24-25 November 2016
Laico Regency Hotel, Nairobi, Kenya

REPORT
I. INTRODUCTION

1. The Eighth African Private Sector Forum took place on 24-25 November 2016, at Laico Regency Hotel, in Nairobi, Kenya under the theme “moving from ideas to enterprise creation, Empowering Women and Youth in the area of entrepreneurship in Africa”. The main objective of the forum was to discuss and recommend specific policy interventions that would encourage women and youth to adopt entrepreneurship culture as an important driver of inclusive growth through creation and expansion of job opportunities for women and youth, corporate sustainability and innovative solutions.

II. ATTENDANCE

2. The Forum was attended by African Youth and Women Entrepreneurs, representatives of the African Union Member States as well as representatives from African Investment promotion Agencies. The list of participants is in annex.

III. OPENING CEREMONY

Welcome remarks Dr. René Kouassi N’Guettia, Director of Economic Affairs Department at the African Union Commission

3. The Director opened the forum by welcoming all the participants. The AU acknowledges that empowering women and youth is necessary for the economic development of the continent. Young people are recognized as being the future of the continent. The choice of the theme by AUC has been motivated by the fact that the continent’s future is in the hands of its youths and women. Besides, the private sector is at the heart of the economic development and is a considerable key for economic development, especially for the industrialization process.

4. Further, he informed the meeting that the SMEs are important contributors for job creation even if their potential for women and youth remains untapped. The 2016 forum is different from the previous forums because it focuses on training by identifying successes and failures. Young entrepreneurs have often great ideas but it is difficult for them to transform these ideas to projects. The forum seeks to create incentive for youth and women to engage in entrepreneurship in order to self-employ themselves, contribute to sustainable wealth creation and participate in the economic transformation process of Africa.

IV. PROCEEDINGS

Introductory Session: Investment opportunities in Africa: how do you make them a reality?

5. The Director for Economic Affairs noted that in the present context of recovery from the economic and financial crisis, the Continent needs, more than ever before, to
stimulate and attract capital flows to African countries. It should thus be alert to the causes of investor disaffection vis-à-vis its projects, and thus place itself in a position to create the conditions necessary to attract capital flows, be it foreign, continental or national, and create investment opportunities in Africa.

6. By the “investment opportunity” that needs to be created, is meant creating favourable conditions for achievement of a profitability level that makes investment attractive for any holder of capital. It entails boosting the profitability indicators on which economic agents rely to delve into an investment project.

7. Regarding combating conventional ideas to attract capital flows, he noted that the reasons often advanced to explain the low level of investments in Africa include Africa’s poor economic fabric, magnitude of the informal sector, poor business climate, risks arising from political and economic instability and weak African financial markets. However, a number of these reasons, especially when viewed in relation to Africa’s economic dynamism, are products of preconceived ideas. As a matter of fact, equity markets, for example, are performing perfectly well. Thus, the MSCI index (originally Morgan Stanley Capital International) which measures equity market performance increased by 39% annually in Egypt in recent years, as against the global rise of only 2%.

8. He stressed the need to take initiatives to create new investment opportunities and one of the reasons for the low investment rate also resides in the high operating costs in Africa resulting from the dilapidated state of infrastructure and lack of access to basic services. In this regard, promotion of public-private partnerships for construction of roads, railways and other means of land and virtual communication represent an effective means of promoting the advent of a “new green revolution” in Africa thanks to the development of technological centers and mechanization of farmers’ and local producers’ tools. As a general rule, reduced production costs, through effective load shedding policies should enable African companies to be more competitive in both production and export.

9. He highlighted that to stimulate private investment opportunities, it is not sufficient to improve investment codes and liberalize the economy; it is equally necessary for States to ensure political stability and peace. Economic development can also be achieved through social progress in health and education which ensures for investors planning to establish in the Continent a skilled and productive workforce. Investment opportunities cannot be consolidated in a sustainable manner in the whole of Africa even with real capital inflows, without the promotion of continent-wide markets, economic integration and, indeed, complete elimination of non-tariff barriers.

