

# **How Partnerships between African and European Entrepreneurs Can Support the UN Post-2015 Development Agenda**

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## **How Partnerships between African and European Entrepreneurs Can Support the UN Post-2015 Development Agenda**

### **Abstract**

This paper discusses how the private sector, and here specifically African-European partnerships between entrepreneurs, can assist to attain the development goals formulated by the United Nations' Post-2015 Agenda for Sub-Saharan Africa. Drawing on meetings between African and European entrepreneurs convened on the initiative of H. E. Prof. Dr. Horst Köhler, former President of the Federal Republic of Germany and former Managing Director of the IMF, we will discuss the private sector's role for the UN development agenda in the African context from the perspectives of participants of these meetings. More specifically, we will outline the contribution of the business sector in Africa to the creation of employment, education, job opportunities and training for young people, ecological sustainability, economic diversification and a supportive climate for start-ups. However, to enable these contributions, entrepreneurs are calling for favorable policies, reliable institutions, access to financial services and a good infrastructure. On this basis, equitable partnerships between African and European entrepreneurs can be formed to foster sustainable development in Africa.

Keywords: United Nations; International Partnership; Entrepreneurs; Economic Policy

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## **Introduction**

The year 2015 marks the target date for the *UN Millennium Development Goals*. Before this year was reached, a substantial amount of effort went into evaluating and updating these goals for the years to come. For this purpose, UN Secretary General Ban Ki-moon formed a *High Level Panel on the Post-2015 Agenda*, which consisted of 27 “eminent persons” from as many nations. This panel worked over the course of nine months to formulate a series of new goals which build on the Millennium Development Goals. These new goals are meant to bring about five transformative shifts: First, it should be ensured that no one is left behind and is denied basic economic opportunities or human rights. Second, a rapid shift has to take place towards sustainable patterns of production and consumption. Third, a profound economic transformation needs to be achieved which improves livelihoods and harnesses the potential of innovation and entrepreneurship. Fourth, peace and good governance based on open and accountable public institutions need to be fostered. Finally, and perhaps most notably, the High Level Panel calls for a new spirit of solidarity and equitable global partnership to underpin the Post-2015 Agenda.

While this new development agenda should not be understood as a replacement, but more as a continuation of the already successful Millennium Development Goals, it also brings new issues to the forefront. A particular focus now lies on global partnership between developed and developing nations as interdependent and equal partners. This global Post-2015 Agenda is meant to be universal and all countries are expected to contribute. If these paradigm shifts can be achieved, extreme poverty might not just be reduced but eradicated. The success of these goals will have enormous impact on Africa’s future.

The UN High Level Panel suggested twelve illustrative goals that should be pursued to achieve this ambitious, yet achievable agenda. These goals need to be discussed by all relevant stakeholder groups and transformed by national governments into concrete development targets. One of these goals is to create jobs, sustainable livelihoods and equitable growth. This goal can ultimately only be achieved through the initiatives and the entrepreneurial spirit of the private sector.

To start the dialogue about the Post-2015 Development Agenda with leading stakeholders and to discuss how private business can contribute to the attainment of this goal in Africa, meetings between successful entrepreneurs from 16 African and European countries, but also representatives of industrial organizations, banks, NGOs and other thought leaders as well as students were convened on the initiative of H. E. Prof. Dr. Horst Köhler, former Managing Director of the International Monetary Fund and former President of the Federal Republic of Germany. The debates during these meetings, which the authors of this

paper could partially observe, clearly demonstrated that private enterprises can play a significant role in the realization of at least six important targets the High Level Panel identified, provided that several enabling factors are in place. The present article summarizes the perspectives business leaders and representatives of the other aforementioned groups voiced at these forums. We will reproduce a variety of original quotes to illustrate the particular ambitions and concerns of African and European conference participants.

The focus on entrepreneurs in these talks appears to us wisely chosen. African entrepreneurs have started to transform the African economic landscape as never before. In addition, collaborative efforts between African and European entrepreneurs could result in a win-win situation for the economies of both continents, provided these efforts are built on mutual respect and equality. How important African entrepreneurs are for the economic development of their continent has been recently highlighted by Tony Elumelu in *The Economist's* special issue on “The World in 2015”, which projects the world’s most relevant developments in this year. Under the headline “The rise of Africapitalism” the article starts with the following statement: “In 2015 the African entrepreneur will emerge on to the global stage, as a new generation shows the world what those of us doing business in Africa have long known: that our continent is home to some of the most exciting and innovative entrepreneurial talent.”

