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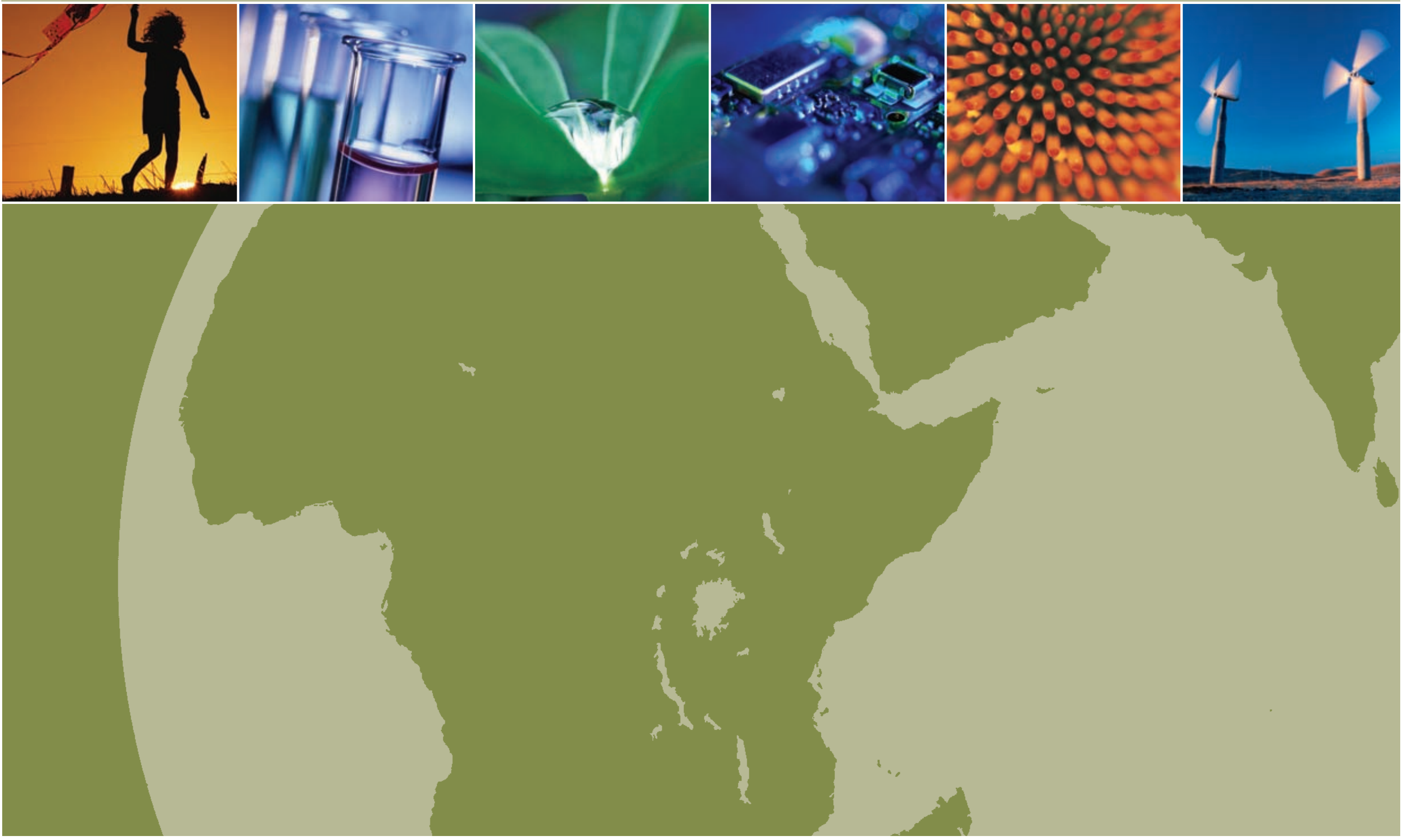

EXPERT GROUP MEETING

Investment for African productive capacity

12 and 13 March 2007

Addis Ababa, Ethiopia

UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

TABLE OF CONTENTS

1. **Meeting Programme** 2

2. **List of Expert Group Meeting Participants** 4

3. **Summary of Expert Group Meeting discussions** 12

   1 *Information system and monitoring platform* 14

   2 *Maximizing the impact of FDI and developing the value chain approach* 15

   3 *Development of domestic investment* 16

   4 *Public private partnerships and governance* 16

   5 *Access to finance and rating systems* 17

   6 *Regional economic integration* 18

   7 *Infrastructure* 19

4. **Programme Proposal** 20

   A. *Context* 21

   B. *Background* 22

   C. *Expert Group Meeting in Addis Ababa, 12/13 March 2007* 24

   D. *The Programme* 26

   E. *Logical framework* 42

   F. *Timeline of Activities* 43

   G. *Regional, Country and Partner Inputs* 44

   H. *Contact* 44

1. MEETING PROGRAMME

Day 1, Monday 12 March 2007

9:30 Opening

Chair: Elisabeth Tankeu,	*AU Commissioner for Trade and Industry*
Hakim Ben Hammouda,	*Director*, ECA TRID
Firmino Mucavele,	*Executive Secretary*, NEPAD
Akmel Akpa,	*Senior Advisor* to Kandeh Yumkella, UNIDO

10:00 Presentation of Regional Programme Framework

Mithat Külür,	*UNIDO* - Africa IPA Network

10:30 Coffee Break and Press Conference

11:00 Elements of Regional Programme Framework

Chair: Firmino Mucavele,	*Executive Secretary*, NEPAD
Prof. John Dunning	**Theoretical underpinnings**
Thapelo Lippe,	*MD for C. and E. Africa*, Microsoft Corporation
Peter Krschne,	*MS Services Executive*, Microsoft Corporation **Information and Monitoring Platform**
Karen Van Vuuren	*GM Strategic Supply Management*, Chartered Institute of Purchasing and Supply **Leveraging FDI through local supply chain development**
Barbara James	*President*, Africa Venture Capital Association (AVCA) **Linking domestic industrial investment projects to capital markets through equity funds**

12:00 Lunch

13:30 Round Table

Reflections of the public and private sectors on mechanisms to improve governance, monitor interaction between policy and investor actions, develop information systems for better decision-making and maximize positive impact of FDI.

***Chair:** Ken Kwaku*	*Advisor to board of Investment Climate Facility (ICF) and advisor to Former President B.W. Mkapa-United Republic of Tanzania*

Public Sector:

Hon. Janat Mukwaya,	*Minister of Tourism*, Trade and Industry, Uganda
Hon. Charles Sale,	*Minister of Industry,* Mines and Development, Cameroon
Robert Ahomka-Lindsay,	*CEO,* Ghana Investment Promotion Center
Susan Kikwai,	*CEO,* Kenya Investment Promotion Authority

Private Sector:

Bamanga Tukur,	*Exec. President*, African Business Round Table
H. Kavishe,	*MD*, Kavishe and Co. Tanzania
Mugo Kibati,	*CEO*, East Africa Cables, Kenya
Murray Loggie,	*MD*, Coca-Cola Sabco Group

17:30 Close of proceedings for Day 1

Day 2, Tuesday 13 March 2007

9:00	**Summary and Conclusions of Round Table**	
	Presentations of Rapporteurs	
	David Kamara,	*Director Infrastructure and Industry,* ECOWAS
	Mansour Cama,	*Chairman*, National Confederation of Senegal Employers
	Torek Fahradi,	*Head*, Investment Promotion T.A. Programme Islamic Development Bank
10:30	**Coffee Break**	
11:00	**Presentations**	
	Joachim Bickel,	Microsoft
	Tamer Tandogan,	UNIDO **– Demonstration of Prototype Monitoring Platform**
	Tim Rose,	UNIDO **– Pilot Programme for Aftercare Programme**
	Prof. John Henley,	UNIDO **– Implications of the Africa FDI Survey results**
12:00	**Lunch**	
13:30	**Programme Design**	
	Inter active session for incorporating EGM recommendations into programme design	
	Chair: Felix Ugbor,	*Chief,* Africa Unit, UNIDO
	Drafting Group:	
	David Nalo,	*PS*, Ministry of Industry and Trade, Kenya
	Bob Baldwin,	*Principal Administrator,* Private Sector DG Development & Relations with ACP European Commission
	Ayoub Z. Elrashdi,	*Industry Senior Policy Officer*, African Union
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	Alisao Vololoniaina,	*Senior Programme Manager*, Productive Competitiveness, SADC
	Michele Boario	Italian Co-operation
	David Kamara,	*Director Infrastructure and Industry,* ECOWAS
	Mansour Cama,	*Chairman,* National Confederation of Senegal Employers
	Torek Fahradi,	*Head,* Investment Promotion T.A. Programme Islamic Development Bank
16:30	**Final statements and Close of EGM**	

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3. SUMMARY OF EXPERT GROUP MEETING DISCUSSIONS

Background

The High Level Expert Group Meeting (EGM), held in Addis Ababa 12-13 March 2007, was sponsored by the African Union (AU), the Economic Commission for Africa (ECA), NEPAD and UNIDO. The objective of the EGM was to bring together African stakeholders from both the public and private sectors to identify the main barriers to the flow of investment resources needed for development of African productive capacity and to formulate a regional programme to remove these barriers.

The outline of a regional programme was presented at the EGM. It is based on UNIDO's prior experience with the African Investment Promotion Agency Network (AfrIPANet), which produced concrete proposals derived from the surveys of foreign investors in fifteen sub-Saharan African countries. The recent AfrIPANet III Meeting in Johannesburg in June 2006 brought together representatives from the fifteen African Investment Promotion Agencies (IPAs) where the survey was organized. At that meeting, participants discussed the findings and proposed follow-up actions for improving the effectiveness of (IPAs) in Africa based on empirical evidence provided by the survey. Participants also proposed to present the survey results and outcomes through meetings in the countries covered by the survey. Accordingly, individual country workshops were organized in nine of the AfrIPANet member countries to collect inputs and recommendations from country stakeholders (companies, government institutions, chambers of commerce, trade associations etc.) for incorporation into the programme proposal which consists of the following three components:

1. An investment monitoring platform based on enterprise-level survey data combined with other UNIDO and third party databases. It would assist industrial enterprises in making more informed management decisions that lead to expanded business operations and new partnerships and to facilitated access to finance and employment creation. For government institutions, it would provide the means to conduct evidence-based policy advocacy, to measure the response of investors to policy interventions, to identify trends and to compile indicators that can assist both private sector decision makers and public sector policy makers.
2. Capacity building at country level to ensure that the relevant public-private sector institutions acquire the capability to use the monitoring platform effectively and to bring transparency to public-private sector dialogue about business activities and improve investment governance in the countries of the region.
3. Targeted action to leverage foreign direct investment (FDI) for maximizing its impact on the host economy through the stimulation of domestic investment. FDI in the manufacturing sector is used as the engine to spur improvements in the products and services of domestic suppliers, improve local competitiveness and help them become more integrated in international markets.

