

## **EU-Africa Business Forum Declaration**

### **Executive Summary**

#### **PREAMBLE**

We, the members of the EU-African Business Forum, met on 26-28 November 2010 in Tripoli, Libya, to bring together entrepreneurs and public and private investors from Africa and Europe with the shared agenda of improving the investment and business climate, incorporating good governance and creating the conditions for sustainable social and economic development in Africa.

As private sector members of the EU-Africa Business Forum, we present the following recommendations to the Political Leaders meeting at the EU-Africa Summit on 29-30 November 2010:

#### **Legal Security**

1. To attract investment, private investors need the security of a good legal system. Investors need the assurance that in the event of a dispute, they will benefit from an impartial justice system within a framework of clear legislation.

#### **Trade & Regional Integration - Unlocking Africa's Trading Potential through Partnership:**

1. Advance the regional integration process to promote inter-African trade, strengthen Regional Economic Communities, dismantle tariff and non-tariff barriers and implement trade facilitation mechanisms.
2. Renew political momentum to conclude the WTO Doha Round and the negotiations on the Economic Partnership Agreements. Implement Aid for Trade projects. Ensure trade liberalization is gradual and backed up with accompanying measures.
3. Develop effective joint strategies with the private sector to tackle counterfeiting and illicit trade.
4. Support African exporters in implementing technical standards in order to facilitate their exports.

#### **Provide effective tools for Private Sector decisions:**

1. Fund the UNIDO investment platform in order to deploy it to all African countries.
2. Intensify capacity building for African investment promotion agencies.

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## **Infrastructure:**

### **Deepen the involvement of the local private sector in infrastructure delivery:**

1. Include training and know-how transfer in tender documents.
2. Develop sound investment policies and financial facilities to boost the local private sector.
3. Enhance EIB's and other European Development Finance Institutions' role to act as lenders and investors for infrastructure projects in Africa.

### **Make Private Investment in Africa's Transport Infrastructure work:**

1. Participate in risk sharing with local banks.
2. Provide separate Political Risk Guarantees.

## **Raw materials: create a win-win for Africa and the EU**

### **Based on the African Mining Vision and the EU raw materials initiative:**

1. Build inclusive, pragmatic, actionable partnerships to improve governance, fight corruption, promote transparency, and build a level-playing field, notably through the EITI.
2. Enhance upstream value creation.
3. Leverage private sector investments with EU aid, to improve infrastructure, including roads and ports.
4. Work together with international partners to increase transparency in government-payments and setting up of contracts.

## **ICT for Competitiveness**

1. Implement the outcomes of ICT for Africa Plan agreed at the Addis Ababa Heads of State Summit in February 2010.
2. Identify unallocated EDF 10 funds for launching ICT initiatives (ICT Infrastructure/Broadband, ICT Capacity Building and ICT eServices); and explore conditions of setting up a new fast track ICT financial instrument by gathering early 2011 all EABF stakeholders.

## **Bring SMEs at the heart of the Joint EU-Africa Strategy**

1. African governments to adopt *SME Charters* based on common principles to frame sustainable SME development.

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2. Include SMEs in the Second Action Plan as a cross-cutting issue and consider agricultural producers as businesses in their own right
3. Establish and fund an African Cluster Collaboration platform and a Euro-African Business Associations Collaboration Facility, to enable knowledge sharing between European and African SMEs and intermediary organizations.

### **Energy: Enable investment in Renewable Energy**

1. Create regulatory and policy frameworks for investment in renewable energy and optimized transmission networks, including off-grid renewable energy solutions.

### **Unlock agricultural growth in Africa:**

AU governments should implement the Maputo Declaration committing 10% of their annual budgets to agriculture development; to expand the scope of CAADP and use it as the foundation for holistic, integrated agriculture development strategies that:

1. Add value to commodities.
2. Address the fundamental issue of land tenure.
3. Direct investment to build the necessary infrastructure in a regional perspective.
4. Implement replicable models of public-private partnerships in order to enable commercially viable smallholders farming.
5. Strengthen considerably extension services for the creation of modern sustainable agribusinesses.
6. Support the development of innovative financing instruments, especially risk mitigation tools and measures.

