.

Source: IBM Global Business Services, “Attaining sustainable growth through corporate social responsibility” (February 2008)
## Chart 63: Sustainability reporting tips

<table>
<thead>
<tr>
<th></th>
<th><strong>Set the scene</strong></th>
<th>Provide an overview of your business and the market environment in which you operate to contextualise your reporting for the reader.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td><strong>Live it, breathe it</strong></td>
<td>Clearly describe your sustainability strategy over the short, medium and long term. Demonstrate how this is integrated in your core corporate strategy and permeates throughout your business.</td>
</tr>
<tr>
<td>3</td>
<td><strong>What gets measured, gets done</strong></td>
<td>Identify KPIs which are directly relevant to your sustainability strategy. Explain why they are relevant and how they are defined. Set and review your performance against challenging but realistic targets.</td>
</tr>
<tr>
<td>4</td>
<td><strong>The good, the bad, and the ugly</strong></td>
<td>Present information in a balanced and transparent fashion. Celebrate success but also avoid glossing over negative sustainability impacts or poor performance against targets. Explain where and how improvements will be made.</td>
</tr>
<tr>
<td>5</td>
<td><strong>Snakes and ladders</strong></td>
<td>Draw out and explain in detail the key strategic risks and opportunities arising from the sustainability agenda. Explain the relevance and implications of each as they relate to your organisation and the actions put in place to mitigate risks and maximise opportunities.</td>
</tr>
<tr>
<td>6</td>
<td><strong>It’s a material world</strong></td>
<td>Demonstrate an understanding of the sustainability issues relevant to you and your key stakeholders; report only those of material importance.</td>
</tr>
<tr>
<td>7</td>
<td><strong>Show me the money</strong></td>
<td>Illustrate how your sustainability strategy has had an impact on the bottom line. Identify and define potential means of maximising economic benefits going forward.</td>
</tr>
<tr>
<td>8</td>
<td><strong>Pay as you go</strong></td>
<td>Explain how directors and staff are incentivised to deliver on the sustainability strategy and the goals set. Ensure that the reader can understand the link between remuneration and actual performance.</td>
</tr>
<tr>
<td>9</td>
<td><strong>Ask around</strong></td>
<td>Explain how you engage with principal stakeholders and how this has impacted your sustainability strategy and reporting.</td>
</tr>
<tr>
<td>10</td>
<td><strong>Reach out</strong></td>
<td>Use multiple communication channels thoughtfully. Ensure that the medium, content and style are tailored to both the audience and the messages being delivered.</td>
</tr>
<tr>
<td>11</td>
<td><strong>Big brother</strong></td>
<td>Explain how the sustainability governance system operates. Identify the board member responsible for sustainability issues, describe the policies that have been implemented and explain how management ensures that these policies are working.</td>
</tr>
<tr>
<td>12</td>
<td><strong>Prove it</strong></td>
<td>Ensure the credibility of your reported content, for example, by reference to independent studies, external benchmarking, expert review panels or through conventional assurance. Where assurance is used, the opinion should clearly state the scope of work.</td>
</tr>
</tbody>
</table>

Appendices

Sources
List of charts
Key contacts
Acknowledgements
Sources

PricewaterhouseCoopers conducted the research using publicly available information gathered between 1 December 2008 and 30 January 2009 from international financial and economic institutions, national statistical offices as well as economic and industry intelligence services. Key sources include:

**General sources**
- IMF, World Economic Outlook Database, October 2008
- WEF, “Global Growth@Risk 2008”, September

**Specific sources**

**Socio-economic overview**
- ILO, 2007
- International Halal Products Expo, 2007

**Global economics**

**The global crisis and strategic responses**

**Financial crisis**
- Bloomberg, January 2009
- PricewaterhouseCoopers, “Meeting the challenge of the current financial crisis”, November 2008
Creating value

Food and energy security

Water scarcity

Corporate sustainability

Alternative energy
- University of Massachusetts Political Economy Research Institute and Center for American Progress, “Green recovery: A program to create good jobs & start building a low-carbon economy”, September 2008

Sustainable solutions
- PricewaterhouseCoopers, Copenhagen Climate Council Thought Leadership Series #1, “Tackling emissions growth: The role of markets and government regulation”, November 2008
- UNEP, “Kick the habit: A UN guide to climate neutrality”, 2008

The choice country

Global SMEs
- Korea Institute for Industrial Economics and Trade, e-Kiet Industrial Economic Information Volume 396, “The global competencies of SMEs (small and medium enterprises) should be strengthened”, February 2007
Sources

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www.wbcsd.ch
www.weforum.org
www.wikipedia.org
www.worldbank.org
# List of charts

## Socio-economic overview

### Global demographics

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<th>Description</th>
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<td>Chart 1</td>
<td>Higher projected population growth in Sub-Saharan Africa, Middle East and ASEAN countries, 2000-2050</td>
</tr>
<tr>
<td>Chart 2</td>
<td>Slower population growth, particularly in high income countries, weakens GDP and commodity demand</td>
</tr>
<tr>
<td>Chart 3</td>
<td>Highest Muslim population is in Asia, followed by Africa and Europe</td>
</tr>
<tr>
<td>Chart 4</td>
<td>North Africa and Middle East have the highest employment-to-population ratio – female employment lowest in Muslim regions</td>
</tr>
<tr>
<td>Chart 5</td>
<td>High youth unemployment rate is in Middle East and North Africa</td>
</tr>
<tr>
<td>Chart 6</td>
<td>The proportion of workers in vulnerable employment situations are significant in South Asia, Africa and the rest of Asia</td>
</tr>
<tr>
<td>Chart 7</td>
<td>In the developing world, the proportion of poverty in urban and rural areas is highly significant in South Asia and Sub-Saharan Africa</td>
</tr>
</tbody>
</table>

### Global economics

<table>
<thead>
<tr>
<th>Chart</th>
<th>Description</th>
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## The global crisis and strategic responses

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