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DEVELOPMENT CO-OPERATION DIRECTORATE

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**THE CHINA-DAC STUDY GROUP EVENT ON THE ENABLING ENVIRONMENT FOR
ENTERPRISE DEVELOPMENT - INVITATION TO PROPOSE PARTICIPANTS**

Addis Ababa, 16 and 17 February 2011

DAC Delegates are invited to propose up to two (2) senior-level policy experts from their government/organisation to participate in the China-DAC Study Group event on "Enterprise Development and Economic Transformation: Creating the Enabling Environment".

Proposals should be sent to the Secretariat (to: angela.stuart@oecd.org) by Friday 21 January 2011.

Contact person: Michael Laird - E-mail: michael.laird@oecd.org Phone: +33.(0)1.45.24.90.33

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English - Or. English



The Director

DEVELOPMENT CO-OPERATION DIRECTORATE

7 January 2011

Dear DAC Delegates,

**Invitation to propose participants for the China-DAC Study Group event on
the Enabling Environment for Enterprise Development**

Hilton Hotel, Addis Ababa, 16 and 17 February 2011

The China-DAC Study Group is organising an international event on *Enterprise Development and Economic Transformation: Creating the Enabling Environment* in Addis Ababa, Ethiopia, on Wednesday 16 and Thursday 17 February 2011. The event is being organised in association with the Commission of the African Union, the United Nations Economic Commission for Africa and the Government of Ethiopia, which will participate at a high level. An optional field visit will also take place on Friday 18 February 2011.

The China-DAC Study Group is a joint venture between the International Poverty Reduction Centre in China (IPRCC) and the OECD's Development Assistance Committee (DAC). It provides a platform for sharing experiences and learning lessons about economic growth and poverty reduction in China and African countries, and the implications for development assistance programmes, among Chinese, African and OECD policy experts.

A series of evidence-based policy dialogue events is being organised by the Study Group, beginning in October 2009, on: i) development partnerships; ii) agriculture, food security and rural development; iii) infrastructure; and iv) the enabling environment for enterprise development. These have been important areas in China's economic growth and poverty reduction, and they are key areas for co-operation at country, regional and continental levels in Africa today. There is a clear interest in understanding better how China developed and implemented its strategies and policies in these areas. At a time when China's economic co-operation with Africa is expanding, it is also important for China and other providers of foreign aid to share lessons with each other and work towards increasing the collective impact of their efforts on promoting growth and reducing poverty in Africa.

This fourth event will focus on the enabling environment for enterprise development. More specifically, it will: i) highlight the significant role that enterprise development, trade and investment play in creating local, regional and global value chains and the dynamic impact on economic growth, employment and poverty reduction in China and African countries, and ii) discuss the strategies, achievements and challenges of China and African countries in creating the enabling environment for enterprise development.

The main findings and emerging lessons from the Study Group's series of events will be presented and discussed at a policy symposium in Beijing planned for mid April 2011. A report designed for policy makers and the general public will also be published. Further information on the China-DAC Study Group and its activities is available on the Internet at: www.iprcc.org or www.oecd.org/dac/cdsg

The Study Group is inviting around 100 senior-level policy experts to take part in this event from China, African countries and institutions and the donor community. Substantial time is programmed throughout the event for open and

interactive discussions, so that the knowledge and experience of all participants can be captured. Participants are consequently expected to have the knowledge and experience that will enable them to contribute actively to the event.¹

A draft programme outline for the event is attached for your information.

With the signs that African economies are moving into a dynamic interaction with a changing world economy, with new African regional networks emerging and new interest in Africa from a range of investors, this event will cover a number of key issues and be particularly timely.

Bearing in mind the constraints on overall attendance, participation will be by invitation only. The Study Group will be pleased to invite policymakers or practitioners with substantial relevant experience in China and/or African countries.

You are invited to propose up to two (2) senior-level policy experts from your government/organisation for this event.

Please forward your proposals with full contact details (name, title, institution, address and e-mail address) and a short description of their relevant experience **by Friday 21 January 2011** to: Ms Angela Stuart (e-mail: angela.stuart@oecd.org) at the OECD.

Selected participants will subsequently receive a formal invitation, the event agenda, background documentation and further practical information.

Yours sincerely



Jon Lomoy

CC: Members of the DAC Network on Poverty Reduction (POVNET)
Members of the China-DAC Study Group

1. Annexes 1 and 2 of the summary of discussions at the event on agriculture, food security and rural development [see: DCD(2010)9 or www.oecd.org/dataoecd/25/27/46767135.pdf] show the calibre of participants at that event.