The presentations[1] at the EGM included a demonstration based on the 2005 Survey of how firm-level data on foreign investment performance can be used to assist in designing effective public policy to support the mobilization of private investment. The provision of accessible and reliable firm data can also contribute towards lowering the risk of doing business in Africa by reducing uncertainty, transaction costs, and providing forward looking indexes and comparative indicators, currently lacking in most African countries. The planned interactive database for investment-related policy formulation and decision-making is designed to stimulate and empower an online community of private investors, government officials and NGOs and bringing transparency to the interaction between these groups.

[1] All EGM presentations can be downloaded under http://www.unido.org/doc/64037.

The platform will contribute more effectively to enhancing the investment climate in each of the participating countries and between neighbouring countries.

The Microsoft Corporation announced at the EGM its decision to partner with the initiative and provide the technical expertise for designing and rolling out the investment monitoring platform.

The Chartered Institute of Purchasing and Supply (CIPS), based in the UK and with 9,000 members throughout the continent, presented how its membership's linkages and methodologies can support the programme in developing deeper local supply chains to enable leveraging of FDI to stimulate domestic investment. The African Venture Capital Association (AVCA), with around 100 Africa-based member funds, also confirmed its intention to partner with the initiative by assisting with mobilizing equity funds for investing in opportunities that arise from the supply chain development component of the programme.

Professor John Dunning stressed the role of FDI as a catalyst for upgrading indigenous competitive performance as well as knowledge and information dissemination. He emphasized that policy makers should however not regard FDI as a panacea for the country's social and economic challenges. The role of policy makers is to devise FDI promotion strategies that are holistically embedded into general macro economic and micro-management policies and in accordance with the belief systems and actions of the societal stakeholders. Against this backdrop, Professor Dunning emphasized the importance of dynamic and flexible institutions that are strengthening economic motivation, competition and social equity.

During discussions, subsequent to the presentations, both public and private sector participants in the EGM voiced their concerns about many aspects of investment in Africa including the prevailing business climate. Many commented very positively about the opportunity the meeting provided for exchanging views with different stakeholders. These views were recorded and consolidated as general recommendations for presentation to the Conference of African Ministers of Industry (CAMI) and the AU Summit.

The public sector was represented both at the policy level (the Minister of Industry, Mines and Technological Development, Cameroon and the Minister of Tourism, Trade and Industry, Uganda and the Permanent Secretary, Ministry of Trade and Industry, Kenya) and at the institutional level (Investment Promotion Agencies from Cameroon, Côte d'Ivoire, Ethiopia, Ghana, Kenya, Madagascar, Nigeria, Uganda, Zambia) and at the regional level (ECOWAS, SADC and COMESA). The private sector was represented both by representatives of employers' organizations (African Business Round Table, National Confederation of Employers of Senegal and others), as well as by individual CEOs of small and large companies.

A drafting group was formed, composed of representatives of SADC, ECOWAS, the Permanent Secretary, Ministry of Trade and Industry, Kenya, the Director General of the Zambia Investment Centre, a representative of the Islamic Development Bank, the Italian Cooperation, the private sector and UNIDO. This group, representing the different stakeholders in the investment promotion and implementation process from among EGM participants, defined the issues that the regional programme should address and specified the parameters of the programme. The conclusions of the drafting committee were presented to the plenary meeting and then discussed to incorporate all stakeholder inputs. The conclusions were adopted for final drafting and submission to the participants for clearance. The draft programme proposal is in Chapter 4 of this document.

General conclusions of the Round Table Discussion

Four overarching conclusions were reached in the roundtable discussions of the Expert Group Meeting (EGM). First, it was stressed that there is a need to ensure broader African ownership of the next and more ambitious phase of the AfrIPANet development programme. Second, the EGM identified the critical importance of capacity building at all levels of government and intergovernmental institutions as well as in the private sector, so that all participants in the economic development process can understand and spot trends and opportunities for better decision making and governance. It was emphasised that African countries need a thriving private sector in order to accelerate their development. A third general conclusion was the recognition and acknowledgement by all participants in the EGM of the central role of accurate and current firm-level information about investors, their business performance and perceptions of the investment climate for improving governance and reducing actual and perceived business risk in Africa. A final and related theme was the importance of having reliable and transparent business performance indicators to guide investment decision and assess country performance with regard to governance improvements. These would also provide evidence and transparency for the world's media coverage of African business landscape.

Seven themes were identified as encapsulating the discussion in the EGM.

1 INFORMATION SYSTEM AND MONITORING PLATFORM

The monitoring platform should serve multiple objectives:

1.1 Assisting in designing investment promotion strategies

It was generally acknowledged by the EGM, that in order to develop effective and flexible investment promotion strategies and to support investors to make rational investment decisions, it is necessary to have access to a wide variety of reliable data to inform decision-making. Otherwise, as one participant observed, "it would be like talking in the dark". It was also noted that surveys of firms reflect 'investors´ voice' and should therefore, as part of a policy of equal treatment of established investors, include both domestic and foreign companies in the sample. This will have the benefit of deepening understanding of how foreign investment impacts on the operations of domestic firms and whether the overall business environment leads to crowding-out or crowding-in of domestic investment.

A system of governance indicators and performance benchmarks focusing on specific investment opportunities in a given location will serve investor needs and allow customization of investor services and support programmes for selected investor groups.

1.2 Supporting the private sector

The information platform supporting AfrIPANet should be configured to enable firms to carry out feasibility analyses of different investment locations. It should enable comparisons of the actual operating performance of enterprises in different countries to facilitate the identification of new and emerging market opportunities. The information platform should therefore be accessible to companies and assist with their decision-making and market development scenario planning.

The systematic assessment and monitoring of the responses of different types of firms, including domestic businesses, to changes in the investment climate and trends among investors will help national policy makers identify country-specific impediments to investment and provide timely support to investors.

1.3 Re-adjusting the role of IPAs

It was felt that it was necessary for IPAs to have both generic capabilities and a sub-sectoral focus in order to fulfil their function properly. As the host government's first official point of contact with most foreign investors, it is crucial that IPAs project an image of efficiency. The EGM considered that the introduction of e-government facilities for tracking and processing investor enquires and business registration should be a priority for IPAs. Thus, the strengthening of management information systems (MIS) within IPAs (or other country-level stakeholders) needs to be addressed. To achieve this, IPAs need to be fully integrated into the investment monitoring platform and the services they offer should be available to all users.

1.4 Increasing transparency and addressing corporate social responsibility issues

The EGM expressed concern about the generally negative media coverage of business activity in Africa which it was felt deterred prospective investors from the region. There was much discussion about the need to develop a pro-active communication strategy for handling the media and publicising success stories of investment in Africa. It was suggested that IPAs should develop a media strategy and that there might be scope for sharing experiences within AfrIPANet.

It was noted that the link between private investment and improvement in the overall quality of life of society, and the link between FDI and the invigoration of the domestic economy and the growth of local incomes are not always apparent to the general public. This is especially noticeable in LDCs where poverty is widespread and income distribution highly skewed. These disparities tend to breed contempt and suspicion of private business activity in the public at large, and of foreign investors by local businesses. Private investment driven growth has to be explained and understood and its implications, both positive and negative, made transparent. This should engender broader support from the population and greater social responsibility from the private sector.

Access to the investment monitoring platform, and the analysis this allows interest groups to make, should radically transform the quality of debate in civil society about the proper role of private business activity, whether it is domestic or foreign owned. This improvement in transparency and awareness of what business contributes to economic development should also facilitate better regional collaboration and promotion of Africa more generally, as an attractive place to do business.

There was general agreement that the scope of the investor survey, database and information platform should eventually be extended to cover countries in Southern and Central Africa and the Mediterranean Rim.

2 MAXIMIZING THE IMPACT OF FDI AND DEVELOPING THE VALUE CHAIN APPROACH

It was agreed that more importance needs to be assigned to the role of FDI in the private sector-driven growth strategies of countries in the region. Rather than treated simply as a component of productive capacity, FDI must be addressed as a key driver of these strategies because of its critical functions in integrating local economies in global trade and as a source of innovation. If the magnitude of FDI flows into SSA is seen in this context, it becomes more important to place greater emphasis on the choice and targeting of investor types according to the immediate and long-term impact they have on the domestic economy.

It was agreed that IPAs need to develop the capacity to be able to respond to the requirements of the new generation of stand-alone foreign entrepreneurs (FEs). This group is rarely picked up by investment promotion efforts in Africa. These foreign entrepreneurs usually operate without a headquarters organization or an internationalization strategy, relying more often on the international links of the owner/manager. The flexibility and dynamism, yet low visibility, of FEs presents particular challenges for IPAs in targeting their promotional efforts. The EGM noted that the African diaspora offered enormous but largely untapped potential and, as most operate in the region as FEs, need special attention and policy initiatives.

The increasing diversity of foreign investors, their motivation and variety of impact on the region mean there is an urgent need to develop a method for rationalizing incentives to match investors' contributions to economic development. The hyper-growth of for example, export-oriented manufacturing firms from Asia indicate that, at least in the immediate term, the investment conditions are already favorable. Publicizing this fact could be sufficient inducement for attracting new arrivals.

It was proposed that investment promotion efforts should be channelled towards the identification of joint ventures enhancing the capability of local companies through the transfer of technological and management know-how. To this end, it was suggested that many local firms require training in partner identification and negotiating joint ventures, licensing agreements and subcontracts with foreign investors. Capacity building efforts should address these needs on a priority basis.

Building on from the findings of the Africa Foreign Investor Survey that there are many opportunities for increasing local procurement by transnational corporations (TNCs), it was stressed that government support is necessary for strengthening domestic industry-TNC linkages. Private sector initiatives are already underway to deepen local supply chains of large international subsidiaries

(Business Action for Africa/International Business Leaders Forum). The emergence of these initiatives demonstrates that it can be more efficient to allocate scarce resources to engaging with traditional TNCs that are already invested. Maximizing the positive impact of all existing investors through enhanced collaboration with local firms and suppliers is central to leveraging FDI for economic development.

One of the major constraints on investment in Africa is the small size of individual national markets. More needs to be done through inter-governmental initiatives to encourage cross-border investment within Africa. The African Productive Capacity Initiative (APCI) was welcomed as a statement of intent. The objective of the APCI as the industrial component of NEPAD, is to promote regional integration and to develop programmes based on the sectoral priorities of the different regions of Africa. For this to be realized, the effectiveness of Regional Economic Communities (RECs) needs to be improved substantially in terms of services provided to regional market seeking investors, trade harmonization and cross-border infrastructure.

3 DEVELOPMENT OF DOMESTIC INVESTMENT

A fundamental assumption under-pinning the EGM discussion is that domestic and foreign investment should receive equal treatment by the authorities and that promotion activities need to be mainstreamed into the broader economic development agenda. This fact was already pointed out earlier in the presentation of Professor John Dunning. If inward FDI is to have a significant impact on the domestic economy it should trigger domestic investment growth. It was emphasized that the investment promotion agenda should therefore be at the core of the development agenda which may require closer cooperation (if not actual merging) of institutions and sharing of capacities between those engaged in wider social and economic development and those in investment promotion.

