

AFRICAN UNION

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14th African Union Private Sector Forum

10-12 July 2023 in Nairobi, Kenya

Recommendations

1. We, representatives of the business and economic communities from Africa applaud the 14th African Union Private Sector Forum organized by the African Union Commission in collaboration with the East African Community under the theme **“Public - Private Sector Engagement for Inclusive Growth and Sustainable Development while Deepening Regional and Continental Trade and Investment towards Implementation of the AfCFTA”** from 10-12 July 2023 in Nairobi, Kenya.
2. We, witness with great pleasure the presence of Hon. Rebecca Miano, Cabinet Secretary for the East African Community, Arid and Semi-Arid Lands and Regional Development in Kenya, H.E Amb. Albert M. Muchanga, Commissioner for Economic Development, Trade, Tourism, Industry and Minerals, African Union Commission; Hon. Dr. Peter Mutuku Mathuki, Secretary General of the East African Community and Dr. Amany Asfour, President of the African Business Council which reaffirm their endeavor to support the Socio-Economic development in Africa.
3. We also acknowledged the presence of African Business Associations, Private sector organizations, International Organizations, Strategic Partners, Chambers of Commerce, Business Councils, Union of Industries Manufacturers Associations, Financial Institutions, Women and Youth Entrepreneurs, Women and Youth led/owned creative start-ups, Academia and Research Institutions, SMEs, and academia.
4. We are grateful to the Government of the Republic of Kenya and its People for their warm and friendly hospitality accorded to the entire delegation.

5. Having deliberated on Key Actions to Achieve Inclusive Growth and Sustainable Development in Africa towards the Implementation of AfCFTA; Enhancing access to Finance in Africa - Exploring Financial Innovations that Reshape Economic Growth; Transforming business models in the global garment industry: "The role of clothing, textile and leather value chain in Africa; The Role of Digital Trade and its Implications on African Economies, Opportunities and Challenges; Environmental Social and Governance Practices Among the African Private Sector; Unlocking the Potential of Youth and Women to emerge as successful leaders and entrepreneurs; Access to Reliable and Affordable Energy Supply; Addressing the critical challenge to African Businesses; Crowding in private sector investment in transport logistics and infrastructure development and Agribusiness and Food Security.

6. We agreed on the following Recommendations:

A. Key Actions to Achieve Inclusive Growth and Sustainable Development in Africa towards the Implementation of AfCFTA

To AU Member States:

- a) There is need to strengthen Public Private Dialogue accountability and feedback mechanisms through public private collaborations in upscaling economic and social development as well as bridging infrastructure gaps and services;
- b) Member States are encouraged to adopt favourable policies including removing Non-Tariff Barriers, promotion of regional and continental value addition and embrace technology for ease of information asymmetry; and
- c) Ensure we include the African business champions in the African Union economic policy-making agenda within the framework of the proposed transition from the AU Economic Platform towards an African Business and Economic Forum (ABEF).
- d) There is need to facilitate allocating 40% of all public procurement contracts to African private sector actors.
- e) Create three funds-Africa Innovate Funds (AIF), Africa Medical Funds (AMF) and the Advance Africa Healthcare Funds (AFHF).
- f) Ensure the effective participation of parliamentarians to accelerate the process of making adequate trade and investment instruments towards the full economic, financial integration of Africa.

To the RECs:

- a) Encourage best practices and knowledge sharing amongst RECs in Africa;
- b) Develop a data base of private sector enterprises producing standardized and quality products and services, and market their respective brands;
- c) Develop a legislation that creates linkages between science and technology with industrialization;
- d) Promote an enabling environment towards accelerating the market penetration of startups anchored on innovation; and
- e) Promote regional value chains collaboration across likeminded private sector actors predicated on strengthen linkages between regional and continental markets.

To the AUC:

- a) Create an online platform of Africa's investment opportunities to facilitate engagement with private sector actors;
- b) Strength skills development to meet the aspirations of the private sector towards accelerating investments and growth in Africa; and
- c) Create an African R&D annual forum to push towards accelerated industrial transformation.

To the Private Sector Actors

- a) Private Sectors should enhance Innovation through research and technology to boost its productivity. In this regard, there is need to convert this potential by focusing on enhancing its manufacturing;
- b) Ensure philanthropic capital is blended with private capital to generate more capital for SMEs and enterprises doing social good; and
- c) Create a platform of African champions to foster meaningful PPP dialogue to accelerate Africa to Africa trade and investments.

