



IAI

Istituto Affari Internazionali

Promoting Sustainable Development in Sub-Saharan Africa: Building a Private-Public Partnership

by Luca Barana

FOUNDATION FOR EUROPEAN
PROGRESSIVE STUDIES
FONDATION EUROPÉENNE
D'ÉTUDES PROGRESSISTES



ABSTRACT

The seminar held in Turin on the 9th of July constituted the follow up of the international conference which took place in Turin in December 2014, in the framework of a project led by the Istituto Affari Internazionali (IAI) and the Foundation for European Progressive Studies (FEPS), with the cooperation of the National Democratic Institute (NDI). The meeting, organised with the Centre for African Studies and with the support of the Compagnia di San Paolo and the Italian Ministry for Foreign Affairs and International Cooperation, hosted a debate among representatives of the economic sector, institutional stakeholders, non-governmental organizations and local firms on a draft policy paper presented by Nicoletta Pirozzi (IAI). The study analyses the perspectives of public-private partnerships in Sub-Saharan Africa in three key areas: sustainable development; good governance, democracy and human rights; peace and security. This report follows the paper presentation and summarises the key points of discussion emerged during the debate, such as the importance of informal dynamics and local stakeholders.

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

keywords

Promoting Sustainable Development in Sub-Saharan Africa: Building a Private-Public Partnership

by Luca Barana*

Introduction

A meeting held in Turin on the 9th of July 2015 constituted the follow up of the international conference "Promoting Stability and Development in Africa: Fostering Cooperation Between Public and Private Sectors", which took place in Turin in December 2014, in the framework of a research project led by the Istituto Affari Internazionali (IAI) of Rome and the Foundation for European Progressive Studies (FEPS) of Brussels, with the cooperation of the National Democratic Institute (NDI) of Washington. The seminar, organised with the Centre for African Studies of Turin (CSA) in the framework of the strategic partnership with the Compagnia di San Paolo, with the support of the Italian Ministry of Foreign Affairs and International Cooperation and the Municipality of Turin, involved representatives of the economic sector, public and institutional stakeholders, non-governmental organisations (NGOs) and local firms.

The debate among the participants followed the presentation of a draft policy paper by Nicoletta Pirozzi (senior fellow in the European Affairs area, IAI), project coordinator and author of the study with Marta Martinelli (senior policy analyst, OSEPI) and Giorgio Garbasso (researcher in the European Affairs area, IAI). The paper aims at highlighting the challenges and opportunities of cooperation between public and private actors in the framework of the Africa-European Union (EU) partnership in three key-areas: 1) economic policies and sustainable development, 2) good governance, democracy and human rights, 3) peace and security. It will be presented at an international conference in Addis Ababa, Ethiopia, in the fall of 2015. Throughout the discussion, public and private stakeholders advanced a series of proposals to complement the analysis on the perspectives of public-

* Luca Barana works at the Centro Piemontese di Studi Africani (CSA), Turin.

· Report of the seminar on "Promoting Sustainable Development in Sub-Saharan Africa: Building a Private-Public Partnership", organised within the framework of the project: "Promoting stability and development in Africa: How to foster cooperation between public and private sector", Turin, 9 July 2015. 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 and International Cooperation and Compagnia di San Paolo, and with the patronage of the Municipality of Turin.

private partnerships (PPPs) in Africa.

Welcome addresses and presentation of the research project

Gianni Bonvicini, Executive Vice President at the Istituto Affari Internazionali (IAI), opened the seminar remembering how a positive relationship between Europe and Africa can come true only if all stakeholders are involved in the effort to provide security and stability. For this reason, it is fundamental to assess the contribution of public-private partnerships to the stabilisation of the African continent.



The European Union, Italy in particular, has a primary interest in the stability of Africa: as stressed by Bonvicini, "the European neighbourhood is not restricted only to the Mediterranean, but it stretches to Sub-Saharan Africa". Therefore, the project is addressed mainly to the EU and it contains some recommendations to be implemented at European and national levels.

Pietro Marcenaro, President of the Centre for African Studies, underlined the importance of the linkage between stability and development in Africa. He recalled the recent terrorist attacks in Tunisia to stress the risks posed by insecurity and terror to a country highly dependent on tourism, which is endangered when security is not provided at satisfying levels. Senator Marcenaro closed its remarks stating that it is crucial to re-launch a strong initiative by Italy and Europe towards the African continent.

Guido Bolatto, Secretary General of the Chamber of Commerce in Turin, host of the seminar, greeted the participants and thanked them for supporting the research of the Istituto Affari Internazionali, lamenting that many Italian firms neglect African markets (nearer to Italy, potentially rich and with legal systems often similar to the European ones), preferring instead to invest in more far away countries. PPPs constitute an opportunity to revert this trend.

