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Promoting Stability and Development in Africa: Fostering Cooperation Between Public and Private Sectors

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ABSTRACT

The international conference held in Turin on 1-2 December 2014 represented the first public meeting organized in the framework of the project launched by the Istituto Affari Internazionali (IAI) and the Foundation for European Progressive Studies (FEPS), with the cooperation of the National Democratic Institute (NDI). The project aims at furthering the debate on the challenges and opportunities of cooperation in Africa between state, institutional and private actors in three thematic areas: economic development, good governance and democracy, peace and security. The research focuses on four case studies – Ethiopia, Mozambique, Nigeria, and South Africa – and relies on the expertise of country specialists. The conference was divided into three working sessions: after the welcome addresses, the opening remarks and the presentation of the research project, the first two sessions were dedicated to the presentation of the case studies, while the last session focused on the experiences of cooperation in Africa of both non-governmental organizations (NGOs) and private companies, followed by the indications for the follow-up of the project. This report provides a summary of the meeting and highlights the key points that emerged from the debate.

Africa | Regional cooperation | Economy | Democracy | Security | Ethiopia | Mozambique | Nigeria | South Africa | European Union | Italy

keywords

Promoting Stability and Development in Africa: Fostering Cooperation Between Public and Private Sectors

by Francesca Buratti and Lorenzo Vai*

Introduction

The international conference held in Turin on the 1st and the 2nd of December 2014 represented the first public meeting organized in the framework of the project "Promoting Stability and Development in Africa: Fostering Cooperation Between Public and Private Sectors", launched by the Istituto Affari Internazionali (IAI) and the Foundation for European Progressive Studies (FEPS), with the cooperation of the National Democratic Institute (NDI).

The project aims at furthering the debate on the challenges and opportunities of cooperation in Africa between state, institutional and private actors in three thematic areas: economic development, good governance and democracy, peace and security. In order to produce an analysis that is based on concrete realities and has the potential to impact on local context, the research focuses on four case studies – Ethiopia, Mozambique, Nigeria, and South Africa – and relies on the expertise of country specialists. In accordance with this concept, the conference was divided into three working sessions. After the welcome addresses, the opening remarks and the presentation of the research project, the first two sessions were dedicated to the presentation of the case studies: each featured an analytical introduction by paper-givers and critical remarks by discussants, followed by an open discussion. The last session was dedicated to the reflections and experiences of cooperation in Africa presented by representatives of both non-governmental organizations (NGOs) and private companies, followed by a question and answer session. The conference ended with a series of closing remarks and indications for the follow-up of the project.

The international conference was organized in cooperation with the Centro Piemontese di Studi Africani (CSA), with the support of Italy's Ministry of Foreign

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· Report of the international conference on "Promoting Stability and Development in Africa: Fostering Cooperation Between Public and Private Sectors", Turin, 1-2 December 2014. The conference was organised by the Istituto Affari Internazionali (IAI) and the Foundation for European Progressive Studies (FEPS) in cooperation with the Centro Piemontese di Studi Africani (CSA), with the support of the Italian Ministry of Foreign Affairs, Eni and Compagnia di San Paolo, and with the patronage of the Municipality of Turin.

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Welcome addresses, opening remarks and presentation of the research project

The welcome addresses were given by Piero Fassino, Mayor of Turin, and Ferdinando Nelli Feroci, President of the Istituto Affari Internazionali.

After the greetings addressed to all the organizers and participants, Piero Fassino gave a brief overview of the most relevant issues that are currently challenging the development of the African continent. A list that includes diverse problems, starting from the deficiencies in the implementation of democratic principles and good governance, terrorism, religious and ethnic conflicts, the consequences of climate change, and the difficult realization of fair international trade. According to the Mayor of Turin, the European Union (EU) can offer an invaluable contribution in facing these challenges. And, in addition to the EU, the role played by Italy and its local entities can be fundamental, too. For instance, at the national level, Expo 2015 – the universal exposition that will be held in Milan in 2015 – could be an occasion for opening up a dialogue between international actors on issues such as nutrition and food security, which still involve the majority of African countries. At the local level, Piero Fassino gave the example of Turin, a multi-ethnic and multi-religious city, with a pronounced international projection, especially towards Africa. Indeed, Turin is a strategic city in the United Nations (UN) system because it hosts the UN Staff College and other UN agencies, and also boasts a large number of private companies and NGOs operating in Africa.