10. He finally made recommendations on the necessary conditions for the success of the Private Sector in Africa as well as the responsibilities of African entrepreneurs.
THEMATIC SESSIONS

Plenary Session 1: Entrepreneurship: Conceptual Framework and critical importance

11. The panel was moderated by Dr. René N'Guettia Kouassi, Director Economic Affairs Department, African Union and constituted by the following:
   - M. Oumar Seck, the Founder and CEO of Emerging Africa Consulting; and
   - Prof Klement Kouakou

12. M. Oumar Seck presented an overview on Entrepreneurship, New venture creature, basic business skills, business plan, the choice to make, risk management and steps to set an enterprise. He provided insight on the following questions: What is entrepreneurship? Who are entrepreneurs? What are the benefits of entrepreneurship? What does it take to be a successful entrepreneur based on the following dimensions: the environment, the individual/behavioral entrepreneurial skill, the process/new venture creation process, the organization/business management? Besides, he emphasized on required entrepreneurial competencies (10 entrepreneurial skills and 30 behavioral indicators of successful Entrepreneurs) based on a research conducted by Management System International and McBer and Company, funded by US Agency for International Development (USAID).

13. In addition he draw the attention of the meeting to the importance of contribution of the following issues to the creation of a successful entrepreneur:
   - Opportunity seeking and initiative,
   - Risk taking
   - Demand for efficiency and quality (better, fast and cheaper for competitiveness)
   - Persistence
   - Commitment to the work contract
   - Information seeking (especially prices)
   - Goal setting
   - Systematic Planning and Monitoring
   - Persuasion and networking
   - Independent and self confidence

14. Prof Klement Kouakou made a presentation on Entrepreneurship in Africa: Characteristics, barriers, and success factors. He presented empirical researches (in Senegal, Mauritania, Cote d'Ivoire and Mali) on the motivations of entrepreneurs, enterprise growth, business environment and the determinants of success. He also presented different typologies/classifications of the entrepreneurs
Discussions

15. The following issues were discussed

- The need to take risk and the first step to start a business
- The importance of access to finance, Research and Development, enabling environment
- Need to involve the informal sector
- How to deal with corruption if we want to invest in a new a country in Africa
- Social entrepreneurship and economic viability. How to make SE viable economically.
- The importance of intuition/sense of smell. No need to do high level education to be a good entrepreneur
- How to have competitive SMEs (beyond bakery, taxi driver, laundry business)
- Need to foster the industrial entrepreneurship
- Adapt education curricula with the labor demand
- The linkage between education and entrepreneurship (controversy)
- Men and women: who are the most successful in Entrepreneurship?
- Culture and entrepreneurial spirit
- In the dynamic of Agenda 2063 South/South cooperation is important to bring the Informal Sector to the Formal Sector; to develop better local vocational trainings; to accelerate women and youth empowerment; and to share knowledge between peers.
- The Initiative MAMA-LIGHT for Sustainable Energy selected by the United Nations as one of the 14 breakthrough solutions achieving the SDG and the Global Expertise Hub for the Informal Sector are concrete African examples that are a show case for the AU how to empower and to unleash tomorrow's African Multi National Enterprises.

Recommendations

16. The meeting formulated the following recommendations:

i. Need to assist the informal sector to move to the formal sector and create wealth
ii. Emphasize on training programs in order to empower women and youth
iii. The need to understand the dynamic of social entrepreneurship
iv. Promote entrepreneurship as a career option and training in order to widespread the entrepreneurial spirit
v. Learn experiences from both those who succeed and those who failed
vi. Need for Localization policy of citizens in order to minimize risks and losses/defaults for the banks and financial institutes
vii. Entrepreneurship should be included in school programs
viii. The private sector should intervene and contribute in designing curricula/schools programs
ix. Start thinking on the type of employment that would be needed in the future and start reformulating school programs
x. Prepare entrepreneurs to accept failure and to be patient. Learn to manage finance (production cost, variable and non-variable costs)
xii. Promote Good governance

Plenary Session 2: What does it take to be a Successful Entrepreneur?

17. This session was moderated by Mr. Oumar Seck and the following were members of the panel:
   - Mr. Folasade Ayonrinde, ACBF
   - Ms. Juanita Ceesay

18. Mr. Folasade Ayonrinde, ACBF presented on the following theme: Assessing the Current Status of Entrepreneurship in Africa: Identifying Opportunities and Challenges – Recommending Specific Policy Interventions. She presented the entrepreneurial ecosystem for some countries and opportunities to develop them, especially the Africa’s youth bulge.

