Time keeping guidelines for Moderators and Panelists and Background Notes for the Sessions

Time keeping guidelines for Moderators and Panelists of the sessions

Opening (5 minutes)
The Moderator will make brief remarks to provide context for the session and s/he will then introduce each panellist by his/her name, title and organization name.

Panel Discussion: (35 minutes):
The moderator will then pose specific questions to each of the panellists. In order to make this session more interactive, the moderator will ask each of the panellists a question and give them not more than 2 minutes to respond.

The moderator will keep the conversation interactive and flowing by asking the panellists follow-up questions. The moderator will then invite the other panellists to pitch in and build on each other's answers, views and comments.

Open the floor for discussions and questions (40 minutes):
The moderator will then take questions from the audience. S/he will invite the audience to integrate the expert insights presented with their own experience and ideas to develop responses to the same questions posed at the start of the session to the panelist. The moderator will facilitate the discussions.

Summarizing and Synthesizing (5 minutes):
The moderator will invite the panelists to follow up on any burning issues they wish to comment on from the discussions just had, and add any further issues they wish to highlight. The panelists will have a maximum of one minute each to do this.

Closing (5 minutes):
The moderator will provide summary points and close the discussion by synthesizing reflections on the main overarching question of the session: What is needed to advance impact investment in Africa?

NB: Some panelists may wish to make brief PP presentations during the sessions. This should be discussed with the moderator of the respective session.

Background Notes

PLENARY SESSIONS

Plenary Session 1─Role of the private sector in catalyzing inclusive growth and development in Africa

Africa has experienced sustained rapid economic growth over the last two decades, however this has not necessarily been inclusive enough to generate the jobs needed by the continent's youthful population for poverty reduction and the achievement of the MDGs.

Nowadays, 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, thereby increasing economic choices and opportunities.

Therefore developing the private sector is critical for inclusive growth and sustainable development in Africa during the next decade and beyond.

Despite recent improvement in institutional and regulation frameworks throughout the continent, certain conditions must be in place for the private sector to thrive, encourage inclusive growth, and significantly reduce poverty by creating jobs. These conditions include rule of law; good 'hard' and 'soft' infrastructure; a stable macroeconomic environment; an educated, skilled and healthy workforce; and access to financial services. Africa's private sector also needs deeper financial markets, more access to higher education and training, and more gender equality if it is to be globally competitive, and for this to result in significantly more intra-African and external trade.

Key questions for the session:

1. From business and intergovernmental organization perspective, how would you describe the role of the private sector as partners in development?
2. Is the private sector contributing in the way you would like to see it contribute?
3. How can the private sector contribute to inclusiveness of growth in Africa by enlarging business opportunity to women's and youth?
4. What are the promising examples of private sector engagement in inclusive growth?
5. And, based on your experience and knowledge of the situation in African countries and settings, how do you see government role in this interplay?
6. Finally, what role, in your view, can the African Union play in the coming decade to foster a vibrant interplay between key actors of growth and prosperity?

Plenary Session 2–Expanding long-term finance for private sector development in Africa: The of Commercial and Development Banks

Lack of access to capital and appropriate financial services is a major constraint in particular on the development of micro, small and medium-sized enterprises. The dominant provider of formal financial services in Africa are still banks, but the universe of banks in Africa today is a diverse one, ranging from large multinational banks with European parents to small domestically owned rich banks. It is by providing financial services to firms with good grow opportunities that the financial sector has its main impact on Africa's transformative process, helping them to grow and converge to the high-income levels of advanced and emerging economies. However, it is not so much the overall level of credit, but, rather, the allocation of credit to the most creditworthy that matters. Private sector firms look toward banks and other financial institutions for an array of financial services, including payment, deposit, and insurance services. However, it is through the external financing function that financial institutions and markets play their most important role.

More recently, there has been an increase in the entry of new institutions, new instruments, and products, which allows one to hope that Africa may be turning the corner on this challenge. In commercial banking innovation in the use of specialized products and instruments are enabling banks and specialized lenders to extend the maturity of their long-term financing instruments. Also the recent renewed interest in Development Banks has highlighted the need for appropriate governance structures that yield these banks from political interference.

Key questions for the session:

1. Why do we need banks in expanding long-term finance for private sector development in Africa?
2. What can be the role of Commercial and development banks in broadening financial opportunities for the private sector in Africa?
3. What are the channels through which financial development can help increase economic growth and inclusiveness in Africa?
4. What can be the role of pan African Banks in providing financial options to the private sector?

