CROSS-SECTOR DEBATE on Africa at the World Economic Forum (WEF) in May 2014 proceeded on the premise that business shares with government a strong longer-term interest in ensuring that growth is more inclusive, stable and sustainable. From one perspective, this premise is wholly unremarkable, given the private sector’s stake in peace and prosperity. Nevertheless, and unlike civil society, business has typically not been treated as an explicit stakeholder in development, although recognition of its shared interest in development holds considerable potential for transforming Africa’s development path.

One policy challenge is to identify general and specific shared risks and opportunities through local, national and regional dialogue and cooperation on development-related obstacles and goals. However, business and government have different incentives, constituencies, claims to authority and forms of responsibility. Therefore a parallel challenge is to develop clearer parameters for collaboration, so that policy supports private enterprise while still advancing the public interest.

This paper outlines what is at stake in Africa’s economic rise before discussing emerging trends towards more
explicit business engagement in the development agenda.

Restless youth and responsible business

The so-called ‘Africa rising’ phenomenon provides an important context for discussing the potential gains that may arise from deliberate enhanced linkages between private sector growth strategies and development goals. This can exacerbate insecurity, inequality, fragmentation and radicalisation. Growth alone does not deliver more capable, responsive state systems; human capital formation (health, education, productivity); reduced infrastructure deficits (energy, transport and information connectivity); and sustainable management of natural capital (land, water, mineral and biomass resources). Progress on these fronts is vital to African countries’ longer-term development, whether as attractive markets or decent societies.

The ‘Africa rising’ narrative has both strong investor appeal and considerable objective promise as far as development is concerned.
the wrong time can exacerbate conflict rather than reduce its severity, duration or likelihood. The policy challenge is thus to attract responsible firms (and funds) and to leverage, in appropriate and consultative ways, their development impact. This increases the relevance of exploring how private sector self-interest, capabilities and resources can be harnessed in pursuit of the public good – not just to avoid disruption and decline, but also to unleash social potential and create economic value.

Response and recovery in fragile regions

Fragile areas face a catch-22: they are most in need of revitalisation, yet struggle to attract investment precisely because they are fragile. Policy innovation and flexibility is at a premium here, as these will incentivise good firms to enter.4

Fragile states and regions are too easily dismissed among investors and policymakers interested only in particular resource bases, infrastructure corridors or concentrations of urban consumers. They matter for a variety of reasons:

• For their own sake. The ‘Africa rising’ narrative lacks credibility if it leaves millions behind in weak, oppressive, stagnant and fragile states.

• Because of perceptions. If Africa cannot stabilise such areas, negative external stereotypes (and related finance costs) will persist, undermining the value attributed to projects, propositions and portfolios.

• Because of contagion. Unbalanced growth risks feed grievances, violence and displacement. These forces can unsettle national politics and undermine the business continuity or the attractiveness of major urban centres that seem unrelated to peripheral, fragile regions.

• Because considerable resource endowments are often found within (or must traverse) areas of fragility.

Finally, ‘fragility’ is relative. If policymakers and business fail to cooperate on creating strong, inclusive growth, the continent’s assets (its young, urbanising, dynamic population) could become serious liabilities.

Lessons from fragile states are thus highly relevant in ostensibly stable countries. They sharpen the focus on what appropriate cross-sector dialogue and cooperation can do to enhance participatory development, distributive policies, job creation, service provision and good governance, and managing expectations in this way.

Roles and responsibilities

The daunting and inevitably highly political nature of the above catalogue of challenges partly explains why business leaders have traditionally seen their developmental role as largely the indirect one of employer and taxpayer, with some relatively low-scale social investment activities.5

However, a shift is under way towards more direct, explicit business engagement in, and contribution to, the sustainable development agenda. Three main factors are driving this. First is the growing recognition among global firms and funds that the longer-term development issues faced by policymakers are identical to those identified during commercial scenario-building on threats and opportunities for market growth and business continuity.6

A second driver is commercial interest in being seen by host governments and constituencies as a ‘partner of choice’ in order to access or retain market share or resource bases. This drives firms to offer various developmental linkages to their core operations.

In Africa, the other main discernible driver is investor impatience with government action. Big business is increasingly engaging in the development agenda. This is partly because it doubts host states’ planning and delivery capabilities, and worries about the commercial opportunity costs and negative impacts of development-related bottlenecks.

