

AFRICAN UNION

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**UNION AFRICAINE
UNIÃO AFRICANA**

Addis Ababa, ETHIOPIA P. O. Box 3243 Telephone 002511-115 517 700 Cables: OAU, Addis Ababa
website : www.africa-union.org

PERMANENT REPRESENTATIVES COMMITTEE

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EX.CL/302 (X)

**REPORT OF THE SECOND PAN-AFRICAN
PRIVATE SECTOR FORUM**

REPORT OF THE SECOND PAN-AFRICAN PRIVATE SECTOR FORUM

1. The Commission organized the Second AU Private Sector Forum, which took place in Cairo, Egypt, from 28-30 November, 2006. The theme of the Forum was “Empowering the Private Sector and Promoting MADE IN AFRICA”.
2. The objective of the Forum was to engage the business community in the development of the African private sector and promotion of intra-Africa trade through promoting MADE IN AFRICA products. The expected key output was an Action Plan for the development of the private sector in Africa.
3. The Forum focused its discussions on topics such as increasing intra-Africa trade in African products, the role of the media in promoting MADE IN AFRICA, the role of African women entrepreneurs and the informal sector, using science and technology as a tool for diversifying and enhancing competitiveness of African products, investment opportunities in Africa, financing African private sector, supporting SMEs development and the role of microfinance in Africa, promoting public-private partnerships (PPPs), and economic empowerment of the African private sector, including women.
4. On the subject of ***Increasing Intra-Africa Trade in African Products***, a number of key impediments to intra-Africa trade were highlighted, among them the lack of product diversification, red tape and corruption, infrastructure deficit, high transport costs, issues of standards, quality assurance, accreditation and metrology, sanitary and phytosanitary measures and other trade barriers. The Forum recommended the elimination of all barriers and that governments should create a conducive environment for private sector development, implement trade agreements signed by Member States of the African Union and Regional Economic Communities (RECs), increase financial support, and that the private sector should organize itself into strong and focused associations. The lack of information on what Africa is producing and the capacities was found to be a major constraint.
5. With respect to the ***Role of Media in promoting MADE IN AFRICA***, the Forum noted that there was a perception that African produced products and services were of poor quality and inferior to imported products from the West. The Forum urged the media to change this perception through intensive promotion of African products and to give a positive image of the continent. The private sector itself should also set aside a budget to market its products in Africa. The need to train the media practitioners on reporting economic and development issues was also emphasized.
6. On the ***role of African women entrepreneurs and the informal sector***, the Forum noted that in most African countries the informal sector provides livelihood to over 70% of the population and that 90% of informal sector operators are women. It was also noted that entrepreneurial activity of the informal sector breeds innovation, injects competitive pressures and serves as foundation for broader economic development. In this respect the Forum emphasized the need to link strategies and action plans for private sector development to the development of the informal sector and to remove the major impediments to the growth of the informal sector and women entrepreneurs. The Forum recommended the use of appropriate and affordable technology, better access to credit, formalization of the informal sector

through growth, capacity building of women entrepreneurs, and the linking of informal sector development strategies with overall economic development plans. The need for large corporations to engage the informal sector as source of inputs and other support was also stressed.

7. With regard to ***using science and technology as a tool for diversifying and enhancing competitiveness of African products***, the Forum noted that to increase productivity and improve the quality of products and to increase the range of products produced in Africa, adoption of new technologies. The need for the public to understand science and the need to develop a framework to popularize science and the use of technology was stressed. The Forum noted that Government allocations to research and development and science and technology were limited. In this regard, the Forum recommended that Governments should increase budgetary allocations to research and development and science and technology, create an enabling environment for private sector investment in this area and that the African Union Commission and NEPAD should network all science and technology institutions in Africa, with a view to share information on research and new innovations being developed.

8. On ***Investment Opportunities in Africa***, the Forum noted that despite the huge natural resources Africa has and the fact that investing in Africa has very high returns, the levels of investment both domestic and foreign direct have remained below expectations. Some of the challenges being the sustenance of macroeconomic stability, institution of appropriate security laws and property rights and the enforcement of laws and regulations. The opportunities were identified in various sectors ranging from energy, infrastructure, water, agriculture, agro-industry, manufacturing, mining, hospitality and tourism to services. The Forum recommended that Governments should develop policies that encourage industrial development, address the problem of corruption, build the capacity of local entrepreneurial development initiatives, including training, and the preparation and development of bankable project proposals.

