

## **BUSINESS AND ENTREPRENEURSHIP MEETINGS HELD IN NAIROBI 5 – 7 MARCH 2018**

***BA/FKE/IOE ENTERPRISE FORUM  
5 MARCH 2018***

***“STARS IN AFRICA” EU-AFRICA YOUTH & ENTREPRENEURSHIP FORUM AND  
BUSINESS & HUMAN RIGHTS SIDE EVENT 6 – 7 MARCH 2018***



# **REPORT**

## **BA/FKE/IOE ENTERPRISE FORUM**

**Proceedings of the BA/FKE/IOE Enterprise Forum held on 5 March 2018 at Radisson Blu Hotel, Nairobi, Kenya**

### **Background Information**

The important role played by the private sector in social and economic development has led the International Organisation of Employers (IOE) and Business Africa (BA) to continuously explore and organise opportunities to strengthen the capacities of employers' organisations in Africa, particularly in advocating for policy that fosters an environment that is conducive to the creation and growth of sustainable enterprises, combining the legitimate quest for profit with the need for development that respects human dignity, environmental sustainability and job creation. One outcome of such IOE/BA collaboration is the 'Enterprise Forum on Entrepreneurship and Employment Creation' with a view to creating a platform for knowledge sharing.

### **Specific Objectives**

The specific objectives of the Enterprise Forum are as follows:

1. Analysis of the business environment for sustainable enterprises
2. Advocating for policy change to improve the business environment
3. Building employer organisation capacity to effectively contribute to good governance and to engage in social dialogue
4. Supporting employers' organisations to fully unleash the potential of trade for more and better jobs

### **Expected Outcomes**

The Forum, which brought together about 40 participants from 20 countries to engage in discussions at the 'Enterprise Forum', sought to achieve the following outputs and activities:

- a. Preparatory study
- b. Outcome report
- c. Action plan for member organisations to follow up, as well as an implementation report from at least five participating federations

### **Opening Ceremony**

*Jacqueline Mugo: Secretary-General, Business Africa, and Executive Director, Federation of Kenya Employers (FKE)*

Jacqueline Mugo recalled that the aim of the Forum was to bring people together to discuss business trends and developments in Africa. Ms Mugo stated that 60% of Africa's population was under 25 years' old and that, by 2030, Africa's workforce was projected to expand faster than that of the rest of the world combined. She noted some of Africa's particular challenges:

- Africa had only been able to harness up to 55% of its human capital potential compared to a global average of 65%.

- A survey of employers in 2017 revealed that 41% of all firms in Tanzania, 30% in Kenya, 9% in S. Africa and 6% in Nigeria identified an inadequately skilled labour force as a major constraint to their businesses.
- Many jobs in Africa were becoming more reliant on technology: 41% of work activities in S. Africa were susceptible to automation, 44% in Ethiopia, 46% in Nigeria and 52% in Kenya.
- Not only were over 60% of youth in Africa unemployed, but over 80% of youth employment in Africa was in the informal sector.

Ms Mugo concluded by saying that job security was a concern and that it should be addressed with proper training and government support for existing skills development efforts. Ms Mugo added that the vision was to have an Africa in which businesses thrived, decent jobs abounded, and where residents created wealth and lived in happiness. She believed that, by working together, this vision could be realised.

*Mark Obuya: President, Federation of Kenya Employers (FKE)*

Mr Obuya remarked that, in bringing together business people, the Forum should share solutions to improve trade, create jobs, and stimulate growth. He said that business leaders should contribute to the development of policies to enable entrepreneurs to flourish, hence leading to the creation of jobs. He also remarked that there was a need to find ways of dealing with issues like licensing, taxes, government bureaucracies, regulations, and how to incubate and mentor start-ups.

Mr Obuya further noted that there was a need for key interventions to confront the challenges faced by business people and employers. He added that more should be done to enhance policy advocacy and the creation of a conducive environment for businesses to prosper. As a result, enterprises would flourish and create more jobs.

*Patricia Veringa-Gieskes: representing the President of Business Africa (Albert Yuma)*

Ms Veringa-Gieskes recalled that when Mr. Yuma had become President of Business Africa, he had made a commitment to the realisation of various actions. He had promised to engage financial and technical partners and, to that end, had held various meetings to determine ways of taking advantage of bilateral talks.

