



# EU-Africa Business Forum



*Towards a private sector  
enabling environment*

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## To boost private sector development and encourage European investors to consider opportunities in Africa.

*The EU-Africa Business Forum is an integral part of the EU Strategy for Africa, which was adopted in December 2005. Like the EU Strategy for Africa, the overriding vision of the EU-Africa Business Forum is to support Africa's efforts to achieve the UN Millennium Development Goals (MDGs) and a gradual integration of their economies into the global economy.*

In line with the MDGs, the EU-Africa Business Forum is strongly committed to three areas where EU-African business can make a difference, namely:

- Good governance, development and poverty reduction;
- Developing further an open trading and financial system that is rule-based, predictable and non-discriminatory; and, in cooperation with the private sector,
- Making the benefits of new technologies, especially information and communications, available.

The EU-Africa Business Forum has structured these three targets into four priority themes :

1. Interconnectivity – infrastructure
2. Interconnectivity – ICT
3. Trade
4. Entrepreneurship

The EU-Africa Business Forum's mission is to establish a platform for fostering mutually beneficial trade and investment between the EU and Africa.

The objectives of the EU-Africa Business Forum are three-fold:

1. To improve the enabling environment for business and investment in Africa through good governance, entrepreneurship and policy coherence.
2. To work in partnership to facilitate business opportunities in Africa and thereby make trade and investment easier, transparent and more attractive.
3. To strengthen the voice and position of the EU-African private sector through closer tripartite cooperation (private sector, public sector and civil society) and effective dialogue on key issues of major concern to business.

The European Commission and the African Union have institutionalised the EU-Africa Business Forum as part of efforts to improve the environment for business and increase investment in Africa.

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## Create the conditions for business to develop and, as part of an implicit social contract, to create jobs and raise standards

*This is a moment of truth for Africa. The demand for raw materials to support the boom in the world economy, largely driven by China and India, is creating unique opportunities and new challenges. However, we need to ensure this increase in economic activity benefits all. The AU and the EU are committed to creating the necessary environment to leverage these opportunities and to implement the necessary reforms that will allow all Africans to share in the benefits of globalisation. If well managed, trade and business can be powerful agents for change. Both can speed up the process of African integration into the global economy and thus enable African countries to meet the hopes and aspirations of all its citizens. The private sector is uniquely placed to help integrate the African economy, and provide pivotal jobs and investment needed to alleviate poverty and stimulate economic growth. In the coming decade, it can and must be a major catalyst for the development of Africa, empowering local communities and stimulating growth and prosperity. African and European leaders must join forces to promote a more business-friendly approach to development policy in Africa. They must create a better framework in which companies can operate. Set up as a joint initiative by the European Union and the African Union in 2006, the EU-Africa Business Forum provides an excellent platform for dialogue on the corporate environment, and crucially, on what reforms are needed to boost investor confidence in Africa.*



*Dr. Vincent Maphai,  
Chairman BHP Billiton South Africa  
Co-chair of the EU-Africa Business Forum*

## *African and European leaders must join forces to promote a more business-friendly approach to development policy in Africa*

*The EU-Africa Business Forum is an important opportunity for business to contribute to policy positions on economic development in Africa and on its trade and aid relations with Europe. Whether as individual companies active in Africa or through our various business groupings such as Private Investors in Africa or Business Action for Africa, the goal is the same – to create the conditions for business to develop and, as part of an implicit social contract, to create jobs and raise standards. It is a complementary relationship that we need to make more of; governments enable, business delivers. Public-private partnerships such as the Africa Investment Climate Facility are a clear signal that working together is increasingly accepted as the best way forward.*



*Richard Morgan,  
Head of Corporate Relations for Africa,  
Middle East & Turkey, Unilever  
Co-chair of the EU-Africa Business Forum*

# Declaration

*The Second EU-Africa Business Forum took place in Accra, Ghana, on 21-22 June, 2007*

*Achieving the UN Millennium Development Goals and a gradual integration of African economies into the global economy are enormous challenges, which African countries cannot meet alone. The Second EU-Africa Summit and the Joint EU-Africa Strategy are essential steps towards establishing a partnership of equals not only between African and European governments but also between state and non-state actors, to be able to face these challenges together.*

We, the companies and associations of the EU-Africa Business Forum, representing the private sector on both continents,

1. Reaffirm our determination to contribute further to the development of Africa's private sector.
2. Emphasise the importance of an enhanced and diversified private sector for a sustainable development and the alleviation of poverty on the African continent.
3. Welcome the fact that "trade and regional integration" is one of the four policy priorities defined in the Joint EU-Africa Strategy.
4. Support the people-centred approach of the new Joint Strategy, which will facilitate people-to-people contacts between the two continents at all levels and in all areas, and thus facilitate a focused exchange of ideas and knowledge.
5. Welcome the recent launch of the "EU-Africa Partnership for Infrastructure" which reflects the urgent need for the improvement of all types of infrastructure connections (transport, energy, water and ICT) to facilitate sustainable development.
6. Reiterate our commitment to take forward the EU-Africa Business Forum as an example of a successful joint initiative that addresses specific problems of one group of society, in this case the private sector.
7. Call upon the governments on both continents to deepen the involvement of civil society and non-state actors in their policy-making processes.

