

Report

# Accelerating Growth through PPPs

19 Oct 2017 from 4PM **Roundtable & Exhibition**

De Warande | Rue Zinner 1, 1000 Brussels, Belgium



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THE AFRICAN FORUM IN BRUSSELS

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**Private-Public Partnerships, or PPPs may represent the solution to the need for innovative governance within the agro-food sector and respond both to the more communal nature of developing countries' agricultural traditions and the challenge of land ownership in many African countries.**

With this in mind, EMRC and Mazungumzo convened, under the auspices of the Vice-Chair of the European Parliament Development Committee, Nirj Deva MEP, a Roundtable and Exhibition on “The Role of Public-Private Partnerships in Sustainable Economic Development”, that took place on Thursday, 19<sup>th</sup> October 2017 afternoon, at De Warande, Brussels. The event gathered 55 representatives from the Public and Private Sector, government officials and civil society to address the crucial importance of Public-Private Partnerships (PPPs) in developing countries.

The roundtable was composed of high-level speakers with a vast experience and knowledge in the subject:

- MEP Nirj Deva – Vice-Chair Development Committee, European Parliament
- Dr. Patrick I. Gomes – Secretary General, ACP Secretariat
- H.E. Aziza A. Baroud – Ambassador, Embassy of Chad
- H.E. Loudon Overson Mattiya – Deputy Permanent Representative, Embassy of Malawi
- Mr. Mariusz Tamborski – DG DEVCO - EU Commission
- Ms. Elaine Mckay – Social Programs Director, JTI
- Prof. Stefan Schepers – Chairman, Governing Council, Mazungumzo
- Ms. Idit Miller – VP & Managing Director, EMRC International

The meeting was opened by MEP Nirj Deva who, after welcoming the audience, introduced the speakers and offered a brief presentation of the subjects to be discussed.

MEP Deva informed the participants that in 2016 the European Parliament adopted a report on the role of the private sector in development, stating, inter alia, that this is fundamental to the development and the economic growth in all market economies.

MEP Deva remarked, that even though achievements of the Millennium Development Goals are remarkable, 1.2 billion people still live under the extreme poverty line. Furthermore, the international community is ineffective concerning the child labour, as according to the UN International Labour Organization (ILO), 152 million children are working around the world, the majority in Africa (one in five children).

Sustainable Development Goals are more comprehensive, however, we struggle with a funding gap of USD 2.4 trillion a year, to meet the needs of developing countries.

MEP Deva insisted that the switch from traditional types of aid to the one involving private business is needed, as creating wealth is more effective than direct funding. The private sector can provide not only the missing funding, but also the expertise, as well as transfer the required knowledge.

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## Introductory remarks

A second word of introduction was given by Prof. Stefan Schepers, Chairman of Mazungumzo, who reminded the audience what is often forgotten or not known: the GDP of Ghana was, in the early '60s, higher than that of South Korea. He emphasized that the entrepreneurship is remarkable in the African continent of today and that this is crucial to Africa's development.

Prof. Schepers called the PPPs a bridge, which can bring together the entrepreneurship and the public sector, but also the local, civil society and the international groups and institutions.

He warned that the PPPs do not always succeed, as mixing the private business interests with the common interest is not obvious, therefore partnerships must be designed holistically and very carefully, and their purposes need to be clearly stated. This also requires a neutral third party, to ensure the fairness and the objective evaluation of the project.

The roundtable started with panelists addressing the audience.

Mr. Mariusz Tamborski, from DG DEVCO of the European Commission, agreed that partnerships with the private sector are indispensable to create wealth in developing countries. He specified that 18 million additional jobs need to be created every year to equal the number of job seekers in Africa.

Mr. Tamborski emphasized that we should not think of multinational conglomerates when speaking about the private sector, but rather about small, local, family businesses which are the real engine of growth.

Mr. Tamborski then briefed the audience about different development projects that DG DEVCO is running and about investments that are being made. An example of the project named 'Boost Africa' was given, a joint initiative between the African Development Bank (AfDB), the European Investment Bank and the EU that seeks to harness the continent's potential, and create opportunity on the ground. 'Investments need to be responsible', insisted Mr. Tamborski. He also revealed that the first strategic boards identified 5 investment windows or areas which will be prioritized and these are:

1. Sustainable Energy and Sustainable Connectivity;
2. Micro, Small and Medium Enterprises Financing;
3. Sustainable Agriculture, Rural entrepreneurs and Agroindustry;
4. Sustainable Cities and;
5. Digitalization for Sustainable Development.

The audience had then a chance to get an insight into the perspectives of the representatives from two African countries. H.E. Loudon Overson Mattiya, Deputy Permanent Representative of Malawi to the UN in Geneva, assured that his Government is encouraging the creation of PPPs in different sectors. A state corporation called Public-Private Partnership Commission (PPPC) was established in 2011 to facilitate the partnerships. H.E. Mattiya stressed that it is crucial to ensure participation of all stakeholders and communities, in a spirit of solidarity.

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H.E. Mattiya explained that agriculture provides a livelihood to 80% of Malawians, with tobacco being a strategic crop. Various policies were introduced to ensure effective systems of production and marketing. He insisted on the importance of private sector's corporate social responsibility, which contributes to the wealth creation and to the fight against child labour.