19. She noted that numerous factors constraint entrepreneurship across developing. The overview of studies conducted on Africa’s entrepreneurial ecosystem indicated the following challenges: lack of finance and access to credit, lack of fundable business plans, time consuming and expensive laws and regulations, corruption, high tax rate and complicated tax related documents, lack of adequate infrastructures, small market size, lack of entrepreneurial knowledge etc.

20. Finally she presented the following Policy options: accelerate infrastructure development, expand technology advancement, improve overall business environment, deepen regional integration, create tomorrow’s talents through skills development, support start-up and empower women.

21. Ms. Juanita Ceesay gave a presentation on the Mining Sector as an Avenue to Creating Women Entrepreneurs. She presented the case study of the diamond industry in Sierra Leone. Industrial Diamonds is a niche for women entrepreneurs and represents a big contributor to the economy with 70% of the country GDP related to diamond industry. Low entrance costs: only a small capital is need to participate. The hindrances to industrial diamonds production are: Lack of information, limited sources of energy generation, lack of effective government policies. The successful success of the Botswana model can be inspiring.

Discussions

22. The meeting discussed the following issues:
   - How to bring entrepreneurs (especially women) in new types of industrial entrepreneurship
   - How to go from paid/wage employment to entrepreneurship
   - The issue of market access for entrepreneurs

Recommendations
23. The meeting recommended the following:
   i. For potential entrepreneur: Gear up before passing from employee to entrepreneur, learn how to manage risk and be courageous
   ii. Allow to women access to land and empower them

**Plenary Session 3: Promotion of Youth and Women Entrepreneurship**

24. The panel was moderated by M. Charles Kossi Awitor, Director Economic Affairs Department, African Union and constituted by the following:
   - Dr. Joweira Mayanja Teera
   - Ms. Williams
   - Ms. Seynabou Dia

25. Dr. Joweira Mayanja Teera gave a presentation on Entrepreneurship and SMME Development. Her presentation started with the definition of basic terms related to entrepreneurship and SMME development. SME development is hampered by a number of factors, including limited availability of financial resource, lack of managerial skills and training, lack of access to appropriate technology, existence of laws, regulations and rules etc.

26. Ms. Williams presented on the role for the private sector and the youth. She presented the ACP YPN and their activities for youth entrepreneurs. She recommended to create enabling environment for young entrepreneurs and youth organizations, dedicate funds for young entrepreneurs, more policy attention to social and economic entrepreneurship to solve employment problem.

27. Ms. Seynabou Dia presented on the new communication challenges for enterprises in Africa. She also identified some challenges for entrepreneurs (the issue of competitiveness, the low market share, the issue of innovation, digitalization etc.)

**Discussions**

28. The meeting discussed the following issues:
   - Innovation, flexibility e.g. adoption to new environment are the most significance differences between a seller from an entrepreneurship
   - The issue entrepreneurship by default e.g. fear to be unemployed

**Recommendations**

29. The meeting recommended the following:
   i. Need to avoid the confusion between entrepreneurship and the small and medium-sized enterprise which is the product of the first;
   ii. Work towards creating an enabling environment for the emergence of entrepreneurial initiatives by young and women in terms of facilitating access to finance and innovative practices;
iii. Importance of promoting the spirit of partnership in business creation; and

iv. Take into account the stakes of communication in the process of creation and the life of a company.

Plenary Session 4: Entrepreneurship and SME Development Policy Framework

30. The panel was moderated by Ms. Nathalie B. Chinje and constituted by the following:
   - Mr. Oumar Seck
   - Ms. Abynesh Schulze

31. Mr. Oumar Seck made a presentation on entrepreneurship and SME development policy framework and access to finance.
32. He highlighted the need for the SME development to be knowledge based driven, focus on access to market, public procurement, access to services, business development capacity. He noted the need for Africa to have its own institutions for SME development and these institutions should be highly knowledge based. He presented the challenges faced by Youth and Women in the development of their business and made recommendations on how to overcome them. He also presented the rationale for public intervention in entrepreneurship and SME development. Policy features: SME development policy should be (i) participatory and (ii) integrated to and coherent with FDI policy, industrial policy, export policy, rural development policy etc. The goals of SME development were also mentioned.

