The present Status and the Role of Public and Private Sector in Arab and Africa Development and Sectoral opportunities- The African Perspective

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Working paper

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**Table of Contents**

- **INTRODUCTION**
- **I. THE ROLE OF PUBLIC AND PRIVATE SECTOR IN DEVELOPMENT - THE AFRICAN PERSPECTIVE**
  1. Engaging the Governments for Policy Reforms
  2. Engaging Private Sector for Financing Development activities
  3. Supporting governments in service delivery
  4. Addressing Food Security and Agriculture development
  5. Climate Change, and Environmental Sustainability
  6. Ensuring sustainable security
  7. Promoting Africa’s integration Agenda
  8. Delivering on social returns
- **II. PRIVATE SECTOR IN AFRICA: STATUS, CHALLENGES AND OPPORTUNITIES**
  1. Status
  2. Challenges
  3. Opportunities
- **III. THE AFRICA UNION’S EFFORT TO PROMOTE PRIVATE SECTOR**
- **IV. HOW CAN THE AFRICA’S PUBLIC AND PRIVATE SECTOR LIAISE WITH ARAB’S TO STRENGTHEN COOPERATION IN ORDER TO SUPPORT DEVELOPMENT IN BOTH REGIONS?**
  1. Promoting Sustainable Development of Trade
  2. Strengthening Cooperation in Agriculture and Food Security
  3. Supporting African Infrastructure Construction
  4. Stressing African People's Livelihoods and Capacity Building
- **CONCLUSION**
- **REFERENCES**
**Introduction**

The role of Public and Private Sector in development is not a new phenomenon. The rationale of this paper therefore is to examine how the public and private sector can work together in a globalized Economy to champion the development agenda. The paper will also examine how best the cooperation between Arab and Africa can foster more rapid growth and economic transformation for the benefit of the populace in both regions.

From the African Perspective, it is well recorded that after more than a decade of setbacks in mid-1990s, the region began to achieve sustained growth in real gross domestic product (GDP) in 1995. However the business environment remained weak in many respects and unable to generate the high rates of private investment that can foster more rapid growth and economic transformation.

Therefore, more and deeper reforms will be necessary to improve the business environment. Enhancing training in financial sector and risk management as well as training in the identification, development and nurturing of bankable projects and modern technology to address the weaknesses of lack of competitiveness of both Africa’s private sector which is partly due to capacity weaknesses and lack of access to modern technology is of paramount importance.

As Africa progresses in this millennium, it is poised to provide more economic opportunities for its citizens through sustained growth led by the private sector which will alleviate poverty that has long plagued the region. Fundamental changes in Public economic policies that were put in place in the 1990s have begun to create a more stable and attractive environment for private investment, and the challenge for African countries now is to continue and improve along this path to reap the benefits.

The Economic reforms that were put in place in the 1990s have virtually transformed the region from what it was in the 1960s. They have strengthened macroeconomic management, liberalized domestic markets and trade, privatized state-owned enterprises, eased restrictions on private investment (including foreign investment), and freed up financial markets. In many cases, these reforms have been assisted by the World Bank and the International Monetary Fund as part of structural adjustment programs. With the improvements in macroeconomic management, many African countries are already seeing the benefits of sustained macroeconomic stability. Some have achieved this stability despite difficult external shocks that in the past would have derailed their efforts.

Following moves to rein in public spending and increase revenue collection, average deficit levels across the continent have declined by almost half, dropping from 7 percent of gross domestic product in 1990–94 to 3.6 percent in 2012. Inflation has remained...
largely in check, although hovering around 10 percent, which is higher than rates in other regions. Deficit financing has been achieved through more open domestic capital markets, or via aid grants, rather than by simply “printing money” or forcing loans to government onto the banking system.

Microeconomic reforms to free up domestic markets have reinforced this improved macroeconomic management. Countries that previously had price controls, profit margin ceilings, extensive subsidies, and other interventions in the functioning of product markets have by and large abandoned them. They are now allowing competitive forces to determine markets. Business regulation in general has also improved. For the most part, complex procedures for obtaining government approval for actions such as terms of employment have been dismantled.

