

NEPAD-OECD AFRICA INVESTMENT INITIATIVE



Co-Chairs' Conclusions from the 2009 NEPAD-OECD Ministerial Meeting

12 November 2009

In line with the recent UN, G20 and OECD calls for a global effort to lay the foundations of a stronger world economy, the 4th Annual Ministerial Meeting of the NEPAD-OECD Africa Investment Initiative has agreed on key ways to mobilize resources in Africa to address the crisis, and to boost private investment in energy infrastructure, including through using carbon finance. Participants underscored the importance of the NEPAD-OECD Initiative as a platform for dialogue that contributes to sound policy-making. Ministers, business leaders, and high-level representatives from African and OECD countries issued the following conclusions:

The 4th Annual Ministerial Meeting of the NEPAD-OECD Africa Investment Initiative:

- Agrees that macro-economic stability is key to increase investment and overcome the crisis; and urges all countries to give priority to sound macro-economic policies which promote private sector-led growth.
- Underlines that regional integration is a necessity to ensure Africa's survival in a highly competitive and globalised world.

1. Accelerating private investment to tackle the energy crisis in Africa

- Calls upon development partners to work with African counterparts to strengthen legal and regulatory environments with the aim of increasing private investment in the energy sector.
- Emphasises the need for policy coherence for the energy sector at national and regional level.
- Encourages international financial institutions to develop and strengthen risk mitigation mechanisms; and strongly supports the AfDB's Initiative for Risk Mitigation in Africa (IRMA) to provide investors in infrastructure with evaluation and brokerage services.
- Supports the proposal made by G8 and other Energy Ministers to create a Working Group on Energy Poverty, with a particular focus on Africa; and encourages the Working Group to include business representatives and consider ways of broadening the range of financial products for small-scale projects.
- Welcomes the steps taken by Regional Economic Communities in developing power pools which allow electricity to be traded across borders.
- Stresses the importance of developing domestic bond markets for the long-term financing of infrastructure and welcomes new initiatives to guarantee bonds against currency risks.

2. Promoting carbon financing in Africa: CDM and beyond

- Calls for the reform of the Clean Development Mechanism (CDM) during the UNFCCC Conference in Copenhagen, to simplify procedures for the application and registration of projects.
- Gives its full backing to the commitment made by ministers at the 2009 International Energy Agency (IEA) Ministerial Meeting to engage with developing countries to promote the transfer of clean technologies; and strongly supports plans to create a new training and capacity building programme with regional organizations including the African Union.
- Supports South-South CDM cooperation for building capacity in renewable energy projects.
- Encourages African governments to enhance their investment environments and devise viable projects to take full advantage of new financing mechanisms to address climate change, which are expected to emerge in the post-Kyoto framework.
- Welcomes carbon pricing reforms such as a carbon tax, to generate public resources aimed at leveraging private investment in energy.

3. Mobilising Resources for Investment, Trade and Innovation: Enhancing Africa's Supply-Side Capacity

- Commends Africa's progress in tax revenue collection and urges governments to simplify the tax structure with the aim of bringing more people into the formal economy.
- Emphasises the importance of an investment-friendly tax regime that is also capable of leveraging sufficient revenue for public service delivery.
- Calls for increased regional coordination among African governments on tax policy issues and underlines the important role that the African Tax Administration Forum (ATAF) can play in this regard.
- Recognises that financial markets play a critical role in channeling resources into productive investment and fostering Africa's economic growth.
- Stresses the importance of financial markets for increasing the range of saving and financial instruments available, and encourages reforms to develop the banking sector and capital markets.
- Calls on African governments and their development partners to intensify efforts to scale up the activities of microfinance institutions and expand innovative tools such as mobile banking.
- Encourages governments to mainstream science, technology and innovation in development policies to stimulate economic growth and employment; and backs the creation of innovation centres and patent offices.
- Urges governments to allocate additional resources to research and development, as well as scientific and technical training.

4. Next steps

- Supports the “Unlocking Investment Potential in Southern Africa” project as a concrete step towards strengthening countries’ capacities to design investment policies that balance the rights and obligations of host countries and investors; and implement reforms to improve the region’s business climate to promote development.
- Commends the “Africa Infrastructure Country Diagnostic” and underlines its importance for the design of informed and sound infrastructure policy.
- Encourages the Initiative to play a role in capacity building activities regarding the development of public-private partnerships in infrastructure.
- Welcomes the proposal from the Republic of Senegal to host the next ministerial meeting of the NEPAD-OECD Africa Investment Initiative; and urges the Secretariat to move this proposal forward.