In the following, we will address six important UN targets, which private enterprises can help to realize: creating good and decent jobs, providing education opportunities, procuring job opportunities and training for young people, achieving ecological sustainability, fostering economic diversification and a creating a supportive climate for start-ups. Subsequently, we will discuss the key factors enabling entrepreneurs to make their societal contribution, namely favorable policies and reliable institutions, access to financial services and a good infrastructure. In this context, a variety of voices from African and European entrepreneurs and other stakeholders will be quoted. On this basis, we will conclude by emphasizing the importance of African-European business partnerships in the context of the UN Post-2015 Development Agenda.

### **Target 1: Provide good and decent jobs**

The first target suggested by the UN High Level Panel is to increase the number of good and decent jobs and livelihoods. Jobs are considered “good” if they are secure and fairly paid. They are considered “decent” if employers also recognize and respect the rights of workers, ensure adequate social protection and are open to dialogue. There is certainly much potential for creating such jobs in African countries, considering that the continent’s economy is

projected to expand by close to 6% in 2015. So far, however, the demand for labour has grown at a significantly slower rate than the overall economy. Nevertheless, economic analyses show an encouraging trend of positive structural change towards higher labor productivity and jobs moving to more productive sectors.

African and European entrepreneurs agree that Africa urgently needs a fundamental change from jobless growth to *inclusive* growth affecting the whole of society. African entrepreneurs can play here a key role, as they are not only the engine for economic growth but also have, through the jobs they can create, the potential to transform the societies of their countries. In addition, foreign investors manufacturing in Africa should use more local content and local sub-contractors to create jobs along the supply chain and consequently generate income for families. In line with this, entrepreneurs are convinced that the private sector has, as the key employer, a decisive role in supporting this structural transformation. With the help of entrepreneurs' experience, also and in particular from Europe, opportunities for inclusive business can be created in all sectors and industries.

*“The private sector plays a crucial role for the economic and social development of Africa, since it is only the businesses that create jobs, generate tax revenues and invest in innovative technologies. New technologies are needed to decouple economic growth and the consumption of limited resources. They help to protect our planet while creating space for the development of an increasing world population. We believe that entrepreneurial experience, know-how and vision can help to turn these challenges into business opportunities.”*

*Bruno Wenn, Chairman of the Management Board, DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Germany*

Representatives from agribusiness particularly emphasize that investments in agricultural science and technology and the cooperation with local farmers could account for significant job growth. Whereas agriculture accounts for a large share of African countries' GDP and a large proportion of employment opportunities, only 2% of students currently decide to pursue studies in this area. Industry representatives agree that agribusiness has to lose its stigma of being a low-tech, low-added value and low-paying sector and needs to be made more attractive for young people. Manufacturing also plays a crucial role in the development of Sub-Saharan Africa, as it provides high-quality employment and training opportunities for the African youth. Similarly, Africa's mining and energy resources not only bear the potential for boosting the continent's economic growth, despite the current decline of natural resource prices, but also for fostering job inclusion. Socially responsible entrepreneurship and the willingness to pursue innovative business approaches will be key drivers of this development. A collaboration of African and European entrepreneurs could assist in this process. African

business people have the market know-how, while their European counterparts often have better access to financial start-up funds and technological expertise.

### **Target 2: Provide education opportunities**

With almost 200 million people aged between 15 and 24, Africa has the youngest population in the world, providing reservoirs of change, progress and social dynamism. Considering that this already very large youth population is expected to double by 2045, a crucial development target is to provide perspectives for Africa's youth. Giving young people access to good education is the most basic requirement in this respect. Recent studies have shown that each additional year of education on average results in a 10 percent increase in lifetime earnings. In contrast, people with low skill levels are frequently falling out of their countries' labour markets.

In the context of one of the meetings convened by H. E. Prof. Dr. Köhler on entrepreneurship in Africa, students of the University of Ghana highlighted access to quality education for the African youth as an issue of paramount importance. They demanded the chance for their generation to speak up and their concerns be heard also by leaders in European countries and elsewhere. With respect to private business, students saw community building for education as an important part of the private sector's role in African development. African entrepreneurs agree to this view, expressing the strong belief that Africa has all the talents to realize its potential for growth and prosperity with the help of more investment in education.