From left to right: Ferdinando Nelli Feroci, Massimo D'Alema, Piero Fassino, Nicoletta Pirozzi

In his welcome address, Ferdinando Nelli Feroci thanked all the organizers of the Conference and recalled the IAI's expertise in EU-Africa relations. Since 2009, the Istituto Affari Internazionali has been studying the peace and security policies pursued by the African Union (AU) and the EU's role in supporting African capabilities in crisis management. On this and related subjects, the IAI has already organized and taken part in many international conferences and published several studies. As stressed by President Nelli Feroci, Africa is the continent that has been transformed the most in recent history. Nonetheless, numerous areas of instability still persist in different African regions, especially in the Sub-Saharan area. The endless Somali crisis, the political and electoral troubles in Central Africa, the

humanitarian emergency in the Sahel and the terrorist security threats from the Sahel to the Horn of Africa, are just a few of the sources of instability. On the other hand, the continent is also having positive experiences like fast and widespread economic growth, the deepening of economic regional integration (of which the African Union is the most inclusive example) and the active presence of new international actors, like China, Brazil, Turkey and the Gulf countries, in addition to the EU, its Member States and the United States (US). In this situation – Ferdinando Nelli Feroci ended – the private sector can assume a central role in supporting economic growth, democracy and security in Africa, first by taking advantage of the opportunities for cooperation with the long list of public actors in the region, from African governments to international and regional organizations.

After the welcome addresses, Massimo D'Alema made the opening remarks. He offered a picture of the current situation in Africa, focusing on the latest shortcomings and achievements and putting some crucial questions on the table directed at the participants of the working sessions. He opened his speech recalling how, at the turn of the twenty-first century, Africa was described as the "hopeless continent" by important media. Nevertheless, despite all the established beliefs, the broad divergences in the level of development and wealth among African states, and persisting wide economic and social inequalities, the African economies have grown in recent years, on average, more than those of any other part of the world (except for China and India). The rise of commodity prices and energy resources driven by the increase in demand coming from China and other emerging markets, and the growing flow of direct foreign investment from non OECD-countries, have primarily led this unexpected economic development. However, economic performances differ widely across the continent, and not all the African countries are benefitting from this positive trend. If, on the one hand, this situation is the result of factors on which people have little or no influence, such as climate conditions or the availability of natural resources, on the other hand, the governments' capacity to build momentum and face important economic, political and social challenges clearly differ from country to country. According to President D'Alema, this lack of good governance represents one of the crucial African shortcomings. Strengthening democratic standards, the rule of law, and the protection of civil and social rights are also decisive issues that need to be urgently addressed. In addition, as economic growth has not led to a general improvement in the population's living conditions, social inequalities remain an unresolved and widening problem, particularly in the countries that are richer in natural resources, where national elites and multinational companies tend to retain all the benefits.

Massimo D'Alema, at the same time, underlined that education must also be part of a broad development scheme. Today, African countries suffer from an enduring deficit in primary and secondary education. Since Africa is the youngest continent on the planet, its governments should look at youth as a potential engine of growth and innovation, and therefore invest in their human resources by improving their educational system. The people's access to electricity is another question to be dealt with: paradoxically, considering the African richness in energy resources, about 70 percent of the Sub-Saharan population have no electricity. All these problems relate



From left to right: Ferdinando Nelli Feroci, Massimo D'Alema, Piero Fassino, Nicoletta Pirozzi

to matters of social justice and social stability. Indeed, one of the main reasons for the escalation in violence involving rebels, mercenaries, pirates and radical Islamist groups that have taken place in the last years from South Sudan to the Central African Republic, from the Democratic Republic of Congo to Mali, Somalia and Nigeria, can be found in the endemic poverty and weak statecraft.

and security, added Massimo D'Alema. According to him, deepening regional integration would help the African states to boost their economic development, making them more competitive in the global market. The African Union and sub-regional bodies – like the Southern African Development Community (SADC) – represent major advances in regional governance. Efforts have been made by regional economic communities to promote free movement of goods and people and the harmonization of business regulations. Nevertheless, problems with enforcement and consistency persist.

Regional integration has a crucial role to play in the field of peace

Massimo D'Alema concluded his opening remarks by pointing to Africa's relationship with the emerging economic players and the role the EU can play on the continent. As mentioned before, China, Brazil and India, thanks to their policy of non-interference in domestic politics, have become welcome alternatives to traditional western economic partners and donors, even though the EU still remains a strong economic partner for African countries. Historical ties, geographical proximity and stability concerns should make relations with this continent a priority for the European Union. Therefore, the EU's approach to Africa should put an emphasis on equal partnership, based not only on solidarity and aid, but also on an awareness of the common interests and deep interdependence between the two continents, avoiding the patronizing attitude that has characterized Europe's approach in the past.