B. Enhancing access to Finance in Africa - Exploring Financial Innovations that Reshape Economic Growth

To AU Member States:

- a) Ensure we collect, analyse and utilize data with adequate reporting towards informing economic policy decision-making processes on MSMEs;

- b) Develop an inclusive governance participatory mechanism to include all stakeholders on board in terms of proposing innovative monetary policies (solutions and regulatory measure) towards creating greater financial inclusion in Africa;
- c) Create the necessary enabling environment for African SMEs to benefit from funding resources from existing venture capitalist funds in Africa;
- d) Develop a central bank digital currency to facilitate financing towards SMEs and to directly assist vulnerable citizens during humanitarian crisis; and
- e) Business support should be made commercial centric to ensure that SMEs' competitiveness is made sustainable, more specifically focusing women in trade.

To Lenders:

- a) Ensure we conduct simplified credit rating and performance-based instruments/applications for SMEs in order to enhance their credit worthiness in order to enable them access funding from various sources.

To the AUC

- a). Develop an AU model law to clearly define SMEs and the various instruments they can benefit from.

To private Sector Actors:

Strengthen the technical capacity of SMEs on how to pull crowd-funding and venture capitalist funds into their businesses.

C. Transforming business models in the global garment industry: "The role of clothing, textile and leather value chain in Africa

To AU Member States:

- a) There is need to develop innovation centers in the 5 African regions to promote African fashion based on the common cultural identity;
- b) Member state need to put in place concrete policies to ban the importation of secondhand clothes on account of their deleterious impact on the garments and apparels home industry and their health-related

negative effects on people at the same time, they need to put in place appropriate policies that support the development of the value chain;

- c) There is need to sensitize African member states to invest substantial budgetary resources in the garment and apparels sector while also emulating the best practices of countries that have taken this path such as those in East Asia and other parts of the world; and
- d) Provide competitiveness support to the textiles industry in order to foster participation of African textile champions within the Global Value Chain (GVC).

To the AUC:

- a) Promote the consumption of local African textiles through the integration of African fashion shows into major African events.

To Private Sector Actors:

- a) African designers need to be consistent in their products to effectively compete on the international market; and
- b) Encourage African offshoring of African Brands elsewhere in Africa without feeling cheated.

D. The Role of Digital Trade and its Implications on African Economies, Opportunities and Challenges.

To the AU Member States:

- a) encourage African Member governments to support the development of electronic payments and settlement systems and harmonize user fees on mobile money payments;
- b) Call upon Member States to promote Public Private Partnerships (PPPs) in order to leverage limited resources, skills and technologies;
- c) Member States are encouraged to promote the uptake of digital literacy and other critical skills and business to people networks;
- d) Encourage mindset change on products made in Africa as well as develop and harmonize digital portals in order to improve content and quality of products at both regional and continental levels;

- e) Accelerate negotiations on the AfCFTA Protocol on Digital Trade and customize data policy to support the uptake of ecommerce and associated transactions;
- f) Diversify products marketed in such critical sectors such as tourism and other promising sectors; and
- g) Develop a conducive regulatory and compliance framework that encourages e-commerce for private sector to do more business online.

To the AUC:

- a) Develop a strategy for Africa to invest on data and cloud infrastructure in order to be part of the Global Data Value Chain (GDVC).

To Private Sector Actors:

- a) Develop a simplified e-payment wallets in Africa for inclusive online businesses.
- b) Reduce the digital divide between urban and rural internet penetration rate upon investing on enabling soft internet access infrastructure.

E. Environmental Social and Governance Practices Among the African Private Sector; Overview of preliminary findings of the AU Survey on the Status Opportunity and Challenges

To AU Member States:

- a) Member States should take advantage of opportunities presented by the circular economy, capture and business sustainability and including balancing economic, social and environmental governance. In this regard there is a need to understand different aspects of sustainability - including aspects regarding ethical impact and ESG impact;
- b) Member states are encouraged to promote policies and regulatory which build efficiencies, and promote guidelines that propel innovations to scale especially in areas recycling and waste use;
- c) There is a need to promote policies that nurture digital technologies in waste management and those that help to trace key activities that create

waste right from the bottom of the pyramid to make them attractive to investors and bankable in the financial ecosystem;

- d) Member States working closely with other stakeholders to reflect and design models of development which balance social, economic and environmental sustainability, thereby putting a human face to these globally agreed principles;
- e) Use tax incentives to leverage private Actors to comply with ESG standards;
- f) Improve carbon trading regulations within AU member states; and
- g) Develop a greener and unique African industrialization agenda through combined public-private dialogue.

To the AUC:

- a) Develop an African Union Environmental Social and Governance guidelines to facilitate towards private sector actors' access to carbon credits and to export abroad.

To Private Sector Actors:

- a) Private Sectors should undertake capacity building for Environmental Social and Governance in order to build climate resilience systems across African governments; and
- b) Encourage private sector actors to obtain an ESG certification in order to facilitate access to carbon credits and to export into the GVC.

