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Economic Commission for Africa
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**THE INTERNATIONAL CONFERENCE ON
REVIVING PRIVATE INVESTMENT IN AFRICA:
OUTCOME & FOLLOW-UP**

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1. The four-day International Conference on Reviving Private Investment in Africa held in Accra June 24-27, 1996, was a watershed event in giving the private sector a lead role in the development strategy in Africa. Government policy-makers, private sector representatives, and international agencies exchanged views and articulated a common commitment to reinvigorating private investment as the key to sustained growth and accelerated development in Africa. The event attracted about six hundred and fifty participants. The Conference was organized by the Economic Commission for Africa (ECA) and co-sponsored by the World Bank Group, the Global Coalition for Africa, the European Union, UNDP, Governments of Japan, Korea, U.K. (ODA) and Sweden (SIDA), other international agencies, and by a number of private companies, including CNN and ABB. It was hosted by the Government of Ghana.

Assessing the outcome of the conference

2. The principal purpose of the conference was to explore ways and articulate measures for stimulating private domestic and foreign investment in Africa. The three main objectives of the Conference were to promote contacts and interaction among African business persons and foreign investors; to provide a platform for African Governments to outline the adopted or planned policies for creating investor - friendly climate; and to organize investor forums for exploring investment opportunities in several sectors in Africa.

3. The Conference achieved all three objectives. For example, the discussion in various sessions of the conference -- they were twelve in all -- afforded African and foreign business partners, including government officials, an opportunity to examine the potentials but also the problems of attracting private investment to Africa. The insights gained from these interactions will provide impetus for improved and sustained partnerships. The Conference highlighted what the African countries should do, to better position themselves to attract foreign investment. Indeed, one of the key messages that emerged from the conference was that the private sector in Africa must be the key agent of development, and that Government should facilitate the flourishing of the private sector. It was recognized that at a time of severe budgetary constraints in Africa and declining official development assistance, a vibrant private sector was essential to reviving private domestic and foreign investment.

4. The African Capital Market Forum (ACMF) was launched during the conference, signalling a strong and increasing interest in using capital markets as major vehicles for transforming savings into investment for growth and development. The Constitution of the ACMF was also adopted in the course of the Conference. The establishment of ACMF was the culmination of a sustained effort to bring together Capital Market operators with a view to pooling of their resources and expertise for development of capital markets in Africa.

5. The conference's discussions on four major sectors namely: Infrastructure and Energy, Agribusiness, Telecommunications and Financial Services highlighted the opportunities that exist in these areas in various African countries. It was recognized that the opportunities for foreign investment in these sectors vary from country to country, reflecting the different emphasis of each country and regulations relating to private sector involvement in the development of each sector. The Conference pointed up the enormous potentials for investment in these sectors which were hitherto dominated by public sector enterprises in many African countries.

6. The highlight of the Conference was the Summit Roundtable of Heads of State and Governments attended by the Presidents of Ghana, Mali, Zimbabwe and Namibia; the Vice-President of South Africa, the Prime Minister of Côte d'Ivoire, the Deputy Prime Minister of Ethiopia and the Special Envoy of the President of Tunisia and Minister of Economic Development of Tunisia. Three Ministers from Botswana, Senegal, and Burkina Faso representing their Heads of State were also present for the roundtable, although they did not participate in the event. Six Business Executives from Africa, Asia, Europe and the United States addressed questions to these leaders.

7. The Government leaders used the opportunities to highlight the reforms already undertaken in their countries and expressed strong desire for private investors to play a vigorous role in African economies. They were, however, concerned about the slow investment response despite what they considered to be significant liberalization of their economies and efforts to attract foreign investment, e.g., through friendship and partnership with the private sector in promoting private investment opportunities. Private business representatives expressed substantial

optimism about the potential for investments in African countries while calling for further fine-tuning of policies (particularly regarding taxation, trade, tariffs, bureaucracy, monetary, foreign exchange policies and capital markets) and for African countries to promote their potential more effectively. There was widespread agreement that without private foreign and domestic investment, Africa had little prospect of developing and the Heads of State sent a strong signal to the world about their commitment to private sector development.

