



NEPAD/OECD INVESTMENT INITIATIVE

*Imperial Resort Beach Hotel
Entebbe, Uganda*

25-27 May 2005



Investment for African Development: Making it Happen

*Roundtable organised under the joint auspices of NEPAD and the OECD Investment Committee,
sponsored by the Government of Uganda,
with the co-operation of JICA and JETRO of Japan*

BACKGROUND AND PROVISIONAL AGENDA

I. Background

Efforts at enhancing the standard of living in developing countries are guided by the United Nations' Millennium Development Goals (MDGs), which set out an ambitious agenda for progress in the areas of poverty reduction, education, gender equality, public health, environmental sustainability and international cooperation. It is clear to most observers that financing the MDGs will rely first and foremost on mobilising private resources, including both domestic capital formation and foreign direct investment (FDI).

These issues were discussed at the OECD-NEPAD Africa Investment Roundtable in Johannesburg, November 2003. One outcome of the Roundtable was a joint action plan by OECD and NEPAD, *Actions for a Positive Investment Environment in Africa to Promote Investment*. The action plan called for "sharing OECD's investment policy review methodology and experience with NEPAD in support of its effort to develop a set of relevant best practices for African governments seeking to increase FDI". It also concluded that "given the declining levels of private investment to date globally and particularly in Africa, there is a need to increase ODA levels and aid effectiveness, enhance mutual accountability, and improve the synergies between ODA and private investment. This applies to targeted approaches such as public-private partnerships (PPP) as well as more broadly based efforts at improving the enabling environment and building the necessary governance and human capacities"¹.

¹ The action plan also noted the importance of corporate responsibility and the role of the OECD Guidelines for Multinational Enterprises in enhancing the positive contribution of business to African host societies. This issue was the subject of another conference, on Government-Business Alliances for Integrity, under the joint auspices of OECD and NEPAD in Addis Ababa on 7-8 March 2005. A summary the discussions at this conference is available at www.oecd.org/daf/investment.

The OECD/NEPAD Roundtable in Entebbe on 25-27 May 2005 will address several of these issues. It will include an introductory session dealing with some overarching issues in mobilising investment for development. Building upon OECD's own experiences with investment policy peer reviews, it will invite African countries to discuss a preliminary comparative inventory of available information on key regulatory measures regarding international investment in selected African countries. Drawing on OECD's work on a Policy Framework on Investment, it will discuss the likely implications of a range of government policies bearing on the investment climate. On the second day of the Roundtable, the specific policy question of how governments can best secure private participation in utilities investment will be addressed. On the third day, business linkages between Asia and Africa will be discussed, as well as the lessons African countries may wish to draw from the recent Asian economic development history.

II. Expected outcomes

The expected outcomes of the Roundtable are: (i) an enhanced transparency regarding African countries' regulatory approach to FDI together with **options and plans for action on the part of public authorities to further increase transparency**; (ii) possibly the **formation of a pilot group of countries willing to engage in closer peer dialogue**, including progress reporting and joint reviews in the following years; and (iii) a shared understanding of the barriers to international investment and private participation in public utilities in African countries, together with **options and plans for action to address these barriers, identify the least restrictive ways of safeguarding public interest and jointly monitor progress in this respect**.

The results of the Roundtable will be made public in the form of the joint conclusions of the co-chairs of the sessions.

III. Follow-up

The immediate follow-up to the Roundtable will include the formation of an informal Investment Policy Contact Group comprising government officials, investment promotion agencies (IPA) and representatives of business organisations from OECD and NEPAD countries. The Group will serve as a channel for queries, information exchange and joint mentoring between OECD and NEPAD countries on investment policy issues, including completing the Roundtable's stocktaking of regulatory measures toward investment and initiating pilot country case studies of investment policy progress and developments.

One year after the Roundtable, one or two follow-up events will be organised (venue still to be decided). These events will serve as a platform for reporting progress and monitoring concrete examples:

- Country representatives and other stakeholders will be invited to monitor and discuss the progress that will have been made in enhancing investment policy transparency against the background of the action plan from the Roundtable.
- Country representatives and other stakeholders will be invited to monitor and discuss the progress made in removing barriers to private participation in utilities and experiences with the actual implementation of such strategies.

Based on the outcome of the first follow-up session(s) it will be decided whether to establish a formal reporting and monitoring process under the joint auspices of OECD and NEPAD. If this route is chosen, the field of investment policy issues covered by the forum could eventually be broadened.

