



FINANCING FOR
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TIME FOR GLOBAL ACTION



Draft concept note

Joint AU-EU event on “Catalysing private sector engagement and resources for development: the EU and African perspectives” in the margins of the 3rd UN Conference « Financing for Development » on 15 July 2015 in Addis Ababa

The private sector can be a major source of inclusive growth and decent employment opportunities and is instrumental in achieving development goals. Key global events such as the High Level Forum on Aid Effectiveness in Busan and post – 2015 discussions have identified the private sector as a crucial partner in developing and implementing the Post-2015 Development Agenda that sets a path towards poverty reduction, sustainable development and transition to a green economy. Cooperation with the Private Sector has also been confirmed as one of the priorities of the Global Partnership for Effective Development Cooperation (GPEDC).

1. Background on private sector

Despite significant progress made in improving the business and investment climate over the last decade, Africa is encountering many obstacles to unleash the potential of the private sector to make it a real engine for more inclusive and sustainable economic growth, decent job creation, and structural transformation developing industrialization and improving countries' ability to benefit from trade.

In particular, African Union's “Agenda 2063” considers private stakeholders, including businesses, financial intermediaries, associations and workers and employers organizations as emerging and ever more active players in Africa’s development field, both as a source of finance and as partners. In this perspective, the Africa Union is building a strategic framework for strengthening the role of Africa’s private sector towards achieving Agenda 2063. Within this strategic framework, the AU Commission wants to remain an important partner of governments and business organizations in African countries for supporting the creation of and friendly business environment and foster the development of competitive local enterprises that creates more decent jobs, generate public revenues, and harness the opportunities offered by the Global Value Chains (GVCs). In this perspective, the AUC will look for new policy options that unleash the potential of the private sector and promote economic diversification. The AU Commission also intends to promote a private sector that ensures equal opportunities for all the segment of the population with a view to reap the demographic dividend and



pave the way towards a socially cohesive African society during the next decade and beyond.

On its side, last year, the EU Commission adopted a policy document “A stronger role of the private sector in achieving inclusive and sustainable growth in developing countries”. The EU Communication sets out the new direction of EU policy and support for private sector development in partner countries. It addresses better regulatory environments in partner countries, business development support and access to finance, especially micro, small and medium-sized businesses in the formal and informal sectors, which play a particularly vital role in job creation.

It also encourages the private sector in partner countries, the EU and beyond to engage in responsible investment, sustainable trade, inclusive business models and other strategies as part of its core business to enhance economic opportunities for the poor and thereby achieve development. Moreover, it proposes a set of principles and criteria for private sector support and engagement in EU development cooperation.

Finally, the EU Communication identifies actions in areas such as sustainable energy, sustainable agriculture, infrastructure and the green growth sectors but also financial inclusion, where private sector engagement can effectively complement and add value to the development assistance, including through the use of blending. It is high time to propose, discuss and start solid and concrete initiatives to facilitate and allow investment by private sector actors where today they do not go. ElectriFI and AgriFI are two initiatives contributing to fill this gap.

2. Blending

The EU recognises blending, which combines EU grants with loans, equity, guarantees or other risk sharing mechanisms from other public and private financiers, as an important vehicle for leveraging additional resources for development and increasing the impact of EU aid. The EU blending framework consisting of eight regional blending facilities covers all regions of EU external cooperation. Until the end of 2014 more than EUR 2 billion of EU grants have leveraged almost EUR 20 billion of loans by finance institutions and regional development banks and lead to investments in EU partner countries of more than EUR 44 billion. A new regional investment facility for Africa is under preparation. The EC also aims to move a gear up towards a broader, deeper and smarter blending.

3. Side event: objectives and agenda

This side event on private sector, including a specific session on blending, is a follow up of the 5th EU Africa Business Forum held in 2014 in Brussels and its follow-up workshops held in Brussels and Nairobi in June and December 2014 respectively. The event is organised jointly by the AU and EU and will gather representatives from the UN,



AU, EU, EIB, other European Finance institutions as well as European and African private sector representatives.

The overarching objective of this session is double:

(1) contribute to building a strategic framework for working for and with the private sector towards achieving the AU “Agenda 2063”

Possible questions to be discussed:

- a. What are the best practices and lessons learned to strengthen the focus on employment creation in private sector investments, especially for youths and women and the most vulnerable, acknowledging that having a decent job is the best insurance against poverty and safeguard of social cohesion especially in situations of fragility?
- b. What are the opportunities and risks for the AU and EU engaging directly with the private sector, and what principles or minimum criteria have to be applied to manage these risks?

(2) discuss how private sector resources and engagement can be catalysed for development in Africa notably in the agriculture and energy sector.

Possible questions to be discussed:

- a. How best to use ODA as a catalyser for leveraging private resources through EU blending instruments ensuring the added value of grant funding in investment projects?
- b. What lessons can you share from your experience of mobilizing private capital so far?

Speakers would illustrate questions raised by the moderator with case studies as well as with comments on possible future developments. Different options could be envisaged for the case studies: presentation by the final beneficiary (Ministry representative, private sector stakeholder), short movies, etc.

Conclusions of the side-event will feed into the discussions of the FfD conference.



Draft Agenda and draft level of participation

15 July 2015 - Hotel Elilly, Gada Hall – Addis Ababa

10:00 – 10:10 **Opening of the event** President of UN General Assembly Mr Sam Kutesa (tbc)

10:10 – 10:50 **Keynote speeches:**

AUC Deputy Chairperson, H.E. Erastus Mwencha (tbc)

EU Commissioner for International Cooperation and Development, H.E. Neven Mimica (tbc)

EIB Vice-President, H.E. Pim van BALLEKOM (tbc)

COMESA Business Council President, Dr. Amany Asfour (tbc)

10:50 – 11:35 **Panel 1 “Contributing to build a strategic framework for working for and with the private sector towards achieving the AU “Agenda 2063” “**

AUC Commissioner for Trade and Industry, H.E. F.H. Acyl/Commissioner for Economic Affairs, H.E. A. Maruping (tbc)

EU Commission Deputy Director-General, Klaus Rudischhauser

Mr Dennis Jönsson CEO TETRAPACK (tbc)

Dr. Michael Sudarkasa (Africa Consulting Group) – panellist and moderator (tbc)

11:35 – 12:20 **Panel 2 “Catalysing private sector resources and engagement for development through blending, in particular in the agriculture and energy sector”**

EU Commission Director Roberto Ridolfi – panellist and moderator

AUC Commissioner for Agriculture, H.E. R. Peace

European Investment Bank

Mr. Marc Engelhardt, Director, Development and Sector Policy, KfW Development Bank

Mr Yves Guicquéro, Responsable division, Agence Française de Développement (AFD)

Director Orabank (tbc)

12:20 – 12:30 **Closing**

AUC Deputy Chairperson, H.E. Erastus Mwencha (tbc)

Commissioner for International Cooperation and Development, H.E. Neven Mimica (tbc)