

AFRICAN UNION
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UNION AFRICAINE
UNIÃO AFRICANA

Addis Ababa, ETHIOPIA P. O. Box 3243 Telephone +251115- 517700 Fax : +251115- 517844
Website : www.africa-union.org

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REPORT OF THE AFRICAN PRIVATE SECTOR FORUM

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A. Introduction

1. The African Private Sector Forum, on the theme: *Africa's Industrial Drive: The Private Sector and Corporate Citizenship*, organised jointly by the African Union Commission and the UN Global Compact, was held in Addis Ababa, Ethiopia, on 22-23 January 2008 as part of the pre-Summit activities. It was attended by over 200 high-level representatives from the African public and private sectors as well as some regional and international organisations. It was co-chaired by Mr. Basil Omiyi, Chairman and Managing Director of Shell Development Africa and Mr. Francis Atuche, Chief Executive Officer of Bank PHB, Nigeria.

B. Opening ceremony

2. During the opening ceremony, statements were delivered by Dr. Maxwell M. Mkwezalamba, AU Commissioner for Economic Affairs, Mr. George Kell, Executive Director of the United Nations Global Compact, and H.E. Ato Tadesse Haile, Minister of State Responsible for Industry of Ethiopia, who officially opened the Forum. Keynote addresses were delivered by HE. Navy Captain Gunnar Wieslander, Secretary of State for Trade, Sweden, and Mr. Telwolde Gebremariam, Chief Operations Officer, Ethiopian Airlines.
3. In his opening remarks, the AU Commissioner for Economic Affairs, Dr. Maxwell Mkwezalamba, thanked all the participants for having spared the time and energy to heed the call to participate in this important Forum. He said the theme of the Forum was a clear recognition of the importance Africa attaches to the private sector in shaping the future of the continent and the key role of the private sector in bringing about the much needed economic progress and sustainable development in Africa. He further informed the participants of various initiatives of the African Union, including preparations for the commencement of a study on the harmonization of investment policies across the continent; the harmonization of business laws across the continent; an ongoing microfinance study; the development of a continental business directory planned for 2008; and plans to establish an African Investment Bank to finance regional infrastructure projects, among others. He stressed that the only means for Africans to deal with economic instability is by putting more emphasis on value addition and moving away from total dependence on the export of raw materials.
4. The Executive Director of the United Nations Global Compact, Mr. Georg Kell, on his part, also thanked the African Union Commission for the opportunity to co-host this important event and highlighted the enormous potential of the private sector, when rooted in universal principles, to fast-track economic growth and development. He noted that business responsibility is increasingly seen as an opportunity that can significantly strengthen business operations. He therefore

encouraged the participants at the Forum to provide constructive recommendations during their deliberation to enable policy-makers to develop incentives that reward good business practice – which at the same time will deliver value for business and society.

5. On his part, H.E Ato Tadesse Haile, Minister of State Responsible for Industry, Ethiopia, pointed out the need for a larger market space in Africa and how the private sector can contribute more effectively to accelerating and enhancing continental integration needs due to its catalytic role in fostering economic growth within the continent. He made reference to the low levels of foreign direct investment inflows into Africa, compared to other regions of the world and expressed the strong need to reverse this trend. He further highlighted some of the challenges facing Africa today, including the lack of access to means of production, low level of human development, low levels of productivity, poor investment climate and poor infrastructure. He said attempts are being made by individual governments across the continent to tackle these challenges but acknowledged that progress is slow. He therefore called for more concerted effort to address these. He called for the need for more value addition and highlighted the key role of the private sector in this process.
6. HE. Navy Captain Gunnar Wieslander, Secretary of State for Trade, Sweden in his keynote address talked about the importance of corporate social responsibility (CSR). He said CSR was a voluntary undertaking that should be business owned and private sector driven. Captain Weislander hailed the UNGC for providing best practices, and urged the private sector to adopt these practices by building CSR into their businesses and being committed to the UNGC principles. He said that CSR is about transparency and accountability, but above all it is about humanity. He advised that CSR should be part of political dialogue among countries, and that governments should serve as an interface between the local private sector and large transnational organizations.
7. Mr. Telwolde Gebremariam, Chief Operations Officer of Ethiopian Airlines, in his presentation, informed participants that CSR is an issue of sustainability and as such should be incorporated into business. He stressed that it is no more a nice to have corporate cliché, but it is rather part of doing business. In fact, of late, CSR is being taken as an issue of sustainability. He further stressed that stakeholder engagement is an increasingly critical component of successful management and therefore, Corporate Governance of Corporations should address not only the interests of shareholders but also the interest of all stakeholders (shareholders, employees, suppliers, business partners, customers and the community). All stakeholders have a vote on our future. Executives must take care of the social, economic and environmental impacts on any one with a stake in the outcome of their businesses.

