

**Declaration by the EU-South Africa summit  
regarding the private sector**

The private sector is an important partner for bringing about growth and sustainable development throughout the world. Consequently, it must be involved in any strategies which are implemented with a view to reducing poverty and achieving the Millennium Development Goals.

In line with the Joint Africa-EU Strategy, South Africa and the EU support the creation of a conducive, regulatory and enabling environment favourable to entrepreneurship, trade, appropriate investment and innovation. It is the responsibility of states to establish and implement transparent regulatory frameworks and systems of good governance. The private sector should be encouraged to adopt the UN Global Compact Principles as well as to comply with local laws, thus contributing to the development of local communities and the protection of the environment.

In this regard both sides will co-operate on research and development, technology transfer, development of the agricultural sector, quality infrastructure and skills development in support of the industrialisation process. It should also be noted that the development of the private sector depends on investments in essential infrastructure (especially telecommunications, energy, transport, water). These efforts should be underpinned by the NEPAD objectives and appropriate economic growth and development strategies of African countries.

South Africa and the European Union underlined the need for appropriate investment projects and financing that meets the needs of Africa. The parties reiterated the importance of "meso finance" and micro-credit for the development of small and medium-sized undertakings, including venture capital for Africa's science and technology entrepreneurs. Both parties also wish to give their full support to the development of financial markets which will provide African enterprises with easier access to the financial resources which are necessary for the generation of new projects.

The European Union and South Africa recognise that measures need to be taken to maximise the impact of private sector development on the reduction of poverty. They therefore encourage initiatives aimed at increasing the density of the network of SMEs, which are major sources of

employment, and ensuring the sustainable development of all types of agricultural businesses, from family-run farms to large-scale agricultural and agri-food undertakings, since they play a key role in any policy on food security, the preservation of natural resources and land management.

Finally, in the context of globalisation, the knowledge-based economy must contribute fully to Africa's development. This means encouraging the development of activities and partnerships in new-technology sectors and facilitating the transfer of technology and research cooperation between large undertakings and SMEs. In that connection, the European Union and South Africa acknowledge the need to support the development of both large and small undertakings in growth sectors (ICTs, water, energy and environment technologies, biomedical research, transport, space and the agri-food industry). This includes the strengthening of knowledge generation and innovation capacities that encourage investment and trade, notably in the agricultural and industrial sectors.