Before the first session began, Nicoletta Pirozzi, Senior Fellow in the European affairs area at IAI, gave a brief presentation of the project. The research aims to investigate the challenges and potentialities of cooperation between state, institutional and private actors in the framework of the Africa-EU partnership, following the 2014 Africa-EU Summit. Taking into consideration the regional context and the internal and external stakeholders, the study focuses on three thematic clusters: economic development; good governance and democracy; peace and security. The analysis is based on four case studies: 1) Ethiopia, which is still among pre-transition economies and affected by instability. It is not an oil-based economy, but is growing quite rapidly; 2) Mozambique, which is an emerging oil and gas exporter; 3) Nigeria, which is one the most interesting transition economies on the

continent. It is one of the biggest gas and oil exporters and is facing many social and security challenges; 4) South Africa, which has a very advanced economy, but also persisting social and economic inequalities. What role can the private sector play in these countries? How can the private sector cooperate with the public sector to strengthen economic growth, democratic governance, human rights protection, and security? How can dialogue between the domestic and international actors that operate in Africa be supported? These are just some of the research questions highlighted by Nicoletta Pirozzi, who ended her presentation by announcing that all the thought and recommendations that would arise during the conference would be taken into consideration in the final version of the case studies and the policy paper to be produced by IAI in 2015. All contributions to the project are meant to be collected in a final publication and sent to the principal private and public stakeholders in Africa, Europe, the US and beyond.

Session I. Creating a strategic arc of stability from the Sahel to the Horn of Africa: The cases of Nigeria and Ethiopia

After a brief presentation of the panelists, the chair of the first session, Christopher Fomunyoh, Senior Associate and Regional Director for Central and East Africa at NDI, gave the floor to the first two paper-givers, Abel Abate, Senior Researcher of the Ethiopian International Institute for Peace and Development (EIIPD) in Addis Ababa, and Mehari Taddele Maru, international consultant, who underlined the key-points of their paper on the Ethiopian case.



First session panelists

As recalled by the participants, the paper gives an assessment of the progress made so far by Ethiopia in the fields of economic development, domestic governance and peace and security. The paper aims also to identify the shortcomings in the country at the institutional and policy level, and the difficulties and threats to Ethiopian economic development. Although extreme poverty still afflicts the country, in spite of being one of the largest recipients of international aid, Ethiopia has achieved remarkable progress and became the fastest growing non-oil producer country in Africa. Since the implementation of the integrated development plans began in 2002, Ethiopia has saved millions of its citizens from severe poverty. Ethiopia has made the strongest improvements in the education sector, and is now among the few countries in Africa that are likely to reach the Millennium Development Goals. The main drivers of the economic growth were identified by the paper-givers as public sector investment and the public service reforms. They also underlined the four main economic actors: the state, the domestic private sector, foreign direct

investments and the domestic informal economy (which accounts for 42 percent of GDP).

From a peace and security perspective, the main issues faced by the country were presented: common transnational threats such as terrorism and piracy; a troubled neighbourhood due to state failure or poorly performing states on its borders; nation-building based on animosity; secessionist movements; and rivalry surrounding geopolitical issues such as access to the sea and secure port services. According to the paper-givers, Ethiopia's role in regional integration and security, coupled with an expected expansion of middle class and market, fuelled by a fast growing population, will create a surge of interest in trade and opportunity for investment. The authors concluded with a list of recommendations for EU and US support for Ethiopia and its contribution to regional development and stability.

The Nigerian case was investigated in the second paper presented. As outlined by Shola Omotola, Senior Lecturer in Political Science at Redeemer's University in Abuja, the paper analyzes Nigeria's potential ability to serve as a driver of stability, development and regional integration at the continental and sub-regional level. It looks in particular at the shift implemented since 1999 in the country's development narrative and agenda (from the anti-corruption laws of Obasanjo's administration to Goodluck Jonathan's "Transformation Agenda"), which put in place monetary, fiscal and structural reforms aimed at improving socio-economic development. The paper-giver underlined how, in Nigeria, much like in other African countries, economic development and growth have been approached from a state-centric perspective, with little regard for the potential of the private sector. However, the rebasing of Nigeria's GDP also revealed that the economy is much more diversified than previously thought and that actors in the private sector, both local and international, play a key role. The panelist further stressed the concerns related to the quality of private sector investments, their corporate social responsibility policies and their effective responsiveness to local needs. He also underlined the current difficulties in transforming growth into long-term development. After describing the democratic and good governance patterns, as well as the crucial action by civil society organizations in ensuring some level of enforcement in this field, the paper-giver looked at the democratic accountability and the difficulties in its implementation due to corruption, the culture of impunity and disregard for the rule of law.

