



Ulla Tørnæs' tale ved konferencen "Investment and business opportunities in Africa"

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Welcome. I am very pleased to welcome you to this conference on investment and business opportunities in Africa.

We have many leading international Danish companies represented here today. It is very encouraging to see the broad business interest for Africa in Denmark.

With us today is a group of excellent speakers and high level experts in each their field of Private Sector Development in Africa. Let me extend a hearty welcome to you.

A special welcome also to the representative of the Government of Kenya, Permanent Secretary Mr. David Nalo, and to Vice President of the International Finance Corporation, Mr. Michael Klein.

Africa, trade and development. During the UN Summit last year in September the international community had an opportunity to take stock of the progresses made within the 2015 Goals, the Millennium Goals.

We concluded that much progress have been made in meeting the goals of halving the number of poor people by 2015. Also in reducing the infant mortality rate major progresses were made. The same goes for halving the number of people without access to clean drinking water. However in Africa we face persistent pockets of poverty.

This is the reason why 2/3's of Danish development assistance goes to Africa. And this is the reason why Denmark recently selected Mali to be yet another of our partner countries on the continent.

However, development assistance can only do so much. Private sector growth is key for sustainable economic growth and thus for any long-term poverty eradication.

Accordingly the two first priorities for Danish development cooperation with Africa are the integration of Africa into the world economy and the promotion of private sector development.

Following these sets of priorities are the promotion of peace and stability, human rights and democracy, health, education and environment.

This is one more reason why we should take a look at African growth achievements - and potentials.

In fact, since the mid 1990'ies 14 Sub Saharan countries have had a yearly economic growth above 5 percent. This for example goes for Tanzania and Zambia, which have had a growth of about 6-7 percent the last years.

There is a rising awareness of the significance of foreign private sector investments into Africa. Europe has traditionally been an investor. More recently South Africa and countries like China and India are following.

Most African countries are pursuing economic reforms intended to secure Africa its right position in the globalised economy. The World Bank Group's "Doing Business" indicators of the business environment are definitely an incentive for governments to do more.

Where then are the new possibilities? Well, you yourselves are probably the best to judge. Anyway, companies like Carlsberg, A.P. Møller – Mærsk Group, FLSmidth, Dalhoff Larsen & Hornemann, SAS Hotel Group, Burmeister & Wain Scandinavian Contractor and the Kjaer Group have seen the possibilities.

Small- and medium sized Danish companies are following suit. You have Danish investors in the dairy sector in Africa. The telecommunication sector has caught the eyes of potential Danish investors as well. You probably know more companies and sectors that are becoming actively involved. During the rest of the day's programme this important issue will be further discussed.

Let me come back to the issue of trade and investments.

The Danish government last year presented the trade strategy "Trade, Growth and Development", in which we outlined the principles that we follow in international trade negotiations. Central elements, which we pursue within the WTO Doha Round and the European Union, are that international trade is an absolute prerequisite for growth and hereby for the reduction of poverty. It is hence a paradox that the poorest countries so far have had limited possibility to take advantage of the global move towards free trade. International trade can only become an engine of growth if the developing economies are integrated into the global economy. This is the reason why Denmark actively supports the integration of the developing countries into international trade.

The government priorities within trade, and business and development have the same goal, which is poverty reduction through economic growth. The tools are different, depending on the trade or the business context that they are to be used within.

Efforts in one area, however, will not be successful without efforts in the other. Trade and business are two sides of the same coin. Let me now turn to our international partners in finance. Present today are the IFC in the World Bank Group, the European Investment Bank, the European Development Fund and the African Development Bank.

These financing institutions are the key instruments for African Private Sector Development.

And as such they are key potential partners for Danish companies wanting to increase their international presence. Danish companies have a great possibility to become part of the transformation of Africa. In my view it is good to be part of this transformation process. It is a question of contributing to a better world. But it is just as clear, that companies will only be part of the process, when they also benefit from it. My point today is that this double objective is a realistic possibility indeed. We have several international, but also a number of Danish, success stories in Africa. You shall hear some examples later today. And you shall hear the frank business assessment of an African investor - Mr. David Nama from Zambia - who will present his experience, the good side as well as the bad side.

Business, Growth and Development_ Today the government presents “Business, Growth and Development”, the Action Programme for Danish support to Private Sector Development in the Developing Countries.