Plenary Session 3—Innovative sources of funding for private sector development: Capital market, private equity and blending

The financing of Africa's private sector and economic transformation has to be increasingly based on domestic public and private resources and for that to happen Africa needs to explore untapped approaches to raising capital to meet its development agenda. In addition to traditional domestic sources of finance, Africa needs to adopt a broader and more diversified set of instruments and mechanisms as well as financial products, and an enabling environment for mobilizing resources from non-traditional sources. Fresh approaches to development financing revolve around sovereign wealth funds (SWFs), pension funds, insurance savings, private equity funds, diaspora and sovereign bonds, remittances, public–private partnerships (PPPs) — as well as the curtailment of illicit financial flows.

Long-term funds for private sector development can be channelled into capital markets through the insurance sector. Insurance companies across Africa are generally small, selling shorter-term non-life products rather than longer-term life and savings products. Nevertheless, the sector has the potential to provide capital for longer-term projects given the fact that insurance growth on the continent outstripped economic growth between 2000 and 2011 when total premiums reached US$8.8 billion (Karl, 2012). Moreover, insurance premiums could exceed US$16 billion by 2017 and US$25 billion by 2022, particularly if the middle class grows rapidly and innovative micro-insurance products emerge to serve low-income individuals and businesses (Karl, 2012).

Private equity has grown strongly since 2007 with the market valued at between US$25billion to US$30billion in 2013 (NEPAD, 2013), with countries such as Kenya, Nigeria and South Africa being the major beneficiaries. Although FDI through private equity has been rising in Africa, the continent still only attracts a small share of global equity funds and they are relatively small and concentrated in a few sectors and countries, such as South Africa (53 per cent), Egypt, Mauritius and Morocco (8 per cent) and Nigeria (5 per cent), and a few sectors in 2011 (UNCTAD, 2013).

Key questions for the session:

1. What is the potential of capital markets and private equity in providing long-term financial opportunities for the private sector?
2. What are the success stories in developing market solutions through capital market and private equity in Africa?
3. What are the constraints to private equity development in Africa?
4. What appropriate policies can be designed to boost private equity investments in Africa?

Plenary Session 4–Doing Business in Africa: From perception to reality

Development of the private sector in Africa is a crucial pillar in the development strategies of countries. This orientation is contained in the Country Strategy Papers (CSPs) and the intervention agenda of several donors, bilateral and multilateral alike. In fact, in the past decade, thanks to the reform programmes undertaken in the countries to improve the regulatory and institutional business environment, the private sector's contribution to economic development intensified. According to recent statistics, the private sector accounts for 70% of the Continent's production, 70 % of investments and 90% of employment. The private sector is an important engine of growth that creates decent jobs and provides opportunities for a more inclusive and sustainable development. As such, Africa's prosperity, the sustainability of economic growth and the future of its communities is therefore closely linked to the development of the private sector. However, in nearly a decade, World Bank publications of Doing Business have highlighted a series of shortcomings that hamper the development of the private sector and contribute to the development of a sprawling informal sector, thereby minimizing the impact of the African private sector on growth and on poverty reduction.

Key questions for the session:

1. What is the perception and reality of doing business in Africa?
2. What are the characteristic of African business environment in 2014?
3. How easier of difficult is it to start and develop a business in Africa in 2014?
4. In a business perspective what do entrepreneurs need in terms of regulatory and institutional reforms for an appropriate business environment in Africa?
5. What can be the role of African government in building efficient and well-regulated public services, effective law enforcement, and transparent procurement practices that could contribute to a better investment and business climate and faster growth and development?
6. Which role the private sector could play in that interplay?

Plenary Session 5—Suatainable Energy Impact Investment

Participants at the 5th Plenary Session of the Africa Private Sector Forum in Nairobi will discuss methods to support NEPAD's proposal to incorporate a form of Energy Sector Investment Assurance Bond to underwrite and facilitate greater Private Sector Impact Investment.

The 5th Plenary Session discussion of the Africa Energy Impact Investment Panel will introduced by Key Note Speeches by Dr Ibrihim Mayaki CEO of NEPAD and a Presentations from Mr Gavin Maxwell (Key Expert and Author of the GEN-HUB Platform).

The NEPAD led GEN-HUB Incubation project supported by the European Union, has examined a wide range of energy projects over the past 2 years, and draws further on 10 years of consultations to early stage projects by Key Experts in the energy sector. www.genhub-africa.com.GEN-HUB-Africa was designed as an "Online Technology and Business Panning Support Platform", which could measure the requirements of Energy Project Developers and provide global interface to Experts and Mentors. The central objective has been to enhance ways to make projects more attractive to investors and inform the ability of investors to directly engage with energy projects developers to lower the cost of pre investment diligence and post investment monitoring.

