## IM PLENUM Kompakt



**EUROPE - GULF - AFRICA** 

# NEW APPROACHES TO SUSTAINABLE COOPERATION

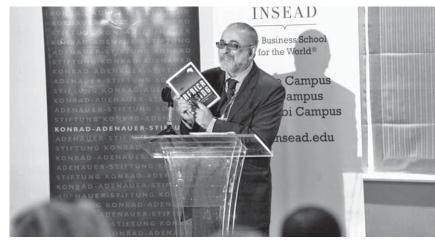
CONFERENCE ON JUNE 2ND 2011, ABU DHABI

Africa has increasingly drawn international attention – and no longer only in the context of European development cooperation. The international community including the Gulf-States has become aware of the economic potential of African countries. If all African countries were to be combined into a single market, they would be the tenth largest economy worldwide. Africa's GDP gas been growing by 5.5 per cent annually, while still 45 per cent of Africa's population lives on less than a dollar a day.

To discuss challenges and opportunities of cooperation between Europe, Gulf and Africa, the KAS Regional Program Gulf-States, together with INSEAD Business School Abu Dhabi Campus initiated a conference which took place on June 2<sup>nd</sup> 2011.

The participants discussed the aims of cooperation: The establishment of innovative and sustainable approaches to development cooperation in order to enable the African population to participate in and benefit from economic development. The objective is to encourage contributions to economic growth and development mainly on the micro-level in local projects. Furthermore, it was established that the Gulf-States can play an integral part in promoting entrepreneurship and sustainable economic development in African communities.

Concepts and interests related to philanthropy and development differ with national and regional culture; thus standard European or North American approaches to these issues need to be adapted to become globally relevant and applicable. Following this premise the one-day experts' conference examined innovative and more sustainable ways of cooperation. Specifically, it focused on interaction between donors from Gulf countries and recipient communities in the emerging economies of Africa. In light of recent research on social entrepreneurship



Yacoob Abba Omar, South African Ambassador to the UAE

### PROGRAMME:

From Private Action to Public Good:
How Can the Gulf Region Contribute to
Sustainable Socio-Economic Development
in Africa?

June 2<sup>nd</sup> 2011, 8:45 am - 6:00 pm at INSEAD Abu Dhabi Campus

### Panel 1:

Latest Research Findings on Sustainable Socio-Economic Development

### Panel 2

Experiences from Community Projects in Africa

### Panel 3:

Experiences of Philanthropists, Donors and Investors from Western and Gulf Countries

### **Interactive Workshop:**

How Can the Gulf Region's Contribution to Sustainable Development in Africa Be Enhanced?

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Henrietta Onwuegbuzie

and strategic philanthropy, the conference participants were particularly interested in exploring how support for growth and progress can be encouraged at a community level. Discussions also focused on the development of institutions that can encourage private actors to pursue the public good by playing a more proactive role in fostering entrepreneurship and economic growth.

The series of panels and presentations emphasized how ideas, mindsets and paradigms must change and

how social structures, organizations and institutions that promote interaction and facilitate collaboration have to be structured. Furthermore, ways in which local government can be made more responsive to the development needs of communities was another topic of discussion at the conference.

### TWO PARTNERS FOR AFRICA

"KAS has a wide experience in terms of development cooperation and especially when it comes to the concept development and realization" stated Thomas Birringer, Regional Representative to the Gulf-States in his opening remarks. *INSEAD's Africa Initiative* is a formalized commitment to become a catalyst for economic and social development in Africa, while leveraging its knowledge to promote effective business practices in the region. With the *Africa Initiative* INSEAD aims to increase its presence and relevance in Africa as well as to reinforce its mission of creating a global mindset. INSEAD Professor Stephen J. Mezias added: "We are deeply committed to fostering development and growth in Africa. By using our presence in the Gulf region we seek to influence private actors to play a more proactive role in fostering entrepreneurship and economic prosperity in Africa."

With their combined expertise KAS and INSEAD Business School, Abu Dhabi Campus were able to contribute greatly to the discussion of concepts of development cooperation by making use of its extensive network of international partners as the impressive list of international guest speakers showed: Sizanie Ngubane and Glynn O'Leary came from South Africa. Vasco Acha arrived from Mozambique and introduced the *Transfrontier Conservation Areas & Tourism Project* and Henrietta Onwuegbuzie from Nigeria represented the Lagos *Business School*. Also the donor and investor side was well represented by international quests.