ORGANISATION
FOR ECONOMIC
CO-OPERATION
AND DEVELOPMENT



Draft

Promoting learning between

China, African countries and OECD-DAC Members on

Enterprise Development and Economic Transformation: Creating the Enabling Environment

Event organised by the **China-DAC Study Group**

Co-Chaired by

The International Poverty Reduction Centre in China (IPRCC) and OECD-DAC

in association with the **Commission of the African Union** and
the **United Nations Economic Commission for Africa**

**16-17 February 2011
Addis Ababa, Ethiopia**

BACKGROUND AND OBJECTIVES

To facilitate the sharing of experiences and promote learning on economic growth and poverty reduction, the China-DAC Study Group was established by the International Poverty Reduction Centre in China (IPRCC) and the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD-DAC) in January 2009.

The Study Group is focusing its work on two themes:

- China's experience of economic growth and poverty reduction, including the contribution of international assistance, and its relevance for other developing countries, particularly in Africa.
- China's economic co-operation with Africa and the lessons that China and DAC Members can share with each other to increase the collective impact of foreign aid on reducing poverty in Africa.

These themes are being addressed during a series of evidence-based policy dialogue events, which enables a larger number of stakeholders to be involved in the Study Group's activities. Reflecting the needs in many African countries today, the Study Group organised three events during 2009-2010 on topics which influence both the pace of economic growth as well as the extent to which economic growth contributes to reducing poverty:

- Development partnerships.
- Agriculture, food security and rural development.
- Infrastructure.

The Study Group's first event on "Development Partnerships for Growth and Poverty Reduction" took place in Beijing, China in October 2009. The second event on "Agriculture, Food Security and Rural Development for Growth and Poverty Reduction" took place in Bamako, Mali in April 2010. The third event on "Infrastructure" took place in Beijing, China in September 2010.

This fourth event will focus on the enabling environment for enterprise development. More specifically, the event will:

- Highlight the significant role that enterprise development, trade and investment play in the creation of local, regional and global value chains and the dynamic impact on economic growth, employment and poverty reduction in China and African countries.
- Map out the course, strategies, achievements and challenges of China and African countries in creating enabling environments for enterprise development and explore the relevance and implications of the lessons from each.

The main findings and emerging lessons from the Study Group's series of events will be presented and discussed at a policy symposium in Beijing planned for April 2011.

16 September 2011 (Day 1)

Venue: Hilton Hotel, Addis Ababa

Opening Ceremony

Session 1: Creating wealth through transforming poor rural economies: public policies and private initiative in China and Africa

China's steadily high economic growth has been largely due to rapid expansion of the enterprise economy, which made China the world's production plant. Rapid enterprise development, stimulated by schemes such as the Township and Village Enterprises (TVE) and the Special Economic Zones (SEZs) has attracted over 500 million people out of rural area. This labour transformation made a great contribution to China's poverty reduction record. Favourable conditions created by an enabling environment both in terms of "hardware" (e.g. infrastructure) and "software" (e.g. policies and institutions) were the basis for all kinds of enterprise development. It is therefore natural to ask how this was done. What kinds of actions and measures created this enabling environment for enterprise development over last 30 years? Across the African continent, many countries have entered a positive growth stage over last 10 years. The acceleration of enterprise development, especially private enterprise has been a key strategy to promote growth and poverty reduction in Africa. After two lost decades, major improvements have been made in economic governance and conflict resolution in a range of countries, and progress is also being made also on human development, and the MDGs remain attainable if human capital investments and policies receive sustained effort. Continuing efforts are needed to keep up this progress and address remaining problem areas as a basis for Africa's catch-up process. China is now a highly visible economic actor in Africa. Trade between the two regions is reaching \$100 billion; accumulated investment by Chinese firms is well over \$12 billion and China has offered attractive, and sometimes quite large, tied packages of loans to finance trade, investment and development. Major new targets were announced at the recent 4th FOAC. China is engaged in many sectors and its influence on development in Africa is increasing. Africa clearly welcomes China as a new and important partner, especially when it comes to infrastructure and investments helping to build longer-term growth. Investments in trade, and China's opening of its market to goods and services from Africa are also very important.

Therefore, it is of particular interest to understand what the creation of an enabling environment involves in China and in Africa, and how enabling policies accelerate private enterprise development and direct foreign investment.

