

## Approach and Methodology

The ACP PSD Strategy will be underpinned by the following Guiding Principles approved in the Strategic Framework for ACP Private Sector Development:

- a) **Subsidiarity**, which requires that the ACP Secretariat will only be involved in actions that are impossible or less effective when executed at national or regional levels, ensuring that no duplication takes place and that the ACP concentrates on its areas of core competence. Subsidiarity implies that the ACP PSD Strategy will only act in those areas where there is a distinct advantage in doing so at ACP level;
- b) **Ownership**, which will enable ACP countries and regions to progressively take ownership of the development of their private sector. The ACP PSD Strategy aims to deepen ownership and inspire private sector growth by applying specific measures with emphasis on building functional capacity and competence of SMEs and micro-enterprises;
- c) **Concentration**, which will allow focus on a certain number of core areas that will produce the best results and greatest impact. As a result, improving the business environment, access to financing, improving infrastructure, strengthening micro-financing and improving competitiveness and access for micro, small and medium enterprises (MSMEs) to regional and global markets are at the heart of the ACP PSD Strategy;
- d) **Adaptability**, which will allow various countries and regions to adapt the strategy and its implementation to their particular situation. Measures and recommendations suggested in the ACP PSD Strategy are designed so that ACP countries and regions can adapt them to their particular situation;
- e) **Synergy** among stakeholders to ensure successful implementation. This implies in particular setting up an exchange platform at the ACP level and among the regions to facilitate the exchange of information and best practice;
- f) **Effectiveness** in assisting ACP States in increasing their participation in global trade and facilitating the flow of foreign direct investment to ACP countries;
- g) **Complementarity** between actions at Intra ACP level and those at regional and national levels, including the initiatives of all development partners.

While some of the above Guiding Principles have already been applied to the Strategic Framework, all of them remain relevant for the ACP PSD Strategy. Indeed, some are pertinent to the strategy itself while others are relevant to its implementation.



## Next Steps

The private sector development needs of ACP member states are vast and their satisfaction will require the combined contributions and resourcefulness of many stakeholders. Effective partnerships involving the ACP Secretariat, ACP member states, regional organisations, the donor community and private sector actors within and outside of the ACP Group will be required to achieve desired results.

The following steps will follow the conclusion of the Symposium:

- Finalisation of the Draft **ACP Private Sector Development Strategy**, incorporating contributions from the Symposium;
- Consideration and revision of the Draft Strategy by the ACP Subcommittee on Investment and Private Sector;
- Consideration and approval of the Strategy by the ACP Committee of Ambassadors;
- Consideration and adoption of the Strategy by the ACP Council of Ministers;
- Implementation of the new ACP PSD Strategy.

The strategy that will emerge from this exercise will guide discussions regarding private sector development support between the ACP Group on the one hand and the European Union and potential future strategic partners on the other.

Further information can be obtained at the website of the ACP Secretariat ([www.acp.int](http://www.acp.int)) and of the ACP Private Sector Development Strategy ([www.acp-privatesector.com](http://www.acp-privatesector.com)).



# New Private Sector Development Strategy

High-Level Symposium  
10-11 November 2014  
ACP House - Brussels, Belgium

## A New ACP Private Sector Development Strategy: Enhancing the role of the Private Sector in ACP growth



The ACP Group is in the process of finalising a Private Sector Development (PSD) Strategy for the promotion of economic development in its member states. As part of this process, a two-day Symposium will convene on Monday 10<sup>th</sup> and Tuesday 11<sup>th</sup> November, 2014 at ACP House, in Brussels, Belgium to consider a draft report containing recommendations for an ACP PSD Strategy and modalities and instruments for its implementation in ACP countries and regions.

The Symposium will be hosted by the Secretariat of the African, Caribbean and Pacific (ACP) Group of States and will be attended by approximately 100 participants representing public and private sector stakeholders including ACP Missions and Embassies, Private Sector actors and intermediary organisations, ACP Regional Economic Communities, International Organisations and other development partners.

The Symposium will present an unprecedented opportunity for a broad base of stakeholders to share and contribute their valuable knowledge and experience in shaping ACP's private sector development programming over the next five years, and assisting ACP States grow their economies in an inclusive and sustainable manner.

## The ACP has long recognised the critical role of the Private Sector

One of the main objectives of the ACP Group as articulated in the Georgetown Agreement, which established the Group in 1975, was to contribute to the development of greater and closer trade, among member states and developing countries. It further aimed to establish economic and cultural relations, while also becoming an important platform for exchanging information in fields of trade, technology, industry and human resources.

The Group has long recognised the critical role that the private sector plays in the socio economic development of its member states and this has been reflected in the programmes supported under the Lome Conventions and Cotonou Agreement signed between the EU and the ACP Group over the years. The ACP has collaborated with the European Commission and other regional and international stakeholders in implementing a number of important private sector development programmes targeting member states. Such programmes have included interventions related to improving the business environment (e.g. the ACP Business Climate Facility (BizClim); Micro enterprise development (e.g. the ACP-EU Microfinance Programme); SME development (e.g. interventions by the Centre for the Development of Enterprise (CDE) and the Competitive Industries and Innovation Programme (CIIP); and improving access to finance (the EIB managed the ACP Investment Facility).