Martin Hansen presented the work of the German Gesellschaft für Internationale Zusammenarbeit (GIZ), the German public development agency that is financed by the federal government of Germany. Pasha Bakhtiar talked about the influence of direct investments on social and economic development in Africa. Beau Crowder from the Emirati aid organization Dubai Cares presented its successful twin school project in Mali.

Based on the underlying objective of enhancing local projects and private entrepreneurship in Africa, three panel sessions elaborated on the question how the Gulf region can contribute to the socio-economic development in Africa. KAS chose to cooperate with a Business School for this conference to look at social entrepreneurship and private enterprise development as keys to sustainable economic development from various perspectives. What are the goals and interests of Gulf-States' development activities? What can be done aside from pure charity to strengthen economic relationships between the Gulf-States and Africa in the long run? Can cross-cultural concepts be defined and actually be applied? These and other questions were the topic not only of various presentations but also of discussions and workshops at the conference.

### AFRICA'S ASSENT

In his Keynote Speech Yacoob Abba Omar, the South African Ambassador to the UAE, pointed out foreign investments in Africa is increasing steadily. The prejudice that money invested into Africa is lost for good, needs to be done away with once and for all, he said. While direct investments into Africa have doubled between 2004 and 2006, too little of this positive development has trickled down to the general population. Out of all African countries the ten richest states receive 70 per cent of all investments, a fact that calls for major change, insisted the Ambassador.

Yacoob Omar pointed out that if you want to attract more investors a functioning infrastructure is a pre-requisite. It is estimated that around 90 million US-Dollars annually are needed for the next ten years to improve the infrastructure in Africa. While relations between the Gulf-States and African countries are still in their infancy, they already demonstrate great potential for future cooperation. NGOs from the Gulf re-

gion, e.g., send young professionals to Africa to work on local projects. "Today's conference", said Ambassador Omar "contributes significantly to the mutual understanding of the donor's motivations and the recipient's needs." Klaus-Peter Brandes, German Ambassador to the UAE, delivered insight into the circumstances in Africa, where he previously served as Ambassador for over ten years. He attested great potential to the cooperation triangle between Europe, Africa and the Gulf-States "The development of individual countries becomes increasingly important to the international community as we are facing extensive migration movements from these states", Brandes illustrated. "We need private investment and private involvement to solve local problems in the interest of global prosperity."

### **MODERNIZED PHILANTHROPY**

As part of the questions on how to strengthen economic ties between the UAE and Africa the discussions also focused on the establishment of a social infrastructure. To this end Masood A. Razaq presented the organization Goodgate, a social enterprise which connects donors with good causes and is geared towards encouraging philanthropy in the Muslim world. Based on a virtual exchange via the internet, Goodgate also offers a platform to connect Muslims worldwide who either want to donate money or know of a project that is in need of financial support. Masood Razag created a new ecosystem for philanthropy. For him the so called new generation does not donate in the same way their parents used to do. The objective of Goodgate is to modernize philanthropy and to build a virtual network as a charity navigator for global giving.

The most convenient way to donate money today is through the internet, which still poses some risks. Goodgate created a system which classifies the projects so that donors can be sure their money reaches the right people. *Goodgate* wants to stimulate the discussion about philanthropy in the Muslim world as well as to coordinate the Zakat-contributions<sup>1</sup> of Muslims to optimize their positive impact. The new network and advisory functions of *Goodgate* aims to solve issues like corruption and a lack of trust. *Goodgate* tries to combine modern technologies with the Islamic tradition of charity, said Razaq. This way the best possible results can be reached for both side - the beneficiary and the donor.

### SUSTAINABLE SOCIO-ECONOMIC DEVELOPMENT

The first panel concentrated on the newest findings on sustainable socio-economic development. In emerging economies, the need for corporate social action is critical to spur economic development. Hence, Professor Stephen J. Mezias elaborated in his presentation "From Private to Public: Community Institutions, Corporate Social Action, and Sustainable Economic Development" on alternatives to the topdown approach to economic development that has been practiced by multilateral organizations. He focused on social infrastructure at the community level and ways in which private action can contribute to its development. He argued that support for these kinds of corporate social action can be understood in terms of a theoretical sequence. This begins with cultural cognitive institutions, followed by social normative institutions and completing the cycle by reforming regulative institutions. "Partnerships led by the private sector may indeed be possible even where the public sector cannot or will not lead these efforts, Professor Mezias concluded.