The President reaffirmed his commitment to finding solutions in areas where proper communication between business partners in various countries was limited. He encouraged more frequent communication and unity among the business partners and called for Africa to move forward as one for prosperity.

*Mthunzi Mdwaba: IOE Vice-President to the ILO, Employers' Vice-Chairperson to the ILO Governing Body*

Mr Mdwaba asserted that economies thrived in competitive environments. He regretted that governments had failed to create sufficiently conducive environments, and to implement adequate policies to spur business growth. He noted that some of the urgent interventions that could be taken to redress the situation included:

- Formulation of policies that promoted the value of entrepreneurs and examined challenges faced by them;
- Sustained advocacy for proper implementation of the policies;

- Enhanced business competition;
- Political stability, and
- Elimination of corruption.

Mr Mdwaba proposed that, if these interventions were put in place, there would be better business development and growth leading to the creation of jobs that are urgently required by the majority of Africa's youth who are currently unemployed.

He went on to state that natural resources were the top catalyst for entrepreneurship. Citing the findings of a recent survey, he added that agriculture produced more entrepreneurs (43%) than any other sector. 56% of the respondents said that they preferred to start their own businesses than be employed by someone else. This called for nurturing young business leaders to provide solutions to business challenges.

*Erol Kiresepi: President, IOE*

Mr Kiresepi began by stating that the IOE was keen on advancing advocacy in the world to push for the prosperity of businesses. One such opportunity is the IOE-BA Enterprise Forum Meeting. There was, he went on, a need for better framework conditions, such as labour market conditions. Employers needed to develop policies to tap into the potential of Africa. The President added that young business people needed advice, training, and support to enable their businesses to grow. He went on to propose that IOE-member organisations should explore ways to include young entrepreneurs in running their organisations. In conclusion, he called on the participants to push their governments towards creating an enabling environment for business to prosper.

## Africa's Economic Outlook

*Moderated by Mr. John W. Mufukare, Executive Director, Employers' Confederation of Zimbabwe (EMCOZ)*

The discussion began with the recognition that everyone needed a decent job and income. However, this could only be possible with social dialogue between the government and other stakeholders. Often, politics made it difficult for meaningful engagements between governments and business organisations that allowed the organisations to thrive to create the needed jobs. Furthermore, politicians made promises as a means of getting votes, but at times these promises were not followed through. Periodical change of government also led to lack of continuity in gains made in improving the business environment. Employers should therefore be agents of change.

Mr Ndevandjema Shikongo, President of the Namibia Employers Federation, noted that for business prosperity to be achieved, an enabling business environment must exist. There should be proper dialogue between the private sector and the public sector. In Namibia, for example, business organisations had engaged the government in identifying and creating the required environment for business growth and prosperity.

The need for economic integration for exports and imports was highlighted. This required strategic planning and cooperation to realise significant results. The challenge, however, was how to ensure that plans were executed within regional blocs and to ensure that larger trading blocs could also be achieved.

It was noted that the informal sector was ever-growing and bound to exist for a long time to come. In Namibia, for instance, 70% of the national economy was in the informal sector.

One of the challenges said to be affecting the informal sector included the lack of a legitimate framework to guide informal sector operations. Others included the inability to regulate the informal sector and the challenge of resource distribution. A possible solution to these challenges would be to transform informal businesses to formal and provide an enabling environment for the sector to do business.

## Analysis of the African Business Environment

*Presentation by Mr Mark Obuya, President, FKE*

Mr Obuya noted that business growth in Africa had shrunk over recent years due to issues such as politics, corruption, and the falling price of commodities in international markets. He added that the informal sector was responsible for many jobs and, hence, policies and strategies were needed to formalise the informal sector.

He considered the following to be urgent interventions needed to improve the business environment in Africa:

- Create policies to engage informal sectors in training, and access to capital.
- Identify the skills available in the young population and equip the youth with the right skills needed for the labour market.
- Register informal sector businesses.
- Engage with governments through robust advocacy towards an enabling environment for enterprise development and growth.
- Map out specific challenges and lobby governments to support the informal sectors.
- Create a conducive environment for businesses to operate (e.g. by providing the right infrastructure).
- Have a common language in Africa. This would start by deliberately creating policies for schools to use a common language of instruction (e.g. Kiswahili, French, and English).
- Learn to embrace technology despite the attendant challenges.
- Promote and encourage African investment in Africa first.