MEP Deva conceded that Europe is partially responsible for the current situation in Africa, by, among others, blocking an export of African agricultural produce to Europe, and exporting our surpluses to the African continent, which resulted in the bankruptcy of many African farmers. This statement was welcomed by H.E. Aziza Baroud, Ambassador of Chad in Belgium, who appreciated admitting the mistakes that were made by Europe. She expressed hope for closer cooperation and more business between Africa and the EU.

The floor was then given to Dr. Patrick Gomes, Secretary General of the ACP Secretariat. Dr. Gomes stated that we should look at the positive examples of PPPs. The success stories, such as sugar business in Mauritius and Swaziland, or the diamond business in Botswana; these should be promoted for good inspiration to others.

Dr. Gomes expressed his concerns about the global trade system, which has been well protected until now, but currently is at risk. There are great disturbances in the world and voices can be heard that the World Trade Organization should be abolished in favor of no regulations and no specified rules in trade. According to Dr. Gomes, this is dangerous and it is our responsibility to protect the global trade system.

The last panelist to address the audience before the Q&A session was Ms. Elaine McKay, Social Programs Director at JTI. Ms. McKay insisted on the importance of policy coherence for the private sector. The case of the USA, where children as young as 13 years old can legally work in agriculture was given as an example of the lack of policy coherence. "This lack creates confusion and loss of credibility within the private sector" – Ms. McKay stated. She called, on behalf of the private sector, to be considered as partners and be given a sit at the table.

Ms. McKay spoke about the [ARISE program](#), a partnership between the ILO, national governments of Brazil, Malawi, Tanzania and Zambia, JTI and Winrock International (a non-profit development organization). The program was established in 2011 to help prevent and eliminate child labor in tobacco-growing communities but also all other crops grown within the programme area. In the context of the work of this program, the expertise brought to bear by the ILO representatives in countries is absolutely critical. While private industry can be expected and encouraged to ensure the investment and economic development they provide is sustainable and socially progressive, they cannot be expected to possess the technical expertise on issues such as child labour, workers' rights and targeted economic empowerment initiatives, which is precisely where the ILO comes in. All such Public Private Partnerships should be encouraged and supported. In the target countries of Brazil, Malawi, Tanzania and Zambia, the ILO has programme assessments have found that the ARISE programme has resulted in some 18,000 children being prevented from engaging in, or withdrawn from, child labour; some 4,200 households have improved income through alternative income generating schemes; and, 660 adolescents have received vocational training.

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## Q&A Session

MEP Deva said that when we talk about private sector we often think of big multinationals but for him the private sector is small family business, where people are creating wealth to small communities. He then made a proposition to the panel and to the audience and invited all to establish an EU-Africa Small Business Federation, consisting of EU SMEs helping and sharing of best practices, knowledge and technologies to ACP SMEs.

The proposition created some excitement and deep thinking before the discussion continued. Mr. Dan Hamilton, a Senior Director of FTI Consulting, raised a question regarding the private sector involvement in policies, which is currently being considered as a bad thing and how can the private sector tackle this challenge. Dr. Gomes took the floor, sharing his own background, coming from British Guyana, where private sector has been seen as exploiters. In his perspective PPPs may have a legitimate historical basis, but are moreover a win-win situation, so a fundamental change has to come, and a change in the business climate is crucial.

The question of child labour was raised and its definition discussed, as there were different definitions and diverse opinions of the same. A space for the private sector was given here to help dealing with the child labour issue, as H.E. Aziza Baroud highlighted that there's a lack of instruments to allow the government to check if the laws regarding the working age are being followed and respected.

Elaine McKay added that she wants the private sector to do the good thing, and gave the example of her own company, JTI, that is working close to farmers helping them while being helped, so as to ensure a mutual interest.

"Malawi is an agro-based economy where tobacco is one of the main crops and the issue of child labour is there. It's often a family business, children would go to school and after class will assist parents in the work", H.E. Mattiya added, "The government gives the regulations and policies, you can see the non-financial benefits often forgotten by the private sector, this is what needs to be looked at when we think on how to set a balance between Public and Private involvement in the partnerships".

Following the discussion on EU-Africa development relations, Philippe Ker Rault, Senior Researcher, Water-Energy-Food Nexus from the Wageningen University directed a question to the panel, on the role of Development Aid and who are its beneficiaries as farmers and others cannot access funds from Europe which would allow them to start a business. "We need to change the current practices and involve big actors to take risk and sustain Euro-African entrepreneurs", he added.

Georges Bakaly, Advisor for Africa at Novo Holding Belgium, revealed that he is one of the recipients of such help, and that some of the big issues he faces is indeed getting funding: "five years with 20% interest, this is good for trade, but not for manufacturing. The banks do not lend for a long term. It would help to encourage the partnerships between European and African companies."

H.E. Aziza Baroud said that the difficulties go way beyond just bureaucracy, "to get funds you first need to be in partnership with European companies, and be in a demand of at least 1 million EUR from the bank, so where is the thinking of SMEs? We need to create something new for the young upcoming generation".