1. The Role of Public and private Sector in development - The African perspective.

The role of Public and Private sector in fostering economic development has been identified and stated in many economic theories. However the contentious question remains as to which of the two sectors should take the domineering role in spearheading the economic development.

While the private sector is critical to development, it cannot act alone. Not only does the public sector have an essential role in providing public services related to areas such as health and education, safety nets, transfer programs, and environmental stewardship, it also has a critical role in supporting economic growth and the private sector.

The implementation of timely public-private partnership models has initiated a second phase of private participation in development programs. These models incorporate the advantages of the fully state-owned and fully privatized models while managing their shortcomings. The benefits of these programs include productivity gains, improved quality of service, and increased coverage. These benefits can be enhanced with better project design and implementation and an appropriate institutional capacity and legal and regulatory framework.

With a pressing need to restore fiscal space and some restrictions on borrowing, many African countries must look toward private sector solutions to finance the scale-up in infrastructure and other critical development sectors. Fiscal austerity among donors also makes it likely that official development assistance for infrastructure will be less available in the future.
Africa now has 1 billion people in its 54 countries, with annual population growth of about 2.3 million. Its middle class numbers about 300 million and its land mass represents more than 50 percent of the world’s surface. Africa boasts of 60 percent of the world’s arable land and significant percentages of the world’s gold and oil reserves.

These numbers represent enormous potential markets for the private sector as the rapid growth in mobile phone penetration over the last 10 years evidences. This balance of evidence suggests that the next half century in Africa offers good prospects for realizing the African Union vision of a dynamic, diversified and competitive economic zone in which extreme poverty is eliminated within peaceful, stable and vibrant societies.

To achieve this, African Governments are involved in forging new partnerships, boosting infrastructure investment and promoting training in new skills and technology. Instead of relying on exports of raw materials, the continent is also exploring possibilities of adding value to its commodities to promote sustained growth, jobs creation and economic transformation.

Although the political will to implement Economic reforms is crucial, no government can legislate the creation of an entrepreneurial economy from the top down. By definition, such an economy needs active and engaged businesses that can work with the government and provide guidance on reform priorities and policy solutions. Therefore, the onus is on the private sector as well to be an active partner – and in fact the leading force – in reforms.

So, the question remains; how can Africa’s Private Sector help to maintain and ensure sustained growth, job creation and economic transformation that are much desired on the continent?

There are a number of ways through which private sector can supliment Public sector efforts and contribute to economic development

1. **Engaging the Governments for Policy Reforms**

In discussing the contributions of the private sector to development, we must keep in mind that business is not a monolith. Business communities in most countries are extremely diverse. They include small and medium-sized enterprises, the informal sector, leading-edge firms, and state-owned companies. While state-connected companies with corrupt ties to the government fear the loss of their privileged position, the majority of businesses in any given country do want reforms. They want the same rules to apply to everybody, and they want fewer barriers to conducting business. Yet, frequently the majority of legitimate business interests are not represented in a country’s political process when a handful of powerful business elites and cronies monopolise access to the government.
A broader business community operating in African Countries must become engaged in the reform process to ensure that their voices are heard in the policy debate and that fair economic competition prevails. In turn, fair economic competition strengthens business diversity and pluralism, which creates a strong context for healthy political competition and checks on government power.