In conclusion, it was noted that cross-border taxes tended to hinder business growth and development. There were also calls to examine the business culture, including business integrity. African businesses should also enhance the quality of their products and services. It was again highlighted that employers' organisations were agents of change and that they should exert pressure on governments to provoke change.

The question and answer session yielded interesting discussions. Beyani Munthali (Employers' Consultative Association of Malawi) remarked that it was time to engage in concrete actions and to move on from simply talking. Governments had to be engaged with a view to creating incubation hubs to spur youth innovation and start-ups. Alex Frimpong (Ghana Employers' Association) added that investment in incubation centres was paramount in responding to the needs of business in an ever-changing environment. Pierre Zocli (National Council of Employers of Benin – CNP Bénin) suggested that the best way to ensure governments collaborated with organisations and enabled policies that favoured business was for business people to get into politics; become presidents, prime ministers, and members of parliament. This way, pro-business policies and an enabling environment for business would be created.

On artificial intelligence and robotics, Rose Anang (IOE) remarked that technology was here to stay. She added that technology may be disruptive to job creation but that we must appreciate that there were repetitive elements of work that could best be performed by technology, just as there were other aspects of work that could only be handled by human beings. Overall, technology should be embraced.

It was also noted that most SMEs faced difficulties accessing funding and capital. Therefore, efforts should be made towards connecting SMEs with funders and creating partnerships to enable their business growth. Proper training with the right curricula for the right skills was important and should start from university level.

### Advocating for policy change to improve the business environment

*Presented by Rose Anang, IOE*

A business environment was defined as one that comprised a range of factors that shape opportunities and incentives for firms to invest, be productive, and create jobs. This environment consisted of complex, favourable policies for business development, properly structured institutions, and legitimate laws.

Rationale for improving the business environment: when the business environment was improved, and favoured business, it led to increased turnover and profits, expansion and growth of businesses, and the creation of jobs. Business environment reforms were needed for the following reasons:

- More firms would start to register, hence shifting from the informal to formal sectors of operations
- The formalisation of informal businesses would see firms begin to invest more in start-up businesses, leading to growth, profitability, expansion and more jobs created.

The ultimate goals of reforms to the business environment included, but were not limited to:

- Competitiveness
- Increased market share
- Stimulation of economic growth and welfare
- Improve balance of payments
- Macroeconomic stability (tackling issues of unemployment, inflation)

On the business agenda and policy advocacy, evidence was identified as vital in advocating for business developments and the challenges they faced. Data was needed regarding outcomes of policies that had been created and implemented, in order to determine whether they had in fact favoured business growth or not.

Useful tools for assessing the external environment for businesses included:

- The World Bank “Doing Business” report
- Employers’ and business research
- Global competitive reports
- ILO enabling environment for sustainable enterprises factors, etc

### *Developing a policy paper*

A very important aspect of policy advocacy is the development of a policy paper which should provide a clear policy recommendation, be concise on the position taken by the employers' organisation and include sustainable solutions in the economy.

### *Building Alliances for a critical mass of support for a policy*

It was underlined that a critical mass of support for any policy position was important in bringing another layer of conviction that the policy recommendation in question was beneficial to many. Creating alliances within trade unions and other organisations was therefore the way to achieving mass support.

### *Monitoring and evaluation*

This involved tracking business achievements as a result of policy advocacy efforts. Monitoring and evaluation provided the opportunity and basis to learn lessons from what had been done, and what had been achieved, with a view to enabling the replication of best practices.

### **Questions and answers**

#### *Does advocacy lead to real possibilities to influence policies?*

Ms Anang responded in the affirmative and said that there should be specially designed programs to improve the capacity of employers and business organisations to advocate on behalf of business. However, we should not depend on one person to champion advocacy efforts to avoid high turnover at employers' organisations affecting the policy advocacy capacity. There is the need for collective/group trainings on advocacy to ensure success in influencing policies.

#### *Is there compatibility between business and politics when business people enter politics? These politicians never listen to us once in power.*

Ms Anang said that new and better strategies were needed to lobby and reach the political classes and to develop alliances with civil society organisations (CSOs). She added that a way must be found to reach the state and the politicians who are influencers and engage with them, not on an individual basis, but through alliances with various groups. Representation is key to establishing a locus to be heard by politicians. Therefore, stakeholder alliances were needed to achieve a strong and representative voice.