Developing strategies to maximize the use of local productive capacities and hence to reduce dependency on imported inputs were considered to be another important objective for the regional investment development programme. It was agreed that domestic supply capacity is far from being fully used. The Africa Foreign Investor Survey revealed that investors from the North by comparison with those from the South utilize a higher portion of locally produced inputs. This suggests there is considerable scope for improving supply chain linkages within the domestic economy, particularly with manufacturing firms from the South. The expertise developed in UNIDO's programme for industrial subcontracting and partnership exchanges (SPXs) could be drawn on to provide technical assistance in support of local suppliers and thus link them up to buyers within or outside the country.

It is well established that large expanding economies attract increasing volumes of investment, both foreign and domestic. Foreign investors attracted to particular geographical locations pay close attention to the quality, diversity and growth rates of local firms. Thus, increasing the productivity of all firms through training, improving capacity and resource utilization and implementation of regional integration initiatives would, the EGM agreed, contribute to attracting increased flows of investment to Africa.

4 PUBLIC PRIVATE PARTNERSHIPS AND GOVERNANCE

It has been well established by a number of surveys, including the UNIDO African Foreign Investor Survey, that stability and predictability of macro-economic policy and the investment climate are of primary importance for sustaining and attracting new business investment. Government initiatives can stimulate or intensify a virtuous circle in which investment inflows increase productivity, expansion and long-term growth and, thereby, draw in even more investment by improving the internal dynamics of the market.

The importance of getting the business environment "right" was at the center of much discussion. The imperative to address both government and market failures that prevent individual economies from participating in regional and global markets was underscored many times. Unlike the situation in industrialized countries where market-supporting institutions provide accurate public information and set standards allowing market agents to assign resources more efficiently, such institutions are virtually absent in Africa. This means that many market failures remain un-addressed.

Informational gaps, such as the absence of reliable macroeconomic or microeconomic lead indicators, make it very difficult for firms to predict future business scenarios or benchmark their performance against peers. Market failures are often coupled with government failures that appear in the form of government-imposed barriers to entrepreneurship, macroeconomic instability and high inflation, an unpredictable tax regime, corruption, unclear and badly enforced legal codes, etc. Prospective foreign investors are also very sensitive to entry procedures and government regulation of their daily business operations.

Participants in the EGM also acknowledged that there was often a gap between the investment climate and investors' expectations. Clearly, investment promotion agencies have a role to play in advising governments on how to better meet these expectations. The UNIDO survey data, embedded in the investment monitoring platform, can strengthen the IPAs' policy advocacy role by providing empirical evidence of the benefits of FDI associated with different investor types.

In this context, it was more or less undisputed that IPA one-stop services are desirable to reduce cumbersome licensing requirements and other forms of red tape. Yet, there was also some scepticism expressed about the reality of the provision of one-stop investment promotion services that become ineffective if the respect of government departments and other national institutions is lacking. The EGM agreed that there is much that still needs to be done to make functioning one-stop investment promotion services the norm across Africa. Several examples of single-window schemes being undermined by line ministries were provided to the meeting. Local authorities responsible for implementing investment agreements also need to make sure they adhere to what has been agreed at a national level.

The monitoring platform will provide a powerful tool for identifying any shortcomings in the investment climate of a country or region. Particular attention was drawn to the need to harmonize the political priorities and interventions of senior ministers with industrial and trade policy. A number of examples were cited in the meeting.

It was agreed there was considerable scope for improving the implementation and legal enforcement of policies and regulations affecting businesses. The enforcement and protection of property rights is a major concern in many countries.

A final and very significant function of the investment monitoring platform is to provide the analysis that informs policy debate about investment and trade policy. Inevitably there are conflicts of interest but in the absence of information or transparency, policy development is unlikely to meet the needs of civil society. The platform will open up a whole new range of issues to public and informed debate. This should enhance the quality of policy development and the political consensus that supports it.

5 ACCESS TO FINANCE AND RATING SYSTEMS

There was considerable debate about the availability of investible funds in Africa and explanations for the apparent scarcity of medium to long-term investment capital for private businesses. While it was recognized that a few of the larger commercial banks are beginning to actively extend credit to SMEs, these initiatives need to be strengthened and broadened to embrace more of the banks operating in the region. There was also a suggestion that in some countries there is a need for selective government intervention to stimulate consolidation of domestic banks and financial institutions so that lending capacity is enhanced.

A particular concern is the limited coverage of African countries by rating agencies as this affects the underlying cost of credit to private business. It was suggested that the new investment monitoring platform should be able to provide data that is of interest to the rating agencies and thereby encourage them to extend their coverage of the region.

A more immediate priority is implementing and sustaining a credit rating system that covers at least medium-sized companies and that allows financial institutions to better evaluate financial risk. The technical details of such a scheme were beyond the remit of the EGM but it was proposed that the investment monitoring platform should be designed to accommodate, the data requirements of some aspects of financial risk appraisal, at least at a country or subsector level.

The rapid growth and role of private equity and venture capital funds in the global capital market attracted a lot of interest. It was agreed that there was considerable scope for private equity funds at a regional and continental level in Africa, especially as these funds combined both debt and equity financing. Some participants expressed concern about governance issues and protection of minority shareholder rights in capital structures involving private equity funds.

Against this backdrop, creative formulations are required that synergize technical assistance, FDI promotion and equity fund activity. There was general recognition of the need for well-designed technical assistance programmes to promote better linkages between businesses operating in Africa and private equity funds, and to strengthen the regulatory capacity of national governments to monitor this growing area of activity.

A point of discussion in the EGM was whether in would be feasible to mobilize a portion (but no more than ten percent) of national domestic social security funds (with rigorous safeguards) for investment in productive capacity. It was suggested that outsourcing responsibility for funds management to private financial institutions under the correct regulatory regime might offer the way forward. The increased involvement of private equity funds in SSA would seem to indicate that there are financial institutions with the interest and capacity to undertake such a task.

6 REGIONAL ECONOMIC INTEGRATION

One of the most frequently voiced explanations for the low productivity and poor rate of investment in SSA countries is the small size and fragmentation of domestic markets. Consequently, there was unanimous recognition of the need to encourage cross-border investments in order to allow firms to achieve economies of scale. The UNIDO Survey provides some indications that a new breed of regional market-seeking investors with high quality characteristics is evolving. This group of firms will thrive as trade and investment regimes between neighbouring countries become more consistent.

Many at the EGM felt it was time for additional resources to be invested in regional trade and investment facilitation programmes as well as export promotion. To reach this objective, the capacity and authority of Regional Economic Communities (RECs) to simplify cross-border trade and investment needs strengthening.

Effort needs to be invested in implementing a Regional Investment Code. The regional initiatives of the African Union to facilitate cross border trade through the introduction of a single administrative document (SAD) and harmonize taxes and customs procedures were broadly welcomed by the EGM. The meeting urged the AU to assign more resources to this potentially very significant initiative.

The COMESA Common Investment Area (CCIA) that emphasizes the need for cooperation and harmonization to increase investors' confidence in Africa was acknowledged by the EGM as another important initiative promoting regional integration. It involves the introduction of common procedures such as streamlined company registration, protection of intellectual property rights, a uniform commercial law and the implementation of a protocol on the free movement of labour. Participants in the EGM also noted another COMESA initiative, the Regional Investment Agency (RIA), which is intended to increase the attractiveness of the region for investors targeting more than one country. There is also scope for developing a regional approach to regulating anti-competitive behaviour and monopolies.

The final outcome of the EGM round-table discussion was recognition of the potentially important role IPAs could play in fostering regional economic integration through demonstrating the utility of collaborative networking.

7 INFRASTRUCTURE

No one disputed that efficient infrastructure is a prerequisite for trade and investment growth. However there was considerable debate about prioritisation and the lesson to be learned from the experiences of Asian countries in integrating public investment in physical infrastructure and attracting inward investment. It was agreed that more experimentation and innovation is required to mobilise funds within a public-private partnership framework for infrastructure development in Africa.

Examples, identified by the EGM, of where infrastructure investment is required, are in support of rural-based agro-industries to provide links to markets, and investment in business services and technology parks to enable market-driven innovations. There is also a more general requirement to invest in upgrading and enhancing vocational training provision to generate a pool of creative labour force that better meets the needs of investors and spurs entrepreneurship.

The next steps

The recommendations of the African stakeholders represented at the EGM in Addis Ababa on 12/13 March 2007 are for expanding the AfrIPANet initiative into an African programme. In addition to this, it was also suggested that AfrIPANet should not only be expanded geographically across the continent but also in terms of thematic issues. The following chapter contains outputs and activities that are addressing many of the issues flagged by the EGM participants. However, in order to keep the programme focused and ensure complementarities between its modules not all issues can be addressed within one coherent programme

4. PROGRAMME PROPOSAL

Joint Programme Proposal by the African Union, The New Partnership for Africa's Development and the United Nations Industrial Development Organization

Title:	**Regional Programme for Investment Promotion, Facilitation and Governance Enhancement in Africa**
Starting date:	January 2008
Duration:	4 years, until December 2011
Project site:	African Countries (to be specified)
Government Co-ordinating agency:	National institutions (IPAs, ministries)
Counterpart:	National institutions (IPAs, ministries); private sector organizations (employers associations, industry associations, chambers, etc.) and regional organizations (RECs, business councils and round tables, etc.).
UNIDO inputs:	**15,500,000 €-21,500,000 € depending on final number of countries covered**

This is a large-scale regional programme for Africa, covering a period of four years, to be financed in components by different sources. It reflects the conclusion and recommendations of the high-level Expert Group Meeting held in Addis Ababa, 12-13 March 2007 and was formulated by the public and private sector stakeholders represented at the meeting. The Programme addresses the problem of slow growth of employment opportunities and income generation in Africa. Its objective is to assist private sector investors in making more informed decisions and seeking more relevant and higher quality services from the public sector. It supports African Governments and institutions to monitor the flows and impact of investment, to attract and expand new FDI inflows and expand follow-up investments of firms that have already invested in the region. The programme focus is on assessing the quality parameters of different classes of investments, analyzing investor groups according to their characteristics, and maximizing the positive impact of investment on the host economy. The main beneficiaries of the programme will be private sector enterprises.

The EGM brought together representatives from both the public and privates sectors to identify the main barriers to the flow of investment resources needed for the development of African productive capacity. The key components of this Programme were first discussed and elaborated during the third meeting of the UNIDO – Africa Investment Promotion Agency Network (AfrIPANet III) held in Johannesburg in June 2006 and further developed with country level stakeholders through stakeholder meetings in nine countries. This debate was motivated by the presentation of the 2005 UNIDO FDI survey, which highlighted current trends, opportunities and weaknesses related to FDI promotion in Africa and demonstrated how an interactive data platform for the region could be established. It also demonstrated the possibility to generate indicators, both comparative and future-oriented that would benefit investors as well as policy makers.

The programme will be presented to the Heads of African States at the AU Summit as one of the priorities for the industrialization of Africa.