**A Checklist for Business-Friendly Policies: Recommendations for Policymakers and the Private Sector**

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business entry</td>
<td>The private Sector actors should actively engage and lobby their respective Governments to simplify business registration and licensing procedures</td>
</tr>
<tr>
<td>Disclosure</td>
<td>Establish proper disclosure requirements so that information is readily available to consumers and investors</td>
</tr>
<tr>
<td>Information</td>
<td>The private Sector actors should demand to have equal access to government information on regulations, requirements, and ensure that financial rules are open and accessible to all businesses, including small businesses</td>
</tr>
<tr>
<td>Property rights</td>
<td>Define and ensure strong enforcement of property rights</td>
</tr>
<tr>
<td>Labor</td>
<td>Establish simple and efficient labor laws</td>
</tr>
<tr>
<td>Competition</td>
<td>remove restrictions on competition, eliminate subsidies to inefficient enterprises, and open up industries reserved for state-owned enterprises</td>
</tr>
<tr>
<td>Trade</td>
<td>Reduce tariffs and non-tariff barriers; eliminate export-import licenses granted to a select few</td>
</tr>
<tr>
<td>Taxes</td>
<td>simplify procedures and/or reduce tax rates, which can increase tax revenues through increased compliance</td>
</tr>
<tr>
<td>Price controls</td>
<td>remove price controls and let markets determine prices</td>
</tr>
</tbody>
</table>
The role that foreign companies can play in this process starts with setting a good example in their own operations. It involves having robust corporate governance mechanisms and ethics codes so that the board and staff at all levels are committed to proper business conduct and aware of potential risks to integrity, especially in country environments where the institutions of public governance remain weak. Importantly, strong internal controls must extend into interactions with local suppliers, agents, and sub-contractors, propagating high business and ethical standards through the entire global supply chains.

Companies should also consider adopting voluntary standards such as the Business Principles for Countering Bribery, the United Nations Global Compact, or sector-specific principles such as the Extractive Industries Transparency Initiative. In doing so, they can show their commitment to ethical and sustainable business and help ensure that effective internal policies strengthening anticorruption and disclosure are in place.

Worth more, multinational companies operating in developing countries should be at the forefront of anti-corruption efforts given that they may be subject to stricter laws and enforcement than the laws of the host countries. It is in the interest of those companies to work with local business associations and chambers of commerce whose anti-corruption goals they share. By engaging together in collective action against corruption, domestic and foreign firms alike can help create a better business environment for all.

2. Engaging Private Sector for Financing Development activities

Despite huge efforts made by the international donors over the last decade to assist African countries, resources for external assistance still remain scarce, while financing needs continue to grow globally. Financing Africa’s development projects and activities is essential in ensuring the implementation of these activities and its sustainability. In this regard, the AU will promote the use of innovative financial instruments that could leverage additional financing in support of its development objectives. For example public grants and loans can be used more strategically to mobilize private finance for shared development goals. Moreover, support could be given to public investments in Infrastructure.
3. Supporting governments in service delivery
Besides directly contributing to economic growth, poverty reduction, and jobs, the private sector should also actively participate and seize investment opportunities that exist in the provision of essential services such as infrastructure (transport, telecommunications, water and power), health, education, and finance that are important to growth and to improving people's living conditions.

Africa faces vast infrastructure gaps presenting opportunities for investment, both from the private sector and through public-private partnerships. The continent needs energy, transportation and new satellite cities to accommodate millions of people moving from rural to urban areas. Private sector participation in infrastructure and other services will become more important over the next 50 years, as governments continue seeking alternatives to public funding and look for more efficient ways to deliver services.

The continent still faces serious human capital deficiencies. The private sector, government and Schools need to work together to close skill gaps. Africa particularly needs more engineers and technicians. Technological sectors may be growing in Africa, but not fast enough to cope with the technological advancement in the rest of the world.

4. Addressing Food Security and Agriculture development
Critical public issues related to food security, also depend on successful operations of private sector firms—as they are major operators of the businesses that produce food on a large scale. Thus meeting the food challenge depends on improving the operations and productivity of agricultural firms. This improvement can be achieved through a number of interventions by private sector actors such as research and extension services with respect to the development of new crops and training small scale farmers in new technologies for commercialization of Agricultural products. Other areas of intervention by private firms can be through provision of affordable and quality inputs such as Seeds, fertilizers and pesticides and other items used to grow better food. Provision of less expensive farm equipment to promote mechanization in agriculture, Infrastructure such as roads, storage facilities ,transportation and bins and containers for fragile crops such as vegetables all play an important role in helping farmers capitalize on their efforts.