*“The challenge for Africa is to transform its economy to create more jobs for people. To achieve this, skills need to be built. 92% of 18-25 year-olds in Kenya are unemployed; 85% of these don't have employable skills. So Africa's job problem is mainly a skill problem! Entrepreneurs and small- and medium-sized companies have a very important role in this respect. To establish successful local operations they need to invest in skill development for their employees.”*

*Betty Maina, Chief Executive of Kenya's Association of Manufacturers*

Entrepreneurs also voice their demand for dual training schemes in vocational education, combining formal education at schools with more practice-oriented training in companies. European countries could provide some role models with this respect.

### **Target 3: Provide employment and training for young people**

Recent reports have shown that young people constitute around two fifths of Africa's working age population, yet they make up three fifths of the total unemployed. A growing number of young people are not in employment or training, which has long-lasting effects on their ability

to lead a fulfilling and productive life. To keep this development from creating societal unrest, the African youth needs to be provided with better job prospects. Considering the current mismatch between available skills and insufficient labor demand, this can only be achieved if young people's vocational and technical skills are upgraded.

In this context, students express their desire for mentoring and support by private businesses. They recognize that career development opportunities hinge on technical education and explicitly ask for more corporate investment in vocational training. Business representatives embrace these points and express their willingness to take more care of aspiring young recruits in their companies. They emphasize that small- and medium-sized enterprises are playing a decisive role in job creation and training for young people and particularly highlight the need to include talented young women in their training programs.

*“No progress is possible without taking into account the perspectives of and for the youth. Africa is the world's youngest continent: seven out of ten people in Africa are under the age of 30. And we know that until the year 2035 the population will increase by another almost 200 million young people between ages 15 and 24. These young people want to be productive members of their societies, want to contribute to the future of their generation. Failing to address this challenge would put peace and security not only in Africa seriously at stake.”*

*H. E. Prof. Dr. Horst Köhler, Former President of the Federal Republic of Germany (2002 - 2010)*

African entrepreneurs could provide the African youth with training opportunities, which will yield a large payoff for businesses and African societies alike. As more young people enter the workforce in Africa, the continent is set to experience the same kind of “demographic dividend” that boosted growth in Asia over the last three decades. To reap this dividend and achieve inclusive and equitable growth, skill development will be crucial.

Whereas African companies, entrepreneurial companies in particular, often provide only little formal training to their newly recruited employees, European companies operating in Africa have a particular responsibility. They should offer their African employees the same kind of training opportunities as they do in other regions of the world in which they are operating. Beyond their direct contribution to the training of the African workforce, they could have an even larger impact by setting examples, which domestic companies might decide to emulate.

*“Small-scale farmers have long been disadvantaged by foreign multinationals which entered African markets and grew pineapples there by themselves. We bring the small farmers back into play as suppliers. We currently work with 13.000 small farmers and use the Japanese Kaizen system to implement long-term supplier relations. We also made employee training a permanent effort in our company and promote green energy use. This way we promote social and environmental issues and have business success at the same time.” - Richard Kimani Rugendo, CEO, Kevian Kenya Ltd., Kenya*

#### **Target 4: Achieve ecological sustainability**

To achieve lasting gains in the striving to eradicate poverty, economic growth needs to respect the boundaries of the planet. The UN High Level Panel established that preserving and protecting the earth's resources is fundamental to human life and well-being. Business is at the forefront of slowing down climate change and protecting the planet's resources. The question of how African-European business partnerships can be economically successful while simultaneously contributing to sustainable development in Sub-Saharan Africa therefore features prominently in the discourse between African and European entrepreneurs. Business leaders from both continents agree that European entrepreneurs investing in Africa should follow the "triple bottom line" principle of striving not only for economic success, but also for societal benefits and a payoff for the environment. Sustainability needs to be integrated in the firms' core strategy and needs to be reflected in their corporate governance.

Entrepreneurs are very hopeful that there are vast business opportunities in pursuing sustainable development. By considering their ecological impact, caring for their workers' culture and promoting community education they hope to advance new resource-efficient and social ways of doing business. If innovative business models are developed to meet the product and service needs of the poorer communities, new markets arise that are more resilient to economic shocks and foster more stable local employment. European entrepreneurs could play an important role in implementing business practices in their African ventures that are financially, but also ecologically and socially sustainable. This will have an even larger impact, if they partner up with local businesses. A successive upgrading of local economies follows, which ultimately leads to higher demand for the goods and services provided by multinational corporations. African and European business representatives agree that long-term perspectives, patience and courage are needed to explore these opportunities for green and inclusive business in Africa.