 Zakat, an obligatory charity donation, is the third of a total of five pillars of Islam. Zakat obliges each individual Muslim to donate 1,5% of their annual income to a good cause.



Sizani Ngubane from South Africa during her presentation

Marja Spierenburg of the Free University Amsterdam talked about the establishment of Public Private Partnerships (PPP) that promote deregulation and competition especially in the agricultural sector. Since the late 1980s PPPs have become increasingly popular in development cooperation and sustainable development. Though PPPs are not a new phenomenon, their popularity in policy circles has steadily augmented since the 1990s, to a point where their promotion seems to have become a dominant development narrative and is often presented as the most logical solution to a wide variety of service delivery and development problems. PPPs are viewed as politically unbiased and technical solutions. PPPs are embedded in the belief in compatibility of economic growth with social and environmental sustainability, poverty alleviation and a belief in the market as a primary tool. In the 1990s, the South African government began to address the apartheid legacy of racially skewed distribution by starting the Land Reform Process. It focused on three areas: restitution, land tenure reform and land redistribution. At this time PPPs created a

new opportunity for farmers by bringing in new capital and expertise. As an example for the success of these partnerships Spierenburg named the *Kruger National Park*.

For Spierenburg there will be a New Public Management implemented in Africa and the public sector will become more and more entrepreneurial in the future. "The public sector can learn more from the private sector than the other way round, because the private sector is more flexible and client oriented", so Spierenburg. "But", she continued, "development is a long-term process that is in need of long-term investments, and institutional development remains very important." The pivotal question is if market-led approaches to development are always compatible with rights-based approaches.

The slow rate of economic and sustainable development in Africa has been an issue of interest to researchers, policy makers and foreign direct investors. In her presentation "Achieving Sustainable Develop-

### REMITTANCES AND OTHER RESOURCE FLOWS TO AFRICA, 1990-2010

(\$ billions, except where othelWise indicated)

Percent of Region/resource flow	1990	1995	2000	2005	2007	2008	2009	2010e	GDP,2009
Sub-Saharan Africa									
Migrant remittances	1.9	3.2	4.6	9.4	18.6	21.4	20.6	21.5	2.2
Official aid	16.9	17.8	12.1	30.8	32.6	36.0			3.7
Foreign direct investment	1.2	4.4	6.7	18.1	28.7	37.0	30.2		3.2
Private debt and portfolio									
equity flows	0.6	2.5	4.9	10.6	15.6	-6.5	12.3		1.3
North Africa									
Migrant remittances	7.2	7.0	6.6	13.1	18.3	19.8	17.5	18.2	3.3
Official aid	7.2	3.0	2.2	2.5	3.0	3.5			0.6
Foreign direct investment	1.1	0.9	2.8	9.9	22.5	21.6	14.9		2.9
Private debt and portfolio									
equity flows	-0.1	0.0	1.2	1.7	-3.6	-0.4	-0.5		-0.1
All Africa									
Migrant remittances	9.1	10.2	11.3	22.5	36.9	41.2	38.1	39.7	2.6
Official aid	24.1	20.7	14.3	33.2	35.6	39.5			2.6
Foreign direct investment	2.4	5.3	9.5	28.0	51.1	58.6	45.1		3.1
Private debt and portfolio									
equity flows	0.5	2.5	6.2	12.3	12.0	-6.8	11.8		0.8

Source: Authors' calculations based on data from World Development Indicators (December 2010) database.

Note: .. = negligible. e = estimated. Data for official aid as percentage of GDP are for 2008.