For their part, governments across Africa increasingly recognise that state action alone cannot meet the needs and expectations of fast-growing populations. These governments also increasingly accept the efficiency gains and ‘multiplier effects’ that may arise from public-private collaboration. Moreover, expectations that foreign firms engage in local content procurement and hiring reflect the popular pressures on many governments to maximise the tangible developmental impact of extractive industry investment in particular.

Meanwhile, traditional (mainly Western) donors and lending institutions are also driving greater public-private dialogue, cooperation and partnership on development. This new donor pragmatism not only reflects the objective gains discussed above, but also results from aid budget austerity and political directives to reorient aid programming to support strategic commercial objectives. Donors are ramping up conventional local private sector development programmes, while also aiming to align the operations of major corporate investors with local
Engaging the private sector in Africa’s peaceful development

or national development priorities. When idealised, these cross-sector collaborations hold considerable promise for boosting development and long-term conflict prevention.

The deliberate leveraging of core business activities promises a far greater potential developmental impact than as the WEF, the World Business Council on Sustainable Development and Business Action Africa.

**Rhetoric, reality and reticence**

The wave of recent rhetoric on public-private development cooperation belies the reality. Many examples of innovative cross-sector partnerships exist across Africa, but few countries have undertaken such collaboration systematically and at scale. Few have established any explicit standing platform for regularly engaging business in the design and execution of national development plans.

A shift is under way towards more direct, explicit business engagement in, and contribution to, the sustainable development agenda

IN SOUTHERN AFRICA

IN PARTICULAR, SOME GOVERNMENTS CAN APPEAR AMBIVALENT ABOUT THE PRIVATE SECTOR’S OVERALL ROLE IN SOCIETY

standard corporate social investment programmes, while firms get to mitigate socio-political risks, build local suppliers and skills providers and reduce reliance on external supply chains.

**Recognising business as a development actor**

Global-level debate on the private sector’s developmental role has gathered momentum. United Nations (UN) system statements, for instance, now repeatedly note the fact that the private sector’s resources, expertise and reach may often prove critical to achieving UN goals.7 The April 2014 inaugural high-level summit on Global Partnerships for Effective Development Cooperation exemplified the highest-level of policy recognition of business as a vital development actor.8 The 2013 UN high-level panel report on the post-2015 development agenda likewise emphasised this.9

At the same time, leading agencies and donors have been exploring what it means to engage business in development and what the post-2015 business engagement architecture might comprise.10 For their part, big business representatives have been increasingly vocal on the urgency of addressing sustainable development challenges and are increasingly mobilising through such platforms the reality. Many business people are hesitant, seeing ‘partnership’ with government as connoting delays, bureaucracy, avoidance or rent seeking. Many bureaucrats and development practitioners are blind to business ideas and input, or fear business partners will distort or subvert public policy aims.

Enhanced engagement under a ‘development alignment’ rubric could deepen risks of corruption, or mask the preferential treatment of some firms. In southern Africa in particular, some governments can appear ambivalent about the private sector’s overall role in society.

Finally, firms can have unrealistic expectations, while governments might evade their responsibilities.
Recent enthusiasm for more direct development engagement by business is seldom reconciled with fundamental questions around appropriate taxation, revenue allocation, and governments’ responsibility to finance development.12

Redefining ‘the private sector’

Three further observations are necessary. First, ‘the private sector’, of course, comprises myriad sectors.13 Current debates pay insufficient attention to the fact that these hold very different potential developmental linkages; some inherently hold far more risk of having a negative environmental, social or governance (ESG) impact than others.

Second, corporate leaders on the WEF and other platforms are not necessarily representative of ‘the private sector’. Smaller operators may hold greater net developmental significance, yet will often struggle to influence national (let alone global) public-private dialogue and action.

Third, the debate often assumes Western notions of corporate form and business-government relations.14 This third tendency insufficiently characterises the map of African business and investment. For instance, it overlooks the relative significance of state-owned enterprises having ‘private-sector’ characteristics, or the growing commercial involvement in Africa of non-state actors from China and elsewhere.