*"It is important for companies to make money, but they have committed to social and environmental issues. I want to challenge my colleagues here: do not point fingers at multinationals, but start with yourself and commit to implementing corporate social responsibility activities! Companies like to outsource many issues, so they also outsource corruption to suppliers. This is not right; we need to actively address corruption!"*

*Olajobi Makinwa, Senior Civil Society Coordinator, Head of Transparency & Anti-Corruption, UN Global Compact, Nigeria*

Success stories and promising ideas in the area of environmentally friendly business development in which African and European businesses have already collaborated can be



found in the supply of solar energy for rural electrification, the provision of clean, bottled water, the promotion of mobile banking and telephone systems, the development of new agricultural-insurance models, the strengthening of local supply-chains and countless other areas. While African entrepreneurs can obtain in many ways valuable inspirations from the experiences European companies have made on their path towards sustainable business models, they might even leapfrog in some other areas certain development stages. Overall, the stakeholder-based Continental European business model, which considers, among others, the interests of workers, municipalities and the environment beyond the shareowners, can provide an excellent guide for African entrepreneurs pursuing a sustainable business. African-European partnerships therefore offer highly promising platforms for green innovations.

*“To achieve our ‘vision 2050’ we need to focus on ‘action 2020’. My core message is: business has a choice; it can break out of the vicious cycle of environmental and social problems. Good ideas and business opportunities need to be adapted locally and implemented in companies. This sends a positive signal to the marketplace. Consistent company positions need to be adopted worldwide and businesses need to articulate what is required from policy-makers to achieve this. We need to deliver quantifiable progress beyond ‘business as usual’.”*

*Marcel Engel, Managing Director of Social Capital, World Business Council for Sustainable Development, Switzerland*

### **Target 5: Foster economic diversification**

The UN High Level Panel also suggested promoting economic diversification as an important target. Particularly African countries, which foreign investors long considered as mere sources for raw materials, will have to go beyond reliance on commodity exports and move from primary extractive industries to higher value added products and more diverse manufacturing and services. While the increasing competition for natural resources and the subsequently rising prices may currently provide some relief for Africa’s economies, the strong reliance on commodity exports is projected to be a major challenge in the future.

African and European business representatives highlight the potential importance of the agribusiness sector for Africa’s development. They deplore the fact that the agricultural sector has, given its current low-tech and backward reputation, little appeal to many of the more qualified job entrants. They urge development agencies to recognize the potential of the agricultural sector as a job engine, providing perspectives in particular to the youth. If agribusiness received adequate support, it could turn into a driver of positive structural transformation. To achieve this, entrepreneurs need to find ways to deliver modern technologies to local farmers at affordable prices. European entrepreneurs could play an

important role in this, in particular if the alternatives are either the continuation of traditional farming with low yields or the agroindustry of major Western multinationals, which is capital-intensive but not necessarily providing many jobs. African entrepreneurs also need to invest more in processing to add value before natural resources leave the country. For example, part of the cocoa could be processed to chocolate locally, cotton lint could be woven into fabric and crude oil could be processed into petroleum, thus retaining the finished-goods premium in Africa instead of sending wealth to Europe and other continents.

Furthermore, entrepreneurs agree that Africa needs what could be described as an industrial revolution to generate structural transformation in manufacturing. More capabilities and capacities must be built to make efficient use of natural resources, expand into secondary activities and enable new labor- and skill-intensive production activities in the manufacturing sector. Entrepreneurial investment in innovation will be a key prerequisite to achieve this goal. This is again an area where the cooperation between African and European companies could be very fruitful. However, for this to become a reality, European companies should gain more knowledge about the African market and develop products which are less “over-engineered” and therefore also less expensive. In addition, both sides must strive for a better understanding of and mutual respect for the business cultures of their respective partners.