### **Access to finance**

1. Implement effective and simple collateral and bankruptcy laws.
2. Create innovative financial instruments enhancing capacity to take risk.

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## **EU-Africa Business Forum Declaration**

### **PREAMBLE**

1. As private sector members of the EU-Africa Business Forum, we re-affirm our commitment to bring together entrepreneurs and public and private investors from Africa and Europe with the shared agenda of improving the investment and business climate, incorporating good governance and creating the conditions for sustainable social and economic development in Africa.
2. Paradoxically, Africa has been hindered by one of its primary assets — the scale and diversity of this extraordinary continent - and efforts to unlock opportunities have achieved only limited success. The growth of Africa and its development have not been hampered by a lack of enterprise; rather a lack of integration.
3. Development has been disjointed; regulation, trade and business policies, skills resources, infrastructure and investment have all moved at a different pace between countries. It often results in an Africa of isolated countries rather than an integrated powerhouse.
4. For this reason, progress on our objectives, agreed in Nairobi in September 2009, of regional integration, increased investment and improved infrastructure, has been frustratingly slow; the desired policy shift, from poverty reduction to wealth creation, has not yet occurred.
5. Yet we firmly believe that partnership between the European Union, the African Union and business can deliver the policies, infrastructure and access to finance that the continent need to harness its considerable economic and human resources to truly deliver on its long-standing potential.
6. The following recommendations set out the joint vision of the African and European private sectors, agreed at the 4<sup>th</sup> EU-Africa Business Forum in Tripoli on 26-28 November 2010, for an integrated, prosperous Africa, and suggest the practical means of achieving the tangible results that Africa urgently needs.

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## **Legal Security**

- a. To attract investment, private investors need the security of a good legal system. Investors need the assurance that in the event of a dispute, they will benefit from an impartial justice system within a framework of clear legislation.

## **Trade & Regional Integration: Unlocking Africa's Trading Potential through Partnership**

### **Business leaders call on Heads of State and Government to:**

- a. Put the promotion of inter-African trade at the forefront of the political agenda. Advance the regional integration process and strengthen Regional Economic Communities. Effectively ensure, through both regional cooperation and national action, the dismantling of tariff and non-tariff barriers.
- b. Implement trade facilitation mechanisms and facilitate cooperation among customs, finance and regulatory authorities to foster the freedom of movement of goods and people within regional markets.
- c. Develop joint strategies with the private sector to effectively tackle the issues of counterfeiting and illicit trade, which severely jeopardise legitimate trade, seriously erode government revenues, and put consumers confidence and public health and safety at risk.
- d. Support the strengthening of private sector intermediaries to make the voice of business, including Small and Medium-sized Enterprises, heard in Africa and set up formal platforms for dialogue with business on trade and regulatory policy, including trade negotiations, taxation and enforcement of intellectual Property Rights.
- e. Exchange best practices on national policy frameworks in order to further improve the business climate. More attention should be paid to Public Private Partnerships as a vehicle for delivering development goals.
- f. Conclude the WTO Doha Round and insert a new momentum into the negotiations of the economic partnership agreements. These should include rules to set the right economic, business and industrial policy framework for more investment in Africa. Trade liberalization should be gradual and backed up with accompanying measures.
- g. Implement Aid for trade projects and support African exporters in implementing technical standards in order to facilitate their exports.

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## Effective tools for Private Sector decisions

### **Business leaders call on Heads of State and Government to:**

- a. Support the establishment of a new information culture based on regular investor surveys that feed into a central and web-based information platform, such as the UNIDO Monitoring Platform and request to expand the ongoing UNIDO Investor Surveys to all African countries and to intensify capacity building of investment promotion stakeholder institutions in the public and private sector.
- b. Support specialized programmes that promote upgrading, subcontracting and facilitate linkages between local suppliers with domestic and foreign buyers, such as the UNIDO Subcontracting and Partnership Exchange Programme (SPX).