PROVISIONAL AGENDA

Each session will be chaired by representatives of OECD and African countries. Following the Roundtable a joint statement will be issued by the co-chairs.

Day 1: 25 May 2005

9.30-10.00 **Registration and coffee**

10.00-10.30 Introductory remarks by representatives of the joint organisers:

- *Mr. Kiyotaka Akasaka*, Deputy Secretary-General of OECD
- *Dr. Maxwell Mkwezalamba*, Commissioner for Economic Affairs, African Union.

10.30-12.00 Session 1 – Investment for development: the main challenges

Co-chairs: *Mr. Kiyotaka Akasaka*, OECD and *Dr. Maxwell Mkwezalamba*, African Union.

10.30-11.00 **Welcome speech – “Attracting investment and maximising its benefits: a challenge for Africa”**

H.E. Yoweri K. Museveni, President of the Republic of Uganda.

11.00-11.15 Keynote 1: **“Strategies for attracting investors to Africa: addressing obstacles, dealing with perceptions”**

Mr. Victor W. Mathale, Director, NEPAD Secretariat.

11.15-11.30 Keynote 2: **“Maximising the benefits of foreign corporate presence: encouraging linkages, building capacities”**

Mr. Peter Metcalfe, Chief Executive Officer, Foundation for the Development of Africa.

11.30-12.00 **Open forum**

12.00-15.30	Session 2 – The regulatory environment for international investment in Africa: statutory rules and regulation
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Chair: *Mr. Victor W. Mathale*, Advisor, NEPAD Secretariat.

Rapporteur: *Mr. Hans Christiansen*, OECD Secretariat.

While Sub-Saharan African countries generally welcome FDI as a source of finance and know-how, many of them also have rules in place that effectively discourage certain kinds of investment. These include: (i) regulations, licensing and prior approval requirements from which nationals may be exempted; (ii) denying national treatment to foreigners in regard to real estate purchase; and (iii) banning or restricting foreign participation from some sectors, or prohibiting FDI below a certain amount. The OECD will propose a country inventory listing key regulatory practices toward FDI in selected Sub-Saharan African countries. The inventory uses benchmarks already tested in OECD investment policy peer reviews under the OECD Declaration and the OECD Codes of Liberalisation. The report will be based on publicly available information. In consequence, it will reflect regulatory practices *per se*, as well as the transparency and communication strategies that individual countries apply to their direct investment regulation.

The purpose of the session is to give the African participants an opportunity, supported by the report provided by OECD, to assess their regulatory practices against those of other countries on the basis of a small number of benchmarks. They may wish to discuss the rationale for national restrictions or permissiveness with colleagues from other African countries that have chosen different regulatory approaches. Country representatives are invited to verify information in the report and correct or update it where necessary. Investors are invited to comment on the enforcement and implementation of statutory regulation, including the degree to which national authorities in practice depart from their own regulatory frameworks.

12.00-12.05 **“Toward an inventory of regulatory practices in African countries”**

Brief introduction *Mr. Pierre Poret*, Head of Division, OECD.

12.05-12.20 **“Self-evaluation of the regulatory framework for direct investment: Tanzania”**

Mr. Samuel Sitta, Executive Director, Tanzania Investment Centre

12.20-12.30 **“Comments and questions to the Tanzanian case”**

Mr James Emery, Principal Economist, IFC, World Bank Group.

12.30-13.00 **Open forum**

13.00-14.00	Lunch
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14.00-14.15 **“Self-evaluation of the regulatory framework for direct investment: Uganda”**

Ms. Maggie Kigozi, Corporate Executive Officer, Uganda Investment Authority

14.15-14.25 **“Comments and questions to the Ugandan case”**

Mr. J. Jegathesan, Corporate Executive Officer, JJ International Consultants.

14.25-15.00 **Open forum**

15.00-15.30 **“Raising transparency around FDI regulation: where to go, how to cooperate?”**

Chairs’ suggestion followed by open forum

15.30-16.00 **Coffee break**

16.00-18.00 **Session 3 – Beyond FDI regulation: Policies bearing on the investment climate.
Consultation on the evolving Policy Framework for Investment**

Chair: *Mr. Shuichiro Megata*, OECD Investment Committee.

Rapporteur: *Mr. Simon White*, South African IDEAS.

16.00-16.45 **The Policy Framework for Investment: Background and context**
Introduction by the Chair followed by open forum.

16.45-17.30 **Investment facilitation and investment incentives**
Introductory speaker *Mr. Chola Mwitwa*, Director, Zambia Investment Centre.