A. CONTEXT

Most of the economies in Africa are striving to attract higher levels of international investment. They see the potential of international investment, in particular foreign direct investment (FDI), in supplementing domestic savings and, more importantly, in bringing in skills, know-how, technology and market access. Nevertheless, FDI in Africa is still limited and the sparse FDI inflows are mostly directed towards natural-resource exploitation in only a few resource-rich African economies. Other countries (and other sectors within the resource rich-countries) are not playing much of a role in the investment considerations of transnational corporations (TNCs). While the proportion of FDI flows into Africa maybe a very small portion of total global FDI flows (especially when we look only at non-extractive sectors i.e. non-mining and hydro-carbon related sectors), this does not mean that FDI flows are insignificant for African countries.[2] FDI flows into many of these countries represent a much larger percentage of gross fixed capital formation than the average for all developing countries. FDI actually has the potential to play a significant role in the economies of many African countries.

In order for the continent to achieve the Millennium Development Goal (MDG) of reducing poverty rates by half by 2015, the region needs to fill an annual resource gap of $US 64 billion, about 12% of Gross Domestic Product (GDP). Further FDI inflows and higher re-investment rates of existing investors are crucial to achieve this objective. Yet, in order to stimulate these investments, many of the investment climate parameters need to be improved, in particular greater political and macro-economic stability. Equally, a system of leveraging this investment to mobilize more domestic investment through backward and forward linkages requires the upgrading of institutional infrastructure and well-calibrated interventions to enhance positive market forces. Investment promotion measures again require sound information that helps develop a profound understanding of the dynamics and characteristics of the portion of FDI in Africa going into sectors other than hydrocarbon and mineral extraction. Gathering empirical evidence on the behavior of investors, such as the trends in investment flows; enterprise performance; sectoral growth; investor expectations; impact of different types of investors on employment, skills development, technology diffusion and domestic investment, provides a map of how investors respond to the business environment and, in doing so, impact on the economy. A conducive environment, combining the right policy and incentive framework with competent, pro-active and transparent governance accelerates the rate of investment creating new productive capacity, employment and improved competitiveness. In this context, the countries' ability to monitor the effects of policies and actions will be crucial to harness the potential of foreign investment to sustain local development, and accordingly secure the political consensus for continuous governance improvements.

NEPAD (The New Partnership for Africa's Development) emphasizes the importance of promoting foreign direct investment and trade and "measures for enhancing the entrepreneurial, managerial and technical capacities of the private sector by supporting technology acquisition, production improvements, and training and skills development". Among others, NEPAD, stresses the importance of the reduction of costs for transactions and operations, the promotion and improvement of regional trade agreements and interregional trade liberalization to expedite a sustainable development of private and foreign companies in Africa.

Equally, the Millennium Development Goals touch upon the key elements of this programme, namely the need to *"Develop further an open, rule-based, predictable, non-discriminatory trading and financial system [Includes a commitment to good governance, development, and poverty*

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[2] In some countries of the region, the FDI inward stock represents a relatively high proportion of the total GDP, e.g. in Angola it is 88.8%, in Gambia it is 85.9% or in Zambia it is 55.8% (UNCTAD World Investment Report 2005).

reduction – both nationally and internationally]"[3] and *"In co-operation with the private sector, make available the benefits of new technologies, especially information and communications."*[4].

B. BACKGROUND

The African Investment Promotion Agency Network (AfrIPANet) was initiated to develop strategies for enhancing the inflows and effectiveness of FDI. Launched in 2001, it is composed of IPAs from countries of the region with ongoing UNIDO integrated programmes as well as the UNIDO Investment and Technology Promotion Offices (ITPOs). The network is supported by an Advisory Panel composed of chief executives of companies with operations in the region, academic researchers studying the dynamics of FDI in Africa and international experts. The network currently has 15 member countries[5] but its membership grows as new UNIDO programmes in the region are initiated. During this biennium the Network will be extended by 10 new countries.

A bi-annual Survey of foreign investors is conducted with the objective of compiling plant-level data that can be used as a basis for formulating investment promotion strategies. The 2001 and 2003 surveys, covering over 800 foreign owned companies in 10 countries, allowed first insights into the motivations, characteristics, perceptions and plans of foreign investors. The analysis revealed sectoral growth patterns as well as a picture of the IPAs' performances. It was also possible to gain a better appreciation of the new investment that existing foreign investors were prepared to make. Based on these results, a pilot aftercare service was developed and tested in Ethiopia, which will now be used as a model in other countries of the region.

The 2005 UNIDO Africa Foreign Investor Survey covered 15 countries and more than 1200 respondents. The report can be accessed at www.unido.org/afripanet. It was recognized by AfrIPANet members and academic researchers as "path breaking", as it sheds light on the increasing diversity of foreign investors[6] in terms of dynamism, impact on local economies[7] with respect to employment and value added, perception of risks and location factors[8]. The UNIDO Survey also produces evidence that suggests there is probably a substantial underestimation of actual FDI flows into the region when it is extracted from aggregate balance of payments statistics. It confirmed that foreign investment flows into the countries of the region are currently increasing, but the variety measured along a wide range of dimensions is also increasing. This provides both an opportunity for further expanding Africa's share of FDI and a challenge, for the diversity of investors increases the complexity of investment promotion activities.

The analyses suggest there are clear trends, such as the changing profile of foreign investors over time, the increasing proportion of South investors, and the significance of stand-alone foreign entrepreneurs (referred to as FEs in the survey report) with no traditional headquarters-subsidiary structure. These trends underscore the growing importance of investor groups that currently are all but ignored by African countries in their investment strategies. In particular, the paucity of new arrivals among 'traditional' TNCs (diversified European and U.S. origin TNCs entering established sub-sectors) and the growing significance of FEs and South origin TNCs in emerging sectors,

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[3] MDG 8, Target 12

[4] MDG 8, Target 18:

[5] Burkina Faso, Cameroon, Cote d'Ivoire, Ethiopia, Ghana, Guinea, Kenya, Madagascar, Malawi, Mali, Mozambique, Nigeria, Senegal, Uganda, United Republic of Tanzania.

[6] Groupings in terms of organization structure (large TNCs, small TNCs, stand-alone entrepreneurs), origin (north, south), market orientation (local, regional global market-seeking), sector (primary, secondary, tertiary), share structure (joint venture, wholly-owned), start-up period (before 1980, 1980s, 1990s, after 2000).

[7] Know how and technology dissemination (training expenditures per worker, R&D expenditures per worker); Economic growth (past and future sales and employment growth, future investment, past and future export growth); Local sourcing and interaction with local suppliers (efficiency upgrading, product quality upgrading, subcontracting (as % of sales), local material supply (as % of total sales)).

[8] A total of 26 factors about business climate conditions, market conditions, local resources, and other location factors.

signals the need to re-examine the promotion strategies and priorities of Investment Promotion Agencies (IPAs).

The main features of the survey sample reflect the influences of distinct foreign investor types such as those summarized below:

- The large European TNCs that have been in the region for many years, provide the bulk of the current sales, exports and assets in the region, benefit from returns to scale, mostly process local raw materials, command considerable market share, pay good wages and are factor efficient. However, their growth rates in terms of employment and new investment are the lowest of all groups, and in some cases negative.
- The very dynamic labor absorbing exporters, mainly from Asia, able to provide immediate response to the employment generation requirements of many countries of the region but pay low wages and have very limited contribution to the other impact measurements.
- A new generation of growing, high quality, value-creating investors with diverse qualities. Some have regional markets in mind, some are from within the region, and others are from outside the region but are not subsidiaries of large multinational corporations. This third group could contain the seeds of a new generation of investors that begins to transform the approach of the region to leveraging FDI for development.

The Survey shows that there are significant differences in the perceptions of different investor groups about the state of the investment climate, both in terms of what is important and how they assess the changes in the factors over time. The identification and the measurement of these differences in perception makes it possible to link the performance and impact associated with each particular investor group with the priority services and support required by that group. The clustering of the UNIDO survey data detailing the performance, behavior, impact and perceptions suggests an outline of the basic requirements for streamlining investment promotion strategies.

The proposed platform takes into consideration the contributions of the Africa Partnership Forum (APF)[9] for benchmarking reforms and establishing a virtuous process of governance enhancements based on strong local stakeholder and donor commitments. Other institutions also address this issue: the World Bank through its Doing Business Reports; UNCTAD through its flagship publication the World Investment Report, its Investment Policy Reviews, and the work of the International Trade Centre (ITC). The World Bank Business Environment and Enterprise Performance Survey (BEEPS) activity, the EBRD's annual governance questionnaire and the OECD/NEPAD policy framework for investment are three other examples of similar initiatives.[10] A principal source of data for developing benchmark indicators would be from surveys of stakeholders (firms, lenders, regulators, etc.) in the various countries. Existing multi-country surveys could be integrated with in-country monitoring surveys in order to identify obstacles in the business and investment environment as perceived by the firms themselves.[11]

The UNIDO survey results were presented at the AfrIPANet III Conference held in Johannesburg in June 2006. AfrIPANet III was jointly organized by UNIDO, NEPAD and the Department of Trade and Industry (DTI) in South Africa. The discussion of conclusions during the three-day conference prompted debate among the participants[12] on how to use the Survey's findings to support the

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[9] OECD/AU/NEPAD

[10] BEEPS is a world-wide survey of firms on the obstacles in the business environment conducted for The World Bank by HIID, the IADB, and the EBRD. The EBRD also carries out a Legal Indicator Survey to assess the extensiveness and effectiveness of legal systems in transition economies.

[11] Sometimes too much attention is given to the *de jure* legal and regulatory environment and too little attention to the *de facto* effects on firms. This approach focuses on the firms themselves and their experience.

[12] Participants in the Johannesburg meeting:
- Managers/Directors of the 15 Member IPAs
- UNIDO ITPOs

African IPAs, particularly to reinforce their policy advocacy role and to strengthen their ability to implement investment promotion and servicing strategies. The discussions and three round tables held during the conference yielded the outlines of a Regional Programme for supporting private sector investment and for enhancing investment governance in the countries of the region.

One of the recommendations of the Johannesburg meeting was to present the survey results and the outcome of meeting in the countries covered by the survey. It was felt that the policy makers in these countries should be made aware of the potential of the data and the private sector, especially companies that participated in the survey, should be given feedback on the results.

Subsequently, presentations were organized in nine of the countries covered and inputs from the participants during the country tours were incorporated into the design of the regional programme proposal.

C. EXPERT GROUP MEETING IN ADDIS ABABA, 12/13 MARCH 2007

The High Level Expert Group Meeting (EGM) held in Addis Ababa 12-13 March 2007 was sponsored by the African Union (AU), the Economic Commission for Africa (ECA), NEPAD and UNIDO. The objective of the EGM was to bring together African stakeholders from both the public and privates sectors to identify the main barriers to the flow of investment resources needed for the development of African productive capacity and to formulate a regional programme based on the model articulated through the AfrIPANet process that addresses most of those issues.

This project document represents the collective will of the African stakeholders that participated in the EGM and will be implemented with the active participation of the groups represented by them.