*“I feel there is hope and daring with respect to African-European partnerships. History is always lurking behind them, but for the first time we can put aside these worries. Such partnerships are not just about big business, they are about people who dare to do something. European entrepreneurs can get the message across that they are not here to exploit in a neo-colonial way, but to create something for Africa. You need to get into the culture and show that you can be trusted.”*

*Anthony Pile, Founder and Chairman, Blue Skies Holding Ltd, United Kingdom*

### **Target 6: Provide motivation for new start-ups**

As entrepreneurship is of paramount importance for all societies, the UN High Level Panel included the increase in business start-ups into their list of development targets. For start-ups to develop and market new products, innovate and respond to emerging opportunities, potential founders of new businesses need to be socialized into an entrepreneurship-friendly culture which provides them with the motivation to seize opportunities and become entrepreneurs themselves.

A key finding of the dialogue between African and European entrepreneurs is that successful business persons need to step up to the task of providing role models for young people, spurring their entrepreneurial spirit and enhancing their confidence in being able to become one day business people themselves. Entrepreneurial talent abounds among African

youth, so more needs to be done to bring it to bear. Students believe that their generation needs to be taught a “can do spirit” and to be coached for becoming independent, creative and risk-taking. African entrepreneurs embrace their responsibility as role models who provide good employment, abide by the law and resist corruption to encourage young people to follow their path. Particular emphasis needs to be on empowering young African women and on mentoring them for developing entrepreneurial mindsets. Starting businesses on their own, women can upscale their living standards, earn a good education for their children and thereby contribute to sustainable development.

Business representatives emphasize that this spirit of entrepreneurship needs to be backed up with funding opportunities for promising start-ups. It is crucial that local banks develop both the ability and the willingness to provide motivated young entrepreneurs with the small loans needed to start new businesses. In addition, also European venture capital should find more its way to the African continent, in particular given increasing business opportunities and economic growth rates that will hardly ever occur again in Europe.

Returning to the Post-2015 Development Agenda the UN High Level Panel has formulated, we can conclude that private companies, and entrepreneurial ones in particular, can play a significant role in addressing at least six targets the High Level Panel had identified. Entrepreneurs from Africa and from Europe are also aware of the responsibility they have in achieving these targets. However, for this to succeed, several so-called enabling factors need to be in place to which we now turn, as they were equally discussed in the meetings we observed between African and European entrepreneurs and other stakeholders.

### **Enabling factor 1: Favorable policies and reliable institutions**

The UN High Level Panel clearly emphasized in its report about the Post-2015 Development Agenda that policy makers and institutions need to provide entrepreneurs with a favourable environment for their businesses to thrive. An enabling business environment includes fundamentals such as functioning customs, government inspections, police and courts. It also comprises transparent, accountable and inclusive governance systems, which ensure that public revenues are used for broad-based growth in the interest of society as a whole. Clear and consistent rules, such as uncomplicated ways of starting a business, and fair and stable tax regulations encourage businesses to hire workers and keep them employed. Flexibly regulated labor markets, effective systems of land management and ownership as well as low-cost and efficient access to domestic and external markets are also crucial to help the private sector thrive.

African and European business representatives agree that closer regional economic integration between African countries needs to be high on policy makers' agenda. While stressing the supreme role of market forces in the development of the continent, they also call for supportive industrial policies aiming to build up internationally competitive, new industrial activities. African national governments should strategically design fiscal and infrastructural incentives to attract new labor- and skill-intensive industries. These infant industries need to be at least temporarily protected from global competition to enable their growth on a local basis. Such deliberately designed industrial policies need to be developed within the regulatory framework of the WTO. They should also be coordinated and harmonized by governments within a region, in order to allow market forces to prevail at least on a regional level.

To decide with which kind of tailored decisions to promote growth, African governments should take the experiences of other continents into account. The European Union's experience regarding the process of designing regional industrial policies may provide some guidance in this respect. African and European entrepreneurs agree that the EU has the responsibility to support Africa's industrial advancement with advice and, most importantly, favorable trade policies. They also highlight that the international community of nations needs to work on a resilient global financial system. A wider access to the domestic markets of industrialized countries is crucial for African businesses to thrive. Establishing an open and fair trading system, not only for industrial products in which highly industrialized countries have the upper hand, but also for agricultural products is a moral obligation for Western countries. Hence, representatives of agribusiness demand that farm subsidies in Europe should be reduced. To give African producers better access to European markets the negotiations of the Doha round should be taken up again and should be concluded as soon as possible. Furthermore, tax evasion and illicit financial flows from Africa have to be efficiently reduced by policies both in developed and developing nations.