ment trough Indigenous Knowledge and Entrepreneurship" Henrietta Onwuegbuzie argued that indigenous knowledge applied by indigenous entrepreneurs and the resulting grassroots innovations provide an unexploited source of growth which holds great potential for delivering sustainable development. She stressed that while Africa's economic and infrastructural development is the central issue, the knowledge of the indigenous people of Africa has to be preserved and supported. She defined indigenous knowledge as knowledge that is transmitted from one generation to the other. Although many people in Africa are not well educated, they have a deep indigenous knowledge that should be exhausted to its fullest potential for example in the health care sector. Indigenous

entrepreneurs in particular could help to push the indigenous people to set up cooperations. Commercializing indigenous knowledge does not only improve the living conditions of the people but also benefits the economy. "Especially those indigenous entrepreneurs who combine their indigenous knowledge with mainstream knowledge are successful", said Henrietta Onwuegbuzie. Hence, there is a need to substitute prevailing top-down development strategies for more collaborative bottom-up engagements, as grassroots innovations have been known to deliver sustainable benefits where top-down measures struggle. She exemplified: "An educated indigenous entrepreneur made a pioneering innovation: he developed a method that collects and re-infuses



Radiyya Begg, Sizani Ngubane, Vasco Acha, Glynn O'Leary

the patients own blood, so there are no other transfusions necessary, which prevents the transmission of illnesses. This method works without electricity, is cheaper than other techniques and can be used in battlefield surgery." Homegrown solutions tend to be more sustainable since they incorporate cultural values and interests of the population and are more readily acceptable.

### THE AFRICAN FRAMEWORK

The second panel presented various examples from Sub-Saharan Africa highlighting hands-on experiences with local projects: Vasco Acha, Community Expert, talked about the *Covane* Community in Mozambique and its tourism projects, which have contributed to economic prosperity and sustainable development of the community which is located at the border to South Africa. Two of the main questions the project is facing are: What revenues for the local communities come with the investment in tourism? What model of partnership works well in African rural communities?

In 1975, when Mozambique gained its independence, the region started to change. The economy grew, schools and hospitals were built and living conditions improved. But a lot remains to be done. Many communities in Mozambique are still not connected to the water systems or to electricity. The Covane Community Lodge Project combines the development of the infrastructure with the implementation of a lucrative tourism sector. Financed with money from the World Bank, Covane is rebuilding traditional houses and tries to combine traditional and modern ways of living. The effort of this PPP with the local community opened up new possibilities. The community escaped its anonymity and suddenly appeared on the world's tourism map. This brought along new challenges such as managing an international market, establishing

and offering high standard services while simultaneously improving the livelihood of the surrounding community. "The aim is to reduce the gap between rich and poor, modern and traditional and instead combining different ways of thinking", Vasco Acha pointed out.

Socio-economic development was the main topic of Sizani Ngubane, founder of the Rural Women's Movement in KwaZulu-Natal, South Africa. The organization encourages women to stand up for their rights and supports their struggle for political and economic participation. Ngubane stated that poverty and the denial of women's rights pose a fundamental problem. Until today women in the traditional communities of the KwaZulu-Natal are still being denied the right to own land. Women who make up more than half of the population in the continent own about 2 per cent of the continent's land despite the fact that they play a significant role in agricultural development and related fields including crop and livestock production and post harvest operations. The right to land ownership still lies solemnly with the male relatives. Furthermore, women are not accepted as farmers despite the fact that more than 80 per cent of the farming is done by women and that they produce 70 per cent of all food consumed on the continent. In the province KwaZulu-Natal there are two agricultural colleges but they don't admit female students. Consequently, the Rural Women's Movement established a training centre to teach cooking, financial skills, computer and secretary skills mainly to women, enabling them to work independently. 40 women and one man were selected as trainees for the program. All of them found jobs afterwards or started working as trainers themselves.

Glynn O'Leary, from Transfrontier Parks Destinations (TFPD), shared his experiences with local African partners. He pointed out the organization's proactive



Mazood Razaq, Founder of GoodGate

role at a community level in fostering entrepreneurship and economic growth. TFPD is a company that cooperates with community-owners of lodges in Southern Africa. A key goal of TFPD is to help communities develop from "community based tourism" where guests stay out of "sympathy", to evolve into popular destinations that draw tourists. His tourism projects help to build lodges which are a new source of income for the communities. The team of *TFPDs* started with bad infrastructure and difficult conditions, explained O'Leary. The aim was to generate revenue for the people in the community from the first day on. According to O'Leary these projects have created around 50.000 new jobs. "To this day we have achieved outcomes that cannot only be measured in financial terms but also in the way it improved the living conditions of the people", so O'Leary. Furthermore, they established shops with food, local art and traditional handcrafts.

