



Republic of Zambia  
Ministry of Commerce, Trade and Industry

**NEPAD-OECD AFRICA INVESTMENT INITIATIVE ROUNDTABLE**  
*Lusaka, Zambia, 27-28 November 2007*

***Strengthening Investment Climate Assessment and Reform in NEPAD Countries***

**Opening remarks for Mr. Mario Amano  
Deputy Secretary-General, OECD**

**Introduction and credits**

Honourable Minister Mutati, Professor Mucavele, distinguished guests, ladies and gentlemen it is a pleasure to welcome you to the second NEPAD-OECD Africa Investment Initiative roundtable. For me it is a major honour to participate in this important roundtable, not least because this is my first event in Africa since taking up my duties as Deputy Secretary General responsible for OECD development work.

Over the next two days, our common aims are to test and vet policy capacity building tools that will help NEPAD countries improve the investment related content of Africa's peer review process and to support implementation of investment climate reform policies. We will also have a specific focus on the investment environment conditions conducive to attracting investment in the water and sanitation sector.

The roundtable will address these questions drawing on two recent OECD tools designed to mobilise private investment in support of economic development. These are the *Policy Framework for Investment* – the most comprehensive multilaterally-backed approach to date for improving investment conditions – and the *OECD Principles for Private Sector Participation in Infrastructure*.

**Why Zambia?**

Ladies and gentlemen, we are here in Lusaka today, because the Republic of Zambia kindly offered to host this roundtable. My first duty, therefore, is to extend to your Excellency, OECD's sincere thanks for your personal interest in the roundtable and for the generous hospitality of the government and the people of Zambia extended to us. I also thank Mr Siakalenge and his staff in the Ministry of Commerce, Trade and Industry for their excellent collaboration and for all they have done to make this dialogue possible.

It is also fitting that this roundtable on Strengthening Investment Climate Assessment and Reform in NEPAD countries takes place in Zambia. Zambia's macroeconomic fundamentals have improved considerably in recent years, with GDP growth averaging close to 6 per cent

per annum, and inflation has eased to reach a single digit rate for the first time in about 30 years. That's a commendable performance.

Zambia has also embarked on a vigorous reform programme aimed at attracting investment. A centrepiece of this strategy is the Private Sector Development Reform Action Plan and Implementation Framework, launched in 2005. It is designed to tackle Zambia's obstacles to private investment, such as regulatory uncertainty governing business licensing, customs and in the labour market, poor infrastructure, limited financial market development and corruption. It is an ambitious agenda and we pay tribute to you for that.

Zambia's reforms in the water sector have also resulted in strong institutions, including the regulatory agency NWASCO, with good policy practices and a coherent strategy that position Zambia well to realise the water and sanitation related MDGs.

I look forward to learning more about these investment climate reforms and progress made in their implementation in Minister Mutati's keynote address.

### **Why OECD investment co-operation with Africa is important?**

Let me now turn to why the NEPAD-OECD Africa Investment Initiative and its work in African countries are important to us at the OECD. The OECD's mandate is to promote economic growth and development in countries throughout the world. We encourage market-based economies supported by good governance and open and transparent investment policies.

We do this by carrying out evidence-based analyses and policy dialogues, sharing experiences, developing policy recommendations and policy tools and instruments based on best practice, and monitoring countries through peer review.

Dialogue with African countries has always been an important part of our work. And our partnership with NEPAD is important to us, because NEPAD shares a similar philosophy of building consensus for policy reform through dialogue.

More specifically, the ultimate objective of the NEPAD-OECD Africa Investment Initiative is to foster sustainable growth, job creation and poverty reduction by mobilising investment and advancing private sector development in African countries.

OECD experience and analytical work suggests that the most effective way to do this is to put in place the right framework conditions. These conditions include sound macroeconomic and regulatory policies, openness to investment and trade, non-distorting tax policies and an emphasis on advancing human resource development, through education, training and better population health.

In practical terms then, the specific objective of the NEPAD-OECD Africa Investment Initiative is to translate the general principles of a conducive investment climate into concrete policy action and the development of investment climate reform programmes tailored to the specificities of African economies. We are doing this with NEPAD and others through the application of policy tools for practitioners, through advice on how to improve outcomes and through analytical work on comparable indicators and benchmarks.