17.15-18.00 **Exploratory discussion of corporate governance and the investment climate**
Introductory speaker: *Mr. Kurugor Gatamah*, CEO, Centre for Corporate Governance,
Kenya.

18.00 **Summary by the chair and suggestions for follow-up**

19.30- **Dinner hosted by the Government of Uganda**

Day 2 26 May 2005

09.30-10.30 Session 4 – Enhancing the investment climate: a role for both the public and the private sector

Chair: *Ms. Kimberly Evans*, OECD Investment Committee.

Rapporteur: *Mr. Peter Metcalfe*, Foundation for the Development of Africa.

Initiatives to enhance the investment climate across a number of countries are nothing new. However, they have in the past often lead to little concrete progress for a number of reasons. One of these has been a lack of implementation mechanisms, including channels for self evaluation and progress reporting, to which the interested parties were committed. Another, more specifically African, challenge is a lack of tradition for broad-based consultative mechanisms between the general government and business sectors. Consequently, policy makers have often had to make decisions of far-reaching consequences for the business sector based on incomplete information.

Organisations such as OECD, the World Bank and UNCTAD have a long tradition in assessing and addressing investment climate issues. Among the more recent initiatives is the Investment Climate Facility for Africa, which aims to serve both as a follow-up to the work of the Commission for Africa and as a top-down implementation mechanism for the APRM. This session will provide business representatives and others with an opportunity to express their preferences and expectations to the initiatives aimed at the investment climate.

09.30-09.45 **“Investment Climate Assessments”**
Mr. Michael D. Wong, Private Sector Specialist, World Bank.

09.45-10.00 **“The Investment Climate Facility for Africa”**
Mr. George Manu, CEO of Creative Squares Ltd and consultant for the Investment Climate Facility for Africa.

10.00-10.15 **“OECD Investment Policy Reviews”**
Mr. Pierre Poret, Head of Investment Division, OECD.

10.15-10.30 **Open forum**

10.30-17.30 Session 5 – Private participation in infrastructure

The cost of upgrading infrastructure and other public utilities to internationally competitive levels is such that neither developing country governments nor aid agencies can bear them alone. It is increasingly recognised that private capital needs to be brought in as an important source of finance. ODA can help in this respect in the form of innovative solutions to coupling aid and public-private partnerships (PPP). However, the challenges for businesses and policy-makers go beyond this. Many instances of private participation in infrastructure so far have been unsuccessful, *inter alia* because of deficient contracts and unclear concession terms; uncertainties about risk mitigation, including the risk of non-compliance; insufficient capacity building leading to unrealistic expectations; and shortcomings in competition and the quality of regulation.

The purpose of the session is to discuss ways in which the interest of the public and private sectors in PPP can be strengthened. The main overall question to be addressed is: is investors' expectation to transparency, risk and profitability unrealistic given African governments' and economies' capacity? If not, how may the regional actors best work together to secure a mutually beneficial outcome? If so, can outsiders (e.g. by means of capacity building, risk mitigation and outright subsidies) tip the balance?

10.30-12.00 Session 5.1 – Obstacles to private participation in infrastructure in African countries

10.30-10.50 Keynote 1: Regulatory obstacles in individual countries and how to overcome them
Mr. David Donaldson, Manager of Advisory Services, IFC, World Bank Group.

Panellist: *Mr. Mufor Atanga, African Forum of Utilities Regulators.*

10.50-11.20 General discussion

11.20-11.40 Keynote 2: Available of finance – international and local
Mr. Hassan Farah, Chief Investment Officer, Private Sector, African Development Bank

Panellist: *Mr. Vishal Agarwal, Head of infrastructure finance, sub-Saharan Africa, PWC.*

11.40-12.10 General discussion

12.10-12.30 Keynote 3: Capacity constraints related to project development and facilitation – *Mr Peter Ondeng, NEPAD ASET*

Panellist: *Mrs. Rosalind H. Thomas, CEO, SADC Development Finance Resource Centre.*

12.30-13.00 General discussion

13.00-14.00 Lunch

14.00-16.30 Session 5.2 – What lessons to draw from projects past and present

Breakout Session A: Telecommunications / Chair : (to be decided)