5. Climate Change, and Environmental Sustainability
There is a growing recognition that the natural environment forms the basis of our physical assets and must be managed as a source of growth, prosperity and well-being. In the industrial world, Green Economy is defined as resources efficient, technology driven activity that increases investments and growth while substantially reducing carbon footprints. Thus the action plans to make these investments and activities
sustainable may include; Energy Management, Water Management, Waste Management and Land Management among others.

It is therefore important to state that climate change, and environmental sustainability, largely depend on successful operations of private sector firms—as they are major operators of the businesses that generate greenhouse gas emissions, and affect the environment.; Addressing climate change requires energy efficiency in businesses and firms that can develop technologies for low carbon power; whereas environmental sustainability will require firms that both use and supply appropriate environmental technologies that will ensure proper Management of Water, Waste and Land resources among others.

6. Ensuring sustainable security

As private sector actors seek to expand their operations in the economically emerging Africa, the lack of regional security and stability can negatively impact business operations that are underway. Creating a more stable operating environment that facilitates social and economic growth mitigates private sector risk and is also a goal pursued by all the development stakeholders. Private sector cooperation in development can complement public sector initiatives by helping to identify sources of instability and develop programs to create a more secure environment. This not only encourages greater private investment in developing markets like Africa, but also creates conditions for more sustainable economic development programs. This alignment of interests should also call for, and become an alignment of response. AU encourages African public and private sectors to coordinate their strategies and leverage their respective strengths to achieve sustainable development and growth.

7. Promoting Africa’s integration Agenda

Over the next 50 years, Africa’s private sector should play a key role in this agenda, working with the public sector in promoting regional cooperation and integration. The private sector can contribute, first, through trade and, second, through infrastructure investments cutting across boundaries and interlinking the countries in the region. While governments can, and should, ensure an appropriate enabling environment for the private sector to grow and thrive in, it is the private sector that provides the most efficient allocation of resources and an enduring source of economic growth. Although there are already many success stories of Public-Private Partnerships in the region, many more opportunities do remain for the public and private sectors to come together to make the often very large and complex investments happen.
8. Delivering on social returns.

Generally speaking, the task of meeting the MDGs is often driven by governments and not-for-profit organizations, with the private sector’s role seen as limited to providing goods and services – it’s a ‘passenger’ not a driver. However times have changed and private businesses have got to come on board and be the drivers of changes that will help African countries meet the MDGs. African private investors should invest in areas that can tackle poverty (MDG1) by creating jobs and enabling customers to save money, invest in areas that Promote gender equality (MDG3) by providing work to women, invest in areas that Improve maternal and child health (MDGs4 and 5) by cutting air pollution and areas that Increase environmental sustainability (MDG7).

II. Private Sector in Africa: Status, Challenges and opportunities;

1. Status

In recent years, the private sector has been recognized as a key engine of Africa’s economic development. Yet, the most simple and fundamental question remains unanswered: what is the status of African private sector? Study findings of national accounts and labor market data point to a relatively large size of the African private sector. National account data shows that the private sector accounts for about 2/3 of total investments, 4/5 of total consumption and 3/4 of total credit.

Labor market data reinforces the idea of a large private sector, which provides about 90% of total employment opportunities. However, most of this labor is informal and characterized by low productivity: permanent wage jobs in the private sector account on average for only 10% of total employment (a share similar to that provided by public administration and state owned enterprises). South Africa is the notable exception, with formal wage employment in the private sector representing 46% of total employment.

It’s also important to note that the African private sector is characterized by five distinctive structural deficits that command the attention of policy makers i.e. informality, A “missing middle” and lacking upward mobility, Weak inter-firm linkages, Lack of export competitiveness and Lack of innovation capabilities.

2. Challenges

A number of developments and long-standing issues have combined to endanger the ability of small firms in Africa to survive in today's global economic system. The
challenges that lie ahead for private sector development include but not limited to globalization of markets and production, lack of financial support, poor infrastructure, international expansion issues, small size and fragmentation, political instability and government assistance and support.