33. Ms. Abynesh Schulze made a presentation on her experience in building a fashion brand in Africa and the importance of building network of relationship, delegate some responsibilities to be more efficient, be passionate about what you are doing, being creative and proactive.

Discussion

34. The following issues were discussed:
   - Access to finance facilitation is key for SME development.
   - Policy intervention is needed to develop SME banking
   - Group financing could be a solution to the problem of access to finance
   - Work towards building entrepreneurship culture and strength women in business
   - Assistance of the informal sector and put in place a system of incentives of access to finance vs formalization of the informal sector
   - Participants shared their own experience on how they created their businesses
   - Link FDI attraction to programs on SME development
Need to be careful of the illicit financial flows challenge vs easing of doing business
Move away from applying one model fits all and the need to adapt successful experiences to the reality of each quality
Access to information and programs is critical for business development
Importance of protecting African Intellectual property rights
The problem of guarantee in addition of the high bank interest rate
Some constraints: lack of infrastructures, fiscal procedures, lack of information
The absence of clear blueprint policy regarding entrepreneurship/SME
The value of data is underrated. Data evidence should guide policies in Africa
Environment/ecosystem challenges are crucial
The importance of relationship in getting contract
The need to introduce transparency in finance management

Recommendations

35. The following recommendations were formulated:

- Need to develop SME banking through public policy intervention
- Consider group financing as a potential solution to the problem of access to finance for micro enterprises
- Request African Governments to link promotion of FDI attraction to programs on SME development
- Need for countries to put in place systems of incentives of access to finance vs formalization of the informal sector

Plenary Session 5: Human Resources and Productivity Issues

36. This session was moderated by Ms. Joweria Teera and constituted by the following:

- M. Baeti Molake, President of Pan African Productivity Association
- Mrs Merhawit Kidane,
- Bro George Owidhi Economist, Central Organization of Trade Union (COTU), Kenya
37. M. Baeti Molake presented on the changing nature of work and its implications on productivity and competitiveness. He informed the meeting that a productive economy means it is able to produce more goods and services with the same amount of resource even less and that productivity drives economic growth. He described the emerging work environment and presented the advantage of the new working environment. He expressed the need to i) mitigate the effects of the global economy slowdown, ii) Support of the development and survival of micro and small enterprises, iii) develop public social protection policies in light of the changing nature of work – adequate protection for workers in all types of employment.

38. Mrs Merhawit Kidane made a presentation on Business Intelligence and Entrepreneurship in Africa. She explained the advantages of Business Intelligence for entrepreneurs.

39. Bro George Owidhi Economist made a presentation on transforming enterprise Productivity through Human Resource Management. He highlighted that human resource management are practices, policies and systems that influence employees.

Discussion
40. The meeting discussed the following issues:
   - Political instability is a challenge to the success of business but in some cases it could be considered as an opportunity
   - The importance of advocating for good labour management relations and promote social dialogue
   - Advocate for hiring the top range of Human resources within the enterprises.

Recommendations
41. The following recommendations were formulated:

VII. ADOPTION OF THE REPORT
42. The Conference considered and adopted its report with amendments.

VIII. CLOSING CEREMONY
43. In his closing remarks, the Director of Economic Affairs made a wrap-up of discussions which took place during the Forum highlighting the constructive recommendations that emerged from the various sessions. He emphasized that; where as in the previous private sector Forums, AU has been organizing business exhibitions to showcase and demonstrate their new products and services, create business networks and information sharing, this year’s private sector forum was unique in the sense that it entailed training of African youth and women entrepreneurs with business skills which will help them to improve their business management practices and ensure growth and expansions of SMMEs in Africa.
44. Finally, he stressed the importance of Access to credit for entrepreneurs, especially women and youth, and policies should be oriented toward this goal, the need for a dynamic and resilient private sector towards Africa’s transformation and inclusiveness process and thanked the Representatives of the private sector for their participation and closed the 8th African Private Sector Forum.