## The AU Commissioner urges all to stay the course to guarantee many more successful fora in the future

Please allow me, once again, to express my profound and sincere gratitude to the Government and People of Ghana for hosting the Forum and for their very warm hospitality. May I also express my sincere thanks to the European Commission, and in particular, Mr. Louis Michel and his team, for their unwavering support to the Forum.

The efficiency with which we conducted the deliberations would not have been achieved without the guidance of the two co-chairs as well as the moderators for the four sub-groups and I would therefore like to commend all of them for a job well done. To the Forum task force members, the different service providers, the ACP BizClim Facility and all participants who have been with us for the past two days, I say thank you for the various roles you played in making this Forum a success. The key will be to have an effective follow-up mechanism. This Business Forum has created an unprecedented opportunity for all stakeholders in both continents and it is my view that it must not be wasted. When we do a stock taking of what has transpired between one Forum and another, we should be able to report significant progress on implementation. ■



*Dr. Maxwell Mkwezalamba, African Union Commissioner for Economic Affairs. Extract from closing speech.*

# INTERCONNECTIVITY - INFRASTRUCTURE



Overall Goals	Project prioritisation and assessment of appropriate financing structures			
	Infrastructure partnerships between European and African private sector			
	Project Sustainability over the project life-cycle (O&M)			
	Establish links between the Business Forum and the existing bodies (e.g. AU, NEPAD, ICA, etc.)			
RECOMMENDATION	PUBLIC SECTOR RESPONSIBILITY	PRIVATE SECTOR RESPONSIBILITY	PROGRESS INDICATOR	TIMEFRAME/CONCLUSION
<b>Prioritise infrastructure projects according to their impact for regional integration and development potential for the continent («Trans-African Networks»)</b>	Partner countries must identify projects of paramount importance for regional integration and development potential; international donors can act as a «catalyst» in identifying priorities for regional /cross-border projects	Private sector should voice its views and give feedback through a formal procedure into the consultation process	Intensify public-private sector dialogue on project priorities	Consider a private sector representative as observer in the Steering Committee of the EU-Africa Partnership on Infrastructure
<b>Define appropriate financing arrangements depending on the project's commercial viability and its potential to attract private finance</b>	<ol style="list-style-type: none"> <li>1) Partner countries and international donors acknowledge PPP as a tool for modernising infrastructure delivery and enabling the necessary framework;</li> <li>2) Address legitimate stakeholder concerns;</li> <li>3) African states should introduce adequate legislation for PPP, e.g. allow pension funds to invest in infrastructure</li> </ol>	<ol style="list-style-type: none"> <li>1) Private sector must adapt the experience gained on PPP projects globally to the realities on the African continent, since there is no «one-size-fits-all» approach;</li> <li>2) Private sector should identify projects which would be interesting in terms of PPP in Africa</li> </ol>	<ol style="list-style-type: none"> <li>1) Share experience with African countries and institutions</li> <li>2) Identify potential PPP projects in the «classic infrastructure» sector on the African continent and enter into a structured discussion with other stakeholders</li> </ol>	Create a structured dialogue on PPP between the African Union, the NEPAD Infrastructure Investment Facility and the European infrastructure providers
<b>Involve the local private sector better than in the past into the project cycle; Increase the «local content» depending on the project specifics</b>	<ol style="list-style-type: none"> <li>1) Facilitate access to credit facilities and other means allowing African private contractors to function effectively and develop their operational skills;</li> <li>2) Partner countries and international donors need to establish coherence between their development policy objectives (Ownership, CSR, international standards, etc.) and the procurement process</li> </ol>	Establish joint ventures or other forms of partnerships between European and African infrastructure providers; Transfer know-how to African companies; Involve local suppliers in the supply chain; Employ a maximum of the local workforce	<ol style="list-style-type: none"> <li>1) Strengthen dialogue across sectors &amp; at a regional level between European and African companies</li> <li>2) Procurement rules which foster the involvement of the African private sector, e.g. Prequalification / evaluation criteria</li> </ol>	<ol style="list-style-type: none"> <li>1) Identify suitable forms of partnerships that foster a closer collaboration between European and African contractors</li> <li>2) Organise a dialogue between the Forum and the Commissions on procurement policy</li> </ol>
<b>Ensure project sustainability over the project's life-cycle by integrating the operation and maintenance phase into the project</b>	Partner countries and international donors need to develop innovative procurement methods and selection procedures	Private sector needs to transfer its experience on such projects to the partner countries and to the Commission/bilateral development banks	<ol style="list-style-type: none"> <li>1) Prepare a list of potential Design-Build-Operate and performance-based projects</li> <li>2) Joint analysis of the pilot projects which have been implemented</li> </ol>	Use the EU-Africa Partnership meetings to review and monitor the experience gained with innovative procurement methods