After the welcoming addresses by the hosts, **Nicoletta Pirozzi** gave a brief overview of the policy paper. The study adopts a broad definition of private sector, interpreting a *public-private partnership* as a voluntary and collaborative relationship between institutional stakeholders and civil society (firms and small-medium enterprises, non-governmental organisations, advocacy groups, associations and foundations). According to the definition of PPPs provided by the United Nations (UN), these partnerships do not work only as business relationships, but "serve various purposes, including advancing a cause, to implement normative

Promoting Sustainable Development in Sub-Saharan Africa: Building a Private-Public Partnership

standards or codes of conduct, or to share and coordinate resources and expertise".¹ As highlighted in the successive debate, a triangular relationship between state, business and civil society is a central element for effective PPPs in Africa.



The first lesson to be learned concerns the idea of Africa itself: *the Continent is not a single macro-region*, but rather is composed of different regional and national realities. "One size fits all" does not work anymore as an approach to Africa. In line with this consideration, the policy paper is based on *four case studies* and relies on the expertise of country specialists in order to provide a ground based perspective on the functioning of PPPs in Sub-Saharan Africa through the examples of South Africa, Nigeria, Mozambique and Ethiopia. The study yields many examples of PPPs, outlining their strengths and liabilities.

The first area of analysis is public-private cooperation in the implementation of economic policies and structural reforms for *sustainable development*, with particular attention to the energy, infrastructure and agricultural sectors. The paper concentrates on both macro-economic reforms to sustain long-term development and concrete projects financed by PPPs in these three key sectors. As highlighted by the case of Mozambique, PPPs often work well as an answer to the lack of financial resources in many African countries. But these projects are not always adequately supported by governments, such as in the case of Ethiopia, whose economic policy is more centralised. As can be seen in South Africa's experience, *strong support from institutions* and clear rules on foreign investments are essential to favour PPPs. At the same time, PPPs can also become cause of concern in terms of sustainable development, as in Nigeria where big public-private projects in the agricultural sector of the Kwara State face accusations of land grabbing.

The need for a more decisive role of both public and private stakeholders in PPPs also descends from the necessity of safeguarding *good governance, democracy and human rights*, the second area investigated by the policy paper. In contemporary Africa, governments are increasingly relying on the private sector for service provision, but there has not always been a parallel move towards more decentralised, transparent and inclusive decision-making. This outcome is positive, providing multiple levels of commitment with particular attention to long-term public contracts, as can be seen in the infrastructure sector. However, in some cases the specific challenges of PPPs (corruption, little citizens' involvement, asymmetry of

¹ International Labour Office (ILO) Committee on Technical Cooperation, *Public-private partnerships* (GB.301/TC/1, For Decision), Geneva, March 2008, http://www.ilo.org/gb/WCMS_090364.

power and capacity) have contributed to discrimination, environmental disruption and insecurity. For these reasons, accountability should be ensured through a greater participation and oversight by grassroots and civil society organisations.



Even more sensitive is the third field of analysis: the engagement of private actors in *peace and security* issues. PPPs in this area assume various forms: civil stakeholders are involved in internal strife or regional conflicts, providing mediation over the disputes among states or other conflicting groups. The policy paper outlines two main dimensions for PPPs: capacity building and the promotion of inclusive strategies for conflict prevention, conflict resolution and peacebuilding. The first refers to *provision of key capabilities and skills* that are missing in the security forces of many African countries; today, private actors participate in the context of counter-terrorism, anti-crime strategies and correctional services. On the contrary, the participation of the private sector in *peacebuilding* activities has been experimented with changing fortunes in the Niger Delta region, in Nigeria and in the Central African Republic, following the intervention by the South African government to broker a peace deal in the country. PPPs in this sensible field should be clearly regulated, considering important issues such as data protection and human rights.

The policy paper is closed by a number of recommendations addressed to the European Union and other important stakeholders (European countries, the United States and international institutions).

Roundtable and debate

The first reflection that emerged from the debate among the participants concerned the lack of knowledge about opportunities and complexities of countries in Sub-Saharan Africa by European and Italian actors in the public and private sectors. As stressed by Nicoletta Pirozzi, the continent is composed of many different political, social, cultural and economic realities. Whoever approaches a study of Africa, either with business or academic motivations, must take this framework into consideration.

The discussion initially focused on a particular African region: *Southern Africa*. This area presents many opportunities for PPPs, as demonstrated by case studies in Mozambique and South Africa. Here, local governments have understood that developing countries need to grow by guaranteeing a stable and safe context to their population and to investors. Southern Africa is not involved in major conflicts

or civil strife, and the legal system of states like Malawi and Zambia is based on common law, a trait which signals these countries to international investors who are keen to find a transparent and familiar normative environment. But PPPs are not to be considered only as a business means to reach the region: there are also a growing number of agreements in the field of education and culture, for example those between South African and American or European universities.