After looking at the causes of instability in the country, the panelist provided a broad overview of the sustainable development policies that led to a partial stabilization of the Niger Delta. Finally, he ended with a list of recommendations for external partners, among which the need for the EU and the US to champion local NGOs and civil society organizations in their interventions for sustainable development.

Alex Vines, Head of the Africa Programme at Chatham House in London, started his remarks by listing what Ethiopia and Nigeria have in common: a large population, youth bulge, growing social inequality and a similar federal structure. Other than that, the countries seem to be very different. If Ethiopia is often described



First session panelists

as a good destination for foreign direct investments, Nigeria is not. In Ethiopia poverty eradication and development have become explicit ambitions of the national government, which adopted a strong state vision on these issues. On the contrary, Nigerian political elites have shown no developmental vision. Analyzing their external relations, Nigeria is an affirmed regional actor with important international roles (it is a member of the United Nations Security Council and has taken

part in many peacekeeping operations) whereas Ethiopia – as pictured in the paper – appears to be a more inward looking regional player. On this latter point, the discussant shared his doubts about the interpretation of Ethiopia's military intervention in Somalia, directed at fighting the Islamic courts: the intervention cannot be read only as "necessary and positive", but should be considered primarily as an action aimed at spreading Ethiopia's influence in the Horn of Africa. According to him, Ethiopia has now started to look outward, as water, electricity and pipeline projects in the region clearly demonstrate. These ambitions are competing with those of potential regional powers like Kenya, Uganda and – in the long-term considering the democratic trends – Tanzania. In Ethiopia, continued the discussant, the development vision needs to be deconstructed. After five years of impressive economic transformation and growth, the country is now facing a number of troubles such as a liquidity problem that frustrates business.

Referring to the economic and development conditions in Nigeria, the picture shows a country of contrasts. Firstly, the development vision differs from the state level to the federal level. The national government is implementing very different policies with respect to the federal level, with some successes and some failures. Strongly based on oil and gas extraction, the Nigerian economy has also been affected by the shale gas revolution in the last five years in one of the country's most important foreign importers, the United States. The rise of new commercial partners (India is going to be the largest destination for Nigerian oil in the future) has produced a significant change in political dynamics.

Considering the growing population in both countries, food security represents a vital issue. On this theme, Nigeria can learn a few lessons from Ethiopia, which has a more advanced agricultural sector. The panelist ended with some recommendations for Western actors in their relationship with Nigeria. In particular, the US should improve the structure and role played by the US-Nigeria bi-national commission, in order to make this political dialogue more meaningful. On the EU side, the possibility of a strategic partnership with Nigeria should be assessed.

John Weeks, Professorial Research Associate at the Department of Development Studies of the School of Oriental and African Studies (SOAS) in London, began his intervention with a number of general comments on the project. He suggested it might be a good idea to deepen the analytical interaction between development instability and the issue of democracy, to understand to what extent they are compatible. Even if the quest for democracy cannot be put into question, it can sometimes act as a destabilizing force, especially where there are separatist tendencies (as happened in Nigeria during the civil war). Moreover, use of the term "terrorist" to define many insurgent groups should be reconsidered in relation to the large support that these groups enjoy from the population.

The private and public sectors are still useful categories that are easy to apply to Western investors. But when considering other economic players – e.g. Chinese companies – these distinctions overlap, revealing their analytical limits.

The panelist offered an overall assessment of Nigeria and Ethiopia. In Nigeria development and stability seem consistent with democracy. On the contrary, in Ethiopia it is hard to foresee a real process of democratization in the near future. Ethiopia also has to deal with the enormous regional political instability emanating from the Horn of Africa in comparison to West Africa. Indeed this latter region has no failed states (like Somalia), or aggressive military governments (like Eritrea).

China is now a very important actor on the African continent, and should be taken into consideration in any analysis. China's economic presence in Ethiopia and Nigeria, for example, differs because it focuses on different sectors: infrastructure in Ethiopia and natural resources in Nigeria. The speaker ended with a comment on the Ethiopian economic reform process which, in his opinion, should not be conducted too quickly in order to avoid the risk of incoherence between a new market-oriented economy and the development goals that national government wants to achieve.

Session II. Releasing new energy from the South: The cases of South Africa and Mozambique

Pietro Marcenaro, President of CSA, opened the session stressing the great differences that characterize the two case studies, South Africa, a member of the G20 and BRICS, and Mozambique, a country that is still dealing with the effects of a long and damaging civil war but with notable levels of growth in the past decade. The partnership between the public and the private sector in South Africa could and should focus on targeting those alarming figures that set the country apart: the relatively low rates of growth forecast for 2015 and the still too high levels of unemployment and inequality. For Mozambique, the greatest challenges ahead are the use of oil and gas revenues, and how extraction policies are managed.

