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7th Africa Private Sector Forum

“Promoting Africa’s Private Sector for inclusive growth: Exploring untapped mechanism of funding”

03 to 05 December 2014 in Nairobi, Kenya

CONCEPT NOTE

I. BACKGROUND

Africa has experienced tremendous growth in the last few years. However it has not necessarily been inclusive enough to generate the job needed by its youthful population for poverty reduction and achievement of the MDGs. Over the last decade, there is an emerging consensus that a vibrant private sector can be the engine of inclusive growth, generating jobs and incomes and providing goods, services and solutions for women and men, and thereby have the potential to increase choices and opportunities. Developing the private sector therefore is critical for inclusive growth and sustainable development in Africa during the next decade and beyond.

Notwithstanding the challenges facing Africa's Private Sector such as small size and informality, weak linkages, low level of competitiveness, and limited innovations, the opportunities for Africa's private sector are immense. The continent has a huge market base, with a population of over one billion. With regional and continental integration intensifying, tariff and non-tariff barriers to trade are being gradually eliminated, hence creating opportunities for increased cross-border trade. The investment climate is becoming increasingly friendly to business as governments across the continent continue to embark on comprehensive reforms geared towards macroeconomic stability and investment attraction.

Also, given the fact that the continent offers some of the highest returns on investment, opportunities to attract investment from across the globe are huge. Africa's private sector has the potential to be part of global value chains and benefit from the much needed technology through joint ventures and other forms of partnerships with other private sector actors from other parts of the world.

Considering the critical role that the private sector is expected to play in the inclusiveness of growth and integration of the African continent, in particular its contribution to poverty reduction through investment and employment creation, the AU Commission organizes an annual African Private Sector Forum. This initiative is in line with the AU Executive Council Abuja Decision Number **EX/CL/Dec.183 (VI)**, which institutionalized the African Union Private Sector Forum.

The Forum is a key instrument of interface and partnership between the African Union policy makers and the private sector. The Forum also acts a vehicle for empowering the African Private Sector through advocacy, sharing business and market information and skills. This gives emphasis to the significant role African private sector can play in the implementation of the AU Strategic Plan 2014-2017, the New Partnership for Africa's Development (NEPAD) Programme as well as AU Agenda 2063.

In light of the foregoing, the African Union Commission plans to organize the 7th Africa Private Sector in Nairobi, Kenya, from 03 to 05 December under the Theme: ***"Promoting Africa's Private Sector for inclusive growth: Exploring innovative mechanism of funding."*** The Forum is expected to attract more than 500 high-level participants of the African private sector.

The 2014 edition of the Forum presents a timely opportune platform for a constructive discussion on how the private sector can be an important driver of inclusive growth, creating more employment opportunities especially for women and youth for sustainable development and economic transformation in Africa. The Forum will also provide a practical framework for African companies to network and exchange views and experience on the continental business and investment climate and shape new ideas on how to build an enabling business climate supporting investment and the development of socially responsive enterprises.

II. PRIVATE SECTOR, INCLUSIVENESS AND SUSTAINABLE DEVELOPMENT

The 2014 edition of the African Private Sector Forum will provide a unique platform on how to engage the private sector in the ongoing process of achieving inclusive and sustainable growth in Africa during the next decade and beyond. This includes (i) mainstreaming private sector contribution to inclusive and sustainable growth; (ii) using the private sector as “delivery channel” for hard and soft infrastructure; (iii) engaging private sector in vocational training and capacity building and; (iv) expanding financial innovations for all.

a. Private sector contributions to inclusive growth:

For growth to be inclusive, it has to deliver benefits to poor people, mainly the youth and women, by providing them with economic opportunities that make it possible to achieve sustainable livelihoods. A way for the private sector to directly contribute to inclusive growth is to engage in economic activities that have an immediate impact on the poor by including them into economic processes: as clients on demand side, and as producers, distributors or employees on the supply side. For the private sector, inclusive business includes driving innovations, building markets and strengthening supply chains to provide demand-oriented, accessible, affordable and high-quality products and services to the poor. For the poor, inclusive business means higher productivity, sustained earnings, increases in purchasing power, more economic choices, and greater economic empowerment.

b. Using the private sector as “delivery channel” for hard and soft infrastructure:

The private sector's expertise and capital could better be used to achieve development outcomes in areas traditionally dominated by the public sector such as roads, energy, health, telecommunication, waste collection and processing, or urban transport. This requires looking at the private sector as a horizontal factor in a broad range of sectors and programmes.

c. Vocational Training and Capacity Development:

Effective vocational education and training and skills development with functioning links to the labour market is an essential element in encouraging growth and competitiveness, as well as in enabling countries to diversify their economies, generate decent jobs, and encourage sustainable business practices. Giving strong voice to employers when developing occupational standards and training programs, is a necessary step for ensuring demand driven and growth-oriented skills development. Furthermore, African countries have put in place co-financing mechanisms such as levy schemes to fund training that may lead to better outcomes in terms of quality and can be used as an advocacy tool for higher involvement of private sector on VET and skills development issues.

d. Private sector and finance for all

Access to financial services is a major constraint to MSME development in Africa. Innovative financial services for all refers to the process of expanding financial services both for markets and for inclusive growth to the largest possible segment of the population, including households, small enterprises, and large firms. Finance for all overlaps the concepts of finance for markets and finance for growth, but refers to the process by which short term and long term financial services, including payment, saving, credit, and insurance services, are pushed out to previously unserved segment of the population. These services are provided by an array of

institutions including banks, microfinance institutions, insurance companies, pension funds, mutual funds, private equity funds.