The GEN-HUB Expert Group found an awaiting audience of projects and developers in the private sector seeking to plan and deploy Sustainable Energy Solutions in Africa. There are however, major shortfalls in the provision of structured forms of Risk and Impact grade finance to support developers. Developers find in reality that there is only limited appetite for Risk even in the developed economies and so the problem is even more acute in regions of Africa, where Credit Assurance is endemically weak.

Leading Experts and Investors in the Energy Sector will examine the call by NEPAD to implement Risk Capital Securities that can help to accelerate private sector investment in project.

Key questions for the session:

1. Is there a strong pipeline of developers and energy projects seeking support?
2. Are the projects of sufficient scale to be viable and sustainable?
3. Is the standard of technical and business planning good enough?
4. What are the main impediments effecting existing developers?
5. What types of seed finance are required in the SME Energy Sector?
6. Can Securities and Bonds be developed to de-risk seed funds?
7. What rate of return do investors expect or would be satisfied with?

Plenary Session 6–Africa's future: Creating an engine for inclusive growth by enlarging opportunities for youth and women

Yet, Africa's growth has not been sufficiently inclusive and broad-based, because it has continued to rely heavily on the exploitation of raw materials with limited value addition, thereby failing to maximize returns to Africans from the wealth created from the continent vast natural resources.

Creating and engine for growth implies to enlarging opportunities for poor people, mainly women and youth by providing them with economic opportunities that allow achieving 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.

Typically, women and youth are under-represented in business communities in Africa. This is often a result of legal differences in how men, women and youth are treated that hamper women's and youth opportunities for starting businesses, owning property and land, or accessing credit, and are thus a major obstacle to gender equality and equal opportunity for all.

Key questions for the session:

8. How can the African continent create an engine for inclusive growth through the private sector?
9. What actions should African countries and the AUC pursue to address constraints for women and youths that limit their capacity to participate in the economy as entrepreneurs or workers?
10. How can private sector development contribute to improve productivity and conditions of firms and workers in the informal economy, allowing them to move up the formalization path? How can actors in the informal sector and their support institutions be given a voice in policy dialogue on economic and regulatory reforms? How could social business, people-centred and solidarity models of organizing economic activity in Africa be integrated and promoted?

PARALLEL SESSIONS

Parallel Session 1–Improving African SMEs access to regional, continental and Global Value Chains

Production processes have become increasingly fragmented across the globe as companies seek out competitive locations for their various production tasks. In this new trade reality, African countries are no longer obliged to create entire industries to participate in competitive markets. They can now access global value chains directly by providing specific skills or products to international production networks. This opens up new and quicker routes for development. Currently, Africa captures a small but growing share of trade in global value chains, with sectors integrating differently. Its share in global trade in value added grew from 1.4% in 1995 to 2.2% in 2011.

The challenge for African economies is to ensure that global value chains have a positive impact on socially inclusive development. Africa's participation in global value chains is currently limited to lower value activities although opportunities exist for upgrading to higher ones. African countries can further integrate into global value chains by opening to trade, targeting regional and emerging markets, modernizing infrastructure, promoting local entrepreneurship, and investing in education. Global value chains require additional considerations: each value chain has unique requirements; policies may be suited for integrating into global value chains but not conducive to upgrading; and unnecessary tax incentive systems can result in a loss of revenue. Equitable economic and social transformations and environmental sustainability remain core concerns for Africa to maximize the gains that global value chains can offer.

Key questions for the session:

1. How can African firms and industries be better integrated into global value chains? Can global value chains function as a source inclusive growth in African countries?
2. Which instruments could the promotion of innovation, technology development and transfer ensure learning opportunities and the adaptation of new technologies in Africa?
3. How can African countries ensure that the global value chains have a positive impact on socially inclusive development?
4. What are the key considerations to be taken on board to meet the requirements of each global value chain?
5. How can the AIDA help African countries take full advantage of the GVC?

Parallel Session 2–Impact investment in Africa: Challenges, success stories, lessons learnt and opportunities

UNDP's African Facility for Inclusive Markets (AFIM) commissioned a consultancy to conduct work aimed at contributing to the development of the impact investment sector and markets in Africa through a knowledge product on the topic. This knowledge product is to be featured during a special panel session at the AU Private Sector Forum 2014 planned for 03 – 05 December 2014 in Nairobi, Kenya.

