

Business Action for Africa: An innovative platform for action

Zahid Torres-Rahman, Director, Business Action for Africa

Speech at Chatham House, 31 July 2007

Thank you so much for the opportunity to be here this morning, and for the interest that all of you, including Chatham House, have shown in Business Action for Africa, and in the broader issue of business engagement in international development.

This afternoon, a group of business leaders, including a number from our own network, will issue a statement, alongside Heads of State and the UN Secretary General, on the Millennium Development Goals – a statement to accompany a speech to be given by the Prime Minister in New York.

The business statement says:

“We commit to action and because the scale of the challenge means no one alone can achieve the difference we need, we call on all parties including the private sector, governments, civil society and faith groups to play their part. It is only by acting together in a genuine partnership that we can succeed”.

And it is this sense of the power and potential of partnership that sits right at the heart of Business Action for Africa. Business Action for Africa was set up in 2005 with the support of a group of companies and business organizations who recognized very clearly that working collectively offered one of the most effective ways of scaling up efforts to tackle the increasing complexity and scale of today’s challenges.

To date, over 150 business, business organizations, multilateral and bilateral donors, government departments, NGOs and academics have joined this effort. 80% are from the business sector - from small businesses to large multinational corporations, from national chambers of commerce to international business organisations. And every single one of our members has an extensive knowledge of and deep commitment to Africa.

For example:

- Anglo American has been operating in the continent for 90 years, employing over 130,000 across 8 markets;
- SABMiller has been in the region for 112 years, originating in South Africa but now spanning 29 Africa countries, employing some 14,000 people;
- Unilever has been in Africa for over 100 years, manufacturing in 18 countries and employing around 40,000 people.
- Diageo celebrates 10 years in the continent this year, but its first recorded export of Guinness to Africa was to Sierra Leone in 1827. It now operates across 27 markets employing around 4,700 people.
- The US Corporate Council on Africa represents some 80 per cent of US investment to Africa.

And through our African business organization members we estimate that we reach around 1,000 individual African businesses. The Association of SADC Chambers of Commerce and Industry, alone, is a network of some 17 African Business Associations who in turn have many corporate members in-country.

Over the course of our first two years, we have come to learn that there are three areas in which collective action can make a real difference.

First, on advocacy. Make Poverty History was enormously successful in getting Africa on the agenda of politicians and the general public. But it was clear to us that the messages were often missing the mark. Africa is a diverse continent, alive with opportunity and potential, contrary to the commonly communicated image of a homogenous continent of war, famine and poverty. African's do not want charity – they want opportunity – to grow their businesses and to trade. In a survey of 60,000 poor people in 2000, the vast majority saw self-employment, starting a business, or getting a job as offering the best prospects, by far, for escaping poverty. In our view, the importance of the private sector in making poverty history is all too often missed.

That is why we have campaigned collectively to the G8, calling on them to meet their aid commitments, but as part of this to invest in the conditions needed to stimulate the private sector, domestic and foreign, large and small. 32 leaders from the business world signed a joint letter to Chancellor Merkel in advance of the G8.

It is also why we have campaigned on a fair deal on Doha – clearly a top priority for all those committed to Africa’s success. Specifically, an end to trade-distorting agricultural subsidies on products of interest to Africa; expanded market access for African countries; substantial investment in Africa’s capacity to trade, including through a significant increase in Aid for Trade; and, on the part of African governments, active promotion of intra-African trade and regional integration, including by enhancing customs administration. In June, Business Action for Africa, the Commonwealth Business Council, the US Corporate Council on Africa and CIAN, the French-Africa business group, sent a joint business statement to the G4 – the US, the EU, India and Brazil – urging them to drive progress towards a deal.

We have similarly played an important role at the national level - facilitating dialogue with DFID here in the UK, and increasingly engaging at the national level within Africa – most recently on customs administration reform in East Africa.

Importantly, Business Action for Africa has emerged as a credible voice at the international and national levels. In a survey of our African members and other Africa stakeholders, conducted for us by the Commonwealth Business Council, we found that advocacy was identified by close to half of all respondents as the single most important task for Business Action for Africa. Moving forward, I would predict that more advocacy will happen at the national level. We are actively considering – along with the International Business Leaders Forum and Chatham House – a possible business-led platform for advocacy within the DRC. And through a partnership with the World Bank’s Doing Business Report, we will engage in targeted advocacy in support of the strong country performers set to be highlighted in the next report, due out in September. We will of course be able to use the data to underpin our country level advocacy, in terms of what more needs to be done.