The first paper-giver, Catherine Grant-Makokera, Research Associate at the South African Institute of International Affairs (SAIIA) in Johannesburg, reviewed some of the key indicators that distinguish South Africa today. The country is the second largest economy on the continent (after Nigeria), with a GDP growth for 2014 estimated around 1.9 percent. The institutional and legal systems are strong and stable, with a Central Bank that is fairly independent. Nevertheless, South

Africa's economy is static, and is currently being overtaken by the performances of other emerging economies on the continent. It faces three main challenges: decreasing growth, growing unemployment and staggering inequality. The various governments have shown a preference for making long-term development plans. The current one is the 30-year New Development Plan (highly contested by the labour unions in the government coalition), which focuses on employment and education. In this context, the private-public partnership should operate to help the educational program, especially for scientific subjects (math and sciences). In terms of international partnerships, South Africa's manufacturing sector seems to be preferred as it boosts employment levels and increases exports. So in most cases, European companies are operating in the automotive industry. Linkages between the public and private sectors mainly involve large multinational corporations engaging with the state, especially in the banking, energy and telecommunications sectors. Small and medium enterprises are essentially export-oriented, active in the fields of manufacturing and agriculture, while the informal sector, traditionally small in South Africa, now accounts for an estimated 15 percent of total production. Overall, South Africa's successful political transformation was not repeated in the economic sector, which remains dominated by white-owned formal businesses. In terms of the peace and security nexus, the private-public partnership "Business Against Crime" operates to tackle crimes that damage economic activity. Finally, when it comes to the nature of state-business relations, the main adjective used to describe them is "mistrustful" (the state tend to be mistrustful of private capital due to established ideological approaches).



Second session panelists

The analysis given by the second paper-giver, Paulo Wache, Head of the Department of Foreign Policy at the Centro Estudos Estratégicos e Internacionais in Maputo, revealed that Mozambique still has localized pockets of instability, but is otherwise peaceful and growing. Its oil and gas potential is attracting foreign direct investments, thus consolidating public-private relations. In his speech, the speaker outlined the recent history of the country, starting with the implementation of socialist-inspired policies during the 70's. Between 1976 and 1982, a destabilizing civil war completely neglected the private sector, leading to economic paralysis. Diplomatic relations with neighbouring countries and international players were

normalized only in 1984-1985. In the following years, until 2000, the government focused its economic action on privatization and deregulation, consolidating the private sector with initiatives like the "Private Sector Working Group", the "Annual Conference of the Private Sector", or the "Business Environmental Improvement Strategy".

However, problems remain, especially in the form of persistent inflation volatility and foreign direct investments directed mainly at extractive industries, even though the latter are still in their early stages, thus providing minimal contributions to GDP.



Second session panelists

Bruce Byiers, Policy officer in the Economic Transformation and Trade Programme of the European Centre for Development Policy Management (ECDPM) in Brussels, gave a critical overview of the papers discussed in the session and wished for a more focused and analytical approach that is centered on the opportunities for public-private interaction. Referring to the historical analyses of the two countries, he suggested that

Mozambique's should not be focused too much on ideological factors, while South Africa's cannot overlook how the private sector operated in the pre-Apartheid era. In addition, the evaluation of economic realities in Mozambique and South Africa needs to take into consideration both formal institutions and the essential connection between informal business and the state. According to the discussant, if we want to discover what the real economic trend is, and how concretely business works on the ground, the challenge is in fact to look at the variety of business relations, at the actors involved, at the political institutions and at what mechanisms guide their links. What policies, for instance, should be applied in South Africa to address unemployment, knowing that firms, manufacturing and resources sectors operate in a completely different way? How can we boost stability and employment in Mozambique, where micro firms are not growing and the dominant firms are a really small group?

The second respondent, Marco Claudio Vozzi, Deputy Director for Sub-Saharan Africa at the Italian Ministry of Foreign Affairs and International Cooperation, highlighted the importance of Mozambique and South Africa in the discussion about stability and private-public partnerships in Sub-Saharan Africa and went further, providing some observations on their specificities. South Africa is a structured, democratic, well developed economy with a sophisticated financial system and lower growth rate compared to new developing and emerging countries in Africa. It has established long standing relationship with Italy since Apartheid, and there are signs of a common interest in doing business and specifically in setting up a business network between the two countries. Cooperation also extends to the

financial and scientific sectors.

