

**International Partnerships Conference: Doing
Business with Africa**

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“Partnership: the Engine for Africa’s Economic Growth”

Opening Remarks from

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Honourable Ministers,

Excellencies,

Ladies and Gentlemen,

On behalf of the Secretary-General of the ACP Group, and on my own behalf, I thank the Government of Canary Islands, Casa Africa and the Corporate Council on Africa for inviting us to this important event.

First and foremost I would like to convey the apology of, Dr. Mohamed Chambas, the Secretary General, who unfortunately could not be personally present here today due to other pressing commitments in Brussels. However he wishes us all fruitful deliberations, particularly on this important topic on how to build partnerships in order to foster economic growth in Africa.

In this regard, we believe that the Cotonou Partnership Agreement provides a unique model of North/South relations, involving a group of 27 developed and 79 developing countries across three continents (15 Caribbean, 15 Pacific and 49 African countries).

With its 49 Member States, Africa forms the cornerstone of the Cotonou Partnership Agreement and this without diminishing the relative importance of the other two regions.

It should be noted that the Cotonou Agreement is articulated around the central objective of firstly, poverty eradication and secondly fostering the smooth and gradual integration of ACP states, and in this context, African countries, into the global economy.

We therefore need to build similar partnerships with all interested parties so that we can assist in channeling development in Africa.

What is the role of ACP Secretariat in advancing international Business and Trade Relationships for and in Africa?

It should be signaled that in many African ACP countries, unsuitable regulations, imbalanced competition, deficient investment strategies, weakness of intermediary organizations and the difficulties for Small and Medium Enterprises to access finance are on top of the list that curb the development of the private sector.

Creating the economic conditions that are required to create wealth remained the cornerstone of ACP Secretariat activities over the last three decades by combining trade and private sector assistance.

In that regard, ACP Secretariat developed close collaboration with the European Commission and International institutions and various Regional Economic communities on all matters pertaining to Investment and Private sector Development.

Secretariat's actions in collaboration with the European Commission

In the implementation of provisions of the Cotonou Agreement, relating to Investment and private sector development support, the Secretariat is involved in the designing and operational monitoring of specific European funded programmes.

The first pillar of our action is to create an enabling business environment to fill persistent gaps in that regard. According to one indicator “ doing business 2010” developed by the World Bank, 30 of the 38 most difficult countries to do business are in African ACP countries. To address this challenge, appropriate resources been earmarked under the 10th EDF through various programmes such as:

1. The **Private Sector Enabling Environment Facility (BizClim)**. Its main objective is to provide Technical Assistance to policy makers and private sector representatives in the field of regulatory reforms with a view to improving the business climate in ACP countries.

However, regulatory reforms alone are unlikely to have the desired impacts on growth if information on the African ACP countries remains unreliable and costly to access. To address this, the European Commission finances the **African Economic outlook** managed by the African Development bank and a multi-country **Investment monitoring Platform** managed by UNIDO. The monitoring Platform provides quality information on more than 20 African countries to investment promotion agencies as well as potential investors seeking empirical evidence to identify investment opportunities.

2. The second major tool is the **PRO€INVEST** Programme. Its main role is to provide support to intermediary institutions such as chambers of commerce and industries, professional associations and consultancies in the fields of investment promotion. It is a tool for transferring know how and developing managerial capacities in ACP countries. Launched in 2002 with a budget of €110 million, the programme is now in its final phase of implementation.

3. The **ACP-EU Microfinance Programme**, which has for objective to reduce poverty and develop the private sector through the development of more performing and effective financial services for low income entrepreneurs and household.

4. The **Innovative Business Models (IBM)** aimed at providing support to pilot flagship projects providing capacity building services and supplying contents for awareness raising. This programme is currently under preparation.

The second pillar of ACP Secretariat activity in respect to private sector development is to facilitate access to financial resources. In this respect, specific instruments such as the **Investment Facility** are made available to our member states in close collaboration with the **European Investment Bank (EIB)**.

It should be signaled at this stage that although in the long term, private financing is meant to cover most investments needs of ACP countries, the current lack of states resources actually prevent various African governments from adequately financing large infrastructure projects. The **Infrastructure Trust Fund** co-financed by the EDF offers grants to regional

infrastructure projects while the Investment Facility provides various forms of risk sharing.

The third pillar of ACP Secretariat action is to assist private ACP enterprises, in particular SMEs to become more competitive. This function is carried out on a daily basis by the **Centre for the Development of the Enterprise (CDE)** set up by the Cotonou partnership agreement with the objective of identifying and supporting the activities of producers presenting high potential for economic and social development. In fulfilling its role, the CDE will on 8 April 2011, sign a financing agreement with the West African Economic and Monetary Union (UMEOA) and as a result of which, CDE, would be entrusted with some €9.7M to develop and manage private sector development programme on behalf of UMEOA, for the next 3 years.

