



Remarks

by

H.E. Dr. Jean Ping
Chairperson of the African Union Commission

On the Occasion of
The Launching of the Africa Investor Advisory
Council at the New York Stock Exchange

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African Union's Vision on Working with the Private Sector

Introduction

I will like to begin by thanking Mr. Georg Kell, the Executive Director, UN Global Compact Office, for inviting me to the launch today of the African Investor Advisory Council, a joint initiative of the UN Global Compact and Africa Investor. I am informed that it will be a “peer-to-peer, public-private advisory group that promotes policies which remove barriers to economic growth and investment in Africa”. As it will identify priority projects in support of the four pillars of the African Union, I greatly appreciate the initiative.

Thank you also, Mr. Kell, for inviting me to share the African Union's vision on working with the Private Sector.

Context

Africa is a continent that is endowed with significant natural resource base and a young and enterprising population. These resources are yet to be fully developed and exploited.

Nevertheless, efforts continue at national, regional and continental levels to address the challenge of poverty that still confronts the continent. However, it is clear that such efforts will yield no results if the challenge to economic growth and development is not tackled head-on. The strong correlation between economic growth and poverty alleviation has been proven beyond all reasonable doubt. An economy that records steady and balanced economic growth is one that can create job opportunities for all, including the youth, and therefore has the potential to lift its population above the poverty line over time. The success of efforts to lift millions out of poverty and expand the middle class will depend largely on the extent to which success is recorded in attaining high levels of balanced economic growth and sustainable development over time, which is not possible without significant private sector activity. In other words, poverty alleviation will remain a distant dream unless the private sector takes its rightful role as the *engine of growth*.

Africa's Private Sector

African's private sector has a number of challenges. However, the **opportunities** for Africa's private sector are immense. The continent has a huge market base, with a population of one billion. This population is expected to rise to over 2 billion by 2025. With regional and continental integration intensifying, tariff and non-tariff barriers to trade are being gradually eliminated, hence creating opportunities for increased cross-border trade. The investment climate is becoming increasingly friendly to business as governments across the continent continue to embark on comprehensive reforms geared towards macro-economic stability and investment attraction. Also, given that the continent offers some of the highest returns on investment, opportunities to attract investment from across the globe are huge. Africa's private sector has the potential to be part of global value chains and benefit from the much needed technology through joint ventures and other forms of partnerships with other private sector actors from other parts of the world.

The AU's Vision for the Private Sector

The AU's vision is that of **“an integrated, prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in the global arena.”** This vision can only be realized with the full participation of all stakeholders. The public sector must work hand in hand with the private sector to attain the high rates of economic growth on a sustainable basis, which, as already explained, is the best means of addressing the problem of poverty and underdevelopment.

The AU's vision for the private sector, is based on true partnership. Africa needs a strong, modern, competitive, innovative and vibrant private sector able and ready to work with the public sector to enhance the competitiveness of the continent, create employment opportunities and enhance economic growth and development. The public sector, while creating the enabling environment for private sector activity, must see the private sector as a critical partner with which socio-economic development can be achieved. The private sector must also intensify efforts to make

the necessary investments, be innovative to increase competitiveness and live up to its corporate social responsibility.

Way ahead: What Needs to be Done?

To achieve the above, what must we do? I believe that concerted effort is needed a number of areas to enhance the effectiveness of the private sector as envisaged by the African Union. These include :

- i. ***Public-Private Dialogue ;***
- ii. ***Prodictable policies ;***
- iii. ***Stable macro-economic environment ;***
- iv. ***Financial sector development ;***
- v. ***Improving competitiveness ; and***
- vi. ***Enhanced regional and continental integration.***

Your Excellencies, Distinguished Ladies and Gentlemen;

Let me say a few words about ***enhancing Regional and Continental Integration***. Integration creates benefits of larger markets, more cross-border trade and investment and increased competition and innovation, among others. Enhancing the ongoing

integration agenda could therefore serve as a major boost to private sector development in Africa in light of the opportunities it creates. Within this framework, cross-border infrastructure projects are being undertaken in a more cost effective manner. Improved infrastructure will lead to lower cost of production and transportation and therefore lower cost of doing business. The AU Commission will continue to work closely with Regional Economic Communities (RECs), Member States and other actors such as UN Economic Commission for Africa (ECA) and the African Development Bank (AfDB), with a view to enhancing the regional and continental integration agenda.

The African Union is very strong in this area because we believe that regional and continental integration will lead to a more vibrant African private sector.

The African Union is also doing many other things which can only but enhance the growth of Africa's private sector. Allow me to refer, very briefly, to some of these. As I mentioned earlier on, efforts are being made to make Africa an attractive business stop. These efforts include, providing the necessary environment that helps for the in-flow of foreign direct investment that the private

sector needs. This begins with having governments that are elected by the people, ensuring the rule of law and a governance structure that is solid and pro-people. This is why at the continental level, no change of government that comes about through unconstitutional means is accepted. We also have the peer review mechanism through which governments self criticize and learn from one another. There is also the anti-corruption panel, which is now operational and which will help the private sector do business in an environment which gives equal footing to all participants. All of these are embedded in our peace and security architecture, the governance architecture and economic governance structure.

Conclusion

Let me say in conclusion, Ladies and Gentlemen, that the African Union is engaged in all of this because we believe that the role of the private sector in economic growth and development cannot be overemphasized. Consequently, we are working with Africa's private sector to develop its capacity to bring about the huge transformation Africa needs today. Opportunities are in abundance and the challenges are known. What now remains is

the will to address those challenges in order to reap the huge potential benefits that exist.

The African Union sees the private sector as a major partner in development. We believe that this has to be done with our Member States which need to provide the necessary support. The AU Commission will also continue to engage other key stakeholders such as the Regional Economic Communities (RECs), the ECA, AfDB and other development partners, to continue to support the ongoing private sector development efforts at all levels.

I see the launching of the Africa Investor Advisory Council as one major way through which the African Union will continue its engagement with the African Private Sector in order to realize our objective of creating a vibrant Private Sector on the continent.

I wish the Africa Investor Advisory Council success in its endeavors, and I thank you for your kind attention.