Creating an enabling environment has been the core element of China's incremental development learning experiences. The enabling strategy and policies include those to develop Special Economic Zones, and support for SMEs by micro finance and linking them with markets. In particular, Special Economic Zones (SEZs) played a key role as a testing ground for economic reforms, for attracting foreign direct investment, for catalyzing industrial clusters, and for learning new technologies and incubating new management practices. In fact, SEZs were used to reduce resistance and opposition to critical reforms and build broad support for reforms through demonstration and controlled experimentation. Trade led growth fuelled the development of many coastal areas, created more job opportunities. A recent World Bank study estimated that as of 2007, SEZs still accounted for about 22% of national GDP, about 46% of FDI, about 60% of exports, and generated in excess of 30 million jobs.

Two questions are of particular interest:

- First, how SEZs should be built using regional/national comparative advantages so that local enterprises grow to become competitive globally.
- Second, what strategy and policies have made China successful in utilising direct foreign investment and encouraging transfers of technology and technical skills over the last 30 years, so that it could enter into the value chains of the global economy.

It is also a particular interest to understand a broader range of issues and experience related to the Chinese enabling environment for enterprise development: creating jobs through rural and micro enterprises; labour and wage policies; training and capacity building through joint ventures and aid programmes; local autonomy and decision making; competition between regions and cities; bureaucracy

and regulation; access to financing; creation of appropriate technology and infrastructure. The discussions should not only to highlight experiences, but also the lessons learnt from the rapid transformation process in China.

Day One of the workshop shall facilitate discussion on:

- Clarify China's strategy and policies for rural enterprises development and the constraints and opportunities for African rural enterprise development;
- Clarify how China has developed a favourable enabling environment for enterprise development, including both foreign investment and private sector development, and the current situation and prospects in Africa for enterprise development.

Keynote Presentation

Transforming poor rural economies to urban high growth economies: sources of initiative and financing

Open discussion

Lunch

Parallel Workshops

Workshop 1: Policies to encourage entrepreneurship, support rural enterprises, Micro-SMEs and create job opportunities

Workshop 2: Enabling Environment for Special Economic Zones and clusters in China and Africa

Workshop 3: Transformative FDI and portfolio investment in China and in Africa

Plenary Session and Open Discussion

Business Roundtable

Discussion with African, Chinese and other expatriate business leaders/representatives on investing and doing business in Africa

17 February 2011 (Day 2)

Session 2: Shaping basic capacity for enterprise development: human resources, institutions and regulations in China and Africa

Enhancing capacity has been the major measure for China to promote its enterprises development. The government at all levels has focused on building capacity for rural enterprises development, attracting FDI as well as to manage SEZs and clusters. The capacity building included human development, institutional capacity development and as well technology innovation. Rural enterprise development programmes, such as the "Spark Program" greatly enhanced the capacity of rural enterprises which developed into a competent sector. Meanwhile China has also successfully developed its institutional capacity for managing SEZs and clusters. Africa has begun to introduce similar approach to promote its growth and poverty reduction. There is a great opportunity for China to share its experiences and lessons in this area with Africa. It is also important to share how China's engagement in Africa can benefit local value creation, transfer of technology, capacity building, and sustainable development in Africa as its investment role in Africa increases.

Day Two of the workshop shall facilitate discussion on:

- What are the most serious challenges of capacity building for enterprise development in Africa today?
- What are the key experiences and lesson from China to develop a strong human and institutional capacity to promote enterprises development? Can Africa learn from the process?
- What are the key drivers and parameters of Chinese investment in enterprises in Africa? What has been the impact of these investments on African countries' growth and poverty reduction? Are the Chinese –supported SEZs in Africa a new model? What are the respective roles of Chinese and OECD enterprises and financial institutions in Africa's development?
- How should the special economic zones be aligned with overall regional/national development objectives and strategy? How can they be built on the local/national comparative advantages?
- How to enhance the understanding of Chinese enterprises on the importance of corporate social responsibilities, supporting labour and environmental standards and anti-corruption efforts, and improving the image of Chinese firms?

Keynote Presentations

1. Effective measures to build capacity for enterprise development: the Chinese Experience
2. The major constraints and opportunities in Africa to develop a strong capacity for enterprise development?
3. Chinese Enterprises in African Development: Business Models and development Impact and Business
4. OECD Enterprises in African Development

Open Discussion

Lunch

Parallel Workshops

Workshop 1: Human resources development for enterprises development

Workshop 2: Technology Transfer and Knowledge Platforms

Workshop 3: Labour Market Transition and Policy (migration, wages, working conditions, CSR)

Workshop 4: Environmental Policies and Regulations

Plenary Session and Open Discussion

Closing Ceremony

18 February 2011 (Day 3)

Optional field visit (in the Addis Ababa area to development initiatives supported by both the Chinese government and by DAC members)