## Infrastructure: How to deepen involvement of local private sector in infrastructure delivery

### **The EU-Africa Business Forum recommends to:**

- a. Develop human capacity training programmes and include in tender documents requirements for know-how transfer to local contractors.
- b. Develop sound investment policies and create an Infrastructure Investment Fund that boosts local private sector participation in infrastructure delivery.
- c. Promote long-term construction contract partnerships between African and European companies with a high level of local participation (Joint Ventures, subcontractors and workforce).
- d. Enhance EIB's and other European Development Finance Institutions' role to act as lenders and investors for infrastructure projects in Africa.

## Infrastructure: Making Private Investment in Africa's Transport Infrastructure work

### **In the area of infrastructure PPPs, the EU-Africa Business Forum recommends:**

- a. Providing Technical Assistance and financial support to African Governments to prepare the legal framework for PPPs and to select bankable projects.
- b. Participating in risk sharing with local banks to enable financing denominated in local currency and providing foreign exchange coverage.

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- c. That the European Union and EIB provide separate Political Risk Guarantees (which should not be necessarily linked to a loan or grant) for infrastructure projects.

## **Raw materials: create a win-win for Africa and the EU**

### **Business leaders call on Heads of State and Government, based on the African Mining Vision and the EU raw materials initiative, to:**

- a. Strengthen EU-Africa relations in the area of raw materials through partnerships with a particular focus on improving governance (fighting corruption and promoting transparency notably through the EITI), exchange of best practices, setting up raw materials databases and enabling industrialization in Africa.
- b. Work together with international partners to increase transparency in setting up of contracts and government-payments principles and practices to enable a level-playing field for industry worldwide.
- c. Foster the right investment climate in African countries to enable industrialisation, up-stream value-creation and transparency. Encourage exchange of best practices between the EU and AU on extractive industry policies.
- d. Leverage private sector investments with EU aid, for example to improve infrastructure, including roads and ports.
- e. Launch a partnership that is pragmatic, focused on deliverables and encourages participation from European and African companies, including reliable NGOs where appropriate.
- f. Work together with international partners to increase transparency in government-payments and setting up of contracts.

## **ICT: Opportunities and Challenges**

The EU-Africa Business Forum reaffirms its commitment to support ICT investment and uptake on the African continent and calls urgently to move forward the concrete implementation of the January 2010 Addis Ababa African Union Summit– ICT for Africa Summit Agreement, where African leaders declared ICT as a key priority in their development programmes.

The private sector is ready for substantial investments in Africa in order to match business with social development objectives, provided the public sector invests in parallel in fostering market development and the deployment of e-services. To-date the critical lack of public funds allocated for the mass diffusion of ICTs is missing the potential of sound PPPs in the field and related concrete opportunities to fast-track Africa's development path.

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**Therefore business leaders call on Heads of State and Government to:**

- a. Effectively implement harmonized and transparent regulatory frameworks to promote fair competition and including appropriate fees (e.g. customs) to foster ICT private investment in Africa;
- b. Prioritize broadband infrastructures deployment, ICT human capacity building, provision of local digital content and innovative e-Services (e-schools, e-health, agricultural services, transport services, Space based applications and e-Government Services) in national and regional development programmes; and allocate corresponding financial resources;
- c. Most importantly we recommend in the short term to identify EDF 10 unallocated funds for launching ICT priority activities; and organize a workshop in early 2011 gathering EABF financial institutions, EU and Africa Members States, EC and AUC representatives to explore the conditions of setting up a new fast track financial instrument to meet ICT initiatives as noted in sections (a) and (b) above.
- d. Give priority to infrastructure projects that include an ICT dimension.

