



***Mobilising Private Investment in Africa in Support of Development:  
Laying the Foundations for Sustained Progress***  
**Regional Roundtable**

Brazzaville, Congo  
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**Hosted by the Government of the Republic of Congo**

*Jointly organised by the New Partnership for African Development (NEPAD) and  
the Investment Committee of the Organisation for Economic Co-operation and  
Development (OECD)*

**ISSUES FOR DISCUSSION**

**The following issues for discussion are proposed by the roundtable organisers. They are designed to stimulate discussion. Programme participants are invited to take them into consideration and to introduce their own issues and concerns.**

**Session 1: What is the Policy Framework for Investment?**

Private investment is essential for ensuring economic growth, sustainable development and poverty reduction. It increases the productive capacity of an economy, drives job creation, brings innovation and new technologies, and boosts income growth. But the amount of private investment, particularly in African countries, falls short of development needs and the benefits are not automatically assured or evenly distributed among sectors and regions.

There is no single policy that a government can use to mobilise investment. Rather, OECD experience and analytical work suggests that the most effective way to realise the full potential for investment to contribute to sustainable growth is to put in place the right framework conditions. There is a general agreement, embodied in the Monterrey Consensus, that 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. The Policy Framework for Investment was developed as a tool to assist governments to design and implement good policies for investment. This session explains what the PFI is, how it was developed and how it can be used in an African country context. It also focuses on the role of official development assistance (ODA) in investment-enhancing activities.

- The PFI is comprehensive, covering 10 policy domains with over 82 questions, but how can African countries use the tool to identify where to focus their priorities?
- Are there any parts of the PFI that are considered less relevant in an African country context, and similarly are there areas not covered in the PFI that are considered important in order to address the obstacles to mobilising investment in Africa?
- How can investment promotion agencies' structures and systems support the co-ordination of policies that bear on the investment climate?
- How can donors be more strategic and better co-ordinated in allocating their aid for investment-enhancing activities?
- What is the best way and where can donor support be most effective in promoting investment climate reforms in African countries.
- How can improvements in the investment climate contribute to poverty reduction and other development goals in African countries?

**Session 2: Assessing the African policy environments for investment: what the indicators say?**

Comparable indicators and the benchmarking of policies for investment among African countries not only provide a basis for diagnosing where the obstacles to investment lie, but can serve as a powerful catalyst for reform and convergence towards best practices. This session focuses on what we know are the obstacles to mobilising investment and how significant these obstacles are in terms of their impact on private investment.

- Indicators of investment obstacles are usually based on the laws and regulations of the country. However, it is not only the impact of the laws and regulations, but how they are applied that may act as a barrier to investment. Do participants believe that there is a gap between the *de jure* and *de facto* application of the laws and regulations that bear on the investment climate in African countries?
- Indicators by their nature represent what can be measured. How best can other dimensions of the investment climate that do not easily lend themselves to measurement, such as corruption and policy related risks be captured?
- Are there differences within countries in the investment climate, due to for instance local government policies and variations in the regional levels of infrastructure provision?
- There is a risk that ranking of countries' investment climate leads to reforms that improve the ranking without material improvement in the investment climate. Do participants believe this to be a major risk in African countries?
- Are there other ways than indicators to identify the need for investment climate reform?
- Are there good examples of lessons learnt on the most effective ways of measuring changes in the investment climate and their impact on economic development in African economies?

### **Session 3: The PFI as an economic policy tool in the APRM process**

Reforms often focus on policies, laws and regulations and their enforcement mechanisms. But building consensus and success in the sustainability of reforms also requires political will, attitudinal change and the capacity to implement a reform programme. The APRM is a structured process designed to facilitate this “cocktail” of factors needed to achieve sustained reform efforts and to strengthen policy making institutions. It is similar in conception to OECD peer review methods. This session aims to raise understanding and awareness with the notion of peer review and to develop a better idea of the ways in which, and how investment climate tools like the Policy Framework for Investment are relevant to the APRM process.

- In your view, what are the strengths and weaknesses of the PFI as a tool for African countries participating in the APRM process?
- What do participants think is needed in order to strengthen the usefulness of the PFI as a tool for countries participating in the APRM process?
- Are there good examples of how the APRM process has led to specific and concrete improvements in the investment climate?
- In what ways do you think the impact of the APRM process in the area of promoting private sector development can be improved?

**Session 4: How to build a road-map for investment policy reform: drawing lessons from a pilot country self-assessment**

Since the 2002 UN Monterrey Consensus, investment climate enhancing policies have moved towards the forefront of governments' reform agendas in many African countries. Building the necessary capacity to deliver policy reform is, however, a complex and enduring task. Decades of experience with the implementation of OECD's investment instruments show that "peer review" is a helpful device for building such policy capacity. In this context, the Policy Framework for Investment is a tool that can serve as a reference for structuring Investment Policy Reviews and self-assessment. This session illustrates and tests how using the PFI as a self-diagnostic instrument can assist countries to prepare for the APRM process.

- What are the pros and cons of self-assessment and voluntary instruments as devices to advance investment climate reform in African countries?
- How do you think the PFI could be best used to determine the priorities for investment climate reform in African countries?
- How can the capacity of African people and institutions best be developed so that they can identify and implement appropriate policies for investment?
- What issues did you face and lessons did you draw from your experience in preparing an Action Plan for improving the investment climate in your country. How did you address these issues?
- Given the existence of on-going comprehensive road-maps such as Poverty Reduction Strategy Paper, mid-term economic reform plans etc. in many African countries, how should an investment climate reform plan be associated with these comprehensive road-maps?
- Are there certain kinds of investment climate reforms that contribute more potently to economic development than others? Are there specific pre-conditions that first need to be in place before embarking on investment climate reforms?
- In your view, what are the key ingredients for a successful investment climate reform programme in your country?