He finally cited the following Ethiopian Airline's Corporate Social Responsibilities:

- Orbis International

- Cheshire Services of Ethiopia
- Children's Heart Fund of Ethiopia
- Save A Child's Heart
- Ethiopian Red Cross Society
- Menshen for Menshen
- United World Colleges
- Greener Ethiopia
- Ethiopian North American Professional Health Association
- People to People
- The Return of the Obelisk of Axum
- Ethiopian National Association of the Deaf
- Abebech Gobena Yehtsanat Kibekabena Limat Dirijit

C. Plenary session

8. Mrs. Elizabeth Tankeu, AU Commissioner for Trade and Industry, on her part, stressed that there is a need for the highest policy organ of the African Union to focus on the theme of industrial development and give directives for accelerating the pace of industrialisation. In an increasingly globalised world, the objectives of a strong and prosperous Africa, an Africa that is respected and effectively integrated into the global economy cannot be achieved with the continent's existing weak industrial base.

Regarding the WTO and EPAs, the Commissioner said the objective in the negotiations is to enhance the performance of the continent in the global trade with a view to effectively using trade as an engine of growth and development.

9. Following this, three presentations were made on the following topics:
- a. Accelerating Africa's Industrial Development with Corporate Governance and Corporate Citizenship Instruments, presented by Prince A. Sijuwade, CEO, Hamlet Investment;
 - b. Achieving Economic Transformation in Africa: The Role of Public-Private Partnerships (PPPs), presented by Ms. Evlyne Oputu, CEO, Bank Of Industry, Nigeria; and
 - c. The Role of the Private Sector in Supporting the Promotion of Regional Integration in Africa, presented by Dr. R. N. Kouassi, Director of Economic Affairs, AU Commission.

D. Break-out group discussions

10. These presentations were followed by break-out group discussions on the three topics presented. In the ensuing deliberations, participants examined the three topics in detail and came up with recommendations, identifying specific roles to be played by public sector, privates sector and the African Union in respect of the

three themes. The recommendations were accompanied by a Private Sector Declaration which was later presented during the 10th Ordinary session of the Assembly of the African Union. It was read out by Dr. Cecilia Ibru, Managing Director of Oceanic Bank, Nigeria.

E. Closing ceremony

11. In his closing remarks, the Commissioner for Economic Affairs, Dr Maxwell Mkwezalamba expressed his profound and sincere gratitude to Mr. Georg Kell and his entire UN Global Compact Team, for the enviable manner in which they collaborated with AU to make the African Private Sector Forum a success. He also thanked all members of the private sector, who, in one way or the other, contributed to the success of the Forum. In particular, he thanked Oceanic Bank of Nigeria for having sponsored a wonderful gala dinner at Sheraton Addis, as well as Shell Development Africa, and others who provided sponsorship for the event. In conclusion, Dr Maxwell Mkwezalamba, thanked each and everyone for their active participation in the Forum and promised that the recommendations of the Forum were worthy of pursuit and therefore, they should rest assured that the AU Commission will take all necessary steps within its means to ensure their implementation. He called on all stakeholders to follow suit.
12. Mr. Georg Kell, the Executive Director of the United Nations Global Compact, expressed similar sentiments in his closing remarks.

F. Conclusion

13. Both in terms of participation and the quality of its outcome, the Forum can be described as a resounding success. Many very important recommendations came out of the Forum and the Commission will endeavour, under the coordination of the Department of Economic Affairs, to see through the implementation of these recommendations.
14. One urgent need at the moment is an appropriate monitoring mechanism. The African private sector, in its present state, is vast and fragmented. A serious deficiency is the lack of an effective umbrella private sector body that could serve as an effective interface between the Commission and the private sector. Efforts will be made to bring about improvements in this area to facilitate the monitoring of the continent's private sector activity, particularly in respect of the implementation of various recommendations.



DECLARATION

THE AFRICAN PRIVATE SECTOR FORUM : 22-23 JANUARY, 2008 ADDIS ABABA, ETHIOPIA

We, the members of the private sector, meeting at African Private Sector Forum, in Addis Ababa, Ethiopia, from 22-23 January 2008, under the theme, “Africa’s Industrial Drive: The Private Sector and Corporate Citizenship” reiterate the commitment of the private sector to working with the African Union and the UN Global Compact towards the accomplishment of their objectives.

In the area of corporate citizenship, we recognize the significance of good corporate governance, socially responsible business practices such as environmental protection and community development, transparency, the observance of laws, and rules and regulations by both the public and private sector to the acceleration of Africa’s industrial development.