## **Country Experiences on Advocating for Improvement of the Business Environment**

### *Moderated by Matthias Thorns, Director of Stakeholder Engagement, IOE*

Mr Beyani Munthali (ECAM, Malawi) presented the mismatch in his country between skills and jobs. Employers' organisations in Malawi had held discussions with their employees on the issue of a minimum wage with the involvement of ECAM members, as well as other important voices, such as the judiciary and the police. Mr Munthali said that the wider involvement of other important voices was vital in harnessing support for such policies.

Mr Alex Frimpong (Ghana Employers' Association - GEA) presented the case of Ghana, where the country regularly experienced energy disruptions that made it difficult for industries to operate effectively. The GEA

had engaged policymakers and provided evidence of the losses that companies were incurring, how these losses implied lost revenue for government in terms of taxes, and jobs that could be lost. Government ministries were engaged in a process that led to the drafting of a policy paper that allowed industries to operate without rationalised energy.

In conclusion, Mr Frimpong emphasised that engaging all stakeholders and influencers was imperative for the successful implementation of policies. He added that other employers' organisations had to identify the best approach to adopt to lobby their own government. He advised that working as a team was paramount to success.

Mr Modibo Tolo (National Council of Employers of Mali – CNP Mali) remarked that sufficient representation was important in enabling lobbying initiatives to succeed. He added that employers' organisations should be courageous in facing their governments and presenting their needs. Mr Modibo said that, in his country, they had made a deliberate effort to make the voice of the employers heard, and to ensure effective communication between members, organisations and government leaders.

The importance of having a clear reporting line on business success and achievements on a regular basis was highlighted. Monitoring and evaluation should be embraced, and the involvement of local markets encouraged for business prosperity.

A participant from the Nigeria Employers' Consultative Association (NECA) encouraged organisations to be well organised and strong, adding that governments that were not responsive should be taken to court and compelled to play their part in the process of social dialogue.

In conclusion, it was agreed that inclusivity and capacity building were paramount to ensure that lobbying and advocacy were effective. Dialogue between various stakeholders, having proper structures and organisations in place, and carrying out monitoring and evaluation (especially on start-ups) were identified as important ingredients for business prosperity. The difficulty experienced by start-ups in accessing capital was highlighted. Organisations should engage governments on how to help start-ups access capital through loans with lower interest rates.

### ***Supporting employers' organisations to fully unleash the potential of trade for more and better jobs***

*Moderated by Jacqueline Mugo*

Mr Kevin Herani of the World Bank made a presentation on how employers' organisations could be supported to fully unleash the potential of trade for more and better jobs. He asserted that a thriving private sector meant that new firms entered the markets, new products were developed, and jobs created.

#### ***Business regulations***

It was observed that business regulation was important for starting businesses. Regulations in terms of laws and taxations influenced the number of firms that start up. It was necessary to create a conducive environment for business to thrive. Recourse to reports such as the World Bank "Doing Business" report helped governments to work on reforms that encouraged private sector business development. Areas of concern which called for serious reforms included the registration of new businesses (in terms of requirements, procedures and processes). The other area where more needed to be done was in the regulation of electricity and business permits.



### *Demand-driven skills*

Training was required to ensure that skills imparted to young people were relevant to their getting jobs and being productive. Current training curricula was inadequate in providing young people with the skills required to make them employable. Curricula should integrate formal education with technical training systems.

It was proposed that there be a focus on programs that connect young people to skills and entry-level employment, and specifically on demand-driven skills that were relevant to the job market.

In Kenya youth employment opportunities require the following components:

- Supply side interventions in terms of skills and technical know-how.
- Demand side interventions in terms of grants and a mandatory business plan for business start-up and development.
- Accurate and timely information to help youth to understand exactly what is required by the labour market and how to achieve it.

### *Discussions*

In responding to the challenges of disconnect between skills and training, Mr Nicholas Okwir from the East African Community (EAC) noted that east African employers faced challenges arising from laws and regulations that affected the ease of doing business. He noted that unharmonised laws and regulations in the EAC impeded the movement of the right skills between countries to spur industry growth. He underlined the need to take a fresh look at the EAC's laws and requirements to ensure that they favoured business prosperity in the region.