9. On ***Financing African Private Sector***, the Forum welcomed the initiatives and facilities that the African Development Bank is providing to the private sector such as the two lending facilities and the areas of assistance to the private sector, namely policy reforms, direct financial assistance, technical assistance and advice and institutional support. The Forum recommended that consortiums should be formed to finance special activities, credit guarantee schemes be established, institutional, policy, tax and fiscal and monetary policy reform be undertaken to improve access to credit by the private sector.

10. With respect to promoting ***Public-Private Partnerships (PPPs)***, the Forum noted the challenges and demands on governments to provide public goods in light of resource constraints. It also discussed how PPPs can be used as an effective tool for the provision of much needed public services such as social services, infrastructure and ICT. The Forum recommended, among others, that the African Union Commission and NEPAD should emulate some successful Asian models on PPPs, and governments should integrate PPPs into their overall economic planning.

11. On ***Supporting SMEs development and the role of micro-finance in Africa***, the Forum discussed the multi-dimensional nature of poverty in Africa and

how micro-finance and the development of SMEs can contribute to poverty alleviation. It noted that micro-finance helps in job creation, leading to higher incomes and asset building, among others. The Forum emphasized the need to facilitate the growth of micro-finance and support services for SMEs. In this context, the Forum recommended that governments should create supportive environments for growth of micro-finance institutions, amend banking laws where appropriate. It also suggested that the African Union consider funding capacity building for small, medium and micro enterprise programmes and networks.

12. With regard to *economic empowerment of the African private sector, including women*, the noted some of the challenges facing the private sector include lack of sustained macroeconomic stability, policy inconsistency and incoherence, political and social instability, and infrastructure bottlenecks. The Forum recommended that Governments should address these challenges and that specific actions should be taken by governments, the private sector and consumers in order to build confidence and trust. In order to build a strong private sector base, the Forum recommended that the African Union Commission, African Development Bank and Economic Commission for Africa assess the possibility of establishing institutions to train African entrepreneurs.

13. The Forum prepared an Action Plan Matrix, which clearly outlines the various subjects, key elements of each subject area, required action, key actors for each action and a timeframe. The Commission in consultation with the private sector and Regional Economic Communities will further improve the matrix.

EX.CL/302 (X)
Annex I

FINAL REPORT

AFRICAN UNION

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**UNION AFRICAINE
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**SECOND AFRICAN UNION PRIVATE
SECTOR FORUM
28 - 30 NOVEMBER, 2006
CAIRO, EGYPT**

AU/PVT SECTOR/ RPT/II

FINAL REPORT

FINAL REPORT

I. Introduction

1. The African Union Private Sector Forum was held in Cairo, Egypt from the 28-30th November 2006. The Forum was held under the theme “Empowering the Private Sector and Promoting MADE IN AFRICA” The Egyptian Business Women Association hosted the Forum. The forum was attended by business persons from various African countries as well as the Diaspora. A list of participants is attached as annex.

II. Opening ceremony

2. The Director of Economic Affairs Dr. Rene N'Guettia Kouassi of the African Union Commission (AUC) chaired the opening ceremony. The opening session was addressed by H.E. Dr. Maxwell M. Mkwezalamba, Commissioner for Economic Affairs of the African union Commission, Dr. Amany Asfour, President of the African Federation of Egyptian Business Women, Dr Zainab Safar Advisor to the National Council of Women in Egypt and H.E. Ambassador Taher Farahat, Assistant Deputy Minister for African Affairs of the Republic of Egypt, who officially opened the Forum.

3. In her address, Dr. Asfour indicated that the Forum was being attended by representatives from the African business community and the Diaspora. She indicated that the theme of the Forum “Empowering the African Private Sector and Promoting MADE in AFRICA” was specially chosen to address critical challenges. She noted that Africa is the richest continent in terms of natural resource endowments, but the poorest of all the continents. She stressed the need to increase intra Africa trade, to define the role of the private sector in development, empower the private sector and encourage partnerships between African private sector and finally to develop an action plan for the private sector.