The partnership between Italy and Mozambique has never stopped either. The Comunità di Sant'Egidio and several other Italian NGOs operate in the country, showing their daily support for local communities, helping make Mozambique a concrete success story in terms of growth and employment. Moreover, the panelist stressed how positive efforts to reduce corruption, boost social participation and foster stability have been achieved in both countries, and what can still be done to guarantee equal accessibility and opportunities at a broader level, to fight young unemployment and to limit criminality.

In his conclusive remarks, Marco Claudio Vozzi emphasized the importance of boosting transparency and democratic control in the economy of both countries. He also underlined the necessity to support the creation of the middle class and maintain and develop inclusiveness among all parties in order to stimulate mutual trust for success in the long term.

Session III. Private sector roundtable

The last session provided an overview of the lessons learned by enterprises and NGOs operating in the four countries analyzed, and these actors' concrete efforts to support local governments and societies with a view to promoting development and achieving stability. As stressed by Gianni Bonvicini, Executive Vice President at IAI, the session tackled several issues: What kind of difficulties private companies and NGOs have found in operating in Africa? What relations are like with governments and local society? How enterprises and NGOs operate as stabilizers in terms of creating a conducive business environment and allowing society to grow in a sustainable way?



Third session panelists

Osvaldo Lingua, Vice Secretary General of Imprese Sociali Ferrero, briefly outlined what the Ferrero company has done in Africa, with special attention to African production plans (located in South Africa and Cameroon), as part of a special Ferrero project called Ferrero Social Enterprises (FSE). The project is one of the most distinctive expressions of corporate social responsibility, philosophy and practice. Based on a purely entrepreneurial concept and aimed ultimately at running a healthy business, Ferrero's initiatives operate with a social spirit and the aim of creating jobs in emerging countries and fighting the consequences of unemployment. The speaker reminded the audience that FSE is making important

efforts to promote the social integration of women in these two countries. In fact, despite advances, gender inequality still persists in many African countries and is one of the most important causes of Africa not achieving its Millennium Development Goals on poverty reduction and other developments objectives. FSE decided to take on this challenge and in 2013 over 70 percent of its workers in both South Africa and Cameroon were women. Moreover, for every job created on the production side, Ferrero manages to set up at least another one in related services (transport, packaging, advertisement, raw materials, etc.). Today over 90 percent of raw materials used by Ferrero Social Enterprises are produced locally. The speaker then remarked that an increasing part of FSE production is for export, thereby contributing to the trade balance of the host country. Ferrero also facilitates cooperation in the agricultural sector, with a positive outcome in terms of improved living conditions in rural areas, where most of the population still lives below the poverty line.

In conclusion, the speaker provided an overview of Ferrero's financial resources devoted to social initiatives in support of local communities and humanitarian initiatives aimed at promoting children's health and education. In conclusion, answering a question on how, in terms of management, Ferrero combines the two aspects of business and social activities, the panelist pointed to Ferrero's philosophy of retaining total control of industrial production, as well as the implementation of projects together with local authorities, without subcontracting them to local NGOs.

Raffaello Matarazzo, Senior Policy Analyst for Government Affairs at Eni, began by giving an overview of Eni's involvement in Africa, which dates back to 1953. Since then, Eni business model has enabled the company not only to become the major international hydrocarbon producer in Africa, but also the leading one in the promotion of access to energy by local populations. The company's philosophy builds on the principle that natural resources belong to the people in the host country and that contributing to the local development is a crucial element of a successful strategy. When Eni's founding father Enrico Mattei approached African countries in the Fifties and early Sixties, he quickly figured out that oil-rich former colonies belonging to the non-aligned movement would be easier to convince to partner with an upstart rather than with the traditional Anglo-American oligopoly companies. He therefore proposed a profit division which was more in favor of the producer countries: fifty per cent of net incomes would go to the national government, and the other fifty per cent would be divided equally between Agip (Eni's operational branch at that time) and the National Oil Company. It was the so called "Mattei formula". The result was that, for the first time, an oil-producing country secured for itself a profit quota of around 75 percent, significantly better than previously, and was also actively involved in the production process.

To what extent Eni is still implementing this approach today? The speaker answered by referring to the three main pillars of Eni's current business model: integration with host countries; attention not only to resource developments for export but also for domestic needs; and support for local and regional communities.



Conference participants

Accordingly, since access to energy and gas flaring are among the main problems of the continent, Eni has been the first in Africa implementing major electricity generation plants – using associated gas coming from oil wells – in Congo and Nigeria, which now generate about 12 percent of Nigerian power and 60 percent of Congo's. Last year, moreover, Eni has invested about 57 million euros in support to social activities and local entrepreneurship.