As a solution, Mr Okwir proposed the abolishment of the requirement of work permits for east Africans to work across borders. He added that centres of excellence should be created where youth were endowed with the right skills. His other suggestions included:

- The use of the right curriculum in schools
- Free movement of persons between countries – visa-free movement
- Harmonisation of taxation regimes
- Common language in Africa
- Capacity building from organisations such as the World Bank

Mr Matthew Chimbghandah, SADC representative from Zimbabwe, noted that challenges facing businesses tended to be the same regardless of the country. Some of the challenges in Zimbabwe included the skills mismatch, business informality (approximated at 85%), and the difficulty of accessing credit for start-up businesses.

Mr Chimbghandah proposed the following solutions:

- Preserve existing jobs and cultivate partnerships with the trade unions for a harmonious industrial relations environment
- Modernise out dated regulations and laws
- State provision of a conducive environment for businesses
- Allow the free movement of people and goods within set agreements
- Transform informal firms to formal

Mr Mohammed Touzani of Morocco, representing the North Africa Trade Bloc, agreed that existing jobs should be preserved and that more partnerships between trade unions needed to be created. He also pointed to the need to modernise outdated regulations and laws and urged governments to put more effort into providing a conducive environment for business to thrive.

In conclusion, the following suggestions were made:

- Industrial training should be designed and undertaken to equip young people with the appropriate skills to avoid a skills mismatch.
- Technical institutions should be created and equipped with the capacity to offer quality training.
- Youth education should be delivered, including sensitisation to being exploited by politicians for selfish political gains.
- Political stability should be fostered as a vital prerequisite for business prosperity.

### **Building the capacity of employers' organisations to effectively contribute to good governance and to engage in social dialogue**

*Moderated by Mthunzi Mdwaba, Employers' Vice-Chairperson, ILO Governing Body and IOE Vice-President to the ILO*

A strong representation of employers' and workers' organisations required:

- Improved governance and the right management structures
- Strengthened analytical capacity
- Enhanced capacity to provide leadership for the business community

Mr El-Mahfoud Megateli, IOE Regional Vice-President (Africa) reiterated that policy number ten (10) of the ILO Areas of Critical Importance on capacity building was important given that it contributed to social dialogue - a vital element to business and to the creation of a good business environment. He said that the concept of social dialogue began in his country in 1990 and had created a culture of dialogue among workers and employers.

Mr Saleh Attibu from the DRC agreed that capacity building was important for social dialogue. However, there was a problem of poor employers' organisations with rich members. He asserted that an organisation needed resources to be strong on its own, without the influence of those who provided the resources. In the DRC, the major problem was over-liberalisation; there were more than 400 trade unions. Some did not even represent the interests of workers, hence making social dialogue a challenge.

Ms Rose Anang (IOE) noted that governments always wanted to engage with organisations rather than individuals. For this reason, there was a need to have good internal governance structures. Employers' organisations should look at the national development plans and develop their own plans with a view to alignment to these plans. This was important to avoid creating the perception that employers' organisations appear to be in opposition to the development plans of government.

A participant sought advice for unions in Burkina Faso, where social dialogue for the workers was difficult. In response, Ms Anang advised that efforts should be made to develop direct dialogue between trade unions and employers. For instance, a deal could be signed between workers and employers, with the government being the guarantor in terms of creating an enabling environment.

Mr Mdwaba said that membership and registration fees were a requirement for anyone to join an employers' organisation. Leveraging of members and minimal outsourcing of human resources could help employers' organisations to save running costs of the secretariats.

Mr Mdwaba added that if ILO ACT/EMP did not support employers' organisations, they would be unable to provide services to their members. He noted that African countries were not doing well in terms of honouring their commitments to the ILO, hence making it difficult for donors to see productivity in social dialogue. In order to minimise the risk of having employers' organisations influenced by various players, members should be willing and ready to pay membership fees to ensure their organisation's stability and independence.

#### **Brief on the "Stars in Africa" conference and participation of speakers, side events etc.**

Mr Pierre Arlaud of MEDEF, indicated that the objective of the SIA meeting would be to bring together business actors and civil society organisations to discuss what was to be done to bring solutions to challenges faced by entrepreneurs. He added that training of young entrepreneurs and giving them the necessary tools was important in ensuring that the young entrepreneurs could grow their businesses. Mr Arlaud said that, in the discussion, they hoped to bring positive initiatives to entrepreneurship, and to explore possible solutions to challenges facing entrepreneurs. In so doing, the issue of employability would be addressed.

#### **Question and answers**

A participant sought to know if the speakers invited to the SIA conference would be willing to go beyond theory into practice. Mr Arlaud responded that the speakers were dynamic and would bring different perspectives to the table. He added that there was a platform where practical solutions would be shared.