**Bringing SMEs at the heart of the Joint EU-Africa Strategy**

**Business leaders call for:**

- a. African governments to adopt SME Charters based on common key principles framing sustainable SME development.
- b. African and European Government to consider SMEs in the Second Action Plan as a cross-cutting issue and to give due consideration to agricultural producers as businesses in their own right.
- c. The establishment and funding of an African Cluster Collaboration platform for experience and knowledge sharing, and to enable collaboration with European clusters.
- d. For the establishment of a Euro-African Business Associations Collaboration Facility, to support twinning arrangements between European and African SMEs and intermediary organizations.

**Energy: Investment Opportunities in Energy**

**Business leaders call on Heads of State and Government to take the following recommendations into account:**

2. Energy, and renewable energies in particular, are critical for Africa's development, due to their potential for overcoming the negative consequences for the continent of the scarcity,

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price volatility and environmental impacts of fossil fuels. Renewables such as hydropower, solar, biomass, wind and geothermal need to be promoted to meet power demand. It is also urgent to develop optimised transmission networks at regional level.

3. There is a strong need to strengthen the regional dimension in order to overcome Africa's energy problems: efficient regional power markets and regional power pools must be developed on the basis of the renewable resources of the continent and of regional transmission networks.
4. Regulatory and policy frameworks are required to create enabling conditions for quality investment in renewable energy sources, including by the domestic private sector. Improved mechanisms for project preparation and implementation need to be developed in the different regions of Africa.
5. The mobilisation of the political will of countries and regions is essential to ensure the stability of investment frameworks and to guarantee the security of infrastructure and its continuous operation, even if conflict situations arise. Guaranteeing operation in conflict scenarios also means a focus on mini, off-grid renewable energy solutions.
6. Increase energy access as a necessary condition to reduce poverty and ensure the sustainable growth of Africa. Renewable energy provides a sustainable basis for productive uses, especially trade related activities, industry, agro industry, and for SMEs in Africa.

### **Agricultural growth in Africa:**

#### **Business leaders call on Heads of State and Government to:**

- a. Implement the Maputo Declaration committing 10% of their annual budgets to agriculture development; to expand the scope of CAADP and use it as the foundation for future development strategies in the agriculture sector.
- b. Develop holistic, integrated agricultural policies that:
  - i. Address the fundamental issues of land tenure and “land grabbing”.
  - ii. Direct investment to build the necessary infrastructure in a regional perspective.
  - iii. Implement replicable models of public-private partnerships in order to enable commercially viable smallholders farming.
- c. Strengthen considerably extension services for the creation of modern sustainable agribusinesses.

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- d. Support the development of innovative financing instruments, especially risk mitigation tools and measures.
- e. Remove trade constraints at international, regional and local level and create a level playing field to ensure competitive markets.

## **Access to finance: regional perspective**

**True partnerships between all actors able to enhance access to finance and support investments and economic growth are needed to achieve the following:**

- a. The business environment becomes sufficiently attractive - this is where governments have a clear role to play in partnerships, by putting in place legal and regulatory frameworks that are supportive of financial intermediation. This includes effective and simple collateral and bankruptcy laws; improved coverage, scope and accessibility of credit information available through public credit registries and private credit bureaus.
- b. Innovative financial instruments are developed by combining the resources of donors, IFIs/DFIs, financial institutions and the private sector to enhance the absorptive capacity for risk. An example of this would be the provision of risk mitigation structures – which would allow the private sector to leverage funding from the public sector – achieving a leverage factor of between 10 and 20 to one. This considerably extends the deliverable of conventional donor/loan funding and is a great example of these partnerships.

## **ADDENDUM BY THE LIBYAN BUSINESS COMMUNITY**

1. The Libyan business community adopts the Leader’s call to undertake infrastructure and development projects in Africa.
2. The Libyan business community pledges to initiate a joint project that combines the economic interests of African and European entrepreneurs. It is a non-profit institution expecting finance from the EU, AU, UNIDO, EIB, AD and European groups. The project is jointly initiated by ABC (a Libyan consultancy firm) and PRAGMATA.