****

Program Director,

The High Commissioner of Pakistan

Ladies and Gentleman

The Pakistan-Africa Trade Development Conference is happening at a very opportune time. COVID-19 has had a devastating impact on African countries. Millions of Africans lost jobs and have had their livelihoods destroyed. It is common knowledge that a highly divergent path to global economic recovery is likely, with richer countries recovering much faster. Inequality between developed and less developed countries is expected to increase. Many African countries are highly indebted and unable to finance their own recovery.

The war in Ukraine has increased global volatility. We have seen a steep increase in the price of oil, which may be good for oil producing African countries like Angola or Nigeria, but which has negatively impacted the oil-importing countries on the continent. We have experienced global shortages of certain food staples, and food prices have risen sharply impacting on livelihoods of the poorest. This has placed governments under more pressure to provide social relief.

As much as there are serious risks which present, there are also interesting opportunities that have arisen since COVID. Global value chains have been restructured to mitigate risks of over-concentration in China. The focus now is on building local and regional value chains, where disruptions in global trade or disasters in one part of the world will be less catastrophic. This presents huge opportunities for Africa. Can we localize components of these global value chains on the continent? The pandemic has also greatly accelerated process of digitalization and fundamentally changed production processes and the world of work. These could bring development opportunities if constraints which perpetuate the digital divide can be addressed such as technology, skills, and infrastructure.

These opportunities will only be realized if we can increase trade with each other. African countries are still battling their colonial legacy. All trade is geared towards trading with our former colonisers and other industrialized countries, rather than trading among ourselves. Our rail system for example is still built for getting minerals from mines to ports, rather than connecting us to trade with each other. This is what the African Confederated Free Trade Areais meant to address. The ACFTA will connect 1.3 billion people across 55 countries with a gross domestic product (GDP) of $2.5 trillion, bringing considerable benefits to the people of Africa.

Africa’s prosperity will also only be unlocked if we undergo a developmental paradigm shift built around around social entrepreneurship and innovation. The UNDP is clear that the Sustainable Development Goals (SDGs) will not be realized through state-sponsored social relief alone.

In our case as South Africa, our National Development Plan is clear that 9 million of the 11 million jobs we need to create by 2030 (now 11 million of the 13 million after COVID-19) must come from small enterprises, including social enterprises and co-operatives.

Social entrepreneurship will enable more inclusive forms of economic ownership, improve sustainable livelihoods, especially among the poor and vulnerable, and enable complex social and environmental problems to be resolved through innovation and shared resilience.

We know that we cannot create entrepreneurs and innovators, but we can build an enabling eco-system within which entrepreneurship can thrive. Currently, evidence suggests that Africa’s entrepreneurial activity is improving but still lags other developing regions like East Asia and Latin America. Our ‘early-stage entrepreneurial activity’ is lower and our start-up failure rate is also higher than comparative regions.

To address this requires a paradigm change towards an eco-system approach in which government’s co-ordinate and mobilize other role-players to fill gaps and leverage additional capacity and resources. In contexts where the state lacks this wherewithal or capacity to play this role, this must be played by a combination of other role-players, including the private sector, development partners, NPOs, universities etc, working with the state.

The eco-system must at a minimum deal with seven core areas.

First, it must address issues of red-tape and regulatory impediments that constrain entrepreneurs, ranging from informal micro-traders to high growth tech start-ups. What can we learn from each other? Some countries like Rwanda and Nigeria have recently developed Start-Up Acts to cut red-tape.

Second, the eco-system must address issues of market access, market concentration, anti-competitiveness, trade barriers, and barriers to entry especially for women, youth and other underserved communities).

Third, the eco-system must enable access to finance, especially for micro-entrepreneurs and early-stage start-ups who are under-served by banks and financial institutions. Here we need a combination of grants, loans (in other words blended finance), credit guarantees to draw in private funding, as well as equity and venture capital. We must look at innovative ways of increasing reach and access, especially of marginalized rural communities. This could for example include Fintech solutions, as well as alternative credit information systems to revisit the criteria for bankability.

Fourth, the eco-system must enable access to the full ambit of Business Development Services, including incubation for start-ups, and acceleration for scale-ups. We also need to do far more to promote entrepreneurial culture and education. It is encouraging to see more high school students, TVET and university students across the continent seeing entrepreneurship as a preferred career choice, but we still have a long way to go. We need to learn from countries where entrepreneurial education has been successful, such as Singapore and Denmark. I am aware that Kenya has made strides in this area as well.

Fifth, there needs to be integration and alignment between national systems of innovation (ideation, testing, IP registration, pre-commercial investment) and entrepreneurship (incubation, early- stage start-up support, commercialization, loan and equity investment, scale-up support).

Sixth, we need to strengthen the overall research capacity around social entrepreneurship, through strategic partnerships with universities and knowledge organizations. We need to monitor both the levels of entrepreneurship as well as the overall institutional health of the entrepreneurship eco-system.

And finally, we need to think about social entrepreneurship eco-system co-ordination. We have key organizations such as the Global Entrepreneurship Network (and 22-on-Sloane), the UNDP, NEPAD, and the AU which all play some co-ordination and eco-system building role. How do we construct a support network that allows African Countries and Pakistan to lead and customise policy to their own socio-economic needs, while tapping into knowledge base around which good practice and proof of concepts can be resourced and scaled?

This event, is important towards unlocking the growth and prosperity between the African Continent and Pakistan, entrepreneurship. I look forward to the discussions in this regard.

I thank you.