4. In his statement, Dr Maxwell M. Mkwezalamba gave the background behind the formation of the Forum. He indicated that it came about as a result of the realization of the critical role of the private sector in development and integrating Africa by the Heads of State and Government of Africa and their decision taken at their meeting held in Abuja, Nigeria in January, 2005, to institutionalize the African Union Private Sector as part of AU structures. The Assembly also agreed that the Forum would be held annually. He indicate that the Forum serves as interface between the African policy makers and the private sector and aims at promoting continental integration by engaging the African business community in the implementation of the AU strategic plan and the overall African development agenda including the New partnership for Africa's Development (NEPAD).

5. He also emphasized that the Forum provides a platform for dialogue and exchange of business information and sharing of experiences and promoting the development of micro, small and medium scale enterprises. These efforts are meant to assist the continent attain the Millennium Development Goals (MDGs). He also emphasized the commitment of AUC to continue supporting the private sector in its efforts to interact with the Governments and raising awareness on the challenges faced in doing business in Africa and promoting African products. He added that the creation of a enabling environment will require reform in the following areas, including

macroeconomic policies, regulation, the justice system, competition policy, trade policies, as well as infrastructure development.

6. Dr. Zainab Safar, also addressed the opening session and highlighted Egypt's experience in mobilizing the private sector and its interaction with Government and other policy makers. She particularly outlined the role of women and the various facilities that have been made available to assist women entrepreneurs.

7. His Excellency, Mr. Taher Farahat, the Assistant Deputy Minister for African Affairs gave the key note address at the Forum. He welcomed all participants to Egypt and Cairo in particular. He welcomed the theme of the Forum as very important in changing the mindset of the people to put more value to African products. He emphasized the need for the business community to work closely with the Governments in its endeavour to promote the consumption of African products, which would increase not only inter-Africa trade but also Africa's trade with the rest of the world.

8. He pledged the commitment of African Governments to ensuring that business thrives in Africa and that Africa takes its rightful place in the global economy. Finally he declared the Forum officially open.

III. Increasing intra –Africa Trade in African Products

9. The representative of the NEPAD Secretariat, in his presentation gave the background on how NEPAD came into being and elaborated on its major principles and objectives. These include ensuring that the continent achieves MDGs; promoting sub regional and continental integration; promoting partnership in the implementation of the NEPAD programme (private sector, civil society and RECs); and promoting partnership with industrialized countries and multilateral organizations.

10. He highlighted the key impediments to intra-Africa trade, which include:

- Lack of product diversification;
- Escalating tariff rates;
- Red tape and corruption;
- Poor incentives;
- Lack of information on available products produced in Africa;
- Trade barriers
- High transport costs
- Road blocks and transport bottlenecks;
- Infrastructure deficit;
- Lack of Competitiveness
- Quality of products
- Lack of implementation of trade initiatives and agreements;

11. He underlined the fact that intra-Africa trade was very low 13% of total African trade compared to other regions such as NAFTA with 52%. He noted that in some RECs the intra-regional trade was relatively high due to trade agreements that have been implemented. He emphasized the need for the private sector to be more

responsive to regional integration and regional trade through innovation; capacity building; investing in telecommunications and transport; strengthening private public partnership/collaboration; entrepreneurial assistance and institutional support as means for promoting more trade in African products. On the part of Governments he stressed the need to remove all obstacles to trade and more so the elimination of corruption and red tape.

Issues Raised During Discussion

12. Participants raised a number of issues during the discussion which include the following:

- Need to create a business friendly environment,
- Need to create or strengthen the capacity of RECs' private sector units in promoting the private sector development;
- AU should develop a strategy to fully engage the Diaspora and mobilize its resources for the development of Africa;
- Promotion of diversification and competitiveness of African products;
- Remove all trade barriers;
- Promoting Africa's positive aspects;
- Private sector associations should be aggressive, proactive and focused;
- Improve information dissemination; and
- Appeal for peace and security in Africa.