F. Youth and Women Entrepreneurs: Unlocking the Potential of Youth and Women to emerge as successful leaders and entrepreneurs

To AU Member States:

- a) Invest in entrepreneurship training and encourage startUps for youth in order to create meaningful employment. This should be coupled with Technical and Vocational training focusing on skills-based training;
- b) Given the biggest challenge of small businesses which is access to capital. Special initiatives should be put in place that respond to the needs of the youth in terms of access. This should include the creation of both public and private guarantee funds and as well as increasing the footprints of African

Venture Capital funds to accompany youth and women entrepreneurs;
and

- c) Provide Technical assistance to the youth to build their capacity especially in production standardization to ensure they participate in the regional and continental markets;

To the AUC:

- a) Develop guidelines to foster implantation of startups in Africa to merge as successful youth and women entrepreneurs.

To the Private Sector Actors:

- a) Need to start embracing models of incubation hubs that have been successful such as those in Singapore and China to ensure the youth are empowered to create employment and grow the private sector on the continent.

G. Access to Reliable and Affordable Energy Supply; Addressing the critical challenge to African Businesses

To AU Member States:

- a) There is need to mobilize additional financing towards enhancing the participation of Independent Power Producers (IPPs) upon providing subsidies and other incentives as to increase energy access in Africa;
- b) Ensure technologies are upgraded to address power leakages that arise from poor metering and delayed replacement of meters;
- c) Member States should, on regular basis, invest in essential energy infrastructure at the same time remove barriers to private investors with interest in this sector;
- d) There is need to broaden conventional financing options including developing strategies for accessing blended finance and climate finance;
- e) Member States should explore using e-cooking and use of appliances such as pressure cookers which use clean energy; and

- f) Member States are encouraged to implement policies and regulatory frameworks to address issues of affordability and sustainability of power supply.

To the AUC:

- a) Develop guidelines to accelerate mobilization of additional resources to accompany private sector actors to participate in IPPs within the energy sector in Africa.

To Private Sector Actors:

- a) Develop a community of best practice sharing and networking amongst IPP enterprises in Africa.

H. Crowding in private sector investment in transport logistics and infrastructure development.

To the AU Member States:

- a) There is a need for African Union member states to develop appropriate policies and programmes in support of transport and logistics;
- b) Member States should mobilize resources to invest in high priority areas of infrastructure to augment private sector investments through PPPs and other financing options including securitization, beyond traditional financing mechanisms, especially debt; and
- c) Infrastructure investments should look at the whole value chain of a product and should also consider regional interconnectivity to facilitate movement of goods especially in the context of the one continental market.

To the AUC:

- a) Develop the necessary regulatory and de-risking instruments and incentives to facilitate the implantation of PPPs in Africa.

To the Private Sector Actors:

- a) The private sector needs to undertake actions to put in place mechanisms to address infrastructure development and economic sustainability across all African Union member states.

I. Agribusiness and Food Security

To AU Member States:

- a) Policies need to be designed to encourage intra-African Trade in food production by among others removing NTBs which currently make imports from outside the continent compared to locally produced food;
- b) Climate Change is impacting production on the continent. There is a need to invest in irrigation agriculture moving away from the reliance on rainfed agriculture;
- c) . Policies should be in place to make agriculture attractive to the youth to ensure increased production and reduce food insecurity;
- d) Member States are encouraged to build resilient food systems which are climate resilient by employing technologies which promote investments in technologies that also address post-harvest losses;
- e) Public Private Partnerships should be encouraged through the promotion of partnerships for ensuring sustainable financing and management national and regional agro-industrial parks and regional value chains;
- f) Member States should be encouraged to align their agribusiness priorities in line with the Malabo and Maputo declarations and CAADP;
- g) Investments in transport and logistics should be supported to ensure agribusiness are scaled up and sustainable to ensure food security in the African continent;
- h) Member States should address the teething challenges of non-tariff barriers which impede cross border trade in agricultural products and raise their prices artificially;
- i) Integrate mini-grid energy systems to fast track agribusiness invest in Africa;
- j) Facilitate access to land title for farmers in Africa in order to facilitate access to credit towards agripreneurs; and

- k) Foster the implantation of agribusiness industrial agglomerations at the national, cross-border and continental levels upon factoring SMEs within the process.

To the AUC:

- a) Develop guidelines to foster best practices and knowledge sharing regarding feasible PPP projects in Africa.

To Private Sector Actors:

- a) Develop a community of best practices and knowledge sharing for African Enterprises participating in Public Private Partnership PP projects in Africa.

Undertaking

- a) The AUC undertook to consult widely on the need either to revive the African Economic Platform or place it with the Africa Business Summit

Acknowledgement

- a) The Forum expressed its gratitude to the Government of the Republic of Kenya for successfully hosting the 14th AU Private Sector Forum; and
- b) The Forum adopted the above Recommendations and commended the partnership between the African Union Commission and the East African Community for successfully organizing this important event.

12 July 2023, Nairobi, Kenya