Determining how to move this agenda forward in specific countries and sectors is one of the responsibilities of the NEPAD-OECD Africa Investment Initiative Steering Group. The Steering Group was established following the Brazzaville roundtable and will hold its first face-to-face meeting in conjunction with this roundtable. I wish the Steering Group members well in fulfilling their important roles.

I would also like to acknowledge the very strong African country and African organisations participating in the Steering Group. This demonstrates the interest in, and demand for the NEPAD-OECD Africa Investment Initiative. Hosting an *Initiative* roundtable event is another tangible commitment of support, and in this regard we would welcome expressions of interest from African countries to host a future NEPAD-OECD Africa Investment Initiative event.

### **What do we hope to achieve during the roundtable?**

Ladies and gentlemen, let me now turn to what we hope to achieve during this roundtable?

Some of you here today participated in the first of our roundtables under the theme “Mobilising Private Investment in Africa in Support of Development: Laying the Foundations for Sustained Progress” in Brazzaville last December. The Brazzaville Roundtable initiated a dialogue between the APRM Secretariat, other NEPAD actors and reform-oriented countries wishing a more robust investment dimension in the APRM. The Brazzaville roundtable also familiarised African countries with the PFI, and the Republic of Congo’s Minister Moussa and other participants identified the water sector as a priority area for future work of the *Initiative*.

Our roundtable today and tomorrow builds on these areas. They are also themes the G-8 Heiligendamm Summit Declaration on Growth and Responsibility encouraged support for.

### **Making the most of the APRM process for investment climate reform**

In more concrete terms our first task today is to exchange ideas on how the investment climate content of the APRM process can be strengthened. A lot has already been learnt from the experiences of African countries advanced in the APRM process. Today, we hope to extract from these experiences, practical and realistic suggestions on how to improve the investment climate content of the APRM.

To make this happen, however, we all agree that the desire for change must come from within Africa. Ownership has become the defining paradigm for successful relationships between donors and partner countries. International declarations, national development strategies and donor programmes all see eye to eye: if a country does not “own” its development policies – and the finance system that goes with it – then it will not reduce poverty or achieve sustainable economic growth.

But often the appetite for change is not sufficient to realise change. Here OECD countries and multilateral organisations can play a facilitating role. Donor assistance, for example, can support implementation of investment climate reforms identified in each APRM country’s National Programme of Action. The OECD has also developed, in partnership with many non-OECD countries, the PFI as a self-diagnostic tool. Today we will review guidance developed to support implementation of the PFI, and pilot and vet how well it assists African countries to complete the investment related questions in the APRM self-assessment questionnaire.

### **What regulatory environment for beneficial private sector participation in the water and sanitation sector?**

The provision of water and sanitation infrastructure is the second theme of this roundtable. Water and sanitation is a sector in great need of investment in support of its development, yet it is the infrastructure sector least attractive to private investors. Sub-Saharan Africa has the lowest drinking water and sanitation coverage in the world. Estimates of the level of investment needed to improve coverage are equivalent to US\$20 billion per annum over the next two decades. That is more than double current levels of investment spending.

All efforts need to be harnessed. This is why the second broad objective from our roundtable is to identify the factors that are holding back private sector participation in African country's water and sanitation sector. For this, the roundtable will draw on the *OECD Principles for Private Sector Participation in Infrastructure*: a new policy tool to encourage private investment flows into major projects.

More specifically, our aim is to test draft practical guidance for governments wishing to engage the private sector in the development and management of water and sanitation infrastructure, derived from the *OECD Principles* and building on the experience of selected African countries.

The results from our discussions will be timely in a broader context. One of my areas of responsibility at the OECD is a major project on "Sustainable Financing to Ensure Affordable Access to Water and Sanitation". This project responds to the calls within the international community for: on the one hand strengthened efforts to ensure adequate provision of water services; and on the other hand improved management of freshwater resources. The results from Lusaka will contribute to the OECD Water Project findings, which will be delivered to the 5th World Water Forum in Istanbul in March 2009.

**In conclusion**, ladies and gentlemen, the work before us over the next two days is challenging. But I am sure that the discussions, drawing on the depth of knowledge and expertise from the speakers and participants will result in creative and practical proposals that respond to the specificities of investment climate reform in African economies, and help to unlock Africa's huge investment potential.

Finally, I would like to say how grateful we are to those who supported this roundtable. Without the financial contributions from Japan, Belgium and Germany this roundtable would not have been possible.

I thank you for your attention.