The fourth pillar of ACP Secretariat action in favour of private sector development is to facilitate access to

finance for SMEs since one of their major difficulties is the inadequate offer of financial services of the banking sector in many African ACP countries. A significant number of economic agents in African countries still have no access to investment and bank credit. To respond to this gap, ACP Secretariat launched the **Microfinance Programme** five years ago. Phase two of this programme after the successful completion of phase one was launched last 24 March 2011.

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The ACP Secretariat also collaborates with a few International institutions involved in the private sector development such as, among others, the World Bank,

the International Trade Centre, UNIDO, with a view to optimize our action in ACP countries and regions.

The last examples in this area are recent signature by our Secretariat of MoUs with the World Customs Organization and UNIDO.

With UNIDO last Thursday, we agreed to collaborate in three main directions:

- (i) Firstly, supporting inclusive industries, particularly agro-industries, for jobs creation and poverty reduction in ACP countries;
- (ii) Secondly, strengthening competitive industries and the private sector in the ACP States, in order to increase their participation in global trade, developing both production and trade-related capacities and;
- (iii) Thirdly, developing environmentally friendly industries for promoting sustainable development in ACP countries. This will help to

assist ACP countries adapt to climate change, promote renewable energy and preserve the environment.

What are Secretariat's actions to improve trade and competitiveness of ACP countries?

Although an appropriate business conditions and diversification of the economy is the key for sustainable development, this may be meaningless, if it is not accompanied with secured market access for ACP products.

While many ACP countries have a long history as trading partners on international markets, a number of barriers restrain the volume of these exchanges and maintain profitable markets beyond the reach of many ACP producers.

It should be recalled that secured Market Access was one of the key objectives of ACP countries when they engaged with the EC into Economic Partnership Agreements negotiations.

To date, several contentious issues have hindered the successful conclusion of these negotiations. It is not my intention to put emphasis on these issues.

The ACP Secretariat, on its part organize a yearly meeting between the seven ACP regional configurations to share experiences and coordinate positions on EPAs.

It is our hope that successful conclusion of EPAs will create more opportunities for African Exporters on the EU market.

In the area of trade, it should be noted that the ACP Secretariat developed specific instruments in collaboration with the European Commission to help producers to promote international trade of ACP goods and services and address Non-tariff barriers confronting frustrating their export opportunities;

For instance, the **TradeCom** and **Multilateral Trading System Programmes (MTS)**, each of them addressing specific needs of ACP countries in

negotiations, capacity building, drafting of trade policies and production of research papers on trade issues

Regarding Non Trade Barriers, (NTBs), several Intra-ACP programmes have components that provide technical assistance to ACP producers.

In that regard, we can indicate programmes such as the new Technical Barriers to Trade with a Budget of 15 Mn under the 10th EDF; the second phase of the PIP; the SFP; the sustainable forest management; the All ACP Agricultural Commodities ; the strengthening of Food Safety Systems through Sanitary and Phytosanitary Programmes; etc

In conclusion, it is worth noting that Africa is the richest continent in the world in terms of natural resource endowments. However, the paradox is that it is also the region where grim nightmare of poverty

remains stark. With a population nearing a billion people, Africa cannot rely only on agriculture and raw materials for its economic sustenance. To survive and flourish in the emerging global economy, we must focus on those competitive products and sectors that will enhance sustainable economic development.

It is crucially important that we create the right environment that will enhance accelerated growth and structural transformation. Economic diversification is important, with a focus on improving the value-chain for African products and expanding the quality of products for domestic as well as world markets.

Africa faces some atypical challenges in its quest for competitive industrialisation. So far, the industrial sector in Africa has largely remained underdeveloped, undercapitalised, and at a rather rudimentary level.

Indeed, limited access to financial services remains a major obstacle for African enterprises, while underdeveloped infrastructure, limited healthcare and educational services, and poor institutional frameworks also make African countries less competitive in the global marketplace.

Yet the potential for the industrialisation of Africa is huge, if the major bottlenecks to its development are appropriately addressed. Furthermore, investment in value-added processing of raw materials in the production of which Africa has demonstrated comparative advantage, would allow African exporters to exert greater control over a larger portion of the value-chain.

One of the reasons, why we need results oriented partnerships, with emphasis on job creation, is to cater for the fact that over 60% of our population in

Africa is under 18. It is also imperative to unlock the potential of our youngsters with the appropriate education system, which should be adjusted to the global market needs. This is essential for the stability and peace of our global society.

This concludes my remarks and I thank you all for your kind attention.