The second important area of collective action is joint projects on the ground,

initiated and led by loose alliances of our business members. Working together on projects that connect with their core-business, is a powerful way for businesses to scale up the impact of their activities. While we take a cautious approach to launching new projects - they must be demand-driven and business-led - we have facilitated a number of exciting business-to-business alliances, notably Business Action Against Corruption and Business Action for Improving Customs Administration in Africa.

Business Action Against Corruption is the flagship governance programme for Business Action for Africa led by Royal Dutch Shell, this involves action against corruption within both the public and private sectors in Botswana, Cameroon, Malawi, Nigeria, Zambia and the SADC region, with country interest to participate from Namibia, Lesotho, Mauritius, Madagascar, Egypt and Tanzania. Examples of activities include codes of conduct in Malawi, guidelines for disclosure in Botswana, a new integrity code in Nigeria, and areas for action identified in Cameroon. The programme is managed by the Commonwealth Business Council.

BAFICAA, our customs project, is led by Unilever, British American Tobacco, SITPRO (the UK's trade facilitation agency) and Diageo. BAFICAA's primary objective is to achieve measurable and meaningful progress in customs reform by retaining a strong private sector lead while working in a wider co-operative relationship with governments, donors and other stakeholders in Africa.

On the basis of a business-focused study in 20 countries, recommendations were developed. Implementation is being planned in East Africa (Kenya, Uganda and Tanzania) with the private sector and government authorities, and with the support of PricewaterhouseCoopers. The focus has been on six areas: the need for fast-track customs services for the compliant and low risk taxpayers and traders; the need to support change in customs administration; automation of customs processes and procedures; a service charter between the customs services department and the private sector; avoiding duplication and unnecessary bureaucracy in Post Clearance Audits and valuation

processes; and training, accreditation and certification for customs agencies. Discussions are also underway in Nigeria, and are planned in Southern Africa.

These projects demonstrate three important features. First, they see the private sector as an important driver of change – with both projects benefiting from strong business leadership. Second, they combine a core business issue with a core development issue – tackling corruption and enhancing customs administration are two business imperatives, and both are also central to Africa's development. And third, both are deeply embedded at the national level, driven by national task forces, bringing on board a wide range of participants, many of whom are not members of Business Action for Africa, interacting closely with Government and non-government stakeholders. Local ownership and leadership is central.

Business Action Against Corruption, brings together, for example, the Southern African Forum Against Corruption, anti-corruption commissions, the African Corporate Sustainability Forum and the Human Rights Trust of Southern African.

Business Action for Improving Customs Administration in Africa, involves in East Africa alone, close 20 participants across three national task forces – including, for example, alongside the subsidiaries of the lead sponsors, the Kenya Association of Manufacturers, the Tanzania International Container Terminal Services and the Uganda Private Sector Foundation. Through a series of workshops across the region, the groundwork has now been set for a dialogue with customs administrations. A meeting to agree an action plan with the Commissioners of customs is being organised by SITPRO in conjunction with the World Customs Organization for later this year.

And we have many more projects in the pipeline. Right now, we are developing a set of projects focused on enterprise development. This will span advocacy work, financing, and capacity. We have 6 companies interested in one or more aspects of the programme, and another set interested in an agribusiness focus.

Working with the South African Business Coalition on HIV and AIDS, we also have a project in the pipeline – to be delivered next month – on HIV/AIDS – a visit by senior UK MPs to South Africa to see what business is doing to tackle the issue.

We have taken the decision that here at the centre of Business Action for Africa we should focus our efforts on the front-end of the project process - getting projects from issue and concept through to business buy-in (if we don't find business traction, we do not pursue a project any further). Once there is buy-in, the companies form a light-touch governance structure, and potentially contract in a third party consultancy firm. Critically, the companies themselves are responsible for financing and delivery – the best way to ensure ownership. For those projects that are moving forward well under their own steam - such as BAAC and BAFICAA - we take more of a back seat - tracking progress and communicating results. This decentralized approach means we are better positioned to focus our energy on catalyzing a wider number of new projects.

Looking ahead, I see Business Action for Africa developing into an important pipeline of business-to-business alliances, seeking new partnerships with other businesses, governments, donors and NGOs – producing further joint bids, for example, to the Investment Climate Facility, and in the future, to initiatives such as the Africa Enterprise Challenge Fund. So DFID – watch out!