The Action Programme reflects modern thinking by coordinating - to a much bigger extent than was previously the case - the various Private Sector Development instruments that we have at our disposal. These financing instruments are the Business-to-Business-Programme, the Mixed Credit Scheme and the Industrialisation Fund for Developing Countries. They offer Danish companies a possibility to support economic growth in Africa by means of investment seed financing, credit schemes, equity investments and loans.

The Business-to-Business programme is a renewed programme. It offers possibilities for Danish companies that want to become involved, but maybe have less experience in Africa.

Through this concept Danida will assist in identifying a potential local business collaboration partner within your specific area of interest. With the right local partner you might avoid some of the pitfalls that are always connected to doing business.

One important result of Danish enterprises' partnerships with companies in Africa is the transfer of ethical, social and environmental values.

Good working environments, the rights of women, corporate social responsibility with respect for human rights and fighting corruption is in

practice often advanced through the participation of Danish companies in business sectors of the developing countries.

This is also the reason why the new Action Programme gives an extended role to the more recently launched Programme for Public-Private Partnership.

This Partnership Programme builds on the UN Global Compact principles. The Programme shall be enlarged, and Danish companies shall have the possibility to receive support for actions within Public Private Partnerships.

Toolbox. The Action Programme highly encourages private sector development within the recipient countries' national poverty strategies. Danish Embassies will be asked to identify areas where it is possible to advance the inclusion of the private sector.

The Action Programme emphasizes better monitoring of progress on improving market access in the Danish programme countries. It furthermore accentuates strategic approaches to management training and alignment of vocational education to the needs of the companies.

The Programme underscores increased flexibility and a common feasibility study concept for the Business-to-Business Programme, the Industrialisation Fund and the Mixed Credit Scheme.

The activities I have mentioned will be coordinated to match the country specific conditions of each partner collaboration country.

Bearing. The Danish business sector has the size and the experience required to work in weaker economies. The sector's experience from work with Danida, international development assistance organisations and others has created a solid basis for contributing to the development process.

You might, however, ask the question: “What is there for my company in the new Action Programme?” Or “How can I more specifically combine my company’s business interests with poverty reduction?”

My answer to these questions is firstly that in Denmark’s country-to-country collaboration the effort will be done at three different levels. The one is in support for efforts to liberalize global trade and secure market access. The second is at interventions within good governance with specific, targeted programmes to assist in improving the framework conditions for doing business in partner countries.

The third level is by the improvement of, and coordination among, the Danish business instruments in development cooperation. It is exactly by combining the various tools, which we have at our disposal, that we give Danish companies a possibility to develop more consolidated business strategies in Africa.

We are right now in the process of strengthening the Mixed Credit Scheme in Africa for the purpose of financing bigger infrastructure projects.

We are also in the process of establishing a system, whereby a Danish company wanting to start a business in Africa will receive more full-fledged advice on how the Business-to-Business Programme and the Industrialisation Fund can be used as a start-up.

The government last year decided, by lowering the country threshold, which the Industrialisation Fund operate within, that the Fund should to a higher extent reflect the poverty alleviation orientation of Danish development assistance.

We will, as one result this year, see a strengthening of the Fund’s activities in Africa as well as of the collaboration between Danida and the Fund.

My answer to your questions is secondly, that Denmark over the next years will become engaged in more business sector programmes.

We have now started cooperation on this in Kenya. Programmes have been

established in Ghana, Tanzania and Vietnam. We have in Denmark positive experiences with these programmes that basically aim at the improvement of the growth potential of small- and medium-sized companies. I hope to see more business sector programmes be established in more of our programme countries in Africa.

Likewise, it is important that private sector development from now on shall be incorporated into sector programmes that have clear Private Sector Development potential such as for example transportation, agriculture and fisheries.

This implies that Denmark – in collaboration with the countries that we assist in their reform process – will assist Africa in establishing viable business environments. The initiative is intended to give African governments a hand in creating – by themselves – the basic conditions for growth that will enable Africa to take active part in the globalisation process.

I like to finish by saying that what we aim at in the new Action Programme is to stimulate economic growth.

At the business level we will advance increased synergy between the various Private Sector Development policy tools. The motivation for this is to assist Africa. It is up to you to take advantage of the tools we are providing.

I talk from experience when I say that Africa is a highly fascinating continent to become familiar with.

It is my hope that you will embrace the new initiative, the Action Programme, and that you will utilize the possibilities.

I am convinced that through the many speeches today you will also have insight into the possibilities, which the international financing institutions offer.

The combination of use of international and Danish development instruments is definitely an encouragement to become involved.

I wish you every success with your endeavours in Africa.

I wish you all a successful conference.

Tags

Politisk tale, Venstre

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