Recommendations

13. The Forum made the following recommendations:

- Urged Governments to create conducive environment for private sector development; (empower private sector, capacity building of the private sector, sub regional trade integration, removing trade barriers, simplifying customs procedures, facilitating movement of business people and services)
- Called for increased financial support to private sector for it to be able to diversify products produced in Africa;
- Private sector should increase awareness and information on what is produced in each country;
- Private sector should organize itself into strong and focused associations at national, regional and continental level;
- AU should develop a strategy to fully engage the Diaspora and mobilize its resources for the development of Africa;

IV. The role of media in promoting MADE IN AFRICA

14. The President of the Egyptian Business Women Association presented the issues on how the mass media could play a vital role in promoting MADE IN AFRICA. She indicated that this could be achieved through audio media, advertisements, TV programmes, journals, newspapers and ICT. On achieving economic empowerment, she emphasized the need to empower the private sector, developing African products, motivating the people to use African products, sensitizing African leaders, building infrastructure, increasing intra- Africa trade and accessing the global market. She also emphasized the use of e-commerce as an instrument for information dissemination.

Issues Raised During Discussion

15. The forum raised the following issues:

- Brand African products and allow the media to promote such branded products;
- Appropriate technology to be used for promoting made in Africa;
- Build the capacity of the media practitioners so that they can effectively promote Made in Africa;
- Use of community based information dissemination systems; and
- Take advantage of the new developments in ICT including e-commerce.

Recommendations

16. The African Union Private Sector Forum recommended the following:

- Called upon the private and public media houses to build the capacity of the practitioners to report on positive developments in Africa and promote Made in Africa through training;
- Africa should package itself for marketing itself properly;
- The private sector should set aside a budget for marketing itself and its products;
- Private and public media should sensitize the public to change their perception on products made in Africa;

V. The role of African women entrepreneurs and informal sector

17. The President of Ghana Association of Women Entrepreneurs underscored the fundamental importance of women entrepreneurs in promoting made in Africa goods. She indicated that entrepreneurial activity of the informal sector breeds innovation, injects competitive pressures, and serves as foundation for broader economic development. She noted that African women entrepreneurs have a matured long standing tradition of entrepreneurship for ages. As such, any action plan to empower the private sector without linking it to the development of the huge

informal productive sector would fail to achieve its desired goals. She added that women who make up more than half of the African population are those operating in the informal sector, producing food crops and most of our staple foods but are ignored and this leads to invisibility of their contribution to the socio economic development of the continent.

18. She further cited the shortage of products; poor packaging and delivery; frequent use of and demand for better, cheaper and more innovative products; limited access to collateral, and thus access to credit for business expansion as key development problems facing the informal and women.

Issues Raised During Discussion

19. The Forum raised the following issues:

- Encourage women participation in policy making;
- Encourage women to speak with one voice to promote unity and prosperity in business;
- Align role of women unions- to avoid duplication of efforts;
- Enable access to credit;
- Formalizing informal sector; and
- Use of technology.

Recommendations

20. The following recommendations were made:

- Encourage women entrepreneurs to use appropriate and affordable technology in order to become more competitive;
- Develop priority areas for promoting African products;
- Formalize the informal productive sector; and
- Build capacity of women entrepreneurs.

VI. Using science and technology as a tool for diversifying and enhancing competitiveness of African products

21. The President of the Egyptian Business Women Association outlined the background of the origin of science and technology and cited examples of what emanated from Africa. She emphasized the need for the public to understand science and the need to develop a framework to popularize science and the use of technology. Governments should adopt policies and strategies for science in collaboration with business community.

22. She concluded by mentioning that production, packaging, pricing, popularization, payment, posting (delivery to clients), patience and power are the

challenges that need to be addressed. Investing in science and technology is essential for private sector development.

Issues Raised

23. The Forum raised the following issues:

- Difficulty in documenting what already exists on developments in science and technology in Africa;
- AU, NEPAD and other bodies need to carry out an assessment of what already exists in science and technology so that new developments can be based on historical background;
- The question of sharing information on science and technology; and
- Inadequacy of government funding research and development, science and technology.

Recommendations

24. The meeting made the following recommendations:

- Governments should increase budgetary allocations to R&D and science and technology;
- African Governments should create an enabling environment for investment in R&D and science and technology by the private sector;
- AUC and NEPAD should link all science and technology institutions in Africa in order to facilitate exchange of information;
- Promote the use of scientific and technology in production processes;
- Develop indigenous knowledge rather than depend on exotic technology (conceptual problems);
- The AU, RECs, ECA, AfDB should take serious measures to build the capacity of policy-makers in the field of science and technology; and
- Governments should integrate science and technology into the secondary and tertiary education curricula.