Four conclusions were reached in the EGM. First, it was stressed that there is a need to ensure *broader African ownership and participation* during the next and more ambitious phase of the AfrIPAnet development programme. Second, the EGM identified the critical importance of *capacity building at all levels of government and intergovernmental institutions and in the private sector* so that all participants in the economic development process fully understand and appreciate the proper roles of domestic and foreign investment. A third general conclusion was the recognition and acknowledgement by all participants in the EGM of the *central role of accurate and current information* about investors, their business performance and perceptions of the investment climate, in improving governance and reducing actual and perceived business risk in Africa. A final and related theme was the imperative to make Africa objectively an even better place to do business and to persuade the world's media that there are many *business success stories* in Africa.

During subsequent discussions, both public and private sector participants voiced their concerns about all aspects of investment and these were recorded and consolidated under the general recommendations for presentation to the Conference of African Ministers of Industry (CAMI) and

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- Advisory Panel – John Dunning (Professor at University of Reading, UK and Rutgers University, New Jersey, USA), John Henley (Professor at the University of Edinburgh), Jagjit Srai (Co-Director, Centre of International Manufacturing, Cambridge University), Stephen Gelb (Executive Director of Economic Development Growth & Equity Institute), Nicholas Davis (Operations Manager, Oxford Investment Research (OIR)), Yew-Fook Phang (Malaysian Industrial Development Authority)
- Companies – UNILEVER (represented by Dennis Lewis, Board Member of UNILEVER Africa, Middle East and Turkey), Cadbury Schweppes (represented by Bunmi Oni, former CEO Cadbury Schweppes Nigeria), JH Madagascar (Textile)
- Regional organisations – African Union, COMESA, EAC
- International organizations – Investment Climate Facility (Hugh Scott, Investment Climate Facility (ICF) and Department for International Development (DFID)), Ken Kwaku (Member of the ICF Board of Trustees and Advisor to former President Mkapa of Tanzania), European Commission (Andrea Rossi), EU-SADC Investment Promotion Programme (Paul Bishop)
- Financial Institutions - International Finance Corporation (IFC), European Investment Bank (EIB), Aureos Capital (CDC Group)

the AU Summit. Seven themes were identified as encapsulating these discussions: 1.) Implementation of Information system and monitoring platform 2.) Maximizing the impact of FDI and developing the value chain approach 3.) Development of domestic investment, 4.) Strengthening Public-Private Partnerships and governance, 5.) Improvement of access to finance and establishment of rating systems, 6.) Deepening of regional integration and 7.) Improvement of infrastructure.

A more detailed description of the policy recommendations emanating from the Addis EGM 12-13 March 2007 is given in the report of the meeting (Chapter 3).

The presentations included demonstrations of how the data could assist in designing more effective public goods that support the mobilization of private investment and how it could reduce the risk of doing business in Africa by reducing uncertainty and providing forward looking indicators that are lacking in the African context. The Microsoft Corporation announced its decision to partner with the initiative and provide the needed technical expertise and wherewithal for designing and rolling out the monitoring platform. The Chartered Institute of Purchasing and Supply (CIPS), based in South Africa and with 9,000 members throughout the continent, also presented how its linkages and methodologies can support the programme in deepening local supply chains for leveraging FDI to stimulate domestic investment. The African Venture Capital Association (AVCA) with about 100 Africa based member funds presented its intention to partner with this initiative by providing equity for investment opportunities that arise from the supply chain development work and to benefit from the monitoring platform.

The outline of a regional programme that was formulated at the AfrIPANet III Meeting in Johannesburg and developed through a tour of nine participating countries was presented to the participants of the EGM. The three components of the proposal consisted of:

a) A monitoring platform based on enterprise survey data combined with other UNIDO and third party databases. The monitoring platform would provide the means to conduct evidence based policy advocacy, to measure the response of investors to policy interventions, to identify trends and to compile indicators that can assist both private sector decision makers and public sector policy makers.
b) Capacity building at the country level to ensure that the relevant institutions have the capability to use the monitoring platform effectively and bring transparency to public-private sector dialogue and improve investment governance in the countries of the region.
c) Targeted action to leverage FDI for maximizing its impact on the host economy.

The EGM participants welcomed the proposal but stressed the need to incorporate some more modifications:

- Expand country coverage of the survey in stages. In first stage expand to most of sub-Saharan countries, then to all sub-Saharan countries and finally cover all African countries.
- Expand enterprise coverage to include domestic companies and include all sectors, including mining and oil sectors. This would allow analyses of how much extractive sectors influence the FDI figures and how they compare in terms of impact with the other sectors. It would also give better insights into the inter-relationship between domestic and foreign investment flows.
- In order to capture the opinions of potential foreign investors that have yet to invest, conduct surveys in a number of investor countries. This is especially relevant for countries that are new to outward investment and are becoming significant investors in Africa. To date, little is known about the potential impact of this growing influence. The following countries will be covered South Africa, Egypt, Tunisia, Libya, Morocco, India and China.
- It was emphasized that linkages to other information and data sources should be actively sought.

- Platform should be designed to allow very easy to in-depth use
- It should capture cross-border investment and trade within Africa
- The programme should establish in each country nodes from both public and private sectors through which the country level interventions should be channelled.
- The programme should also assign dedicated project funded experts to maintain constant linkages between the platform and the nodes
- National champions within the private sector should be mobilized to rally private sector interest in the survey and conduct preparatory activities to ensure broadest possible participation.

D. THE PROGRAMME

D.1. OBJECTIVE AND OUTCOMES OF THE PROGRAMME

The overall objective of the programme is to improve the investment climate in participating African countries with a view to mobilizing and increasing FDI flows and enhancing their impact on local economies. The processes induced by this programme will lead to:

A. Increased investment flows into the productive sectors in Africa
B. Increased impact in terms of employment growth and technological competitiveness
C. Increased domestic investment in productive capacity
D. Enhanced supply chain and outsourcing linkages within Africa and better integration with global value chains
E. Sustained public-private partnerships
F. Enhanced transparency between civil society and the business sector

In this context, the African stakeholders that participated in the Expert Group Meeting in Addis Ababa to discuss the findings of the previous surveys, articulated the following recommendations:

1) To establish an Africa-wide monitoring platform based on empirical data that will allow investment policy and strategy formulation that is responsive to both developmental priorities and private sector needs. This platform assesses the response of investors to the changes of the investment climate and evaluates the impact of different kinds of investments on development variables. A system of indicators, indices, rankings etc. will provide insights into the effectiveness of the prevailing governance in African countries; track developments and rank countries in terms of various investment climate parameters; provide forward looking estimates of investment flows, employment growth, skill demands, etc. at the country and sub-sector levels; rank service providers and services.
2) To build up capacities of national authorities to use the platform effectively for monitoring investors' feedback and for improving the investment climate in an ongoing reform process. Investment authorities should also be able to streamline support and service packages for investors as part of a consensus strategy on investor targeting and investment after care.
3) To proactively support enterprises within Africa to improve their competitiveness and link up to global markets and global value chains through supplier/buyer and outsourcing networks, inter-African value chain development and partnership agreements.

D.2. COUNTERPARTS AND BENEFICIARIES

The counterparts in terms of capacity building are national institutions (IPAs, ministries); private sector organizations (employers associations, industry associations, chambers, etc.) and regional organizations (RECs, business councils and round tables, etc.).

The direct beneficiaries are:

- African industrial enterprises, seeking fresh capital and/or foreign collaboration to expand/deepen operations, improve product quality, increase process efficiency and penetrate global value chains.
- Potential international investors who need reliable information for making right decisions.
- Financial institutions which are seeking for specific investment opportunities in growing sectors
- Regional Economic Communities (RECs) and UNIDO development partners seeking for updated information in order to channel and fine-tune technical assistance programmes
- Local universities and research institutions that are encouraged to analyze the data on the country-specific level and assist in the formulation of policy recommendations given the business and legal environment of the respective country.
- Civil society that benefits from more transparency about impact and business environment of firms operating in Africa

D.3. PROGRAMME DESIGN

The Programme expands and builds on the experience of AfrIPANet in terms of interacting with foreign investors and providing institutional support to local agencies to establish a region wide investment Platform. The AfrIPANet process deepens the experience of how to test and develop new “appropriate” investment strategies for Africa that would be cost-effective activities specific to the African context and would expand the range of options open to the IPAs.

The project will be implemented by a team operating at UNIDO Headquarters in Vienna and through regional and country level coordinators in the field. The UNIDO team will comprise staff from different operational units as well as international experts (development economists, statistical analysts) for the questionnaire design, survey methodology, data analysis and compiling and testing of indicators.

It will be implemented in three components which are presented in more detail in the following sections. During implementation there will be overlaps between the components in terms of staffing and other inputs.

Figure 1: Programme components

1 MONITORING PLATFORM

This component will hinge on the establishment of a common monitoring platform. The establishment of an easily searchable information and data platform to enable countries and investors to conduct their own analysis of the behavior and performance of enterprises, their measurable impact on the host economy, their response to policy and other forms of interventions and to identify developing trends. The platform is based on the consolidation and expansion of the African Foreign Investor Surveys. It encompasses the collection and processing of data on enterprise performance, behavior (response to the prevailing investment climate, future investment and employment intentions and interactions with the local productive sectors). This database is integrated with other databases and information needed by investors to assess risks and identify opportunities.

The platform will integrate UNIDO (industrial statistics) and non-UNIDO information sources to assist national authorities in strategy formulation, evidence based policy advocacy and in serving the information needs of their clients. The platform will also provide information services for both foreign-owned and domestic companies such as local sourcing opportunities to promote buyer-seller linkages (through extension of UNIDO's sub-contracting exchange platform-SPX)[13] as well as tools to assist companies in assessing their own performance by using the data with on-line company performance and benchmarking software and using an on-line version of UNIDO-COMFAR software to develop their own business plans and pre-feasibility studies.

The platform will link together national authorities involved in different aspects of the investment climate, private sector investors and financing institutions, civil society and development partners. Each will have a role in terms of what they put into the database and how they use the database and on-line tools.

The platform will facilitate monitoring the dynamics of investor activities, at the national, regional and sub-sector levels, and allow the timely identification of gaps and bottlenecks that require most urgent attention. It will also provide information for companies to better evaluate investment opportunities and operating environments in the different countries by monitoring the collective actions of other investors in the region. The platform will also bring greater transparency to public-private sector dialogue being encouraged in most countries to enhance partnership based policy articulation. The added clarity will also contribute to better dialogue between the business sector and elements of civil society by bringing more transparency to issues of employment and wealth creation, resource utilization, environmental impact, etc.

The data consolidated onto the platform will also allow the construction of a set of indexes and indicators capturing the essential components of the investment climate, including forward looking indexes such as expected new investment flows or expected employment growth for countries and sub-sectors, anticipate skill gaps, expected capacity utilization rates, expected energy and water usage in selected sub-sectors, as well as indexes of investor opinions of support services, investor confidence and investment impact on local economies. The set of indexes and indicators will provide a mechanism for benchmarking and cross-country comparisons. This will be based on a participatory approach through extensive interaction with local stakeholders.

[13] More information under www.unido.org/spx.