**The 2008 and subsequent editions of the EU-Africa Business Forum will revisit progress made by the responsible public and private sector actors identified in these four sets of recommendations. Progress can be reviewed at continental or regional fora.**

# INTERCONNECTIVITY - ICT



Overall Goals	Open competitive markets for ICT			
	Bridge digital divide - ICT as driver for socio-economic growth & competitiveness			
	Focus on local, realizable, holistic projects with design for regional scalability			
	Increase speed and flexibility for ICT and development			
RECOMMENDATION	PUBLIC SECTOR RESPONSIBILITY	PRIVATE SECTOR RESPONSIBILITY	PROGRESS INDICATOR	TIMEFRAME/ CONCLUSION
<b>Define and implement programme for Institutional Capacity Building for ICT</b>	<ol style="list-style-type: none"> <li>1) AU to identify network of training and education network (PPP)</li> <li>2) EU and International Donors to fund + resource training &amp; education.</li> <li>3) Create an observatory for the development of ICT to create indicators, measure progress and share best practices (PPP)</li> </ol>	<ol style="list-style-type: none"> <li>1) Provide content and resources for training (PPP)</li> <li>2) Provide data and input for observatory (PPP)</li> <li>3) Co-chairs to create steering committee and establish program team</li> </ol>	<p>300 trainers trained,</p> <p>Establishment of Observatory</p>	1 year
<b>Rural Access Programme</b>	<ol style="list-style-type: none"> <li>1) Local country to reinforce microfinance institutions and fund with donors</li> <li>2) Link to local regulatory framework</li> <li>3) EU and International Donors to fund pilots (PPP)</li> </ol>	<ol style="list-style-type: none"> <li>1) Select Pilot Countries</li> <li>2) Engage Local Operators</li> <li>3) Train on Franchise Business Model</li> <li>4) Industry to co-fund pilots (PPP)</li> <li>5) Co-chairs to create steering committee and establish program team</li> </ol>	<p>Number of jobs created with self-sustaining pilot franchises.</p> <p>Increase number of people in rural communities with access.</p>	1 year
<b>Raise awareness of ICT for policy-makers and ensure the provisioning of more funding for ICT</b>	<ol style="list-style-type: none"> <li>1) EU and AU to create awareness programme on ICT and funding possibilities (series of seminars/demos/roadshows/workshops)</li> <li>2) Organise regional conferences with ICT themes (PPP) with EU/AU/UNDP</li> </ol>	<ol style="list-style-type: none"> <li>1) To provide content and resources for campaign</li> <li>2) Regional conferences on ICT themes (PPP)</li> <li>3) Co-chairs to establish steering committee and program team</li> </ol>	<p>2 regional conferences on ICT and attendance of key gov't officials</p>	1 year
<b>Roll out of NEPAD e-Schools project</b>	<ol style="list-style-type: none"> <li>1) Ownership by African Union</li> <li>2) Incentives for private sector with sustainable regional plan by AU</li> <li>3) AU drive funding decision from EU and International donors</li> <li>4) Harmonise licensing for radio frequencies across Africa</li> </ol>	<ol style="list-style-type: none"> <li>1) Continue to invest in technical capacity</li> <li>2) Encourage open standards</li> <li>3) Involve local partners</li> <li>4) Co-chairs to create steering committee and program team</li> </ol>	<p>50 schools connected now in pilot, increasing to 2000 (1-2 years) but main target is 50,000 in 5 years</p>	2-5 year

## Strengthening trans-African and regional infrastructure is one of the first priorities of the European Commission cooperation policy in Africa

A favourable investment climate is based on the presence of an appropriate regulatory framework and improvements in political and economic governance. However it also depends on a network of efficient infrastructure, without which the production of goods and their transport to the markets remains extremely complicated and costly. Limited access to transport and communication services, water, sanitary equipment and energy is holding back African economic growth and keeping Africa's peoples in poverty. These limitations, together with gaps in trans-border connections and regional networks, conspire to make trade and business uncompetitive in many cases. It should be borne in mind that transport and service costs in landlocked countries can amount to three quarters of their exports revenues, representing the equivalent of a 75% tax on garment exports from Uganda, for example. In the same way, inadequate infrastructures makes it unprofitable to exploit natural resources, which are potentially very lucrative.