In the area of public-private partnerships, we reiterate our commitment to working closely together with the public sector in utilizing our respective core competencies to form synergies and achieve results collectively. In this regard, we will support the reinforcement of capacity for good governance and transparency and strengthen mechanisms to fight corruption.

In the area of regional integration in Africa, we commit ourselves to providing full support to Africa’s continental and sub-regional integration agenda as these serve as a strong basis for the promotion of inter and intra–African trade and investment, poverty reduction and promotion of sustainable development, attainment of the Millennium Development Goals (MDGs), and the integration of Africa into the global economy. In this regard, we call upon the public sector to provide a conducive environment for business to play its role.

Cognizant of the role of the private sector in bringing about growth and sustainable development on the Continent, we commend the African Union and the UN Global Compact for this very important initiative and recommend that an effective mechanism be put in place to follow up the implementation of the agreed recommendations.

We, therefore, recommend the following:

I. The Role of the Private Sector in Supporting the Promotion of Regional Integration in Africa

Public sector/African Union

- i. Demonstrate their political will and commit more meaningfully to regional integration;
- ii. Encourage African nationals to invest in different African countries, through conducive taxation and investment security policies;
- iii. Further strengthen dialogue with the private sector;
- iv. The African Union to encourage all Member States to accede to the African Peer Review Mechanism;
- v. The African Union to deepen and widen the involvement of the private sector with its policy organs through:
 - Submitting the recommendations of the Private Sector Forum to the Assembly;
 - Ensuring proper implementation at all levels, regional, sub-regional, and national;
 - Developing a mechanism that would ensure full and transparent feedback/communication with all stakeholders; and
 - Promote women business owners and empower women entrepreneurs through proper legislation and conducive environment.
- vi. Provide conducive, regulatory and enabling environment, specifically in the areas of trade, peace and security, and good governance;
- vii. Ensure macroeconomic stability to attract investment from the private sector;
- viii. Invest in key areas such as education, health, small and medium-scale enterprises (SMEs), Information and Communication Technology (ICT), infrastructure, and research and development;
- ix. Develop a visible and accessible electronic repository of information that indicates the current status of integration efforts;
- x. Build upon and strengthen existing and parallel agreements;

- xi. Promote industrial development, in particular value addition, through scientific research and technology; and
- xii. Create smooth and lawful competition among businesses and ensure security of brands and copyrights.

Private sector

- i. Align efforts towards regional integration in line with governments' priorities;
- ii. Support the implementation of macroeconomic frameworks to attain economic and sustainable development;
- iii. Collaborate with the existing regional and sub-regional associations and national organs, in order to share best practice and speak with African government (s) with one voice on the subject of regional integration;
- iv. Provide financial support to programs, projects and institutions aimed at regional integration;
- v. Promote "Made in Africa" brands and market Africa as a destination of choice;
- vi. Develop a business directory for the continent;
- vii. Urge African Union and Member States to implement existing recommendations/declarations; and
- viii. Invest in key areas such as education, health, SMEs, ICT, infrastructure and research and development.

II. Accelerating Africa's Industrial Development with Corporate Governance and Corporate Citizenship Instruments.

Public sector/ African Union

- i. Incorporate the UN Global Compact's 10 principles into the code of ethics that govern the conduct of the public sector;
- ii. Offer incentives for socially responsible business practices at the national level, for instance, tax exemptions and investment facilitation; and
- iii. Promote the inclusion of Corporate Citizenship Principles in tertiary education curricula.

Private sector

- i. Adopt the UN Global Compact's 10 principles as well as comply with local laws and contribute to the development of the local community, the protection of the environment and existing social structures;
- ii. Introduce a peer review mechanism in the private sector similar to the African Peer Review Mechanism; and
- iii. Promote "supply value chains" and sustainable business processes.

III. Achieving Economic Transformation in Africa: The Role of Public-Private Partnerships**Public sector/African Union**

- i. Engage in partnerships with the private sector, particularly in areas where the private sector has core competences;
- ii. Reinforce capacity for good governance and transparency to gain the trust of development partners;
- iii. Strengthen existing mechanisms and develop new ones, where necessary, to fight corruption and fraud;
- iv. The African Union to coordinate the development of an African action plan for Public-Private Partnerships; and
- v. Public and Private sector to work together in advancing the African Agenda under WTO and EPAs.

Private sector

- i. Take the initiative to form and engage in public-private partnerships and dialogue, with governments, civil society and community-based organizations;
- ii. Share ideas, knowledge, understanding, best practices regarding how to engage in partnerships and support their replication across the continent; and
- iii. Establish an African private sector network to share experiences among economic actors.

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