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**“STARS IN AFRICA” EU-AFRICA YOUTH & ENTREPRENEURSHIP FORUM**  
Proceedings of the Business and Human Rights side event and “Stars in Africa” EU-Africa Youth  
& Entrepreneurship Forum held on 6 March 2018 at iHub, Nairobi, Kenya

**“STARS IN AFRICA” - Opening Plenary**  
**6 March 2018**

*Moderated by Haweya Mohamed, Managing Director of Afrobytes.*

*Panel members: Patricia Veringa-Gieskes, representative of Business Africa President, Albert Yuma; Pierre Gattaz, President, MEDEF; Erol Kiresepi, President, IOE; and Jacqueline Mugo, Secretary-General Business Africa.*

Ms Mohamed asked Mr Gattaz what had informed MEDEF’s decision to choose Kenya for the SIA event. He replied that he had noticed that countries in Africa shared a lot of priorities such as food security, job creation, and even visions (such as Kenya’s Vision 2030). He said that he believed that business could offer aspirations to the African people and create jobs for many unemployed Kenyan youth.

Mr Gattaz went on to note that there were a lot of opportunities and resources in Kenya, such as minerals, and plenty of resources in Africa as a whole. What was required was training people on how to be valuable and tap into their potential.

Ms Veringa-Gieskes was invited by Ms Mohamed to describe her company and organisation’s activities and goals. She explained that their mandate was to get business communities to work together, to train the youth and others in the right ways, bringing the right skills, and ensuring collaboration and twinning of companies from various places. The short-term objective was to implement their ideas for getting partners, then follow up on the findings.

Ms Mohamed asked Ms Mugo how global changes affected the organisation of work and markets. Ms Mugo replied that technology was a challenge that had changed the environment in which businesses operated. Today, there was a need for new skills, inventions, investment in universities and learning institutions, connecting people to the right skills, and making them stay relevant by using technology to speed up the processes.

Mr Kiresepi underlined the need for new skills to be developed and adopted to meet the demands of automation. He added that approaches to work should change in tandem with market dynamics. The products to be sold in the future should be aligned with future demands.

On automation and artificial intelligence, it was noted that, although technology was being embraced, there remained certain aspects of work that could only be done by human beings. All we needed were sufficient skills to do these jobs.

In response to Ms Mohamed’s question on education and unemployment, Ms Mugo said that there were many programs aimed at offering skills to the youth and ensuring that they got jobs and, also, became entrepreneurs. It was important to look at job market dynamics and advise on the right skills. FKE had a help desk to guide new entrepreneurs on the requirements of starting businesses.

Mr Kiresepi added that there was a need to consider lowering taxes and to ease registration procedures as an encouragement to people to register and transform their informal businesses into formal businesses.

On the matter of block chain use by future businesses, Ms Mugo said that using the block chain was a risk decision that should be made at individual level, but many people were investing in block chains because the technology was here to stay, and should be embraced, regardless of the risks. She advised that there should be a change in the ways of doing business.

On training, Ms Veringa-Gieskes highlighted the need to train people and focus on what we want and the expected results. She advised organisations to think beyond just having an idea because an idea by itself was not a guarantee of success.

Mr Kiresepi added that an entrepreneur was a risk taker and did not fail. If he failed, he restarted and failed, and restarted again until he succeeded. On training, Mr Kirespi noted that schools were not giving the best education in response to industry needs. He added that employers had no option but to retrain new staff – an expensive and time-consuming exercise. He urged employers to push for a change in teaching curricula and to liaise with institutions to ensure that students get the right education.

Mr Gattaz added that equipping people with skills as they grow was important in building future entrepreneurs. Switzerland was cited as a good example, where children were taught entrepreneurship skills right from lower primary school.

Ms Mohamed asked whether specific sectors were being targeted in terms of job creation efforts.

Ms Mugo replied that, in the case of Kenya, there was an interest in emerging sectors such as the oil sector. However, sectors were largely targeted on the basis of their contribution to GDP, such as the agriculture sector. Other areas of interest to investors were those that benefited society.

Mr Gattaz considered important the sectors that improved on productivity, adding that it was important to diversify and to look at smart sectors such as clean energy, smart cities, and climate smart agriculture.