**i. Globalization of Markets and Production:** Globalization refers to a fundamental shift in world economy in which nations are moving toward an interdependent global economic system (Hill, 2009). Globalization has resulted in markets in which previously historically separate markets have become one huge global marketplace as a result of reductions in trade barriers and advances in information and transportation technologies. As a result, small firms can now participate in international trade right from inception. Another facet of globalization is globalization of production. Companies can locate production facilities in countries where labor and other production inputs are cheaper. The end result is that globalization presents new threats for small companies in Africa in the form of increased competition from foreign entrants. Locally manufactured goods now compete with cheaper good quality products from emerging economies, such as China, India, and Brazil. These inexpensive imports are rapidly replacing locally made goods and shutting down small-scale manufacturers.

**ii. Lack of Financial Support:** Despite existing policies on financial support for small businesses, very few entrepreneurs receive financial help when they need it. For example, Mambula (2002) found that 72 percent of entrepreneurs he studied in Nigeria considered lack of financial support as the number one constraint in developing their business. According to Mambula, small businesses consider procedures for securing business loans from banks cumbersome, and the collateral demanded for such loans excessive. Banks, on the other hand, defend their behavior by noting that most small firms that apply for loan do not present acceptable feasibility study or good business plan. Furthermore, many entrepreneurs do not even have a deposit account in a bank, a condition for advancing a loan to an applicant. To complicate the problem, there is no law to protect a bank against loan default. Banks also point out that entrepreneurs are unwilling to acquire formal training in how to run a business. Although in some African countries banks are by law required to set aside a certain percentage of their profits for small business loans, many banks would rather pay a fine than make what they believe to be a high risk loan.

**iii. Poor Infrastructure:** Basic physical infrastructure required for economic development, such as good roads, ample power supply, and good rail and river transportation facilities, are in very poor shape in most African countries. As a result, deplorable roads, deteriorating rail lines, where rail transportation still exists, inadequate power supply, and unusable waterways have combined to make small business operations difficult. For example, damage to equipment because of power surges and down time due to unavailability of electric power during production hours are major
problems for small manufacturers in some African countries (Akwani, 2007). To overcome this problem, entrepreneurs who can afford it own private generators to power their manufacturing operations, thus increasing production costs and making their products less competitive. Furthermore, poor transportation facilities and bad roads result in higher cost of moving goods from one section of the country to another.

In addition to the problems noted above, the information and communication infrastructure in most African countries are weak. Access to information infrastructure is considered an indispensable condition for widespread socio-economic development in this age of globalization and information economy (Cogburn and Adeya, 2000). The result of poor communication networks in most African countries is the low level of Internet usage. Also, Africa has low telephone penetration, and inadequate broadcasting facilities, computing infrastructure, and other consumer electronics.

Although these are the general shortcomings for African countries, it should be noted that African countries exhibit differing levels of information infrastructure, with North African countries and South Africa at a higher level of information technology preparedness than most African countries.

iv. International Expansion; Unlike their counterparts in other parts of the world, small African firms have mostly sold their products in their home market or in adjacent countries that belong to the same regional economic block as their home country. It also appears that most small businesses in Africa follow the incremental stages of international expansion model. The reasons given for the favoring of gradual internationalization by small firms in Africa include: unsaturated domestic markets, reputation for low quality products, technological requirement for success in markets in developed economies, and difficulties in joining international supply-chain networks (Rankin, Soderbom, and Teal, 2006). According to this model, firms typically begin with domestic focus and progress to experimental involvement, active involvement in foreign markets, and finally committed involvement (Johanson and Valhne, 1977). The problem with this approach is that gradual internationalization is no longer realistic in today's fast-paced global economy. Foreign companies now enter many formerly protected markets in developing countries in large numbers, increasing competition and driving down prices. As a result, young entrepreneurial firms have become born global companies that take on international expansion early in their inception (Knight and Cavusgil, 1996). Small firms in Africa must do the same to survive in today's competitive market environment.

v. Small size and Fragmentation; although better positioned than at virtually any other time in their short history as independent nations, most of Africa’s 54 countries are supported by small economies. Even the region as a whole has a gross national product
of just over $350 billion, which is approximately the same as that of Argentina. Yet it has more than 15 times as many people.