III. OBJECTIVES OF THE FORUM

The main objective of the 7th Africa Private Sector Forum is to enhance Africa Private Sector's role as a driver of Inclusive Growth.

The specific objectives of the forum will be:

- a. Provide a platform for policymakers and private sector high-level participants to formulate concrete innovative proposals to bridge SMEs/SMLs financial gap in Africa;
- b. Frame concrete policy options and actions for meeting Africa's contemporary challenges on inclusive and sustainable growth during the next decade and beyond;
- c. Promote dialogue on economic development issues, between policy makers, specialized development and financial institutions, civil societies, private sectors, researchers, and professional organizations;
- d. Enhance the engagement of the private sector in the continental effort to achieve food security and rural poverty eradication in Africa;
- e. Explore ways of catalyzing the role of the private sector towards the creation of the Continental Free Trade Area based on the experience and structures of existing RECs;
- f. Contribute to improving Africa's investment and business climate by supporting governments' efforts to strengthen the laws, policies, tax systems, rights, regulations and procedures that govern business, as they nurture not just their domestic private sectors, but also those of other regions;
- g. Make recommendations on the economic development challenges in Africa for consideration by the 23rd Ordinary Session of the Africa Summit.

IV. FORMAT OF THE FORUM

The Forum will discuss various development issues related to private sector development and provide guidance for the work of the Commission towards inclusive and sustainable growth in Africa during the next decade and beyond. Among the key features of the Forum are high-level policy dialogues, plenary sessions and parallel sessions.

Plenary sessions

The plenary sessions will allow influential business leaders to debate general issues of critical importance for private sector sound development in Africa. Speakers will share their experience and views and debate what efforts should be made to unlock opportunities and achieve success.

The topics of the plenary sessions are:

- Fast-tracking the African CFTA on the experience and structures of RECs: Catalyzing the role of the private sector
- Expanding long-term finance for private sector development in Africa: The role of Commercial and Development Banks
- African Union Private Sector Development Strategy 2015-2019
- Doing Business in Africa: From perception to reality
- Creating an engine for inclusive growth: Export credit insurance for private sector development in Africa

- Bridging Africa's Infrastructure and energy gap: "Using PPPs innovative project delivery mechanisms for Economic and Social Development".
- Innovative sources of funding for private sector development: Capital market, Private equity and Blending
- Boosting investment in Agriculture for food security in Africa: Engaging with the private sector
- Africa's future: Enlarging business opportunities for youth and women.

Afternoon Parallel Sessions

In order to focus the Forum and its recommendations, Parallel sessions will be set up according to specific interest and emerging issues of the African private sector.

The Parallel sessions will be dedicated to following 6 themes:

- Africa Inclusive Market for Excellence Centre for inclusive development in Africa;
- Sustainable and Inclusive development through Trade Facilitation Products;
- Improving African SMEs access to Continental and Global Value Chains;
- Microfinance in private sector development in Africa;
- Technical and vocational training for private sector competitiveness in Africa;
- Alternative sources of funding for private sector development.

V. EXPECTED OUTPUTS AND OUTCOMES

- a. Declaration of the 7th Africa Private Sector Forum;
- b. Recommendations and Actions plan of the Forum;
- c. Enhanced understanding of the role of the private sector on inclusive, sustainable growth and the implementation of the Continental Free Trade Area;
- d. Concrete measures for the enlargement of new innovative financial opportunities for SME/SMI in Africa.

VI. PARTICIPANTS

Over 500 participants are expected to attend the 2014 edition of the African Private Sector Forum. Participants to the Forum will include Ministers, representatives of the African Private Sector, RECs United Nations agencies, Pan-African financial institutions, African academics and research institutions, development partners and other intergovernmental organizations. Invitations will be extended to other cooperating partners, non-governmental organizations and youth associations. Officials/Experts from within and outside Africa will be invited to share their experiences on innovative sources of funding and private sector engagement on Inclusive and sustainable Growth.

VII. CONTACTS

For more details on the Forum, kindly contact:

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VIII.VISIBILITY AND COMMUNICATION

The Forum will have an official website hosted by the African Union. Other means available shall also be used to widely promote and popularize its objectives and purpose, including brochures, posters, leaflets, etc...

IX. WORKING LANGUAGES OF THE FORUM

The working languages of the Forum are: English and French

X. MONITORING AND EVALUATION

Evaluation of the Forum will be carried out at the end and findings will be used to improve the performance of future Africa Economic forum.