### **Enabling factor 2: Access to financial services**

Providing start-up founders with access to financial services is essential for building an entrepreneurship-friendly environment in Africa. Financial services are critical to the growth of businesses and individuals alike to make the most of their resources. Studies have shown that people in Africa can raise their incomes by at least 20 per cent if they have the means to save, to invest and get insurance. Reflecting the importance of financing opportunities, the Grameen Bank of Bangladesh and its founder, Dr Muhammad Yunus, were awarded the 2006 Nobel Peace Prize for pioneering microcredit offers for those, who are not eligible for

traditional loans. The most important source of long-term finance will be private capital, coming from major pension funds, mutual funds, sovereign wealth funds, private corporations, development banks, and other investors.

Such long-term financing, however, is often hard to secure. African entrepreneurs voice their concern about African banks providing only short- or medium-term loans. Without long-term financing, long-term investment is made very difficult. Particularly new ventures in manufacturing are constrained by this problem, as they need to build up their operations from scratch and require time until they can finance themselves through revenues. Small- and medium-sized enterprises which are already too large to apply for micro financing, but too small for major credit-lines, find it hard to secure financing to upscale their activities, as they can offer lenders little collateral. This “missing middle” urgently needs to be filled, as small and medium enterprises are the main providers of jobs, not only in African countries. Finally, women planning to start their own businesses often face high barriers to secure financing.

Entrepreneurs share the hope that African and also European development banks will increase their already substantial efforts even more to facilitate bank lending in African countries. This would enable local banks to provide more credit to local entrepreneurs. Partnerships with foreign investors supplying equity money to African ventures may also constitute a further solution.

*“The nature of financing is the core issue. If entrepreneurs receive only short-term financing, they will also plan and invest only in the short term. Agriculture and manufacturing need long-term investments. To build up these sectors, long-term financing is needed.”*

*Mariam Dao Gabala, Regional Representative Oikocredit West Africa, Côte d’Ivoire*

### **Enabling factor 3: Access to good infrastructure**

The access to reliable infrastructure constitutes another key element of an enabling business environment. Roads, railways, irrigation systems, reliable electricity grids and telecommunication services are prerequisites not only for developing a strong business sector, but also, in more general terms, for humanitarian development. While “it still takes ten times longer to go from Mombasa to Kinshasa than from Europe to Mombasa”, entrepreneurs applaud the fact that many African countries currently invest heavily in infrastructure. They express their belief that foreign and here specifically European corporations find vast opportunities to partake in this investment, particularly with respect to providing reliable energy supply. They also welcome foreign businesses’ initiatives to develop the necessary

infrastructure for their own ventures, which provide access to energy or water also for adjacent communities.

*“Ghana is experiencing significant growth right now. To promote this growth further, we need to substantially increase our energy sufficiency. We also want to expand our railway system and plan to open the airports in Tamale and Kumasi under public-private partnerships. This provides enormous opportunities for legitimate and credible investors who take sustainability concerns into account.”*

*Honourable Haruna Iddrisu, Former Minister of Trade and Industry (2013-14), Ghana*

### **Conclusion: African-European partnerships for sustainable growth**

A successful development agenda must build on the practical experiences, stories, ideas and solutions of people at the grassroots. The UN High Level Panel on the Post 2015 Development Agenda therefore published its list of illustrative goals to start debates among the stakeholder groups who will be responsible for implementing change towards sustainable development. The meetings between African and European entrepreneurs convened by H. E. Prof. Dr. Köhler engage representatives from the private sector in African and European countries to evaluate the High Level Panel’s development goals and to discuss their concrete contributions to these goals.

So far, the entrepreneurial dialogues have clearly shown that business leaders embrace their responsibility as agents of sustainable development. African and European business representatives agree that neither governments, development agencies, NGOs nor entrepreneurs can continue “business as usual”. Instead, they express a strong desire for public-private partnerships on a global scale, bringing African institutions and entrepreneurs together with their European counterparts on equal terms.

