

Africa: 'Boom Time in Africa' Says Private Equity Leader At Franco-African Foundation Launch

By Daniel Finnan

PARIS, France, July 17, 2014 (rFi) -- *Entrepreneurs and financiers gathered in Paris on Tuesday for the launch of the Franco-African Foundation for Growth. The initiative aims to re-energise links between private sector African and French businesses.*

*French Finance Minister Michel Sapin said that African countries were being courted by several interested parties, China in particular, who are looking to be the first to meet the demand of a growing African middle class. RFI spoke to **Lionel Zinsou**, head of PAI Partners, one of France's biggest private equity companies, and a leading member of the Franco-African Foundation for Growth.*

Q:Does the Franco-African Foundation for Growth have any similarity to the French approach in Africa during the colonial period?

A:I would say it could not be more different, a departure from this ancient model. No, it's an initiative which has been blessed by the heads of state and governments during the Élysée summit last December.

Essentially it's a private initiative of African corporations and French firms to try and accelerate growth. In a sense, seen from the French side, France, like Europe as a whole, needs Africa. We need Africa in France because we need growth, we need export markets, we need opportunities for investment, in a context where Africa is creating four times the growth of the European Union, and it could last for quite a long time.

Conversely, Africa in terms of quality of growth, inclusiveness of growth and even speeding up the growth - because we need even more growth than our five to six per cent in order to create jobs for the youth - in order to have more inclusive development, for all that, we need partners and allied parties in Africa.

What you're saying then is that this is intended to support employment in France? It doesn't sound as if it's for the benefit of Africans.

No, I've said two things. I've said as far as Africa is concerned, I'm not sure that Africa asks for importing growth from Europe. Because African growth is indigenous, conversely I said Africa needs partnerships, needs all the strength, possible forces being gathered to make the growth a bit different in terms of inclusiveness. Inclusiveness means jobs in Africa. We need to create more jobs.

Growth per se doesn't necessarily create jobs and a proper employment situation because we invest in very capital-intensive projects in Africa. Because we need energy, we need agriculture - which is the most capital-intensive activity - we need infrastructure.

Employment is related to services and manufacturing. So Africa needs jobs, so when I speak of partnership, it's really for growth, and inclusive growth, so it's really for employment. Conversely, Europe needs the African market.

You have very close by Europe, not only in terms of geography, but in terms of rule of law, in terms of language, in terms of elements, in a way, we think in Africa. We are very close to Europe and Europe with those markets needs to export and needs to invest, because if we created jobs, south and north, it would be quite a new approach.

Q:For your firm is this some kind of campaign in order to help improve your image? Alongside hedge funds, private equity has had a bit of a bad reputation over the last few years.

A:You're right, especially I would say in terms of reputation, private equity in Europe does not have such a good reputation as we are a sort of incarnation of wild capitalism.

What is very reassuring is that its not the case at all in emerging countries and developing countries. Nothing is more popular, in terms of creating the necessary financial resources in capital, in equity, than private equity in Africa, Asia and Latin America. So, if you are somebody working in private equity you know that part of your future is in the developing countries.

Because what we think we bring to the party is equity, which is much needed in Africa, and professionalism, in terms of being professional shareholders.

So, we are decently popular in Africa and private equity today sort of enjoys a sort of boom in Africa, a great development from north to south, east to west, which is very new. It used to be purely South African or North African, now its everywhere in Africa.

Q:Do you see this foundation as some kind of European defence against other investment in Africa? For example, from the Chinese.

A:You have room in Africa at that region of growth for many partners to be efficient players. China, but not only China - India, Korea, Turkey, Brazil, are very active and efficient operators in Africa and it's very good for Africa. Because Africa needed the competition and needed to bring a lot of forces all together.

Having said that, there is no reason why Europe would not use its capital base in Africa, plus its human capital base, plus its knowledge to rebound in Africa. So, it's not defensive because you have room for everybody.

You know, Africa is growing in terms of exports and imports by 20 per cent per year. Everywhere, in the English speaking countries, which are very active in east Africa, in Nigeria, in Ghana. But also in French speaking Africa, Arabic speaking Africa and lusophone Africa, all over Africa and Europe can participate and yes, it's a matter of competition. But you have room, with 20 per cent growth every year and five per cent GDP (Gross Domestic Product) growth, you have room for all players to grow. **(This interview was first published by rfi, reprinted by AllAfrica.)**