As a native of Senegal, the drive of Patricia Sennequier, Founder of Beautiful Soul, has always been to raise the living standards of people in Africa. With Beautiful Soul she gradually focused her work on Social Entrepreneurship as an instrument for social change. In her presentation "The Power of Social Entrepreneurs in Africa" she explained that ten years of GDP growth have failed to generate jobs and income, especially for the youth, because most African governments and private companies have been focusing their efforts towards the middle class through top down initiatives. However, a dynamic and better informed civil society is gaining steam, and more and more Africans are taking "bottom-up" initiatives to enhance the living conditions of the masses. Among them, says Sennequier, are thousands of social entrepreneurs using entrepreneurial principles and practical wisdom to improve well-being among the poorest African communities. While they mostly have the same management techniques as regular businessmen, they primarily focus on social value creation. But developing these entrepreneurial skill sets and networks is a cost effective way for philanthropists to create exceptional value in Africa.

### **INSIGHTS FROM THE DONORS**

The challenges that donors and investors alike are facing was topic for discussion in the third panel. Martin Hansen from GIZ as well as Beau Crowder from Dubai Cares talked about their involvements in Africa. "An effective way to promote socio-economic development is to realize a medium-term, large scale, complex infrastructure program combined with capacity development owned by national authorities", said Martin Hansen in his talk. Job creation, development of local economies and capacity building on an individual, organizational and institutional level are priorities for many African countries. Large infrastructure programs promote socio-economic development by providing access to social facilities, creating better living conditions and generating income for local population.

GIZ International Service (GIZ IS) is a part of GIZ, that works on a profit oriented base with clients such as organizations, governments, foundations and companies. The GIZ IS documents the project status and achievements and ensures total cost transparency. Furthermore, the organization uses customized and comprehensive management and steering systems to develop solutions and to provide clients with options for decision making. "We ensure that decisions taken by clients are effectively implemented", described Hansen the duties of GIZ IS. To be successful, programs must have some core features: Governments as clients of GIZ IS must take full ownership and have final decision making authority; Programs must be large-scale and involve significant resources; Programs must include multiple stakeholders; and must



have a minimum duration of five years to ensure sustainability. Hansen gave an example from Ethiopia.

Here, the national government has set up the University Capacity Building Program to modernize the construction industry and to make it internationally competitive. Engineers, architects, building contractors and suppliers receive training while carrying out the construction of campuses in 15 locations across the country. Major socio-economic impacts of the program include the creation of 1,500 companies, massive job creation and the triggering of local economic growth around the university sites. Such effects can be achieved by any large-scale, complex, mediumterm infra-structure program. "The Gulf region" so Martin Hansen, "can contribute by identifying suc-

cessful initiatives in African countries and by providing support for projects in different ways."

Providing education in developing countries is the key objective of *Dubai Cares*, which was represented by Beau Crowder. *Dubai Cares* has been initiated by His Highness Sheikh Mohammed Bin Rashid Al Maktoum in 2007 and is a charity organization that organizes fundraising campaigns and puts the collected funds into the development of education for children from all over the world. *Dubai Cares'* "Mali Program" has supported 729 schools in a period of four years and improved their infrastructure and hygiene facilities as well as provided the students with daily meals. *Dubai Cares* is contributing to shaping the global agenda for effective and compelling interventions to achieve the

United Nations Millennium Development Goals 2 and 3 by 2015. These are: guaranteeing universal primary education and promoting gender equality. The first step for *Dubai Cares* is always to assess the special needs of the community in order to offer tailor-made solution. "Each community and school is unique and requires customized solutions for its sustainable growth". The next step is to build a school where boys and girls have equal access to safe learning environments. To guarantee a successful learning atmosphere, the entire educational program is monitored and evaluated. Next to guaranteeing adequate academic schooling, it is an equally important factor to establish functioning water connections and sanitary systems. "Only a healthy child can learn better and concentrate in school", Crowder underlines. To implement educational and sanitary standards, five agencies work together with Dubai Cares: WaterAid, Care, Oxfam, Save the Children and UNICEF. "The aim is to guarantee long-term sustainability", concluded Beau Crowder in his remarks.