Ms Veringa-Gieskes pointed out that, valuable though it was to target sectors with the greatest contribution to GDP, there was also a need to consider issues of access. For example, land fragmentation was evident, and many youths had no access to land to carry out agricultural activities. Investing in agriculture alone would lock out most youth that did not have access to land.

Mr Kiresepi reiterated that there was a need to absorb the youth into business, and to provide them with an enabling environment to do business. He also emphasised the need to focus on training systems, good governance, and respect for the rule of law.

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## **“STARS IN AFRICA” - BUSINESS AND HUMAN RIGHTS SIDE EVENT**

### **6 March 2018**

#### **Welcome remarks**

Opening remarks were delivered by Mr Matthias Thorns, Director of Stakeholder Engagement, IOE.

#### **Why does it matter? The business case for responsible business conduct**

Mr Thorns made a presentation on the business case for responsible business conduct. He said that when speaking about this topic, it was important to stress at the outset that this was a matter of a moral imperative and that respecting human rights was “the right thing to do”. He asserted that everyone had the right to a dignified life, free from human rights violations. No entrepreneur should offer working conditions which he himself would be unhappy to see his daughter or son working in.

However, beyond this moral imperative were also trends and developments that made it worthwhile for companies to strongly engage in responsible business conduct. Many of these trends and developments had started outside Africa. However, because they affected companies in Europe and North America, they triggered follow-up action by corporate actors in their global business relations, which then, through the ripple effect, ultimately impacted African suppliers to multinationals.

Mr Thorns cited an increasing amount of national legislation on due diligence, in France, or on transparency, in the UK, which increased legal risks related to negative human rights impacts in the supply chain for companies from these countries. Companies were increasingly required by law to engage in supply chain due diligence or to report what they were doing in this regard. These companies increasingly accepted only business partners and suppliers that had a clean track record with regard to negative human rights impacts and that were actively engaged in responsible business conduct. He said that companies from Europe and North America could no longer afford to turn a blind eye to the working conditions and human rights situations of their suppliers.

These trends were not only limited to legal developments. Human Rights Benchmarks, such as the “Know the Chain Benchmark” or the “Corporate Human Rights Benchmark” ranked companies publicly with regard to their human rights performance and supply chain management. Consumer-facing companies in particular could not afford to be ranked at the bottom of these benchmarks. Moreover, no CEO wanted to see media reports that they were doing nothing with regard to the human rights conditions in their company’s supply chain. Linked to that was the fact that NGOs and trade unions were engaging more and more in global campaigns against companies because of the working conditions in their supply chain. Local incidents nowadays had global impact due to social media campaigns: a photo taken with a smart phone and shared via social media could create massive problems for consumer-facing brands. Increasingly issues were being labelled in human rights terms. A conflict over the dismissal of a trade unionist would formerly have been an industrial relations issue. Today, it was labelled as a human rights violation. Furthermore, there were increased expectations from society that companies use their leverage to address human rights issues in their supply chains.

For all these reasons, Mr Thorns said that companies were increasingly accepting only socially responsible companies in their supply chain. This meant that if African businesses wanted to enter global

value chains and benefit from global trade, they had better start engaging in the responsible business conduct agenda.

However, even for companies operating mainly on the domestic market, responsible business conduct mattered. It was well researched that the best talent went to, and stayed in, companies that were socially responsible. Millennials in particular were focusing on these issues when choosing companies they wanted to work for. Moreover, research showed that engaging the workforce in sustainability efforts reduced absenteeism and increased productivity by building a motivated workforce.

Mr Thorns noted that transparency was also becoming more important. National laws, such as the Johannesburg Stock Exchange (JSE) Listing Requirement from 2010, required companies to produce sustainability reports. Investors increasingly looked into rbc-information when making investment decisions. At international level new reporting schemes, such as the UN Guiding Principles Reporting Framework, had been developed. RBC or sustainability reporting also had advantages inside the company as it acted as an early warning system of emerging issues which were potentially damaging before they emerged as unwelcomed surprises. Moreover, reporting required sound management systems. Tracking data highlighted opportunities for improvement, efficiency and cost saving.

### Voices from the floor

A participant suggested that there should be a way to compel companies to be socially responsible. Another participant highlighted the issue of companies being hesitant to commit in writing to avoid litigation in the event that they fail to comply.

Child labour was identified as one of the main issues affecting businesses; some children ended up being overworked in the name of helping out in family businesses. A participant suggested that there should be clear guidelines to define child labour.