VII. Investment opportunities

25. The representative of the African Union Commission reiterated that investment supports job creation, new technology, better services and greater prosperity and many African countries have undertaken fundamental economic reforms with the aim of improving the investment climate. Similar efforts including market access have been undertaken by the Regional Economic Communities. He provided statistical information to support his argument. He indicated that the investment climate in Africa has been improving over the last one and half decades and macroeconomic stability has become a norm in most countries with low inflation and reduced budget deficits and sustainable debt service ratios. He further stressed that there has been

tremendous improvement in the provision of infrastructure, telecommunication, achieving political stability and issues of governance.

26. Although the investment climate is increasingly improving, he iterated that there are challenges that need to be addressed such as inability to sustain macroeconomic stability, institution of appropriate security laws, property rights and investment; deepening of public and corporate governance requirements and risk perceptions to mention a few.

27. The AUC representative posed a question as to what Africa has to offer to the world. He underlined the fact that it has a lot to offer for investment in various sectors as it is increasingly improving the investment climate, endowments of natural resources that need to be exploited, energy resources, tremendous investment opportunities in hospitality and tourism industry as well as service industry across the continent to mention a few.

28. He concluded by mentioning that Africa has both opportunities and challenges and that the business community needs to take advantage of the new developments and opportunities and bring more investment in Africa. This will propel the African economy to greater heights and move towards the achievement of the MDGs.

Issued Raised

29. The following issues were raised:

- The problem of conflicts on the Continent;
- The problems governance and corruption;
- The need of peace, security and stability; and
- Lack of finance for bankable projects.

Recommendations

30. The meeting made the following recommendations:

- African governments must develop policies that encourage industrial development;
- The problem of corruption at all levels should be addressed by governments;
- Africa must invest in local entrepreneurs and invite the Diaspora to assist in the process; and
- AU, AfDB, ECA and RECs should build capacity of entrepreneurs to prepare bankable project proposals and financial institutions should assist entrepreneurs in project proposal preparation.

VIII. Financing African Private Sector

31 The representative of the African Development Bank (AfDB) outlined the role of the Bank as that of assisting governments in creating and enabling environment; playing a catalytic role through promoting investment and risk-taking and acting as a

financier, advisor, partner in mobilizing public and private counterparts in solving development issues. She indicated that the overall objective is to reduce poverty in Africa. She added that the Bank has two lending windows which are sovereign Guaranteed Operations (public sector projects through governments on concessionary terms) and non-sovereign Guaranteed Operations. She outlined the areas covered by the AfDB Private Sector, which are as follows:

- Policy reforms, creation of favourable business environment;
- Direct financial assistance (loans, equity, guarantees etc.);
- Technical assistance and advice (privatization, development of capital markets, promoting FDI); and
- Institutional support for private sector.

32. She also gave examples of a number of projects the AfDB has and continue to support in the private sector in many African countries.

Issues Raised

33. The following issues were raised:

- Problem of cost and inadequacy of financing in Africa (Local banks resources are limited and lending costs are high);
- Governments give generous incentives to public enterprises and this undermines the private sector;
- Governments levy high taxes on the private sector;
- Governments compete with the private sector in the financial market;
- Unfavourable lending terms and conditions (collateral and guarantees);
- The low rate of savings on the Continent; and
- Under developed capital markets.

34. The representative of the European Commission (EC) provided the following information on its means of supporting private sector development in Africa:

- Reform of regulatory framework, particularly through dialogue relating to budget support.
- Through specific programmes, such as the Private Sector Enabling Environment Facility (known as "Biz Clim"). This new facility which covers all ACP countries can provide assistance for studies and technical assistance, inter alia, relating to changing the regulatory framework or improving the business environment.
- Through a proposed contribution to the Investment Climate Facility (ICF), an innovative public-private partnership which is establishing a Trust Fund to be

used to help improve the business environment in Africa. It will concentrate on countries having undergone the African Peer Review Mechanism (APRM).