Business founders from both continents emphasize that not only Africa benefits from European investments – also European businesses profit from partnering with African entrepreneurs. While the European Union is already the most important market for African exports, still only nine percent of the European foreign trade is with the African continent. However, over the last two decades, European foreign direct investments in African markets have been steadily increasing. There are high-powered incentives for European businesses to engage in partnerships with African counterparts. With more than 5% real GDP growth in the decade between 2001 and 2010, Africa has the fastest growing continental economy in the world. Over the past decade, six out of the ten fastest growing economies worldwide were located in Africa. Considering that African economies boast rich, but underused natural resources and experience a fast population growth, there are vast investment opportunities and

high growth potential for new ventures across the African continent. There is no doubt that Africa is a continent on the rise. To build on this promising development, European entrepreneurs need to learn more about the opportunities offered by business partnerships with African counterparts. The entrepreneurs represented at President Köhler's African-European conventions lamented that many European business leaders still perceive Africa to be a high-risk business environment instead of a continent full of opportunities.

*“The African economy is growing fast and markets are not yet saturated, so there are great investment opportunities across the entire African continent. If you invest smartly, you can reap a high profit. I believe that Africa currently provides a much better background for entrepreneurship than Europe.”*

*Hartmut Sieper, Founder and CEO, Trans Africa Invest, Germany*

African and European business representatives are working towards new global partnerships covering all African countries, also those with weaker economies. These partnerships need to be based on the idea of fair cooperation between developed and emerging nations on equal terms, as these countries have a joint responsibility to work towards sustainable development. This effort still is likely to include also for the foreseeable future traditional development aid, but these measures will lose in relative importance for the economic growth of the continent. Since 2005, foreign direct investment in Africa is higher than official development assistance, so trade partnerships have strongly gained in importance as a means to foster development.

African-European partnerships may unfold in a variety of forms, including business, politics and civil society. Public-private partnerships or supplier relationships are seen as particularly promising. Such partnerships provide African producers with advanced technologies for efficient production processes which will also allow for more local processing of raw materials. They help African manufacturers to understand the quality requirements of European consumers and give them access to distribution channels in Europe. In exchange, these partnerships allow European firms to operate in African growth markets and to tap into the continent's rich resources. Consequently, African-European business partnerships can create highly attractive win-win situations.

*“Until a decade ago, the partnership between Africa and Europe was lopsided in favor of Europe. Europeans long considered Africa as a captive market, which supplied raw materials. But much has changed over the last one and a half decades. The global market with access for all is becoming reality. Africa has underused resources, a central position between the West and the East and a fast growing population. Africa is becoming the place to go! Europe has had a long association with Africa, it is in geographic proximity, and European languages prevail in Africa. This creates a great chance for entrepreneurial partnerships between Africa and Europe. With good partnerships Africa will be mainstreamed into globalization.”*

*H. E. John Kofi Agyekum Kufuor, Former President of the Republic of Ghana (2001–09) and Chairman of the African Union (2007–08)*

Current entrepreneurial perspectives are characterized by the consensus that our interconnected world requires a new way of doing business. So far, many multinational corporations have preferred to grow in a capital-intensive rather than a labor-intensive way. They took advantage of globalization to apply lower environmental standards in emerging markets with less strict enforcement and paid very low wages to local workers. Dialogue partners condemn such “double standards” and demand consistent environmental standards and fair wages around the globe. While businesses certainly have to be profitable, they also need to recognize their responsibility to create growth and progress based on a balanced and renewable use of resources. Consequently, businesses should enter in dialogue with all stakeholder groups who are affected by their activities and respect the cultures and institutions in the countries they operate. They need to pursue growth, which also creates jobs and provides sustainable, productive livelihoods especially for young Africans. African and European business representatives believe that particularly family businesses pursuing more long-term strategies are important agents for sustainable development, economic growth and job creation, which benefit society broadly.

*“Focusing solely on the economy is wrong. For the future, we also need to take other levels into account. We need to heed scientists’ advice on ecological impact, we need to find friends to team up with and need to engage with governments. Europeans coming to Africa need not help us or give us things. Instead, they should enter in equal partnerships with us. Partnerships are everywhere!”*

*Dr. Ibrahim Abouleish, Founder and Chairman, SEKEM Group of Companies, Egypt*

Meetings between African and European entrepreneurs such as the ones we could observe are of high relevance to understand each other’s positions and viewpoints which is necessary for mutually beneficial business relations and entrepreneurial partnerships between Africa and Europe. Even if positive transformation and sustainable development will need time, the dialogue provides strong evidence of a spirit of partnership on equal terms, which the Post-2015 Development Agenda identified as an indispensable building block for any progress in the future of Africa and beyond.



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