*Louis Michel, European Commissioner for Development and Humanitarian Aid  
Extract from closing speech*

## TRADE

## Overall Goals Encourage regional African market integration (intra- and inter-regional trade)

RECOMMENDATION	PUBLIC SECTOR RESPONSIBILITY	PRIVATE SECTOR RESPONSIBILITY	TIMEFRAME/ CONCLUSION
<b>The four African EPA regions must deepen their regional markets to create more trade and investment opportunities through improved trade-related governance</b>	Enabling laws, regulations & protocols. Transparency of procedures and regulations. Transit rules and benchmarks. Fines for countries that cause transit problems. Coordination of WTO negotiations and rules.	Regional communities and national governments to reduce border delays by 50% in average. Private sector to monitor the progress. AU to assist as appropriate.	End 2008
	Develop capacity of law enforcement in terms of trade infringements. Set up training programmes for customs & police officials. Launch public awareness programmes	Private sector to monitor.	End 2008
	Establish Alternative Dispute Resolution, e.g. SOLVIT-like systems, to facilitate intra- & inter-regional trade.	Launch feasibility study with the support of the AU and in consultation with private sector	Mid-2008
	Strengthen organisation & capacity of African private sector at regional and continental level (improve advocacy / better representation).	African business groups to form regional platforms	Mid-2008
<b>Concerning the EPAs, work towards effective liberalisation of goods &amp; services with business support for asymmetrical trade liberalisation between EU and Africa</b>	Urgently conclude EPAs on terms ensuring that liberalisation contributes to development.	EU and regional communities. African negotiators to consult closely with African business. African business to make concrete proposals to identify priority and sensitive sectors.	December 2007
	Clear and achievable rules of origin that facilitate trade and investment	EU and regional communities	September 2007
	With aid for trade, support African exporters in meeting SPS, TBT measures	Donors, regional communities and national authorities to conduct needs assessments involving private sector.	December 2007
	Identify non tariff barriers (NTBs), gather information and delivery effectiveness of taxation policies and trade-facilitation programmes	Set up or consolidate business networks in each region	Mid-2008
<b>Create conditions to increase investments &amp; generate local added value in Africa through harmonised legislative and regulatory frameworks and better governance</b>	EPA rules for investment should include right of establishment, national treatment, non-discrimination and address the incentives/disincentives for investment. They should include bilateral dispute settlement.	EU and regional communities.	December 2007
	African regions should establish pro-competitive service market regulations in development priority sectors	Regional communities to identify, in collaboration with the AU, strategic priority areas in consultation with private sector	Mid-2008
	African countries should establish or strengthen the capacities of investment promotion agencies to assist investors in meeting administrative requirements	National governments to review current situation in close cooperation with private sector and with assistance of the AU	Mid-2008

**If well managed, trade and business are both powerful agents for change, rather than threats**

The EU and Africa are major trading partners – the EU absorbs approximately one third of Africa's total exports. The EU and its Member States are also the biggest single aid donors to Sub-Saharan Africa, providing over €24 billion of aid in 2006. But we all recognise the ineffectiveness of development assistance alone, without economic and political reforms, to generate growth and prosperity. If we are serious about tackling poverty in Africa, there needs to be a paradigm shift in the way we approach development. We need to move away from the concept of donor aid that comes pre-packaged with imported skills to the concept of driving development. Africa needs to be in a position to move from being guided receivers to being initiators and implementers of programmes and projects. If well managed, trade and business are both powerful agents for change, rather than threats. Both can speed up the process of African integration into the global economy and thus enable African countries to meet the hopes and aspirations of all its citizens.