- Support and provide technical assistance to individual companies (especially SMEs) and intermediary institutions (professional and sector organizations):
 - via the Centre for the Development of Enterprise (CDE), which has national and regional offices;
 - using specific programs such as ProInvest (ACP-wide) and ESIPP (EU-SADC Investment Promotion Programme);
- equity or direct loans through the European Investment Bank (CEIB), which has regional offices in Africa;
- from the Investment Facility, established under the Cotonou Agreement, targeting projects or programmes with a strong development objective. The system of global loans through financial intermediaries, with the aim of encouraging more adventurous and widespread on-lending, which targets in particular, SMEs;
- from the EIB's own resources; and
- from the Infrastructure Trust Fund which is being set up under the Europe-Africa Infrastructure Partnership, with contributions from the European Commission, the EIB and certain EU Member States.

Recommendations:

35. The following recommendations were made:

- Banks and other financial institutions should form consortiums to finance special activities;
- Creation of special funds for financing certain activities- public contribution;
- Governments or Central banks should guarantee foreign credits offered to locals;
- Private sector should be allowed to obtain funding from international institutions which have financing facilities;
- Institutional reform, policy reform, tax reforms and revise fiscal and monetary policies;
- Private sector should employ experienced personnel;
- Local bank to introduce the use of modern technology;
- Creating special services for SMEs; and
- Institutional support to banks by ADB.

IX. Promoting Public-Private Partnerships

36. The representative of the Economic Commission for Africa (ECA) introduced the subject on promoting Public-Private Partnerships (PPPs). He focused on defining the concept of PPPs, when and why to have PPPs. He defined PPPs as a cooperative joint venture between private and public sectors built on the expertise of each partner that meets clearly defined public needs through appropriate allocation of resources, risks and rewards. He underscored that there are challenges and demands on governments to deliver on a number of public goods. However, governments are weak to meet these challenges, hence, the need to enter into partnership with the private sector.

37. He stressed the need to cooperate on the following key areas, social services (water and sanitation; pressing public policy issues such as health and education); infrastructure and ICT.

38. He gave some of the success stories achieved in Africa through PPPs and these successes are due to the implementation of good strategies; effectiveness of PPP and efficient management. Lastly, he raised the modalities (building blocks) within which PPPs could work efficiently and effectively. These are well crafted plans; the right opportunity; choosing the right partner and ensuring financial sustainability.

Issues Raised:

39. The following points were raised:

- The political will is key to the success of PPPs; and
- Transparency is also vital to PPPs;

Recommendations

40. The Forum made the following recommendations:

- AUC/NEPAD should take into account the experience of some of the Asian models on PPPs, and take lessons from there for implementing PPPs in Africa;
- Governments should have clear criteria and integrate PPPs in their economic planning; and
- Governments should make it a requirement for winners of PPPs contracts to utilize services of SMEs.

X. Supporting SMEs development and role of micro finance in Africa

41. The representative of INAFI Africa started her presentation on this crucial subject by stating that poverty in Africa is multi-dimensional and complex in nature and scope that require multifaceted solutions to eliminate. Poverty all over the continent is manifested by factors such as low literacy levels, limited access to

resources, poor or lack of health and education services, and high levels of unemployment among the productive population. There is, therefore, no single guaranteed strategy or approach to solving the problems associated with poverty. In the past 20 years however, the delivery of financial services to this poor population – primarily made up of small, medium and micro enterprises (SMMEs) has been considered as an important anti-poverty reduction tool.

42. Although micro finance is not a panacea for poverty and related development challenges, it has and continues to play a significant role in the following key areas: creation of job opportunities which leads to increase in incomes, asset building and reduction of vulnerability among the poor; improved education levels as poor people are better able to enroll their children to school; promotion of gender equality and women's empowerment by increasing their contribution towards household income, assets acquisition, and control over decisions that affect their lives; and reduction of child mortality, improved maternal health and nutrition, housing among the poor. All these positive economic and social impacts of SMMEs development through micro finance are in line with the continental and global millennium developmental goals and consequently constitute part of the mission of African Union.

Issues Raised

43. The provision of financial services to the poor however faces a number of challenges. These constituted part of the issues raised during the discussion as follows:

- The peculiar characteristics of the SMMEs especially in regard to lack of business records. This has kept formal financial institutions from providing financial services to the sector.
- Limited capital and funding sources for MFIs and shortage of skilled and experienced personnel to assess and manage credit risk.
- Macro economic and legal framework constraints and poor infrastructure, which inhibits the growth of the sector.
- Lack of entrepreneurial and management capacities by the target clientele that is not well defined within the continent.