A number of EU-ACP Business Fora, including five between the EU and Africa and two each between the EU and the Caribbean and the Pacific respectively, have played significant roles in promoting public-private dialogue and provided opportunities for close consultation between representatives of the private sectors of Europe and the ACP Group.

ACP PSD programming has also evolved over the years, with some programmes discontinued (EU-ACP Business Assistance Scheme (EBAS) and ProInvest), others extended (ACP Business Climate Facility (BizClim) and ACP-EU Microfinance Programme) and new ones added (Competitive Industries and Innovation Programme (CIIP) and ACP Minerals Development Programme) as reviews are conducted and new areas for intervention identified.



## The ACP has been involved in several reflections on PSD

Increasing focus on the role of the private sector has led to the Secretariat engaging in a series of reflections on various aspects of PSD including improving SME Access to Finance, improving the operations of the CDE and developing the renewable energy sector in the ACP, all aimed at improving the effectiveness of programme delivery. These reflections have involved the various organs of the Group and a number of stakeholders within the ACP Group and will culminate in the finalisation of an overall PSD strategy.

The finalization of the ACP PSD Strategy will be guided by the results of these reflections and by a PSD Strategic Framework adopted by the ACP Council of Ministers in May 2014, a Joint Cooperation Framework for Private Sector Development in ACP Countries adopted by the ACP-EU Council of Ministers in Nairobi, in June 2014, extensive consultations with key stakeholders (ACP Regional Economic Communities, Private Sector Organizations, European Commission and other development partners, and others within the six regions of the ACP (West, Central, East and Southern Africa, the Caribbean and the Pacific) and data, feedback and suggestions generated from responses to a questionnaire circulated to stakeholders.

## The Symposium will agree on a common "All ACP" platform for PSD

A team of experts will present recommendations for a PSD strategy and implementation mechanisms to effectively stimulate the growth and expansion of the private sector in ACP countries and regions. Given the high importance attached to stakeholder contributions, the experts' presentation on Day One will be followed by a series of regional consultations where three groups, each representing the geographic regions of Africa, the Caribbean and the Pacific, will be given the opportunity to consider the recommendations and suggest amendments to the strategy to take account of any issues, challenges and solutions in respect to their regions. The findings of the regional consultations will be presented to the plenary on Day Two and will be integrated into the final draft.

The Symposium will come to a consensus on a common "All ACP" platform that can stimulate the growth and expansion of the private sector in ACP countries and regions. This consensus will help shape final recommendations for the consideration of the ACP Committee of Ambassadors and subsequently the ACP Council of Ministers during their upcoming 100<sup>th</sup> session in Brussels from December 9<sup>th</sup> to 12<sup>th</sup>, 2014.

## A new PSD Strategy will galvanise efforts at economic growth

A new strategy for PSD will guide the ACP Secretariat's future PSD interventions in its member states and regions, identifying sectors to be targeted, instruments to be utilised and possible partnerships. The Strategy will be framed by the following priority areas that have been approved by the ACP Council of Ministers:

- Business enabling environment and investment climate improvement;
- Entrepreneurship and Microenterprise development;
- Micro Small and Medium Enterprise (MSME) access to finance; and
- MSME Competitiveness and access to regional and international markets.

Key elements embedded in the strategy will include:

- Support for institutional capacity-building: measures and actions aiming to systematically to strengthen institutions that are ultimately implementing partners and catalysing additional support to assist recipients achieve sustainability;
- Streamlining instruments for Private Sector Support: an effective streamlining is important to guarantee the effectiveness of the strategy;
- Investment Promotion Support: by pursuing intra-regional and intra-ACP growth targets domestic capital is to act as a catalyst to attract and retain EU and global capital;



- Enhancing SME Access to Finance and exploring new Financial Tools: the wide range of available financial vehicles (e.g. venture capital funds, investment companies) catering to SMEs and support tools aimed at filling the gaps in the "missing middle" are key elements of the strategy;
- Increasing the Private Sector's contribution to Improving the Infrastructural Framework: the role of the ACP private sector in infrastructure needs to be increased. Measures are foreseen to scale up resources for project development and project developers working in the ACP, building capacity in ACP firms to bolster PPI and partnerships, and reviewing and creating an alternate transparent procurement framework that harnesses resources to take on and champion projects;
- Restoring Trust and acknowledging the Risks inherent in the ACP Private Sector: this includes establishing a risk management strategy for the ACP private sector, in particular through measures improving the trade and investment climate within the ACP countries, and establishing, restoring and deepening trust by addressing in particular corporate governance;
- Mobilising resources in ACP countries and regions and international research funding: available or potentially existent additional local resources in ACP countries should be exploited. New innovative solutions such as long-term funding, blending or other financial instruments will also be considered;
- Creating a Network of ACP Private Sector Stakeholders: an ACP business network will serve to build consensus on global ACP issues among ACP businesses. It will guide and consolidate systemic engagement of the ACP private sector with the ACP Secretariat and other relevant decision makers though such as mechanisms as business fora;
- Focusing on Regional Presence: a regional presence aims to improve the consistency of action between the cooperation mechanisms based in Brussels and beneficiaries and stakeholders at regional and local level;
- Strengthening the ACP Secretariat: the ACP Secretariat must be provided with adequate human resources to implement the ACP PSD Strategy effectively, taking due account of the number, size and complexity of the programmes to be managed.