Deepening the knowledge about Sub-Saharan Africa to improve PPPs does not only mean differentiating between various geographical regions, but also recognising the influence of *informal dynamics*. Very often in African countries, public law coexists with local traditions that strongly influence the choices and behaviours of public and private stakeholders. These two sets of rules shape the legal environment and need to be taken into consideration. Also, a private actor who intends to launch a PPP project needs to not only obtain all of the formal permissions required (often a cumbersome process to start with), but also to approach informal authorities, such as village chiefs, religious and ethnic authority figures and tribal communities, whose influence is relevant in many local contexts. Therefore, in order to implement a public-private partnership, as well as any other investment plan or civil agreement in Sub-Saharan Africa, it is not enough to understand the normative and governmental environment: it is also necessary to create linkages and bonds at local level.

In order to overcome these challenges for effective PPPs in Africa, the participants in the seminar put forward a series of proposals. First of all, *the actual level of official backing by public institutions in Europe is not adequate*, particularly in Italy. For example, a recent inquiry on the number of Italian firms established in Burkina Faso reveals that Italy lacks a precise census of its enterprises that are active in Sub-Saharan African countries. Without this seemingly simple data, a strong backing for PPPs becomes more and more difficult: a potential investor or a non-governmental organisation interested in a PPP initiative may find it hard to share experiences, knowledge and suggestions based on the fact that information on the potential market is not available. So, events and discussions like the ones offered by this seminar are judged as a great opportunity to share ideas and experiences by many stakeholders involved in Sub-Saharan Africa.

This challenge opens the way to a constructive *cooperation between profit and non-profit actors* as a good example of PPPs potentialities. The opportunity for many NGOs to become facilitators of PPPs clearly emerged from the debate: many non-profit organisations are well established in Sub-Saharan Africa and possess a

deep knowledge of local cultures and stakeholders. They can provide an important helping hand to firms and institutions that want to inaugurate projects and partnerships with public and private actors in the region. NGOs could contribute to form those triangular relationships between state, business sectors and civil society that the policy paper itself recognises as crucial for effective PPPs.

This role is even more important in some key areas analysed by the study: security, human rights and democracy. Civil society is well placed to provide a useful contribution, facilitating information exchanges, allowing for checks and balances on government policies and reducing policy uncertainty. There is no longer an ideological divide between businesses, civil societies and local actors: investments can be effectively complemented with human rights protection and support actions. In this way, PPPs could become a possible answer to the growing demand for *human security*, as highlighted in many UN publications recalled in the policy paper.

Beyond the important function of civil society and NGOs as facilitators, the participants agreed on the need of *stronger support by institutional stakeholders*. In Italy there are some promotion initiatives towards Africa, but more often than not they are not followed through. Italy lacks a “*country system*” which supports firms and civil society in Africa. There is a difference between the Italian approach of “*moderate lack of interest*” and the ones implemented by other successful countries in Europe, such as Norway. Italy needs to develop a comprehensive vision of its presence in Africa, doing more than following the investment strategies of big firms in strategic sectors like energy and infrastructure. However, in recent years there have been some steps forward thanks to a greater focus on Africa by the government, local authorities and economic stakeholders.

PPPs could fill the gap between the state and businesses in Sub-Saharan Africa and create trust between civil society, firms, government and external actors. But they need an enhanced commitment by the European Union institutions and governments before this can happen.

Updated 20 July 2015

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 (*Affari Internazionali*), two series of research papers (*Quaderni IAI* and *IAI Research Papers*) and other papers' series related to IAI research projects.

Via Angelo Brunetti, 9 - I-00186 Rome, Italy

T +39 06 3224360

F + 39 06 3224363

iai@iai.it

www.iai.it

Latest DOCUMENTI IAI

- 15 | 13 Luca Barana, *Promoting Sustainable Development in Sub-Saharan Africa: Building a Private-Public Partnership*
- 15 | 12 Umberto Marengo, *Il Piano Juncker per gli investimenti: potenzialità e problemi dell'implementazione*
- 15 | 11 Ramzi Ben Amara, *Changing Migration Patterns in the Mediterranean Region*
- 15 | 10 Andrea Dessì, *A Multilateral Approach to Ungoverned Spaces: Libya and Beyond*
- 15 | 09E Alessandro Marrone (ed.), *The White Paper: A Strategy for Italy's Defence Policy*
- 15 | 09 Alessandro Marrone (a cura di), *Il Libro bianco: una strategia per la politica di difesa dell'Italia*
- 15 | 08 Stefano Pioppi, *Somali Perspectives: Institutional and Policy Challenges*
- 15 | 07 Maria Giulia Amadio Viceré, *Which Role Should the EU Play in International Relations? Understanding the Post-Lisbon Foreign Policy at Times of Change*
- 15 | 06 Alessandro Marrone e Michele Nones, *La formazione degli ufficiali delle Forze Armate italiane nella prospettiva europea*
- 15 | 05 Chiara Franco, *Coercive Diplomacy, Sanctions and International Law*