Raffaello Matarazzo also said that access to energy is not only at the heart of Eni's presence in Africa, but could become the pivot of a new transatlantic convergence, in particular between Italy and the United States. The Power Africa program, launched by the US administration a year ago, aims for example at doubling access to energy in the continent by 2018 through convergences between public and private entities (public-private partnership). In this regard, the Italy's Ministry of Foreign Affairs and Development Cooperation has recently launched the Italy-Africa Initiative, which among other things aims to enhance access to sustainable energy through the expansion of the network of Italian companies involved in the continent.

In conclusion, the panelist drew attention to the significant new energy sources discovered in the continent over the last years, in particular by Eni, which could also contribute to Italian and European energy diversification, consolidating the North-South corridor as the new strategic axis of energy supply.

In response to some questions raised during the discussion, the speaker underlined how China's approach to Africa has evolved over the last years, making it one of the priorities of China's foreign policy. In this framework, Eni has been developing a friendly cooperation with Chinese companies in the continent, as shown by the partnership established in Mozambique with China National Petroleum Corporation. Finally, stressing Eni's strategic goals in Africa, Raffaello Matarazzo underlined positive interaction with African NGOs as key for the company, strengthened by ongoing projects, such as the forthcoming inauguration of a hospital in Mozambique, realized with the contribution of a local NGO.

How can a development strategy be implemented jointly by the public and private sectors, and what can NGOs do to help implement such an approach? This was the opening question raised by Mario Raffaelli, President of the Italian branch of AMREF, an NGO focused on humanitarian aid based in Nairobi and with several other departments spread all over the world. In the speaker's opinion, the key point of an effective development strategy is the synergy between the private and the public sectors, accompanied by the synergy between the profit and non-profit sectors. In

the participant's opinion, it would be impossible to achieve lasting and sustainable development in Africa, or to fight poverty concretely, without the contribution of the private sector (he reminded the audience that the private sector provides more or less 90 percent of jobs in Africa). For the first time, important preconditions for increasing the role of the private sector in Africa are being found: a growing middle class – considered substantial in terms of human resources and for the expansion of an internal market – and the choice of foreign direct investments on the continent. There are evident opportunities that simply need to be understood and grasped.

The speaker also expressed the need for the discussion to focus on what the international community should concretely do: bring peace and stability, set up a conducive international environment for the private sector, respectful of treaties concerning oil, gas and energy, and – last but not least – develop mechanisms in support of local governments, such as ways to provide financial backing, stronger political dialogue and more stimuli for civil society initiatives. NGOs and private companies, for their part, should properly implement the concept of social responsibility following the recommendations of the EU and assist African countries in converting the informal private sector into a formal one, mainly through guarantees of a sound political framework, property rights and labour protection. More specifically, the discussant recalled three elements on which a partnership with private actors should be based: knowledge of the territory (based on experience with conflict management), a longstanding relationship with national and local authorities, and solid credibility.

The speaker concluded by listing some successes achieved by AMREF, such as the program for reducing child mortality in Mozambique based on clean water supply and the partnership with a private company in Mozambique for supply of solar energy in rural areas (financed by the EU).

Roberto Ronco, Member of the Board of Administration and Former President at Hydroaid, began his intervention with a broad description of the non-profit association, which operates in Italy and abroad for improving governance of water resources through training, capacity building and facilities. Hydroaid's mission is to transfer technical knowledge and sustainable water management to developing and emerging countries, and to operate as a network for interconnecting professionals in the field of water and sanitary protection from all over the world. Since 2012, Hydroaid has trained 400 specialized operators, engineers, and technicians working in more than 80 countries affected by water crisis. According to the discussant, Africa needs a transformation by which knowledge is no longer the privilege of a few, but a public good provided for the community through public policies. This is the approach, for example, adopted by Hydroaid in Ethiopia with a project supported by the EU, designated to improve the sustainable development, the management and the efficiency of water resources and the sanitation sector in the southern part of the country. In this case, the creation of synergy between Ethiopian and Italian water organizations through training programs was part of the project.

The speaker agreed with the considerations made by some panelists in the previous sessions when they encouraged the states to define political economic policies and proper guidelines for private and public actors engaged in economic activities. In accordance with this statement, Hydroaid projects have put efforts into establishing a partnership among local stakeholders, institutions and utilities to ensure cooperation between the public and private sectors and to guarantee the necessary dissemination of skills and services management. Thus the collaboration between public utilities and private companies privileged by Hydroaid takes place in a regulated framework. The synergy among the actors involved has basically two objectives: to ensure high levels of water capacity and the sustainability of the services delivered. In other words, Hydroaid seeks to set up a system in which private investments are integrated with and not just considered alternatives to the role of public sectors. The concrete result – concluded the discussant – is the search for shared water governance within a democratic system, led by sustainable policies in environmental frameworks.