14.00-14.20	Presentation of Case Study 1: Regulatory reform in Ghana, <i>Mr. Bernard Forson, Deputy Director, National Communications Authority.</i>
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	Panellist: <i>Mr. Peter Farlam</i> Researcher, Nepad and Governance Project, SA Institute of International Affairs
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14.20-15.00	General discussion
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15.00-15.20	Presentation of Case Study 2: EASsy/COMTEL, <i>Mr. Francis Osakonor</i> , Managing Director, Anderberg International Limited & Chairman Anderberg COMTEL SEP Consortium Panellist: <i>Mr. Zachary Wazara</i> , Executive Director, Econet Wireless International.
15.20-16.00	General discussion
16.00-16.30	Summing up: what lessons to draw and how to apply them to ongoing projects
Breakout Session B: Land transport / Chair: <i>Mr. Jean Doyen</i> , Infrastructure Consultant, World Bank.	
14.00-14.20	Presentation of Case Study 1: Northern Corridor, <i>Mr. Gordon J. Anyango</i> , Senior Economic Affairs Officer of ECA (Economic Commission for Africa) / Maputo Corridor, <i>Mr. Antonio Macamo</i> , Mozambique Central Promotion Agency.
14.20-15.00	General discussion
15.00-15.20	Presentation of Case Study 2: Kenya-Uganda Rail Concession, <i>Mr. Anthony Murithi</i> , Economic Consultant, MA Consulting Panellist: <i>Mr. Michel Gholan</i> , Consultant, Dar al-Handasah (to be confirmed).
15.20-16.00	General discussion
16.00-16.30	Summing up: what lessons to draw and how to apply them to (other) ongoing projects

16.30-17.30 **Session 5.3 – Lessons and priorities for the future** / Chair: *Mrs. Jacqueline Damon*, Coordinator of the Initiative for Central Africa

16.30-16.40 Report by the Chair of Breakout Session A

16.40- 16.50 Going ahead, can progress be jointly monitored? (Speaker to be decided)

16. 50-17.10 Report by the Chair of Breakout Session B

17.10-17.30 What should be the main lessons for policy makers and regulators? (Speaker to be decided)

17.30-18.00 Concluding session

17.30-17.45 **Informal conclusions and suggestions for future work.**

17.45-18.00 **Concluding remarks by a Ugandan government official.**

19.30- Diner hosted by Japan International Cooperation Agency

Day 3 **27 May 2005**

09.30-13.00 Learning from Asia? Sharing experiences, fostering linkages

*Seminar organised jointly with the Japan International Cooperation Agency (JICA)
and Japan External Trade Organisation (JETRO)*

Chair: *Mr. Geoffrey Samukonga, Deputy Minister of Commerce and Industry.*

Rapporteur: *Mr. Daniel O. Owoko, Kenyan Ministry of Trade and Industry.*

The economic structures of East Asia are obviously different from those of Sub-Saharan Africa. This raises two questions in the context of trade and investment namely, what economic linkages may emanate as a result of these differences, and what, if any, lessons African countries can draw from the recent Asian history of economic development.

On the first issue, Asian capital investment is involved in the resource based industries of several African countries. This development has been fuelled by Asian countries' increasing demand for raw materials and facilitated by the presently high prices of natural resources. In consequence, FDI has gained in importance as a source of external finance in African countries and now accounts for almost half of such inflows. However, this gives rise to some questions. First, where does it put African countries with little or no natural resource endowments? Also, does the exportation of primary goods provide a basis for sustainable growth in Africa, or is it more likely to lead to the so-called "resource curse"? A comparison of Asian and African experiences is instructive, not least as many Asian countries have developed managed their development processes with scant reliance on natural resources.

Other questions to be addressed relate to the distribution of international direct investment in recent decades. Direct investment originating in Europe and North America has flowed into Asian economies but, with a few notable exceptions, largely avoided Africa. Moreover, despite its great human potential Africa has so far failed to develop the centres of technology and management excellence that have been sprouting in Asian economies, and industrial development has been largely local and failed to produce the "trickle down" effects seen in other regions. The second speaker will analyse these developments and suggest policy recommendations based on Malaysian experiences.

09.30-09.45 **Introductory remarks by representative(s) of the co-organisers.**

09.45-10.30 **"What can be shared between Asian and African for fostering business linkages?"**

Mr. Katsumi Hirano, Executive Director, JETRO Johannesburg.

10.30-11.00 **Open forum**

11.00-11.15 Coffee/tea break

11.15-12.15 **"Strategic action for economic development: the Asian experience"**

Mr. J. Jegathesan, Corporate Executive Officer, JJ International Consultants and Advisor to JICA.

12.15-12.45 **Open forum**

12.45-13.00 **Chair's summary**