SUPPORT INVESTMENT FOR DEVELOPMENT IN AFRICA:
PRESENTATION BY CO-CHAIRS OF NEPAD-OECD AFRICA INVESTMENT INITIATIVE

Room Document 2 - ADDENDUM

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AN INVITATION FOR DONORS TO SUPPORT INVESTMENT FOR DEVELOPMENT IN AFRICA:

Proposal for a dialogue at DAC meeting on June 30

Private investment as an essential vehicle for economic growth, sustainable development and poverty reduction

- The DAC has been involved in reviewing and strengthening the development dimension of the OECD “Policy Framework for Investment” (PFI), which was endorsed by Council and welcomed by the OECD Ministerial in 2006.
- In addition, the DAC, in consultation with the Investment Committee, adopted the “Policy Guidance for Donors on Using ODA to Promote Private Investment for Development”, which was also welcomed by the OECD Ministerial in 2006.
- The DAC and the Investment Committee have now agreed to undertake a joint work on the promotion and implementation of the “Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones”. (see Report and Declaration on Policy Coherence for Development [C/MIN(2008)2] para.19)
- The Doha Declaration on Financing for Development has emphasized that “the effective use of trade and investment opportunities can help countries to fight poverty.”

African governments’ response to the crisis

- Improving the business climate in order to mobilise investment has become all the more critical in the context of the economic crisis. At the last High-Level Meeting of the NEPAD-OECD Africa Investment Initiative, held in Kampala, Uganda, on December 10-11, 2008, African participants issued a call to action for investment policy reform as a response to the global economic crisis that is now affecting capital and revenue flows to the continent.

NEPAD-OECD Africa Investment Initiative: a partnership for implementing the Paris Declaration in the investment area

- The NEPAD-OECD Africa Investment Initiative is implemented under strong ownership of African governments and institutions. It is guided by a Steering Group, chaired by the NEPAD Executive Head with vice co-chairs from South Africa and Japan. The Steering Group includes members from NEPAD and OECD countries as well as major African organizations such as the African Union Commission, the African Peer Review Mechanism (APRM) and Regional Economic Communities.
- In addition to providing a regional forum for dialogue and co-operation on improving the business climate (which has led to strengthening the investment component of the APRM), the Initiative supports African states in undertaking PFI-based investment reviews and reforms at country-level.
- It also seeks to engage the business sector as a development partner and has supported the Italian G8 Presidency in designing a risk mitigation facility for investment in African infrastructure.
- Japan, Finland and Belgium are currently contributing and Sweden and Germany have in the past contributed to the NEPAD-OECD Africa Investment Initiative. Others are invited to join the coalition.
What we can achieve through the NEPAD-OECD Africa Investment Initiative

- Enhancing African governments’ capacity to design and implement investment policies and contribute to ODA coordination in the area of investment in a way consistent with the Paris Declaration.
- Committing resources to support such reforms that can have multiplier effects for development is sound and cost-effective.
- Increasing investment and job opportunities to facilitate pro-poor growth.

Possible focus-issues for discussion at DAC

- How to increase development effectiveness through promoting donors’ alignment and harmonization around African governments’ investment policies in line with the Paris Declaration.
- How to concretely follow-up to the 2006 “Policy Guidance for Donors on Using ODA to Promote Private Investment for Development”.
- How to ensure Policy Coherence for Development (including possibility of a more fluid reallocation of funds for interrelated works on development across different Committees).