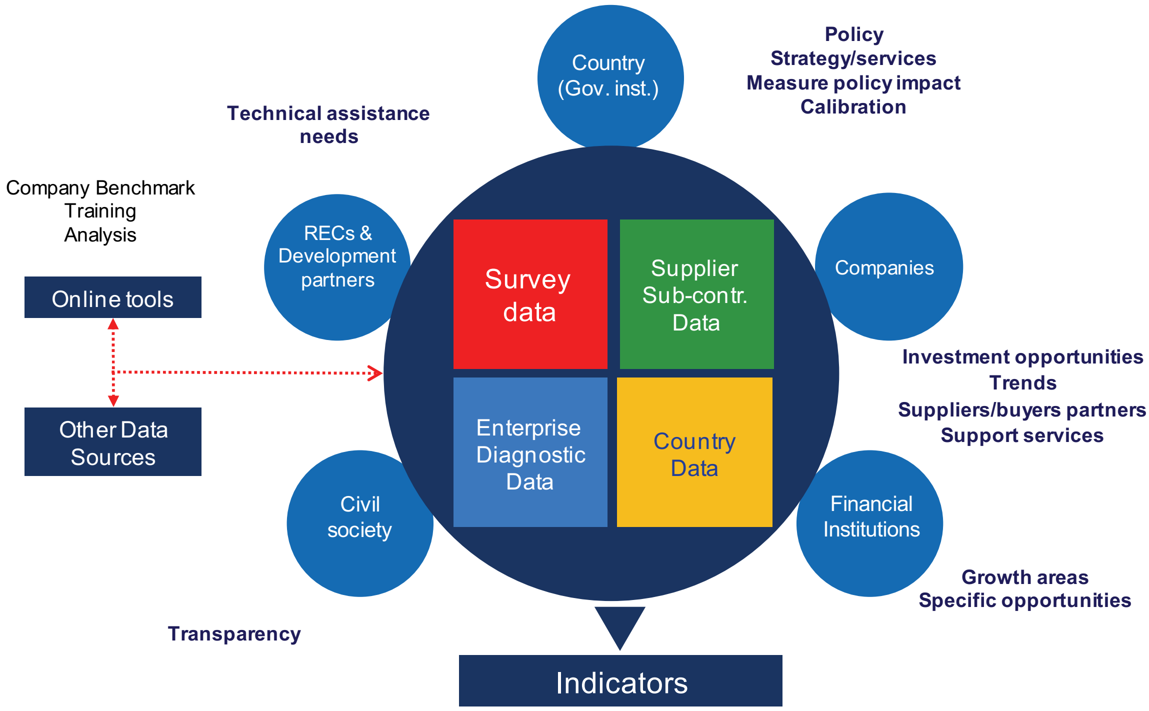

Figure 1: Structure of Monitoring platform

The Monitoring Platform is not only meant to be a tool for assessing the performance and impact of the participating companies and the effectiveness of institutions but it is also an internal self-evaluation mechanism, providing indicators about the programme success and the extent to which the desired objectives are being achieved. It allows fine-tuning and perhaps re-allocating of project resources towards activities that are measured to have the highest positive impact. This mechanism ensures that necessary corrective steps are taken at an early phase and thus mitigates the risk of project failure. It also provides development partners and donors with real-time monitoring of progress and achievements.

In July 2006, UNIDO and Microsoft established a partnership pooling expertise and resources to support entrepreneurs and small and medium-sized enterprises. Microsoft will support UNIDO through the development of technology solutions to enhance the effectiveness of the AfrIPANet initiative. The prototype of the platform was demonstrated at the UNIDO Expert Group Meeting in Addis Ababa, 12/13 March 2007. The IT technology embedded in the full version of the platform, once it is rolled out among the participating African countries, will increase transparency, information sharing and the articulation of strategies and create synergies for the five categories of end users – government agencies, companies, development partners, civil society and financial institutions (see Table below).

End user	Contribution/ Input to the platform	Benefit/ Output of the platform
Government agencies	▪ Specific data on regulatory environment such as licenses, permits, incentives etc. ▪ Cost data for labour and operations	▪ Identify trends, investor subgroups, investment impediments etc. ▪ Assess effect of government interventions on investors' actions and perceptions ▪ Retrieve feedback on services and regulations desired by investors
Companies	▪ Perception of investment climate ▪ Data on performance, profitability, Impact, motivations, supply chain requirements, business networks, capacity utilization	▪ Enhanced transparency about regulatory environment and local economic governance ▪ Deepening and expanding business networks ▪ Performance benchmarking ▪ Access to financing sources
Financial institutions	▪ Available financial facilities ▪ Perceptions of investment climate ▪ Business networks	▪ Identification of emerging investment areas (regions, countries, sectors) ▪ Information on companies and their financial needs ▪ Risk limitation through reduced information asymmetry ▪ Linkage with investors
Regional Economic Communities (RECs)	▪ Data on regional regulatory environment and governance ▪ Regulations on regional trade and customs ▪ Regional projects	▪ Assess effect of regional interventions on regional market-seeking investors ▪ Retrieve feedback on regional services ▪ Tailor regional interventions
Civil society	▪ Propose debates/issues ▪ Develop case studies ▪ Submit scientific articles and research	▪ Monitor effect of FDI on domestic economy ▪ Monitor corporate social responsibility issues (environmental sustainability, employment conditions, etc.) ▪ Monitor governance
Development partners	▪ Background studies, case studies, statistics ▪ Ongoing and pipeline projects	▪ Internal self-evaluation of programme ▪ More effective technical assistance programmes through identification of weaknesses and gaps

Implementation:

The monitoring component is articulated in three major areas of activity as shown in the following chart:

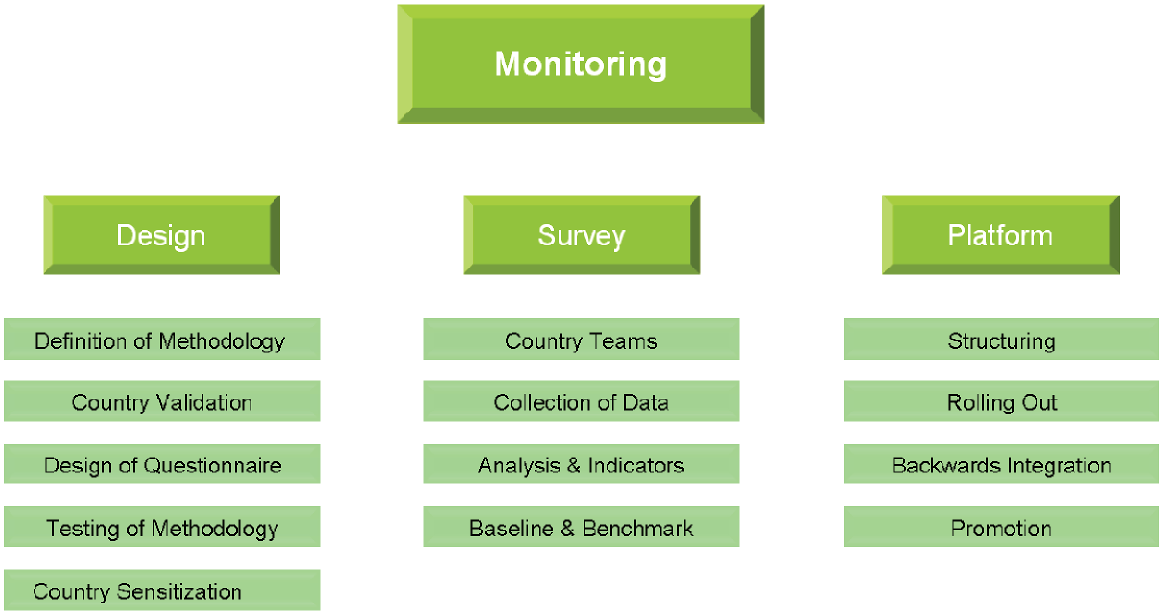

Figure 2: Monitoring component

First, the survey methodology will be designed and validated through an open interaction with the country stakeholders in a few pilot countries. In particular, the experience of the previous surveys will be consolidated in order to gather evidence on:

- *Enterprise performance*
- *Enterprise perceptions*
- *Enterprise behaviour (response to investment climate, intentions, interactions with local productive sector).*

On such a basis, a set of governance indicators will be formulated and discussed through focus groups with local stakeholders. This validation exercise will aim at defining agreed baselines and at setting country benchmarks for future reform processes.

The whole process will be based on an iterative interaction with local stakeholders for which international expertise will be secured throughout the process.

Activities will also encompass country sensitization campaigns to elicit local ownership and secure the highest-level political support for the process. Such pre-survey communication campaign will also target CEOs and try to convey the importance of their cooperation in building a robust mechanism for furthering public-private sector dialogue through empirical evidence and the prospect of improved services that respond to their most immediate needs.

The questionnaire will be designed to match the mechanics of the monitoring platform. It will also be in segments to capture different levels of detail and sectoral specificities. The CEOs time required for the questionnaire will be minimized to strategic and future oriented issues. Other level officers (financial and operational) will be targeted with different classes of questions.

A snapshot survey will be run in three selected pilot countries to test and fine tune the methodology and pave the way to the conduction of the survey.

A country coordinator (CC) will be recruited in each country who will not only be the country team leader for the survey related activities but will also eventually be the central figure in the second component, coordinating the linkages between the different national institutions and their interactions with the monitoring platform.

Each CC will select and recruit a team of national consultants for conducting the actual survey (the size of national teams will be different for different countries). The CC will mobilize national champions from within the private sector to lend support to the survey effort, and execute carefully targeted communications campaigns to ensure that large segments of the private sector are sensitized to the objectives of the survey and are aware of the incentives for their participation.

The CC will also mobilize all relevant national sources to draw up the most comprehensive list of registered enterprises in the country. This list will be the basis for sampling for the survey.

The team in each country will be fully trained in the methodology to be followed, the way the questions will be asked and the answers recorded in order to ensure homogeneity in the cross-country data quality.

A survey management portal will be established to facilitate real time follow up of survey progress. The visit schedules, filled-in questionnaires, follow up visits and any encountered problems will be monitored at headquarters. Microsoft Corporation will provide technical guidance and support for efficient data entry in the field and double-checking at the field and HQ levels. Consistency checking, comparisons with secondary data sources and data finalization will be done centrally at HQ.

The analysis, drafting of the report, preparation of the indexes and indicators will be carried out by the project team based in UNIDO Headquarters and international experts. Specific areas that need more in-depth analysis will be identified and the research will be outsourced to African universities.

Indexes and Indicators will be examined and assessed through focus groups with concerned stakeholders in all countries. This participatory process will allow to establish agreed baselines and benchmarks for future reforms.

In parallel, the platform will be structured and rolled out. For the Monitoring Platform to be effective, national entities, both public and private sector, need to develop skills in using the tools and mining the database to generate reports that address their particular needs. The assistance interventions required for developing these local capacities have several components. One is "technical", for developing the skills to manipulate the software efficiently and to its fullest possible extent. It will also include training of resource persons that can support a broad range of potential users in accessing and using the platform (companies, institutions, NGOs, civil society organizations, etc.).