8. A number of major themes evolved from the conference presentations and discussions. These are presented below in no particular order of importance or sequence of discussion at the conference:

- ◆ Investment opportunities exist in Africa, and investors are interested (domestic, international, and expatriate nationals looking to return home). For example, in three years, the membership of the U.S. Corporate Council on Africa has gone from 12 to 92 American companies which are doing (or are actively interested in) business in Africa. At the same time, many foreign investors are joining the African Business RoundTable, signalling their commitment to stay the course in Africa.
- ◆ Building competitiveness and capital markets are essential to translate the substantial reforms that have been undertaken into accelerated investment. Priorities include lowering transaction costs through investment in infrastructure, reduced bureaucratic requirements, and legal reforms to facilitate contract enforcement. There was broad agreement that one of the important constraints to private investment related to the limitations of the capital markets and scarcity of capital.
- ◆ A new sense of partnership between Government and the private sector in policy formulation and problem-solving is critical to establish confidence and an investor-

friendly environment. Conferences such as this one at the national as well as regional level are helping to establish a more collaborative climate.

- ◆ Economic empowerment of women is key to advancement of women in Africa. African women should be actively involved in decision-making relating to private investment in various countries. To have increased influence on issues relating to entrepreneurship development and investment, women should create or strengthen their business networks. As an evidence of this commitment, a number of women entrepreneurs at the Conference indicated their intention to form a Corporate Council of African Women Entrepreneurs (COCAWE) to be composed of African women entrepreneurs whose enterprises had significant annual turnover.
- Investment promotion agencies can play an important catalytic role in promoting investment opportunities in their countries, serving as facilitating rather than control agents for investment. To perform this function effectively, IPAs in African countries should be endowed with requisite resources - human and financial - as well as sufficient organizational authority.
- ◆ With few notable exceptions, the market size of individual African countries is a major disincentive to significant flow of investment. Enhanced regional integration in African holds much promise for enlarged markets for investment. Barriers to intra-African trade and investment need to be removed to facilitate the growth of large economic spaces -- common markets -- that are attractive to foreign investors.
- ◆ International and regional organizations as well as bilateral development partners can assist in several ways in stimulating investment in Africa. For example, by providing technical assistance on a range of investment-related policies and

projects, these organizations can contribute to the strengthening of the capacity of African private and public sectors to formulate projects which easily pass the tests of technical viability -- an important consideration in attracting would-be investors in joint ventures.

- ◆ Significant progress in economic reform is a necessary but not sufficient condition for attracting and retaining foreign investment. Political and economic stability buttressed by good governance and democracy are key elements in sustaining investors' confidence.

10. Some of these policy messages may not be entirely new; they may have been aired before in some other fora -- reflecting their importance and pertinence. Many, however, reflect the significant progress that has been made in private sector development in Africa in the past decade, especially since the **Enabling Environment Conference on Effective Private Sector Contribution to Development in Africa held in Nairobi, Kenya on 21-24 October 1986**. These policy messages, coming from Accra international conference attended by high government leaders -- Heads of States and Governments, Ministers and other senior policy makers from various African countries and business executives from private sector in Africa, Asia, Europe and USA -- give a sense of both hope and possibilities for investment in Africa and also reaffirm a shared commitment to reinvigorating private investment as key to rapid growth and sustainable development in Africa.

Implementing the Follow-up

11. Building on and sustaining the momentum generated by the successful outcome of the Conference requires an effective follow-up to several issues highlighted in the discussions of the conference. Responsibility for the follow-up rests primarily with African countries - their governments and private sector. But the international organizations and bilateral donors, several of which were co-sponsors of the conference can play an important facilitating role in the follow-up to the conference.

12. Individual African countries and agencies will decide on what particular measures or areas they will emphasize in their implementation of follow-up to the conference. ECA will focus on three areas which are broadly consistent with and reflective of the priorities in its new programme orientation. These are economic empowerment of women; privatization; and development of capital markets in Africa.

13. In the area of economic empowerment of Women, ECA, in addition to reinforcing the African Centre for Women's role for advocacy on women issues in Africa, is mobilizing financial resources for a project on African Leadership Fund which will be a key vehicle for extending support to a range of women activities in Africa, particularly women entrepreneurs.

14. ECA has been a major player in the establishment of the African Capital Markets Forum which was launched at the Accra Conference. ECA has formulated a project of assistance for the ACMF which will focus on research in capital markets in Africa and training for capital market operators in Africa.

15. ECA's work on private sector development places much emphasis on privatization - both as a means for increasing private sector participation in the economy and increasing private investment in various African countries. Its work on privatization will focus on providing opportunities for regular exchange of experience on privatization in Africa; serve as a clearing house for spreading best practices on privatization in Africa; and disseminate relevant research findings on privatization. ECA will collaborate with and provide support to the recently formed African Privatization Network which is also working on these issues and on which programme ECA is participating actively.

16. ECA intends to collaborate with various agencies in implementing the follow-up on these three areas. It also intends to invite the national investment promotion agencies to a meeting, within one year, to assess progress made at the national level in undertaking the follow-up to the Accra Conference.