*Dr. Maxwell Mkwezalamba, African Union Commissioner for Economic Affairs. Extract from closing speech*

# ENTREPRENEURSHIP



**Overall Goals**      **Effective programmes supporting entrepreneurship are vital for the development of both Africa and the EU**

RECOMMENDATION	PUBLIC SECTOR RESPONSIBILITY	PRIVATE SECTOR RESPONSIBILITY	PROGRESS INDICATORS	TIMEFRAME/CONCLUSION
<b>Create a network of one-stop-shops that help company start-ups.</b>	Funding: EU & AU. EU Commission to organise study visits for AU Commission staff to see existing one-stop shop operations in EU.	Support networks to manage / operate one-stop shops. Introduce start-up entrepreneurs to existing business networks	Budget Allocation. No. of one stop shops created. No. of entrepreneurs assisted. No. of women entrepreneurs assisted.	National plans published within 1 year. Implementation over 3 years
<b>Devise national programmes promoting clusters</b>	African states to develop and publish 5-year national programmes to support clusters. Funding: EU & AU. EU Commission to organise study visits for AU Commission. AU Commission to develop programme 'template' & produce annual 'scorecard'.	MNCs to develop own 'cluster' policies with suppliers and SMEs in the value chain, including mentoring, coaching, training, quality control... Support networks to manage clusters & draft MoU template for use between MNCs and SMEs in cluster.	No. of national programmes published. No. of clusters formed/ funded. No. of clusters addressing specific needs of women entrepreneurs. No. of MNC-to-SME MoUs created.	AU Commission template by next Business Summit. National programmes published within 18 months.
<b>Entrepreneurship in banking</b>	EIB to insist on % allocation of funding to be devoted to start-up loans. EIB also to insist on greater transparency on origin of EIB funds. AU Commission to investigate the feasibility of creating an 'SME Bank'.	Private sector (African based banks) to develop simplified risk assessment criteria and methodologies for start-ups/SMEs. Banks to improve training of staff to better understand SME needs.	Publication of Bank - SME/ entrepreneur code. No. of bank staff trained. % of EIB funds to start-ups.	Code: 1 year. SME training for bank staff: Annual figures
<b>Entrepreneurship in education</b>	African states: long-term programmes for entrepreneurship in education. AU Commission to consult with states; prepare programmes, develop targets; and subsequently publish implementation scorecard.	Private & educational sectors to engage in helping to develop and implement the national programmes. MNCs, in particular, will create/support technical training in schools and develop vocational training.	Publication of national programmes	AU Commission consultation to be complete within 1 year. Plans to be published within 3 years. Implemented over 10 years.
<b>Red tape (Company formation)</b>	Company formation within 1 week. AU Commission to 'map' the procedures in force in all states.	Private sector agreement on terms of code is necessary.	AU Summit agreement to set 1 week maximum period.	Agreement on 1 week deadline within 1 year. Achievement within 2 following years.
<b>Public procurement - payment</b>	African states to agree code of conduct - inter alia - concerning payments by public.		Publication of code of conduct	Within 1 year

Two final, more general, points: there is a significant, but unquantifiable, need to build capacity in the private sector. Too much capacity building is concentrated on the public sector. Donor funding should be diverted for this purpose. Secondly, the summit recommends the creation of economic and social partnership fora throughout Africa, initially at national level, then regional.

**The 2008 and subsequent editions of the EU-Africa Business Forum will revisit progress made by the responsible public and private sector actors identified in these four sets of recommendations. Progress can be reviewed at continental or regional fora.**

## The EU-Africa Business Forum could become an advisory body involving African and European companies

Africa needs massive investment in the productive sector to create wealth and large-scale employment. It needs a dynamic private sector to contribute its resources, know-how and market knowledge. I am calling on them [European companies] to engage in an initiative with shared benefits, taking account of the risks incurred.

Investing in Africa is in the interests of European companies. It is also in the economic and geo-strategic interests of European countries. It is becoming ever clearer that Europeans' future security and well-being demands that we should not leave the African peoples with whom we have historical, linguistic and cultural ties to vegetate in their present state.

I should like to assure you that the European Commission is determined to support European companies by helping to put in place the appropriate frameworks and tools. We have decided to bring the European Union's full political weight behind the changes, which the private sector itself would like to see, so as to promote investment in Africa. This will be done in the context of an EU-Africa Business Forum. This Forum will provide the European and African private sector with a platform for dialogue on the environment for companies in Africa, business opportunities and reforms which need to be promoted there. It will also be a space for discussion, which will enable the private sector to discuss its priorities with African decision makers and the European Commission, so that we can include them in national programmes and EU cooperation policy. It will thereby act as a major catalyst for investment, by correcting the negative perception of the continent, which all too often prevails. This Forum could be permanent; it could become an advisory body involving African and European companies and – I hope – put forward genuine sets of concrete proposals. ■



*Louis Michel,  
European  
Commissioner for  
Development and  
Humanitarian Aid*

*Extract from closing speech*

## The EU-Africa Business Forum's task force members



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