The third area in which we believe collective action has a tremendous role to play is knowledge sharing. This is an opportunity for me to indulge two of my passions – harnessing new technology and transforming social networks into networks with a social purpose. My vision is to bring into the network all those with an interest in our objectives and a willingness to share their experience and insights with others. Connecting practitioners and experts. Harnessing and focusing the vast pool of energy and experience. Showcasing the best of what is going on, no matter who is doing it. In short, transforming chaos into organized chaos.

We do a lot of this through our website – including our events calendar – the most popular page on our site. We also bring together business news stories through our on-line *Africa*

Business Weekly. Our video channel, e-library, case study repository, and our active – first-of-its-kind - collective business blog. We are currently further developing our website to tap into some of the latest developments – and will be including, for example, a Google Maps presentation of data on our members, projects and the business climate across Africa.

We also facilitate knowledge sharing in more traditional ways - co-hosting policy briefings with DFID and supporting conferences and events throughout the year, including most recently the Africa Business Forum 2007 with CBC.

To help us in our knowledge sharing activities we have formed knowledge partnerships with the International Business Leaders Forum, who also sit on our board, the CSR Initiative at Harvard University's Kennedy School of Government, and the World Bank Institute. They, and future knowledge partners, are the brains of the practitioner-focused eco-system that we are building.

Now – each member of Business Action for Africa has come to the network for specific reasons – with around 80% “active” or “engaged” – some to join together to advocate in favour of the policies needed to accelerate growth and poverty reduction; some to work together with their peers to scale up existing initiatives or test new ones; some to share knowledge and information; and others to do all of the above. A great strength of the BAA network is its flexibility and demand-led nature – enabling members to engage with each other in a variety of ways, that best suit their needs.

In developing Business Action for Africa, our objective has been to create a fresh and innovative platform for collective action. And I believe we are different in 3 very important ways.

First, we are business-led – with a board of companies overseeing our direction and our areas of focus reflecting the priorities expressed by business, during the Commission for Africa and business consultations since. We focus on the positive impacts that business can have through their core-business – not philanthropic CSR. Many talk about the 1% club of corporates that give away at least that share of their profits. I am more interested

in the 99% club – those companies that think about the way they do business – and the development impacts of responsible business.

Second, we are action focused. Business Action for Africa was established to focus on delivery. It is not a talk-shop, but a place where practitioners interact with their peers around specific objectives and initiatives. We have also made a point of avoiding unnecessary and costly bureaucracy, maintaining a light-touch – our governance structure is simple but effective, our Network Hub, with our co-ordinator in Kabwe in Zambia, is light-touch – the equivalent of only 2 people. Where money is made available we want it to go to projects on the ground, not on a central bureaucracy.

And third, we are inclusive. Business Action for Africa is not a new institution – but a diverse and global network. Quite explicitly, it was not set up as a new code of conduct or “kitemark” (there are plenty already and we do not want to add yet another), but as a neutral platform for forward-looking collaboration. Working with and through local partners, not setting up alternative structures. Run as a not-for-profit network, membership is free – with all running costs covered by our 17 sponsors. Subject to agreeing to our principles of membership, anyone is welcome to join – as either a non-fee-paying member or as a sponsor (including as an in-kind sponsor, as is the case with the International Business Leaders Forum). And Business Action for Africa will continue to exist only so long as it is adding value to its members.

Looking to the future, I would like to see more members – from across Africa and across the OECD – but I believe our focus should be on attracting these members to specific projects and initiatives. I would also like to see more on-the-ground partnerships with local organizations, civil society and donors – again around specific projects. In my view, such partnerships should always be business-led and are far preferable to setting up formal Business Action for Africa structures on the ground. I should also say that we strongly welcome the UK Government’s willingness to engage with business on this agenda, including at the board level of Business Action for Africa – in the form of DFID, FCO, DWP and UKTI. We would like to see this engagement continue, to broaden to other country governments, and to extend to practical partnerships on specific projects.

This afternoon's speech by the Prime Minister will reiterate the fact that at the halfway point to the Millennium Development Goal deadline of 2015 the world is not on track to meet its commitments, and that a global response is needed – a global partnership that goes beyond governments to take in the private sector, churches and faith groups, NGOs and civil society. Business Action for Africa is one example of the business community's vision, big-thinking and readiness to support such an effort.

Thank you.