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EU DEVELOPMENT DAYS – BRUSSELS

ENABLING FACTORS FOR PRIVATE SECTOR DEVELOPMENT

SPEAKING NOTES FOR PHILIPPE DE BUCK
6 DECEMBER 2010, 17H00-19H00 PANEL

Introduction

- The main message that I take away from the *EU-Africa Business Forum* in Tripoli is that the private sector is essential for economic development and job creation.
- We discussed how to unleash the potential of the private sector and I believe that this topic deserves the attention of political leaders. I was very pleased to see that the topic of the 3rd EU-Africa Summit was 'Growth and Job Creation'.
- The importance of the private sector in the context of EU development policy was also highlighted in the recent Commission Green Paper on development. This is a change in mindset that is very welcome because it is only through combining efforts of the public and the private sector that we can deliver on the Millennium Development Goals.

Policy framework

- I always say that companies can only be competitive when the policy framework is competitive. There are three points that I want to highlight specifically in this context:
 - **Business climate** – many efforts have been made to improve macro-economic stability, but there is also a lot of work that remains to be done to facilitate doing business. Infrastructure is of critical importance, as well as fighting corruption.
 - **Intra-regional trade** – trade between African countries represents only 12% of the continents total exports and imports. As we know from our experience in Europe, the best way to promote growth is to enlarge markets. More work remains to be done in African regions to cooperate on customs procedures. The Economic Partnership Agreements that the EU and African regions are currently negotiating are another means to promote such intra-regional trade, and they should be advanced.



- **Business-government dialogue** – one participant in the EU-Africa Business Forum said that when his company decides where to invest, one of the main determining factors is the effective dialogue with the government of the host country. I believe that African governments should set up formal platforms for dialogue with the business community. The EU could help through capacity-building for local business organizations, which have an important role to play in this respect.

Specific issues

- BUSINESSEUROPE also urges for more cooperation between the EU and Africa in the area of **raw materials**. Both Europe and Africa have set out their policies on raw materials, in the EU's raw materials initiative and the African mining vision. Focus points for such cooperation should be promoting transparency, exchanging of mining best practices, and ways to promote value creation in Africa.
- When it comes to the EU's development aid, the private sector also believes that there is room for improvement. EU aid should be more **targeted** on economic bottlenecks which hold back the economic development of the donor country. There should also be more **cooperation** with the private sector, both European and African, in designing and implementing development projects. For example, EU aid could leverage private investments in infrastructure of medical services.

Conclusion

- To conclude, a competitive private sector is indispensable for development. The EU has the chance to put growth and private sector development at the heart of its agenda. It can develop new models, for example by leveraging private sector financing to increase the impact of its aid. The private sector is ready to work together with the EU and development banks to achieve this goal.

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