A handful of the larger countries in Africa account for most of the region’s GNP, with South Africa and Nigeria together accounting for more than half. The average size of an African economy, including South Africa, is about $10 billion, compared with $50 billion in other developing regions. As many countries recognize, one way to compensate for the inherent disadvantages of their small economies is to seek greater regional economic integration by organizing markets on a sub-regional scale and economizing at the institutional level through governance by regional organizations. Despite the political importance attached to regional integration, expectations and efforts have not been fulfilled to the desired level.

**vi. Political Instability:** Political instability interrupts all economic growth, not just private sector development. It has been a constant problem in Africa, although the sources of instability are constantly changing. When democracy was introduced to South Africa, it brought about a dramatic positive change that benefited the entire sub region, but it was soon followed by instability in other countries, such as the Democratic Republic of Congo (DRC). Peace has continued to prove elusive in Central African Republic and other countries with long-running internal conflicts. And new crises have developed in a number of others, including Somalia and Libya, Egypt, Guinea-Bissau, and Mali. For countries emerging from years of civil strife, such as Ivory Coast, the challenges of post conflict recovery and development are daunting, especially reestablishing a climate for private sector development.

### 3. Opportunities

Despite all the challenges facing entrepreneurship in Africa, economic growth rates across much of Africa are rising, and there are successful entrepreneurial ventures across the continent. This observation suggests that opportunities exist for African entrepreneurs, and some of these opportunities have already resulted in some international and local business successes.

**i. Promoting Entrepreneurship through Privatization;**

Privatization of government controlled business activities offer tremendous opportunities to local entrepreneurs. Privatization has been employed in promoting entrepreneurship in Africa since the late 1980s. Privatization was pushed by the international finance community and organizations, such as the international monetary fund (IMF) and the World Bank, under the structural adjustment programs (SAP). The approach addressed one of the major reasons behind low levels of entrepreneurship in most African countries: the direct participation of African governments in too many economic activities in their respective countries (Elkan, 1988).
ii. The Easing of the Debt Burden: The easing of the debt burden in many African countries through the Multilateral Debt Relief (MDR) initiative in 2006 opened a window of opportunity for African countries to once again capitalize on trade opportunities made possible by increasing globalization of markets and reduction of trade barriers. Although current economic aids from donor countries focus on the social sectors and social infrastructure, such as education, health and good governance, local and international entrepreneurs can take advantage of this investment opportunities because of current government ability to engage in infrastructure building instead of debt servicing that had no end in sight. Besides providing business opportunities for small firms, investing in economic infrastructure such as water supply, electricity, roads and information technology (IT) services will ensure that local enterprises are not at a competitive disadvantage in today's global economy.

iii. Inter-firm Linkages: Inter-firm linkages between small and large firms or domestic and international enterprises in value chains contribute to small firms' growth and success. This type of cooperation allows small firms to reap the benefits of scale and scope economies. The skills small firms develop and knowledge they acquire in inter-firm linkage can lead to competitive advantage in the global marketplace (McCormic, 1999). Evidence suggests that linkages between small firms and large firms are generally weak at this time, especially between small manufacturing firms and agricultural suppliers (Lawrence, 2005). Large foreign companies are reluctant to establish local linkages with small enterprises because of product quality concerns (Yumkella and Vinanchiarachi, 2003). This weak linkage between large and small firms is a problem for future small business development. However, there is evidence that this situation is beginning to change.