AFIM contracted an international individual consultant to carry-out a study on Impact Investment in Africa whose aims were to:

- Take stock of the current sector and market for Impact Investment in Africa (demand and supply) as well as its trends over time (taking into account the work of the GIIN, UNCTAD and others)
- Identify the key constraints hindering the development of the Impact Investment sector in Africa as well as solutions.
- Identify and showcase key success stories in Impact Investment in Africa, list relevant funds as well as key lessons learnt including from other parts of the world. Special attention to be given to the support of the government in creating a favourable enabling framework and incentives for impact investment.
- Propose recommendations for developing the Impact Investment market in Africa, directed at various stakeholders including policy makers, financial sector actors (including DFIs), companies and entrepreneurs, foundations, other intermediaries and development partners. The development of professional careers and networks for impact investment sector in Africa should be considered.

This session will present the key findings from a UNDP African Facility for Inclusive Markets (AFIM) study on the state of the impact investment sector in Africa. It will also take stock of the current market dynamics, success stories and lessons learnt, highlight key challenges, and propose some recommendations for moving and growing the impact investment market in Africa.

Key questions for the session:

1. What is needed to advance impact investment in Africa?
2. How can impact investment contribute to the achievement of the AUC strategic plan 2014-2017, Agenda 2063 as well as key inclusive development policy documents for Africa?
3. What is the role of various actors (AU and its organs, national governments, private sector, development banks, development partners, civil society) in promoting and supporting the development of Impact Investment in Africa?

Parallel Session 3–Technical and vocational training for private sector innovation and competitiveness

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, some 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.

As unemployment across Africa is unacceptably high, especially among young people, increasing the supply of skilled workers require to step up support for technical and vocational training linked to specific needs in the labor market. The aim is to equip young people with the right skills for both the formal and informal sectors, including the skills to create small businesses.

Until now, no African country ranks among the 50 most competitive and most innovative countries in the world (WEF, IMD, INSEAD rankings 2013). As a consequence, the on-going African renaissance, based on a commodities boom but also on economic diversification, risks to come to a standstill one day if no additional efforts are made to make their economies more competitive.

This requires a vision and a road map to put in place all the right framework conditions needed to improve performance throughout the full chain from R&D to market access.

Key questions for the session:

1. How can technical and vocational training become and engine for innovation and competitiveness in Africa?
2. How to encourage more systematic public-private collaboration for the definition and implementation of reforms and programmes related to VET?
3. What are the key considerations to be taken on board for TVET to help creating the millions of decent jobs needed for Africa's transformation?
4. What approach to the provision of capacity development services to companies should the African countries pursue? Should services be offered at subsidized rates, through co-financing mechanisms or more market-based approaches? In general which principles would have to be met when providing direct support to companies?

Parallel Session 4–Follow up of the EU-Africa Business Forum (EABF)

Following the successful conclusion of the 5th EU-Africa Business Forum (EABF) held in Brussels on 31/03 and 01/04 2014, and the follow-up workshop of 24th June 2014, The AUC and the EU convened a second follow-up meeting in Nairobi, Kenya in order to ensure continuity and discuss concrete follow-up actions to the recommendations that emerged from the two day deliberations.

The aim of the Follow-up workshop of Nairobi, in the margin of the African Private Sector Forum will be to ensure that the views expressed by the African private sector are reflected in the activities that are designed to catalyze the development of a sound private sector in Africa. The follow-up workshop will also provide a great opportunity to create linkages between African and European private sector.

Key questions for the session:

1. What are the main recommendations that emerged from the different thematic roundtables of the EABF?
2. How can the EU-Africa Business Forum be a suitable platform in strengthening the development of the African private sector?
3. What are the current activities undertaken by the AUC and the EU to promote the development of a competitive private sector in Africa?

4. How can the EABF be a concrete platform to create an engine for inclusive and sustainable growth in Africa?
5. How can the EU regional blending facilities be better used as instrument to provide access to finance to local SMEs and promote financial inclusion?
6. What approaches to, and experiences from private sector engagement in the delivery of public services in sectors such as energy, infrastructure, waste, water and sanitation, or health do you have, and do you think the EU should promote?

Parallel Session 5–Building inclusive financial systems in Africa: The role of microfinance and mobile banking in private sector development

Access to financial services is a major constraint to MSME development. The supports access to a diversified set of inclusive financial services both for households and MSMEs with interventions is a prerequisite for private sector sound development in Africa. The introduction of ICT is also dramatically changing the financial system landscape in African countries.