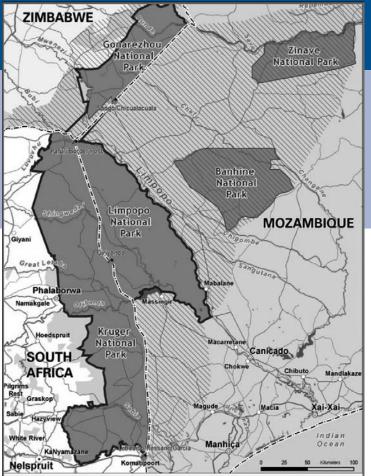
Pasha Bakhtiar, founding partner of WillowTree Investments, highlighted the positive role private investments can play in Africa, if they are interested in profits and public good alike. Ethical investments, so-called "Impact Investment", could become an investment category of its own, where profit maximization as well as moral values of the investor are likewise taken into account. The goal is to bring investors together with businesses that strive for social change through their business endeavors. Pasha Bakhtiar named a health organization in Uganda as a successful example, which subsidizes free health care for the rural population from the earnings of clinics that are located in wealthy neighborhoods. At the moment, WillowTree is involved in Africa with over 30 projects similar to this. WillowTree counts on investors from the Gulf-States which is one of the reasons why Dubai has been chosen as headquarters.

### **SUMMARY**

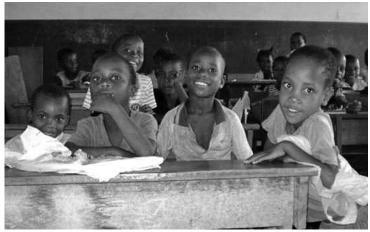
The three panels were followed by interactive workshops on the question of how to enhance the Gulf region's contribution to sustainable socio-economic development in Africa. In several breakout sessions the audience discussed with the panelists three key questions:

- Which are the untapped opportunities to increase the contribution of the Gulf region to the socioeconomic development of communities in Africa?
- Which actions can be taken, by any stakeholder, to capitalize on these opportunities to enhance the contribution of the Gulf region to socio-economic development of communities in Africa?
- 3. What kind of governance and which metrics could be used to facilitate capitalizing on these opportunities to enhance the contribution of the Gulf region to socio-economic development of communities in Africa?

Concerning the first question, the participants identified three major reasons why opportunities remain untapped: First, the impact of investments in sustainable community development in Africa could be enhanced if donors implemented a better coordinated and more systematic funding strategy. Second, the participants identified a number of interesting funding targets which could receive more attention: small-scale entrepreneurs, "grass-root" projects, agricultural infrastructure, or medical and cultural tourism. Third, some key stakeholders need to play a more pronounced role. In particular, the role of the media has to change to motivate foreign investors: More reporting about successful cooperation and investments in Africa would do away with many prejudices. Educational institutions should provide more







programs tailored to the needs of SMEs that have high social impact or are looking for funding from abroad. Finally, the impact of investments could be increased if migrants from the targeted communities to donor countries were more involved.

The answer to the second question which dealt with necessary action was very inspiring. The groups concluded that Gulf investors should consider these investments as an integral component of corporate social responsibility. In particular, they should make small-scale financing available to marginalized communities and be physically present on the ground in order to maximize their impact. Academic institutions are called to do more research about the impact and risks of such investments and deliver programs throughout Africa that enhance the necessary skill sets. Another idea is that African and Gulf States establish common business councils and business centers to promote their collaboration.

The third question proved more challenging because the implementation of good ideas is always the hardest part of change. Of course, the legal environment and the respect for the rule of the law are critical conditions for the success of investments in community development. It is the responsibility of the local governments to implement appropriate legal frameworks, in particular concerning trade rules and taxation. Transparency and accountability are critical for the success of investments in community development and donors should use appropriate measures to monitor the sustainable economic and social impact of their investments. However, good governance requires that employees have the right skills, competencies and integrity.



This conference proved: development cooperation between Europe, the Gulf-States and Africa offers many opportunities and possibilities to encourage sustainable development in Africa. Just like Patricia Sennequier said in her speech "It is not about making a marginal change in Africa, but about realizing a significant difference". Ideas, mentalities and paradigms in development cooperation have to be changed. One-sided charity activities should be complemented by projects, in which all parties involved can profit.

It became obvious that stakeholders from the Gulf-States have a different perception on questions of development than Europeans. Therefore, a long-term discussion between the triangle Europe-Gulf-Africa, which KAS Regional Program Gulf-States and INSEAD Abu Dhabi have initiated with this conference, is a worth while undertaking.







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