



Partnerships for Promoting the African Entrepreneur

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Good afternoon, ladies and gentlemen. I would like to welcome each one of you to this discussion on public-private partnerships in Africa. We have invited a distinguished panel of speakers who bring a wealth of experience and ideas to the task and I look forward to a productive and engaging dialogue. More importantly, I hope our shared time here today will lead to real opportunities to work together in partnership with Africa's entrepreneurs.

As a government and a nation, the United States is committed to our partnership with Africa. This is a partnership that we value highly and one that we are continually seeking to strengthen. Africa is of enormous strategic significance to the United States. Its success is critical to our own security and to stability in the region. As most of you are aware, under the leadership of President Bush and Secretary Rice, we have nearly quadrupled spending in sub-Saharan Africa. With the President's Emergency Plan for AIDS Relief and the President's Malaria Initiative, we lead the world in funding HIV and malaria treatment.

Of particular relevance to today's topic, USAID is also a world leader in engaging the private sector--mobilizing ideas, resources, skills, and technologies. USAID has built more than 269 public-private alliances in Africa with over 800 partners. We are using 420 million dollars of U.S. taxpayers' money to leverage 2.1 billion dollars in private money--and leveraging critical expertise in the process. While this clearly represents significant investments in Africa, I am convinced we can do much more.

All too often, Africa is portrayed as a continent of conflict, despair, and disease. Those who have been tracking the region closely know otherwise. Indeed, we at USAID see concrete and noteworthy developments in Africa in which we find great cause for optimism and genuine prospects for increased economic growth.

For example, as noted in a recent report from the African Development Bank, overall economic growth in Africa is projected to reach a robust 6% in 2007--the highest rate in the last 20 years. This means more jobs, increasing resources available to invest in much-needed social programs, and less dependency on foreign aid. Inflation is now around one-fifth the level of a decade ago.

Of course, a more complete measure of prospects for economic growth and poverty reduction in the African context is to examine total resource flows--both public and private sectors--between donor countries and the developing world. Including net trade and investment, personal remittances, and private grants by companies and NGOs gives a more complete picture of support for developing countries. In the case of the United States, in 2005, this total engagement in Africa was \$53.2 billion, or 0.4% of U.S. GDP. We recognize that sustained economic growth requires more than increasing investment. As we can clearly see from the World Bank's Doing Business 2008 Report, government policies that promote trade, investment, and other financial flows are indispensable to fostering development, employment, and growth in poor countries.

It is in this area--in the coming together around mutual interests and common goals across business, government, and the rest of civil society--that we would like to invest more thought, energy, and resources. And it is in this topic that we would like to delve more deeply this afternoon.

The concept of partnership is more than a mere conceptual abstraction; it is a business model for guiding programs, strategies, and activities. It is a relationship that invites each partner to contribute from his/her comparative advantage so that all parties are mutually edified and common goals are that much more within everyone's reach. Such partnerships are the basis for what we are calling a Global Development Commons--a community of continuous and real-time exchange, collaboration, and action between public and private donors, agencies, NGOs, host governments and civil society--all operating as equals.

With private partners, we work to increase economic growth and reduce poverty throughout the developing world.

We have experienced a great deal of initial success in this arena throughout sub-Saharan Africa, and several of those examples will be illustrated during this discussion. While we will continue to build on these past advances, the number of players and the complexity of the issues demand that we create a more comprehensive and efficient network of resources, skills, and information exchange.

To achieve our goals, we must communicate, collaborate, and act-together.

Compared to the rest of the developing world, sub-Saharan Africa receives substantially less in the way of private investments than the regions of Asia and Latin America. Although there is strong evidence of growth there, Africa receives only a small percentage of the rapidly expanding foreign direct investment inflows to developing countries. The growth of foreign direct investment in Africa is largely driven by extractive industries--itself a matter of concern in fragile economies and states. We are convinced that public-private partnerships can play an important role in improving both the volume and the impact of investment flows to Africa.

USAID has developed a framework to help grow the private sector in sub-Saharan Africa through improving the enabling environment, increasing access to financing, and leveraging needed infrastructure investments. We seek to spur the expansion of the three private sector pillars of growth: increased agriculture sector modernization, the growth of small and medium enterprises, including agribusinesses, and helping African economies, through trade, become more fully integrated within the global market.

It is my firm belief that public-private partnerships can and do play an important role in improving the business skills of African entrepreneurs, forging improvement in the enabling environment, demonstrating the financial viability of small and medium-size enterprises to private investors, and increasing private sector investment. We need to raise the profile of this business model and connect it with African-led strategic priorities. Without the private sector expanding investments in Africa, broad-based, long-term growth will not occur.

USAID has already made great strides in advancing this model in Africa through two ongoing initiatives -- the Africa Global Competitiveness Initiative (AGCI) and the Initiative to End Hunger in Africa (IEHA). In 2006, IEHA helped create 900 public-private partnerships at the local level in Africa, assisting over 78,000 African small and medium enterprises to improve access to business development services and finance. To further these efforts, USAID's Africa Bureau has recently signed an agreement with the Corporate Council on Africa (CCA) to implement a strategic outreach and engagement initiative between the agribusiness sectors of Africa and the United States. The Council will engage the private sector to increase its voice in policy making and planning processes, strengthen the capacity of the regional economic communities (RECs) to develop alliances with the private sector in Africa and the United States, and facilitate business and trade linkages regionally and globally.

Going forward, USAID has made available funds to support alliances in energy, information and communication technology, water, and agriculture. We are looking to expand funding for small and medium sized enterprises.

We are also committed to developing new partnerships with the financial community, including lending institutions, venture capitalists, and financial services. New partnerships with the financial sector, both local as well as international, are essential to expanding access to these services for the underserved in Africa.

Through partnerships, USAID has already improved communities by attracting private investment and making financial services accessible to the poor through strong local financial institutions.

We are working to reduce the risk to investors through credit guarantees, capacity development, and strengthening the enabling environment for investment. Our message to you today is that investing in the African entrepreneur is not only a profitable endeavor for the investor, but private investment in Africa is the only long-term, sustainable way to reduce poverty and achieve meaningful economic growth and stability.

In order to achieve the results we desire-the results our stakeholders demand, we must be open to new ways of doing business. Corporations, governments, and organizations around the world are realizing their interdependence on each other as never before. We are also witnessing first-hand the real value added of successful public-private partnerships.

I believe we are entering a new era of collaboration; an era in which the connections between our organizations and resources matter more than ever. Public-private partnerships leverage information, ideas, technology, and innovation needed to solve our most pressing human problems. As the ever-changing institutional landscape in sub-Saharan Africa evolves, you will find USAID a steadfast and willing partner.

Thank you again for joining us today. I look forward to our discussion.

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