Inter-firm linkage is a potential opportunity for small firms if African governments are willing to step in and make such linkages attractive to large transnational firms. Building inter-firm linkages in African countries will require government policies that create an enabling investment environment through tax incentives, red tape reduction, property protection, and other measures that have a positive impact on the overall economy (UN Conference on Trade and Development, 2007). To enhance growth opportunities for small firms, the linkages between small firms and transnational corporations should be well structured and well defined in scope. Governments should have policy guidelines in place to facilitate matching small firms with large firms, and international networking.

iv. Regional Trading Blocs As noted before, small firms in Africa are likely to first focus on their home market and later expand into neighboring countries. It has been observed that small entrepreneurial firms in Tanzania for example export to Kenya, Malawi and Zambia. These are neighboring countries with similar levels of consumer sophistication and product standards. A similar situation exists among countries in West Africa, such as Nigeria, Ghana, Sierra Leone, and Liberia. These neighbors often
belong to a trading block which allows goods and services to move freely across their national borders. Thus, small firms have the opportunity to engage in cross-border trade at a young age and use this experience to expand their activities to distant countries, and not follow the gradual internationalization model.

III. The Africa Union’s effort to Promote Private Sector:

Africa has for a long time continued to contend with the problem of poverty and underdevelopment despite the fact that the continent is endowed with significant natural resource base and a young and enterprising population. The continent continues to be characterized by all the features of underdevelopment including low level of human development, low levels of productivity, dependence on the primary sector and low level of industrialization, among others.

Efforts continue at national, regional and continental level to address the challenge of poverty. 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.

It's against this background that African Union commission in conjunction with its partners such as AfDB and UNECA have come up with a number of initiatives to promote private sector in Africa so as to spur the much needed economic transformation. These initiatives include;

The AUC is currently undertaking technical studies for the establishment of the Pan African Stock Exchange. The establishment of a Pan African Stock Exchange would bring about a greater pool of capital market resources to enhance investment on the continent, thereby providing the required access to financial resources to the African SMEs and support developmental interventions on the continent.

Private sector fora are being regularly organized to promote a greater opportunities for engagement among the continent's private sector key players, promoting B2B meetings with an aim of identifying bankable projects while at the same time looking at the way financial resources can be mobilized.
An initiative to develop a continental investment code is also underway. This investment code is aimed at easing investment related legislation and provides a platform for future harmonization of investment regulatory laws on the continent. The achievement of this important policy will automatically lead to increased intra-African trade, employment creation and poverty reduction on the continent.

Promotion of integration agenda; Investment in development, plus peace and stability are necessary but not sufficient conditions for Africa to prosper. There is a need to integrate in order to realize the vision. AUC is spearheading efforts to achieve African integration and this will go a long way in ensuring the consolidation of internal markets, in addition to, improving efficiency of resource use. Efforts are also underway to strengthen regional economic communities and other regional partnerships that can facilitate regional planning and economic integration by making it easier for goods and people to transit across borders, creating larger, more attractive regional markets and boosting intra-African trade.

Development of an Africa Inclusive Market Strategy toward youth and women entrepreneurship. The key issue seems to be that growth has not been inclusive enough. There is inequality in terms of income, access to education and health services, limited job opportunities, especially for the youth and women, and, weak institutional, regulatory and business frameworks. It’s from this point of view that African Union is engaged in efforts to ensure that youth and women are included in markets and private sector engagements since companies and entrepreneurs involved in them generate jobs and incomes and provide goods, services and solutions for poor women and men and thereby have potential to increase choices and opportunities. In most countries, markets are also central in determining whether growth occurs and whether it is inclusive or not.

IV. How can the Africa’s Public and private sector liaise with Arab’s to strengthen cooperation in order to support development in both Regions?

Currently, as the international situation undergoes profound and intricate changes, newly emerging and developing economies have become the major force pushing forward the world’s economic development. In tune with the changes in the international environment, Arab and African countries are, within the framework of Africa-Arab Strategic Partnership continuing to deepen the new type of Arab-Africa strategic
partnership, vigorously advancing economic and trade cooperation, and actively exploring a common path that reflects both Arab’s and Africa's realities.

The traditional Arab-Africa economic and trade development has for a long time improved people’s livelihoods and diversified economic development in African countries, provided strong support for both region’s socio-economic development, and contributed to promoting cooperation and economic development.

Through the common efforts of Arab and Africa, bilateral economic and trade cooperation now enjoys a consolidated foundation and improved mechanisms, with new common interests and growth points in cooperation constantly emerging.