In her closing remarks, Nicoletta Pirozzi stated that the project's objective is to identify the challenges and opportunities for cooperation between the private and the public sectors in the selected countries and more in general in Sub-Saharan Africa, with a view to providing a framework for more effective action by external stakeholders, in particular the EU and the US. The project starts out from a broad concept of stability – encompassing economic growth, good governance and human security – as a precondition for meaningful private-public partnership that can lead to sustainable development and further opportunities for international cooperation. To this end, the analysis conducted by the African experts in the four papers, together with the input received during the conference from the discussants, participants and representatives of the private sector, will form the basis of a policy paper to be produced by IAI in 2015 and collected in a final publication.

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Fostering Cooperation Between Public and Private Sectors

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Conference Programme

Turin, 1-2 December 2014, City Hall, Sala delle Colonne

Opening Session

Welcome Addresses

Giovanni Andrea Porcino, President, Municipal Council of the City of Turin

Piero Fassino, Mayor of Turin

Ferdinando Nelli Feroci, President, Istituto Affari Internazionali (IAI), Rome

Opening Remarks

Massimo D'Alema, President, Foundation for European Progressive Studies (FEPS), Brussels

Presentation of the Research Project

Nicoletta Pirozzi, Senior Fellow, Istituto Affari Internazionali (IAI), Rome

First Session

Creating a Strategic Arc of Stability from the Sahel to the Horn of Africa: The Cases of Nigeria and Ethiopia

Chair **Christopher Fomunyoh**, Senior Associate and Regional Director for Central and West Africa, National Democratic Institute (NDI), Washington

Paper-givers **Abel Abate**, Senior Researcher, Ethiopian International Institute for Peace and Development (EIIPD), Addis Ababa

Mehari Taddele Maru, International Consultant, Addis Ababa

Shola Omotola, Senior Lecturer in Political Science, Redeemer's University, Abuja

Respondents **Alex Vines**, Head of Africa Programme, Chatham House, London
John Weeks, Professorial Research Associate, Department of Development Studies, School of Oriental and African Studies (SOAS), London

Second Session

Releasing New Energy from the South: The Cases of South Africa and Mozambique

- Chair **Pietro Marcenaro**, President, Centro Piemontese di Studi Africani (CSA), Turin
- Paper-givers **Catherine Grant-Makokera**, Research Associate, South African Institute of International Affairs (SAIIA), Johannesburg
Paulo Wache, Head of the Department of Foreign Policy, Centro de Estudos Estratégicos e Internacionais, Maputo
- Respondents **Bruce Byiers**, Policy Officer Economic Transformation and Trade Programme, European Centre for Development Policy Management (ECDPM), Brussels
Marco Claudio Vozzi, Deputy Director for Sub-Saharan Africa, Italian Ministry of Foreign Affairs and International Cooperation, Rome

Third Session

Private Sector Roundtable

- Chair **Gianni Bonvicini**, Executive Vice President, Istituto Affari Internazionali (IAI), Rome
- Speakers **Oswaldo Lingua**, Vice Secretary General, Imprese Sociali Ferrero, Alba
Raffaello Matarazzo, Senior Policy Analyst, Government Affairs, Eni, Rome
Mario Raffaelli, President, AMREF Italia, Rome
Roberto Ronco, Member, Board of Administration, and former President, Hydroaid, Turin

Closing Remarks

Nicoletta Pirozzi, Senior Fellow, Istituto Affari Internazionali (IAI), Rome

Istituto Affari Internazionali (IAI)

Founded by Altiero Spinelli in 1965, does research in the fields of foreign policy, political economy and international security. A non-profit organisation, the IAI aims to further and disseminate knowledge through research studies, conferences and publications. To that end, it cooperates with other research institutes, universities and foundations in Italy and abroad and is a member of various international networks. More specifically, the main research sectors are: European institutions and policies; Italian foreign policy; trends in the global economy and internationalisation processes in Italy; the Mediterranean and the Middle East; defence economy and policy; and transatlantic relations. The IAI publishes an English-language quarterly (*The International Spectator*), an online webzine (*AffariInternazionali*), two series of research papers (*Quaderni IAI* and *IAI Research Papers*) and other papers' series related to IAI research projects.

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- 14 | 12E Alessandro Marrone, Paola Tessari and Carolina De Simone, *Italian Interests and NATO: From Missions to Trenches?*
- 14 | 12 Alessandro Marrone, Paola Tessari e Carolina De Simone, *Gli interessi nazionali dell'Italia e la NATO: dalle missioni alla trincea?*
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