The ability to access and use the platform also includes developing proper information management tools. Each node from both private and public sectors will be assisted in upgrading their ICT capacities to integrate the monitoring platform backward into their internal management systems in order to have a seamless link between their internal information management and the monitoring platform. This will be an important element of information sharing between national institutions.

OUTPUT 1.1 SURVEY METHODOLOGY DESIGNED AND TESTED

ACTIVITIES	
Definition of Methodology	
Activity 1.1.1	Analysis of issues to be monitored
Activity 1.1.2	Identification of input requirements
Activity 1.1.3	Template design
Activity 1.1.4	Definition of outputs required
Validation of Methodology	
Activity 1.1.5	Focus groups in target countries to validate methodology
Activity 1.1.6	Definition of indicators
Design of Questionnaire	
Activity 1.1.7	Design of questionnaire
Activity 1.1.8	Test of Questionnaire
Test of Methodology	
Activity 1.1.9	Snap shot survey in pilot countries
Activity 1.1.10	Compilation of indicators
Activity 1.1.11	Focus groups in target countries to analyze results
Country sensitization	
Activity 1.1.12	Design and implement country and region level communication campaign spearheaded by champions, to assure political support and broad private sector participation

OUTPUT 1.2 SURVEY OF ENTERPRISES IN 25-35 AFRICAN COUNTRIES CONDUCTED*[14]

ACTIVITIES	
Establish and train country surveyors teams	
Activity 1.2.1	Build regional and country level surveyors teams
Activity 1.2.2	Establish project management systems to monitor survey activity
Activity 1.2.3	Compile enterprise lists and devise sampling technique
Activity 1.2.4	Train national surveyors in interview and data entry
Collection of data	
Activity 1.2.5	Company interviews
Activity 1.2.6	Data entry and consistency check
Activity 1.2.7	Data transfer, screening and review
Data Analysis	
Activity 1.2.8	Generate reports
Activity 1.2.9	Integration of external data
Activity 1.2.10	Identification of main outcomes
Activity 1.2.11	Identification of specific research subjects for outsourcing to universities
Indicators, indexes and rankings developed, baseline and benchmarks established	
Activity 1.2.12	Compilation of indicators and indexes
Activity 1.2.13	International review of methodology and results
Activity 1.2.14	Country meetings to analyze results and define baseline and benchmarks
Dissemination	
Activity 1.2.15	Publish main report and research papers
Activity 1.2.16	Launch with appropriate media coverage

[14] To be determined

OUTPUT 1.3 MONITORING PLATFORM ESTABLISHED

ACTIVITIES	
Structuring	
Activity 1.3.1	Establish different levels of linkages for sharing and referrals Integrate external databases through meetings with partner organizations (WAIPA, ITC, World Bank etc.)
Activity 1.3.2	Define internal data structure
Rollout	
Activity 1.3.3	Design data mining and reporting system based on different levels of users
Activity 1.3.4	Pilot testing in 3 countries
Activity 1.3.5	Debugging and fine-tuning
Activity 1.3.6	Second testing stage
Activity 1.3.7	Develop French version
Activity 1.3.8	Roll out of platform
Backwards Integration	
Activity 1.3.9	Country nodes selection
Activity 1.3.10	Selection of node team leaders
Activity 1.3.11	Initial training of the nodes and in-depth training of team leaders
Activity 1.3.12	Establish country level IMS structures linked to Monitoring Platform
Promotion	
Activity 1.3.13	Promote country visibility of platform through awareness building workshops
Activity 1.3.14	Extend operation of platform to potential stakeholders, establishing information sharing and search/analysis protocols
Activity 1.3.15	Regional meetings to exchange views and experiences

2 CAPACITY BUILDING

This component will focus on the capacity building of local institutions and policy makers to use the empirical evidence gathered through the survey to formulate analytical policy position papers and to assess the implications of diverse policy options on specific development parameters.

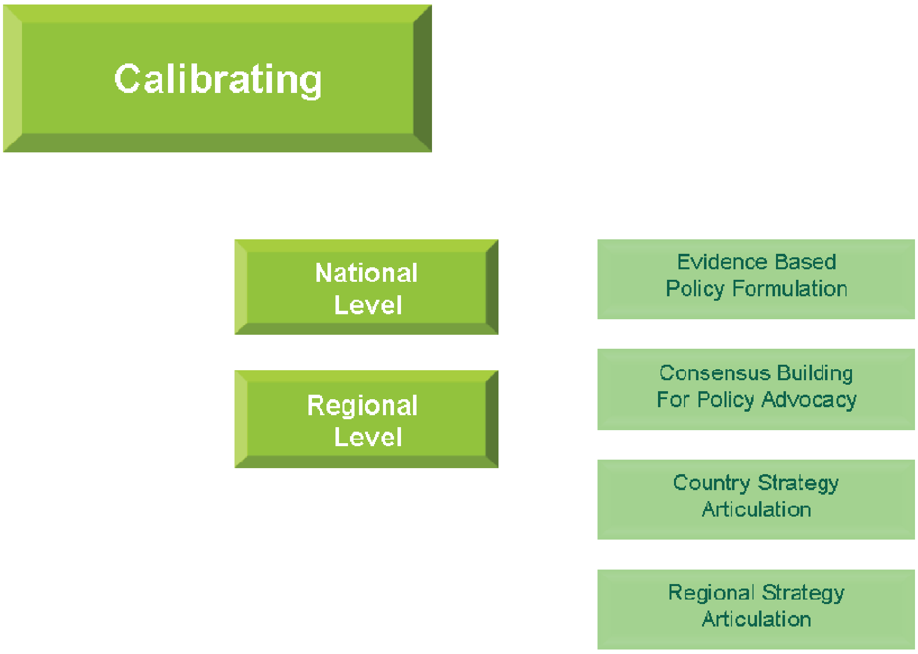

Figure 3: Calibrating component

Such a process would allow African counterparts to calibrate the investment climate (making detailed policy adjustments) and assess the inter-dependence between changes in policies, investor services and enterprise behavior. The ability to measure the effects of policies and actions undertaken, to adjust them accordingly and to meld economic development policies with technology policies, industrial policies and investment legislation is a crucial element for the sustainability of the process. As government authorities improve their abilities to demonstrate the benefits of FDI and domestic private investment, they will be able to secure broader political support for a continuous investment governance reform process, thus enhancing the investment climate.

Activities will be based on a consensus building process with the main public and private sector stakeholders. It will require background knowledge of long and medium term policy objectives of the government and good networking between different actors in the policy-making organs. Investment Councils could be established and consolidated.

The monitoring platform will also be used to articulate investment promotion strategies. It allows the identification and targeting of specific groups of investors (in terms of sub-sectors, size, ownership structure, origin, market orientation, etc.) and the analysis of their respective performance and impact parameters. This, combined with the information on their perception of the investment climate, will be the basis for designing strategies that focus scarce resources for maximum effect.

In particular, this will involve addressing the paradox of groups displaying value generation without employment growth versus those displaying explosive sales growth and employment generation with little value creation. Selective strategies will be adopted to target future growth areas, attract south-south FDI, stand-alone foreign entrepreneurs (FE) or groups exhibiting quality FDI characteristics in terms of positive spillovers.

The capacity building will be directed at intermediary organizations such as investment promotion agencies (IPAs). It will involve interactive training to ensure continuous strategy alignment based on measured feedback. Training will involve data analysis to formulate short, medium and long-term strategies for targeting investors groups and designing and delivering services customized to their priority needs. The implementation of investment targeting strategies might require a change in the organizational structure of the intermediary organizations.

A key option will be the establishment of aftercare services in order to respond to the needs of existing investors and maximize their potential for expanding and deepening their impact on local economies.

Support to Regional Economic Communities (RECs) will be included in this component of the program to strengthen regional trade development, harmonize trade and investment regulations and to encourage regionally oriented investors, a positive and growing segment identified by the 2005 Survey. The programme will use arguments based on empirical evidence to improve the operational efficiency of regional agreements and improve the functioning of regional markets. Increasing inflows of high quality regional investors will expand as a consequence of improvements in the implementation of trade pacts and cooperative regional investment promotion strategies.

Activities will encompass upgrading skills of secretariat staff of RECs and develop evidence-based policies to change and improve regional trade regimes.

This will be initially conducted on a pilot basis in one selected economic area and lessons learned will be used for expansion in other areas.

Implementation: *The capacity building activities under this component will be conducted through formal training by international experts, group workshops and inter-regional seminars for sharing of experiences. The consensus building process will be an ongoing activity, driven by the primary node institutions from the public and private sectors. It will be conducted through small working groups and workshops, culminating in a high level conference where results are presented to the government and a mechanism for implementation is established.*

OUTPUT 2.1 COUNTRY-LEVEL CAPACITY BUILDING DEVELOPED FOR EVIDENCE BASED POLICY FORMULATION

ACTIVITIES	
Activity 2.1.1	Establish mechanism for linking policy making organs and policy directives to data analysis
Activity 2.1.2	Assist in analysing country profile
Activity 2.1.3	Provide advice and institutional support for using evidence to analyze policy options and formulate policies

OUTPUT 2.2 COUNTRY LEVEL AND REGIONAL CONSENSUS BUILDING FOR POLICY FORMULATION

ACTIVITIES	
Activity 2.2.1	Stakeholder meetings to encourage broad level buy in
Activity 2.2.2	Presentations to parliamentary groups
Activity 2.2.4	Country and Regional ministerial meetings
Activity 2.2.5	Public programmes and publicity campaigns
Activity 2.2.6	Integration into NEPAD Peer Review Mechanism
Activity 2.2.7	Organize mechanisms (such as Investment Councils) to overview the process

OUTPUT 2.3 COUNTRY INVESTMENT STRATEGY ARTICULATION

ACTIVITIES	
Activity 2.3.1	Definitions of measures and interventions
Activity 2.3.2	Networking with concerned institutions
Activity 2.3.3	Define implementation plan

OUTPUT 2.4 CAPACITY BUILDING WITHIN RECS FOR EVIDENCE-BASED POLICY FORMULATION

ACTIVITIES	
Activity 2.4.1	Develop REC capacities for regional harmonization of investment policies and coordinate regional promotion efforts
Activity 2.4.2	Develop policy support papers based on survey analysis
Activity 2.4.3	Working with COMESA Regional Investment Agency (RIA) on pilot basis with a view of facilitating regional investment

3 LEVERAGING OF FDI

Activities for this component bring together under one umbrella four essential elements for leveraging FDI for sustainable and equitable economic growth (see below). The leveraging component of the Programme will complement upstream activities with downstream interventions. The integration of UNIDO expertise on issues such as upgrading of local productive capabilities, trade related capacity building and investment promotion will allow the Programme to respond in a comprehensive way to the needs of African countries to enhance the competitiveness of their productive sector, to gain access to markets and to connect with international counterparts. The experience in individual modules such as SME development, value chain development, subcontracting, conformity to standards, quality and traceability requirements, partnership promotion will be brought to bear on the Programme's implementation.