Another participant highlighted the need for governments to be proactive in preventing potential child labour issues especially with foreign companies. The challenge was predominant in cases where governments had contracted foreign companies directly. In such cases, labour unions were limited in terms of how much access and influence they had on such companies. Nevertheless, governments should take more responsibility and closely monitor foreign companies to ensure compliance in terms of labour laws and the respect for human rights.

There was general agreement that the issue of business and human rights should be further discussed in the African context. In the upcoming IOE global forums on the SDGs and Human Rights there should be appropriate representation from African business to ensure that the African experience was fully taken into account and, at the same time, that Africa benefitted from global debates. Mr Thorns concluded by inviting the participants to join the IOE Working Group on Human Rights and CSR.

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## **“STARS IN AFRICA” – EU-BUSINESS AFRICA SIDE EVENT – PANEL DISCUSSION**

*Moderated by Ms Rose Anang, IOE*

### **Welcome and Keynote Address**

Mr Erol Kiresepi, IOE President, underlined the need to agree on joint action to be taken concerning the issues that had been discussed and the challenges identified, such as unemployment and the skills mismatch. An analysis of the G20 showed that there was insufficient implementation of policies at the national level.

Mr Gattaz, MEDEF President, remarked that, for businesses to grow, it must have a recognised voice at the national level. This would be achieved if we faced the politicians and state influencers and urged them to implement policies that favoured businesses and job creation.

It was also important to keep organising the “Stars for Africa” forums and have frequent communications on the outcomes. Information was key for development and growth. He called for new partnerships and for the actors to be united and motivated, and to have the freedom to do business. If all these goals were achieved, businesses would grow, expand, create jobs and decent wages would follow.

### **Experiences-sharing on Youth Employability and Developing Flexible Skills to meet the needs of Africa Economies**

Ms Nazrene Mannie, Beyond Advocacy Fund Manager, Business Leadership South Africa (BLSA), introduced BLSA as an apex body that negotiated with government on policy matters involving the community and youth. She added that the strategic drivers of BLSA were:

- a. Transformed inclusive economy creating sustainable employment
- b. Thriving SME sector
- c. Predictable and certain enabling environment
- d. Affordable and reliable energy
- e. Productive labour markets
- f. Affordable social security

Ms Mannie asserted that it was evident that the right skills led to economic growth. She added that the key driver in South Africa was TVET –Technical and Vocational Education Training. Quality TVET was a driver of economic growth, given that it trained workers on technical skills. TVET provided multiple opportunities for people, while safeguarding their labour rights.

Ms Mannie pointed out that 6 million youth were neither in training nor in employment in South Africa. Other challenges facing South Africa included:

- a. A bureaucratic, rigid, quality assurance regime
- b. Low economic growth and fiscal pressures
- c. Uneven provincial provisioning (focusing only on urban leaving aside the rural areas)
- d. Low throughput from schools (many people drop out of schools before completing)

She proposed the following as possible solutions to these challenges:



- a. Focus on skills development to avoid and eliminate a mismatch of skills and jobs
- b. Creation of new jobs
- c. Acceleration of SME growth
- d. Having a favorable framework and changing our learning curriculum
- e. Political will to change unfavourable policies and create policies that favour the development of businesses

She noted that Africa could solve the challenges facing its business environment. However, there was a need for fairer systems, better coordination, and increased diversity.

It was proposed that the focus be on national education systems to ensure that students got skills that were relevant to industry needs. Employers were also asked to spend some resources on training fresh graduates.

### **Women's Entrepreneurship - Equitable Access for Women in the Labour Market**

Ms Veringa-Gieskes indicated that women needed more representation and empowerment on business matters. She proposed that women themselves build networks to discuss business and ways of improving their businesses. She added that deliberate policies that favour women entrepreneurs should be formulated, noting that women had continued to struggle to succeed in business. While some progress had been made in terms of representation, more needed to be done. Programs, such as FEMALE FUTURE, which was implemented in Kenya and where women were given business opportunities, were viable and should be further encouraged.

### **Outcome**

In their concluding remarks Erol Kiresepi and Pierre Gattaz stressed the need for strengthened business-to-business and business-to-government cooperation and dialogue in achieving Youth Skills Development, Employability and Entrepreneurship. They emphasised that cooperation between employers' organisations from Africa and Europe had an important role to play in this regard. Erol Kiresepi and Pierre Gattaz agreed to work towards this aim.

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