National origin and corporate form can affect a firm’s amenability to engage with development issues and/or susceptibility to regulation on ESG issues. Yet it is arguably irrelevant for Africa whether the investors are Chinese or Canadian, Australian or Angolan. What is relevant is investors’ openness to dialogue and cooperation on how to create and share value within host societies with beneficial developmental and ESG impacts.

Ramping up engagement

Significant barriers of ideology, institutional culture and incapacity will continue to hamper the evident scope for public-private development collaboration. The reality of often-poor business-government relations and development linkages cannot be denied, nor can questions of transparency or who speaks for business. Convergence on developmental tasks also risks blurring the state’s proper responsibilities.

Yet the scale of challengers and the efficiency and effectiveness gains from appropriate strategic alignment easily outweigh these policy risks. This creates an imperative for practical, inclusive, transparent, systematic and innovative ways to manage shared problems.

Scaling up the developmental impact of business requires governments to develop transparent and accountable dialogue platforms that will systematically engage business in the design and delivery of national development plans. Such platforms would usually require cabinet-level coordination and links to donors and institutional lenders. They can be replicated at local government level.

However, the process also requires concrete initiatives that go beyond dialogue.15 In particular, donors, governments and firms have hardly exhausted all the options for innovative public-private financing models that share risks, while maximising financial returns alongside having a positive development impact. Such initiatives will require taking some policy risks to build the required trust and modalities, but do not necessarily mean that authorities or donors are ‘picking winners’ or favouring some firms over others. Civil society bodies working on development and security should avoid default distrust of corporate outreach and relationships, instead thinking strategically about where mutual alignments may exist and how they can advance civic ends without compromising organisational integrity.

Africa’s security is inextricably linked to its development path, and vice versa. Instability hampers development progress, while under-development undermines longer-term stability. Efforts to reduce vulnerability and fragility in Africa are ultimately inseparable from efforts to foster more inclusive economies, better public governance and responsible business activities. This increases the relevance of greater cross-sector interaction and of seeing businesses as ‘institutions’ capable (by virtue of resources, expertise, and inclination) of furthering public aims.

From human rights to combating organised crime, public policy in Africa should look out for appropriate ways to harness the private sector’s self interests and strengths in supplementing and complementing public sector efforts. As the Carnegie Commission wrote:

‘The prevention of deadly conflict is, over the long term, too hard – intellectually, technically and politically – to be the responsibility of any single institution ... Strengths must be pooled, burdens shared, and labour divided among actors.’16

Governments have special legitimacy claims and duties, but are not the only actors interested in promoting sustainable peace and shared prosperity. This truism points towards a more open-minded approach on the part of governments, donors and civil society towards engaging business as stakeholders in Africa’s peaceable development.
Notes

1 See ‘Unleashing the power of business: a practical roadmap to systematically scale-up the engagement of business as a partner in development’ (The Partnering Initiative, 2014); www.bpdroadmap.org/.

2 In general, reference to ‘Africa’ here is to the whole continent unless sub-Saharan Africa is expressly indicated.


5 Current debate on shifting trends can tend to exaggerate the novelty of social investment, overlooking that extractive and agribusiness firms in particular have a long history of investing in infrastructure and services.

6 An important driver of engagement by particular corporate leaders is their individual motivations, including engagement for personal and legacy-building reasons. However, this factor cannot itself lead to systematic engagement.

7 In relation to peace and conflict issues, in 2012 the UN secretary-general’s annual peace-building report for the first time expressly encouraged engaging the private sector in post-conflict peace building: see A/67/499-S/2012/746, 8 October 2012, [16], [21], [56], [59], and S/2014/5, 6 January 2014, [50](iv).

8 UN, Final Consensus Statement of the Global Partnership for Effective Development Cooperation, Mexico City, 16 April 2014, [16], [31]-[34]. In 2013 the UN secretary-general announced work towards creating a UN partnership facility to scale up engagement of this sort.


13 Moreover, ‘investors’ may be those operating enterprises in the real economy, or portfolio investors. Such distinctions are highly material to strategies (for example) for promoting responsible business practices.

14 While Organisation for Economic Co-operation and Development country donors agonise over whether and how to engage ‘their’ firms on development goals, BRICS-plus donors (Brazil, Russia, India, China and South Africa) are unlikely to perceive significant policy constraints to close engagement with companies.