Recommendations

44. The Forum made the following recommendations:

- Governments need to review and create supportive and favorable environment (legal, socio-economic, political and fiscal).
- Governments to make changes in their Banking Acts to allow for the mainstreaming of micro finance within their national financial systems.
- Networking, transparency and unity among the SMMEs private sector – they should be encouraged to speak in one voice.
- African Union to consider funding SMMEs programs and networks to enhance their capacity and growth.

XI. Economic empowerment of the African Private Sector, including women

45. The AUC representative defined empowerment as giving the capacity to act and to implement and reiterated that having capacity means having the means to act, the tools needed to act and acting creates something new or generates wealth or add value to the original means.

46. On the role of private sector, he underscored its importance in accelerating economic growth, generating wealth, creating employment and investing in infrastructure, education health, to mention a few. He indicated that in empowering the private sector, government, consumers and private sector are the main actors.

47. Inasmuch as the private sector play a pivotal role in economic development, there are also challenges facing it and these are lack of sustained macro economic stability; policy inconsistency and incoherence; political and social instability in some countries; market access constraints and infrastructure bottlenecks; limited access to financial and other investment resources etc.

48. He concluded on the key issues that should be done by government, consumers and the private sector in order to empower the private sector. He stressed that government can empower private sector by addressing the challenges highlighted above and the private sector can empower itself by being proactive, united and consistent in speaking with a single voice; while the consumers can empower the private sector through their demand for goods and services; trust and confidence in the operations of the private sector.

Issued Raised:

49. The following issues were raised:

- AUC to develop guarantee tools and come up with compulsory standards that would create the atmosphere for the private sector to flourish;
- Keep track of best practices rather than re-inventing the wheel;
- Develop implementation and follow-up mechanisms for the strategy to be developed;
- Need for proper engagement strategy with relevant stakeholders such as banks, multi-national corporations some of which are not represented here.

Recommendations

50. The following recommendations has been made:

- AUC, AfDB and ECA should assess the possibility of establishing an Africa Institutions for training entrepreneurs in Africa; and

- The African Union should develop tools and compulsory standards to be implemented by Member States that would create the conducive atmosphere for the private sector to flourish.

XII Presentation of Action Plan Matrix

51. The African Union Commission presented an Action Plan Matrix based on the earlier presentations and recommendations that emanated from the Forum. Comments on the Matrix have been incorporated in the Matrix. It was recommended that:

- The AUC should develop implementation and follow-up mechanisms for the Action Plan;
- The AUC was also requested consider engaging some of the relevant stakeholders such as banks, multi-national corporations are large business as they too have a role to play in the development of the continent; and
- AUC should ensure that other fora such as the Africa Business Roundtable and the Pan African Chamber of Commerce and Industry are engaged and the activities are complementary.

52. A draft copy of the Matrix is herewith attached. This will be refined and updated after further consultations with the business community and RECs.

XIII. Adoption of the Report

53. The Forum adopted its report.

XIV. Closing Session

54. The closing session was addressed by Dr. Asfour of the Egyptian Business Women Association and Dr. Maxwell M. Mkwezalamba, Commissioner for Economic Affairs of the AU. Dr. Asfour thanked all participants for their participation at the Forum. She expressed her appreciation at the level and quality of debate and the fact that the theme was thoroughly discussed. She appealed to participants to take the theme to their respective countries to ensure that MADE IN AFRICA remains a key slogan for promoting goods and services produced in Africa.

55. Dr. Mkwezalamba thanked the participants for their valuable contributions during the Forum. He characterized the Forum as a resounding success. He expressed his appreciation on quality of the presentations and the richness of the discussions. He emphasized that the theme of the Forum took into account the need to empower the private sector to face the numerous challenges ahead. He welcomed therefore the recommendations of the Forum, which will be presented to the Organs of the AU. He wished all participants safe journeys home. Finally he declared the second AU Private Sector Forum officially closed.

56. Mrs Lucia Quachey, President of the Ghana Association of Women Entrepreneurs gave the vote of thanks on behalf of the participants.