As the provision of financial services to low-income clients including the self-employed, who traditionally lack access to banking and related-services, Microfinance has been considered as a concrete response to low-income financial needs. It has emerged over the past 30 years from a narrow notion of microcredit – a well-defined methodology to extend credit to target groups for enterprise development or some other specific purpose – to an ambitious and daring concept of building entire financial systems that serve low income and poor people. It is a valuable tool in the quest for the empowerment of women, address poverty and attain the MDGs.

In recognition of the importance of the microfinance sector in Africa, the African Union Commission (AUC) commissioned a study in April 2007 to improve the understanding of the state of microfinance in Africa and facilitate the elaboration of a road map to guide the development of the microfinance sector in Africa. The resulting study, "Advancing the African Microfinance Sector: the Roadmap and Plan of Action" was released in December 2008. Further work was later done, culminating in the adoption of a Policy Framework for the Development of Microfinance in Africa.

Widening access to a diversified set of financial services both for households and micro, small and medium-sized enterprises, with interventions ranging from capacity strengthening of financial intermediaries to the provision of capital to local banks for the financing of micro, small and medium-sized enterprises is an important toll in strengthening the capacities of the private sector. The focus on the use of information and communication technologies (ICTs) as a tool for achieving financial inclusion of the poor, especially in Africa where they are already dramatically changing the financial landscape will provide new impetus for inclusive growth. Particular emphasis should therefore be put on customer-centric models to promote inclusive credit, savings, insurance and payment services, as well as on making the transfer of remittances cheaper, faster and more secure while facilitating their productive investment. These activities should be complemented by support for the creation of an appropriate financial infrastructure and regulatory framework for the financial sector to ensure customer protection, responsible finance and the long-term stability of the financial system.

Key questions for the session:

1. What are the interesting developments on the African continent in providing inclusive financial opportunities for the poor segment of low-income people?
2. What are the main challenges facing Microfinance institutions and mobile banking networks in Africa?
3. What are the key considerations to be taken on in strengthening the MFI's in Africa?
4. In an intergovernmental organization perspective what can be the role of the AUC in broadening financial services to low-income entrepreneurs?
5. How can African government take full advantage of microfinance and mobile banking services to catalyze financial inclusion?

Parallel Session 6: African Union Private Sector Development Strategy: The private sector facing the challenges of competitiveness and structural transformation

The importance of the private sector for economic transformation and development of the African continent cannot be overemphasized. In fact, at a time when countries are seeking new sources of growth to consolidate the gains of the last decade and advance towards attaining the Millennium Development Goals (MDGs), the attention accorded to the private sector is more significant than ever. It must however be noted that Africa has still not yet been able to exploit the potential of the private sector to make it a real engine of industrialization, job creation, as well as inclusive and sustainable economic growth. As a matter of fact, if some African countries, like Rwanda or Mauritius, have managed to undertake bold reforms of their private sector, this situation is not the same in other countries where constraints still constitute pitfalls in the development of the private sector. This paradoxical situation poses a huge challenge for the African Union Commission (AUC) which identifies the private sector as a catalyst of economic diversification for sustainable economic growth and the engine of the Continent's economic emergence. From this perspective, African countries face an enormous challenge, since they must capitalize on the good macroeconomic performance in the last decade to promote private sector development.

In Africa, the private sector generates 70 percent of continents output, 70 percent of its investment and 90 percent of its employment. Through its three pillars: (i) Business Environment, investment climate and competitiveness; (ii) Productive capacities of the private sector and (iii) Private Sector role in inclusive growth, the Commission's support will aim at mainstreaming private sector role and engagement in inclusive development.

Key questions for the session:

1. Do you think that the three pillars of the AU Private Sector Development strategy 2015-2019 are consistent with the current needs of the private sector in Africa?
2. How can private sector representatives be more effectively associated to identify business environment reform needs?
3. Do you agree that the AUC should use its political weight more in policy dialogue to encourage business environment reforms in African countries?
4. What actions should the AUC pursue to address constraints for women and youths in African countries that limit their capacity to participate in the economy as entrepreneurs or workers?
5. What strategy should the AUC pursue in providing supporting financial inclusion and financial deepening in Africa?
6. What approaches to, and experiences from private sector engagement in the delivery of public services in sectors such as energy, infrastructure, waste, water and sanitation, or health do you have, and do you think the AUC should promote such approaches in its Private sector development strategy?
7. Should the international and local private sector be given a responsibility to meeting post-2015 goals in areas such as sustainable consumption and production, decent job creation, greenhouses gas emissions, resources efficiency, food security, or energy?