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For MEP Deva regulations kill entrepreneurship, it is also the main cause for corruption. “In the UK registering a company takes 10 min, opening a bank account – 30 min. In Burkina Faso it takes 3 and 1 year respectively. Over 30 steps to open a bank account, 111 different steps to set up a company.” This gives space to corruption as people, entrepreneurs, feel the need to find alternative ways in order to make things move faster.

Mr. Emmanuel Ajufoh, General Secretary of the Belgian-Luxemburg-Nigeria Chamber of Commerce then asked how to get the private sector working, if we have corruption and want to take some of the power away from the hands of the government? Dr. Gomes suggested to challenge the government on regulations that don't contribute to the business environment. “You need to speak to the parliamentarians and question laws”, he added.

Jean-Dominique Kamba, Member of EMRC Executive Committee, challenged the panel and asked to put the idea of the EU-ACP Small Business Federation in practice as they are decision makers. MEP Deva confirmed they are trying, but that “the terms we use need to be well understood. How do we make SMEs in Africa to speak the same language as SMEs in Europe? We are trying to find the best methodology for now.” Moreover, he invited the attendees to write to him expressing their interest and thoughts on the idea, and a meeting was promised to follow with those interested.

## Closing remarks

Ms. Idit Miller, Vice President and Managing Director of EMRC International gave the closing remarks, reviewing a few points raised during the Roundtable discussion.

“For PPPs to succeed the government needs to be coherent and the private sector – involved financially and technically. Each party's role is very important”, she started. She did a wrap-up of some of the ideas mentioned, and added some other good examples of PPPs that are successful, like the SAGCOT (Southern Agricultural Growth Corridor of Tanzania) and others that didn't work so well, like the Beira Corridor in Mozambique. “Good stories need to be promoted, I agree, but it is also important to learn lessons from failures, we can sometimes learn even more from these”, she added.

Ms. Miller showed support and interest in the EU-ACP SME's platform, and encouraged the discussions to be continued and solutions to be crafted.

The Roundtable discussion highlighted the important contribution of the Private Sector to the success of PPPs, and provided a platform for a lively discussion and important factual presentations. The key message from all was that there is still a lot to achieve in regards to the Public-Private Partnerships and the role of each one of the stakeholders in the same.

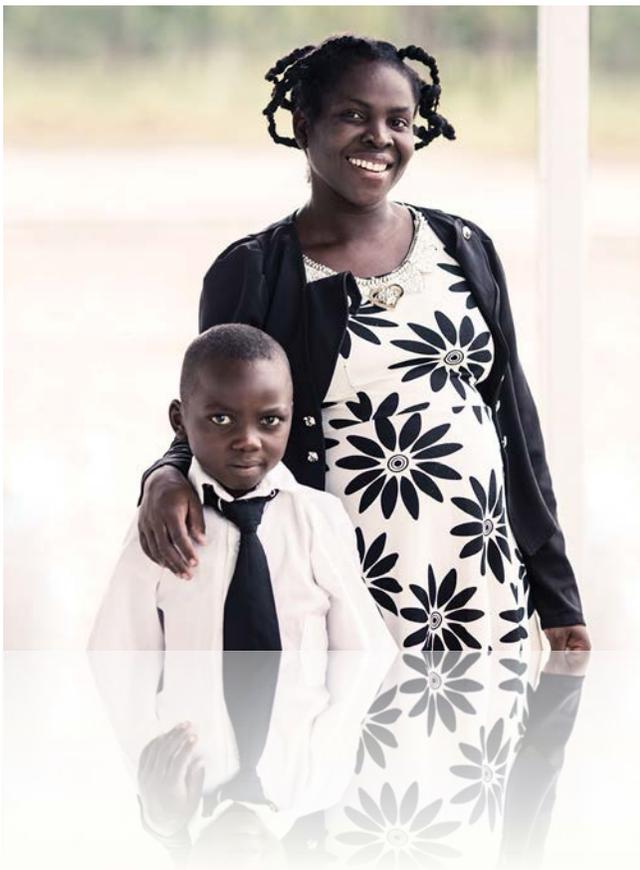
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One can conclude that it was an important moment for all parties, bringing all those involved in line with what can be achieved and what needs to be done for enhancing the success of PPPs and encourage the involvement of the Private Sector.

The beautiful photo exhibition accompanying the Roundtable discussion, presenting a few farmers, allowed the participants to see the faces of the direct beneficiaries from a successful functioning of PPPs, like those implemented by JTI.



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See below a number of photographs of the event itself:



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## Panelist Speakers:

From top left: Elaine McKay (JTI), HE. Dr. Patrick I. Gomes (Secretary General, ACP Secretariat), Idit Miller (VP & Managing Director, EMRC International) and Mariusz Tamborski (Policy Officer - DG DEVCO - EU Commission)

From bottom left: H.E. Loudon Overson Mattiya (Deputy Permanent Representative, Embassy of Malawi in Geneva), MEP Nirj Deva (Vice-Chair Development Committee, European Parliament) and H.E. Aziza A. Baroud (Ambassador, Embassy of Chad)