15 See generally The Partnering Initiative 2014, endnote 1 above.

If you would like to subscribe to ISS publications, complete the form below and return it to the ISS with a cheque, or a postal/money order for the correct amount, made payable to the Institute for Security Studies (marked not transferable). You may also deposit your payment into the following bank account, quoting the reference: PUBSPAY + your surname. If you would like to subscribe to the SA Crime Quarterly only, please quote the reference SACQ + your surname.

ISS bank details:
FNB, Brooklyn, Branch Code: 251345
Account number: 62447764201
Swift code: FIRNZAJJXXX

Kindly fax, email or mail the subscription form and proof of payment to:
ISS Publication Subscriptions, PO Box 1787, Brooklyn Square, 0075, Pretoria, South Africa
ISS contact details: (Tel) +27 12 346 9500, (Fax) +27 12 460 0998, Email: pubs@issafrica.org
Website: www.issafrica.org

<table>
<thead>
<tr>
<th>PERSONAL DETAILS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Title</strong></td>
</tr>
<tr>
<td><strong>Organisation</strong></td>
</tr>
<tr>
<td><strong>Postal Code</strong></td>
</tr>
</tbody>
</table>

Please note that the African Security Review (ASR) is now published by Taylor & Francis. Kindly refer to the Taylor & Francis website www.informaworld.com/rasr, subscription inquiries can be forwarded to Helen White (Helen.White@tandf.co.uk).

For orders in sub-Saharan Africa, contact Unisa Press, PO Box 392, Unisa, 0003, South Africa.
(Tel) +27 12 429 3449; Email: journalsubs@unisa.ac.za

<table>
<thead>
<tr>
<th>PUBLICATIONS</th>
<th>SOUTH AFRICA</th>
<th>AFRICAN COUNTRIES*</th>
<th>INTERNATIONAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISS Monographs (Approx. 4 per year)</td>
<td>R130</td>
<td>US$ 40</td>
<td>US$ 50</td>
</tr>
<tr>
<td>ISS Papers (Approx. 10 per year)</td>
<td>R150</td>
<td>US$ 45</td>
<td>US$ 55</td>
</tr>
<tr>
<td>SA Crime Quarterly (4 issues per year)</td>
<td>R115</td>
<td>US$ 30</td>
<td>US$ 40</td>
</tr>
<tr>
<td>Comprehensive subscription (Monographs, Papers and SA Crime Quarterly)</td>
<td>R550</td>
<td>US$ 130</td>
<td>US$ 150</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SUBSCRIPTIONS</th>
<th>INDICATE COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISS Monographs only</td>
<td></td>
</tr>
<tr>
<td>ISS Papers only</td>
<td></td>
</tr>
<tr>
<td>SA Crime Quarterly only</td>
<td></td>
</tr>
<tr>
<td>Comprehensive subscription</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
</tr>
</tbody>
</table>

The ISS is an African organisation that aims to enhance human security by providing independent and authoritative research, expert policy analysis, training and technical assistance.

* Angola; Botswana; Burundi; Congo-Brazzaville; Democratic Republic of the Congo; Gabon, Kenya, Lesotho, Madagascar; Malawi, Mauritius; Mozambique; Namibia; Reunion; Rwanda; Seychelles; Swaziland; Tanzania; Uganda; Zambia; Zimbabwe (formerly African Postal Union countries).
About the author
Dr Jolyon Ford is an associate of the Global Economic Governance Programme at the University of Oxford. He has been a senior research consultant to the Institute for Security Studies since 2008. He is the author of Regulating Business for Peace (CUP, forthcoming) and the blog ‘Private Sector – Public World’. Before 2014, he led the Africa work of Oxford Analytica. Originally from Zimbabwe, he was educated at the University of KwaZulu-Natal, Cambridge University and the Australian National University.

About the ISS
The Institute for Security Studies is an African organisation that aims to enhance human security on the continent. It does independent and authoritative research, provides expert policy analysis and advice, and delivers practical training and technical assistance.

Acknowledgements
The ISS is grateful for support from the members of the ISS Partnership Forum: the governments of Australia, Canada, Denmark, Finland, Japan, Netherlands, Norway, Sweden and the USA.