1. Promoting Sustainable Development of Trade

Against the background of sluggish global economic recovery in recent years, Arab-Africa trade development has maintained comparatively rapid momentum.

Arab-African bilateral trade has great potential due to the complementary conditions on both sides, and is significant for the economic development of both Arab and Africa. Both regions should take multiple measures to promote the healthy development of Arab-Africa trade. These include implementing the measures which will expand the scope of zero tariff treatment for African products exported to Arab region and increase Arab's imports from Africa, and improving the brand building, marketing channels and quality of Arab's commodities exported to Africa. The Arab League should also help African countries improve their customs and commodity inspection facilities by mobilizing aid for trade, provide support for African countries to promote trade facilitation, and push forward trade development within Africa.

2. Strengthening Cooperation in Agriculture and Food Security

Agriculture is crucial for stable development and poverty reduction efforts in Africa. It is a pillar industry and a priority field for development in most African countries. Arab and Africa see favorable conditions and broad prospects for future agricultural cooperation. The African Countries attach great importance to its mutually beneficial agricultural cooperation with Arab.

There is need therefore to advance agricultural cooperation between the two regions in all respects while ensuring that this cooperation puts both parties on an equal footing, is mutually beneficial, and advances common development. That it works to establish and improve a mechanism for bilateral agricultural cooperation, and strengthen Arab-African cooperation in the sharing of agricultural technologies, resource varieties and
agricultural information, the processing and trade of agricultural products, agricultural infrastructure construction, and human resource training.

3. Supporting African Infrastructure Construction

Infrastructure construction is a starting point for improving the investment environment and people's livelihoods in Africa, and is of great importance for poverty reduction and development on the continent. The Arab and African governments should encourage their enterprises and financial institutions to participate in African infrastructure construction, including transportation, communications and electric power projects, in a variety of different ways.

While undertaking infrastructure projects in Africa, Arab enterprises should pay attention to localized operation and management styles, and take an active part in programs that benefit local people.

Infrastructure construction is a significant part of Africa's further economic and social development. Arab should deepen cooperation with Africa in transportation, communications and other infrastructure fields to improve people's livelihoods, steadily push forward Arab-African trans-national and trans-regional infrastructure construction partnerships, and enhance exchanges and cooperation in the field of regional integration so as to help Africa improve its capacity for integrated development.

4. Stressing African People's Livelihoods and Capacity Building

Africa has sustained rapid economic growth in recent years, but it still faces severe development problems and the difficult task of accomplishing the UN Millennium Development Goals. While seeking to advance its own development, Arab and African countries should cooperate in generating and development of social assistance programs/projects as wells for water supplies, and building affordable housing, broadcasting and telecommunications facilities, and cultural and educational sites in an effort to improve the productive and living conditions of local people.

Holding human resource training programs. Human resource training is an important part of capacity building. These programs should cover critical areas such as energy, industry, agriculture, forestry, animal husbandry and fishing, medicine and health care, inspection and quarantine, climate change, economics, security, and some other fields.
Conclusion.

Arab-Africa relations have reached a new historic level. Africa, a continent full of hope and thirsty for development, has become one of the world's fastest growing regions, while the Arab region, has maintained forward momentum in its development. With increasing common interests and mutual needs, the two sides have great opportunities to accelerate their economic and trade cooperation.

Currently, the African people are working hard to realize the African dream of gaining strength through unity and achieving development and renewal. With a spirit of mutual respect and win-win cooperation, both regions should continue to take concrete measures to build an Arab-African community of shared destinies featuring all-round, diversified and deep cooperation. We should work to advance Arab-Africa economic and trade cooperation to help both sides make their respective dreams come true. Africa is also willing to enhance its cooperation with the rest of the world to promote Africa’s prosperity and development.
References


3. Expanding and Enhancing Public and Private Cooperation for Broad-based, Inclusive and Sustainable Growth,” a joint statement for endorsement by representatives from the public and private sectors at the 4th High Level Forum on Aid Effectiveness, 11 November 2011