AFRICAN UNION PRIVATE SECTOR FORUM

ACTION PLAN MATRIX

Subject area	Key elements	Required action	Actors	Timeframe
Intra-Africa Trade	Non-tariff barriers	Customs – Simplify customs procedures, immigration and other controls	Govt and RECs, AUC	On-going
		Road blocks – Effective implementation of road transport agreements	Govts	Immediately
	Need for diversification	Put in place policies that encourage diversification	Govt	Immediately
		Private sector to diversify	Private sector	Within 5 years
	Quality	Standards – Improve product quality and adopt international standards	Private sector	Within 5 years
	Transportation costs	Improve efficiency of the transport system	Govt and private sector	Within 5 – 10 years
	Public-private sector dialogue	Create a consultative institutional framework between govt, private sector and civil society	Govt, private sector	Immediately
		Unite the private sector to speak with one voice	Private sector	Immediately
	Institutional capacity building	Strengthen private sector units in govt ministries, RECs, AUC and other bodies	Govt, private sector, RECS, AUC	Within 5 years
	Implementation of trade agreements	Effective implementation of these agreements	Govts	Immediately
		Accelerate signing on to new trade agreements	Govts	Immediately

Subject area	Key elements	Required action	Actors	Timeframe
International trade	“Made in Africa” should not be limited to African markets	Eliminate all forms of non-tariff barriers to trade with outside world	Govt	
		Improve quality of African products and adopt international standards	Private sector	
Role of Media	Positive reporting	Training of media practitioners	Govt ,private sector, media	
	Research for information	Research and disseminate information promoting African products	Media practitioners	
	Branding	Establish a mark that identifies Made in Africa products for all products	Private sector	
	E-commerce	Adoption of e-commerce as a tool for promoting African products and services	Media, both public and private	
Women and the Informal Sector	Role of the informal sector	Integrate informal sector into broader policy and planning framework	Govt	
		Training, functional literacy and entrepreneurship development, particularly for women who form 85% of the informal operators	Govt and private sector	
	United women groups	Women need to empower themselves to speak with one voice to influence govt policy	Women assoc and govt	

Subject area	Key elements	Required action	Actors	Timeframe
Science and Technology	Role of science and technology	Urge govt to increase spending in R&D, science and technology Link all science and technology institutions on the continent to share development information Building technology based on traditional knowledge	Govt RECs, AUC Science and technology institutions	
	Science and technology growth area for the future	Integrate science and technology in school and tertiary education curricula	Govt	
Investment opportunities	Peace and security	Promote peace and security for development to take place	AUC and govts	
	Governance and corruption	Encourage govts to adhere to the Africa peer review mechanism and implement the protocols on the fight against corruption	AUC, NEPAD, private sector	
	Local entrepreneurship development	Train and build business skills for local entrepreneurs	Govt , ADB, private sector, CSOs	
	Lack of supportive policy for manufacturing processes	Put in place targeted policies to encourage investment in manufacturing industry	Govt	
	Investment climate	Create better investment climate for investment	Govt, RECs, AUC	
Financing private sector	Access to finance	Institute policies that facilitate access to finance especially for SMMEs	Govt	
		Create facilities for long term loans	Govt, ADB, development finance	

Subject area	Key elements	Required action	Actors	Timeframe
		<p>Institutional reform of financial institutions</p> <p>Promote venture capital and investment/credit guarantee schemes</p> <p>Address problem of corruption in the banking sector</p>	<p>institutions</p> <p>Govt</p> <p>Govt, ADB, development finance institutions</p> <p>Govt, private sector</p>	
Promoting PPPs	Legal framework for PPPs	Put in place a legal framework that is supportive of PPPs	Govt	
	Capacity to negotiate	Enhance the negotiating capacity to negotiate PPP arrangements	Govt and private sector	
Microfinance and SMEs	Legal framework for microfinance institutions	Develop appropriate framework to promote the development of microfinance institutions	Govt	
	Policy framework for SME development	Develop appropriate framework to develop SMEs	Govt	
Economic empowerment of private sector	Capacity building	<p>Enhance the capacity of the private sector to engage govt on development issues</p> <p>Training in management skills</p>	<p>Govt and private sector</p> <p>Govt and private sector</p>	
	Enabling environment	Create conducive environment for private sector to operate	Govt	

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