The four components are presented in the following figure, which highlights the counterparts and the related activities planned:

Figure 4: Structure of leveraging component

1. Partnerships with large TNCs provide the engine driving the expansion of domestic production capacity through local supply chain development and enforcing competitive quality and efficiency norms through market forces. This activity will be strengthened by expanding and integrating UNIDO's Sub-contracting and supply chain exchange (SPX) database in semi-finished products and ancillary services into the monitoring platform. This database of certified companies with well-defined capacities for providing operations, products or services will add a continental B2B dimension to the monitoring platform. Other linkages to external databases and portals like that of the Chartered Institute of Purchasing and Supply (CIPS) with over 16,000 members in Africa, will increase the utility of the platform for private sector users.

Private sector initiatives are underway to deepen local supply chains of large international subsidiaries (Business Action for Africa/International Business Leaders Forum) and a deepened cooperation will be actively sought.

2. Enterprise level assistance for upgrading and restructuring to support individual local companies that wish to improve their technical capacities and competitiveness. This will involve sectoral analyses, project and business plan development as well as technical assistance to domestic companies with the aim to develop a base of local productive capacity that enhances the potential of the local economy to attract more FDI. The component harnesses the purchasing and sub-contracting potential of large TNC subsidiaries. On the basis of product and service requirements of those TNCs, beneficiary firms will be integrated into local supply chains and increase their linkages to global markets.

   Enterprise upgrading and restructuring is itself a large EU funded program implemented through RECs and will be interlinked with this program. The in-depth enterprise diagnostic data that will be part of this activity (up to 600 enterprises per region) will provide additional data for the Monitoring Platform.

3. Promotion through UNIDO ITPOs to mobilize foreign strategic partnerships. These could involve equity or non-equity agreements for management and/or technology infusion. The foreign entities may be the current foreign suppliers of TNCs as joint-venture partners for potential local suppliers. The survey data will be utilised for targeting of specific investors as well as for identifying and realizing the investment potential existing among established investors. The development of aftercare services will be instrumental to maximize such a potential, deepening its impact and expanding its reach.

4. Equity funds and financing institutions, partnering with UNIDO to identify and gain access to investment opportunities. The programme will address the issue of gaining access to finance through a combination of enterprise level technical assistance and equity funds. This component will promote more effective linkages between prospective investors and capital markets and build permanent structures for institutionalising these linkages. The African Venture Capital Association (AVCA) with about 100 Africa based member funds presented its intention to partner with this initiative by providing equity for investment opportunities that arise from the supply chain development work and to benefit from the monitoring platform.

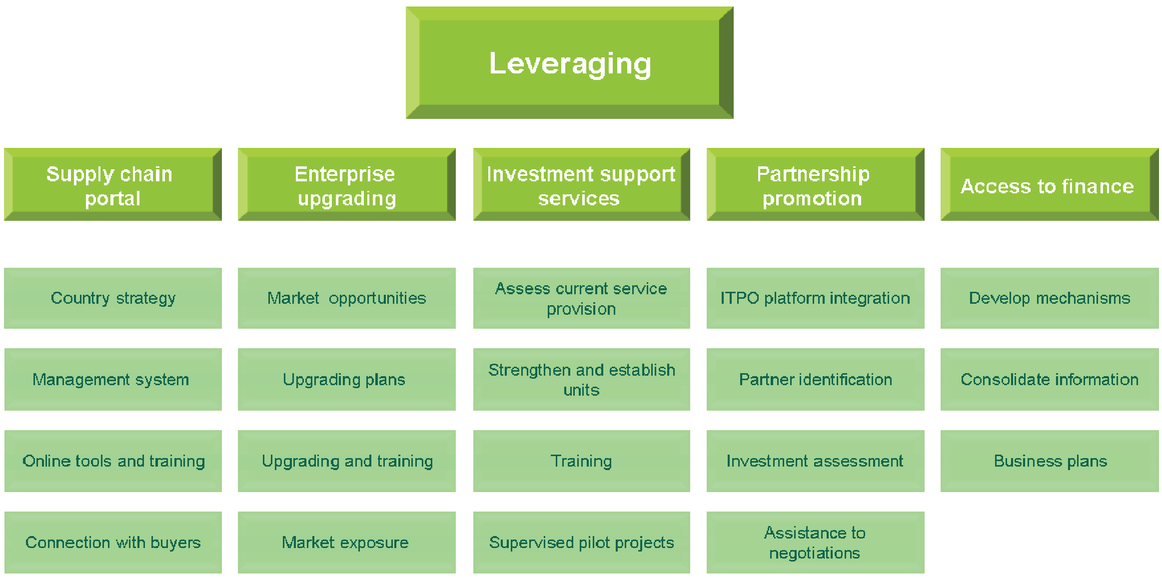

Figure 6: Activities of leveraging component

Implementation: *The combination of survey results, SPX database and external data sources (e.g. CIPS and AVCA), will generate a shortlist of companies that have a high potential for local supply chain upgrading. The node institutions from the public and private sectors are activated in regular meetings to discuss on the specific capabilities and needs of individual buyers and suppliers. These meetings should facilitate one-to-one TNC-supplier encounters and negotiations, support supplier audit and provide advice on subcontracting deals. The outreach to SMEs will be increased through the organization of fairs, exhibitions and missions. Training programmes for government institutions are instrumental to sustain host country interventions for promotion of supplier associations (especially important in the fragmented agro-business sector), to conduct SME staff training programmes and to broker with financial institutions.*

On a parallel basis the project will develop sectoral analyses, project and business plan formulation, based also on market requirements and opportunities, as well as provide technical assistance to domestic companies to upgrade their technical capacities to attract investment. Local enterprises will be assisted in formulating business strategies to upgrade their competitiveness and connect with global markets.

Aftercare Units will be established or strengthened within specified agencies in each country in order to initiate a shift away from reactive, unstructured after- care service to pro-active and sustainable delivery management. Survey information on companies that intend to make new investments in the near future and their stated needs for support services will serve as the basis for establishing the Units. This includes working out a project plan on how after care service activities can be orchestrated, where synergies are likely to emerge (through e.g. providing services to a homogenous group of investors; investors in one region, take advantage of emerging business clusters etc.). The lessons from the Ethiopia pilot project that was conducted as a follow up to the 2003 AfrIPANet meeting will serve as a model[15].

It is anticipated that new (additional) investment from existing investors will constitute a higher proportion of investment flows than from new investors. The generation of new investment by existing investors is generally more cost effective in terms of promotion resources and will assist promotion by generating champions among satisfied existing investors.

Finally, the wealth of information collected at enterprise level through the different activities carried out under this component, will constitute a key asset in establishing contacts with international finance and in developing operational mechanisms to expand the access to finance on the part of local investors.

OUTPUT 3.1 SUB-CONTRACTING AND SUPPLY CHAIN SYSTEM INTEGRATED INTO MONITORING PLATFORM

ACTIVITIES	
Activity 3.1.1	Define country supply chain strategy, including the SPX methodology
Activity 3.1.2	Develop supply chain management system as part of Monitoring Network
Activity 3.1.3	Training to develop national level capacities to manage system
Activity 3.1.4	Populate country database, including list of products and services required by large TNC buyers, and link into regional and global networks (e.g. CIPS)
Activity 3.1.5	Provide on-line tools, evaluation and support

[15] The project involved the creation of a specific aftercare department, staff training, the implementation of an Ethiopian investment manual, broad based visit programmes of investors, client relationship programmes, etc.

OUTPUT 3.2 LOCAL COMPANIES UPGRADED AND MODERNIZED

ACTIVITIES	
Activity 3.2.1	Identify technology and market opportunities
Activity 3.2.2	Select target companies using also the sub-contracting and supply chain system
Activity 3.2.3	Conduct enterprise-level diagnostic
Activity 3.2.4	Formulation of upgrading plan
Activity 3.2.5	Selection of technology
Activity 3.2.6	Training
Activity 3.2.7	Market exposure

OUTPUT 3.3 INVESTMENT TARGETING AND SUPPORT SERVICES (AFTERCARE) ESTABLISHED

ACTIVITIES	
Activity 3.3.1	Define investment targets and identify potential foreign strategic partners
Activity 3.3.2	Develop appropriate investment attraction strategies
Activity 3.3.3	Evaluating the current aftercare provision of the IPA, assessing the linkages with the investment promotion activities, and selling the proposition to key decision makers at a political and operational level.
Activity 3.3.4	Identify where best practise or obvious shortcomings in aftercare provision exist
Activity 3.3.5	Establish Aftercare Unit within each national counterpart IPA
Activity 3.3.6	Training
Activity 3.3.7	Linkage to MIS system already established for management, monitoring and data sharing
Activity 3.3.8	Build relationships across other government departments, strengthen links with regional and other public sector partnerships
Activity 3.3.9	Supervised pilot operation

OUTPUT 3.4 PARTNERSHIP PROMOTION

ACTIVITIES	
Activity 3.4.1	Survey of potential outward investors conducted under ITPO auspices in Northern Africa, South Africa, India and China
Activity 3.4.2	Link all UNIDO ITPOs to the platform and synchronize company databases
Activity 3.4.3	Awareness building workshops in ITPO home countries to increase pool of potential partner companies using the platform
Activity 3.4.4	Mobilize large buyers and link them to the supply chain system
Activity 3.4.5	Organization of country tours
Activity 3.4.6	Development of investment opportunities
Activity 3.4.7	Integration of business plan development (COMFAR) onto the platform
Activity 3.4.8	Training of companies in Africa on JV negotiation and contract formulation
Activity 3.4.9	Facilitate and mediate negotiations until final contract conclusion

OUTPUT 3.5 ESTABLISHED LINKS BETWEEN DOMESTIC ENTERPRISES AND INTERNATIONAL FINANCE AND EQUITY FUNDS

ACTIVITIES	
Activity 3.5.1	Develop mechanisms to facilitate and promote access to finance by local companies
Activity 3.5.2	Consolidate data on platform to facilitate dialogue between local companies and sources of finance
Activity 3.5.3	Provide support to local companies in formulating expansions and upgrading investment strategies and plans
Activity 3.5.4	Assist in developing feasibility studies and risk assessment
Activity 3.5.5	Develop TA fund with AVCA and its members.

E. LOGICAL FRAMEWORK

The matrix exhibits the contribution of the 12 programme outputs (columns) to the realization of the 7 principal EGM recommendations (Chapter 3)

Programme outputs / EGM Recommendations	Design and test of survey methodology	Survey of enterprises in 25-35 African countries	Monitoring Platform	Country-level capacity building for evidence based policy formulation	Country level and regional consensus building for policy formulation	Investment strategy articulation	Capacity building within RECs for evidence based policy formulation	Sub-contracting and supply chain system integrated into platform	Upgrading and modernization of local companies	Investment Targeting and Support Services (Aftercare)	Partnership promotion	Linkages of domestic enterprises to international finance and equity funds
	1.1	1.2	1.3	2.1	2.2	2.3	2.4	3.1	3.2	3.3	3.4	3.5
1. Implementation of Information system and monitoring platform	X	X	X									
2. Maximizing the impact of FDI and developing the value chain approach			X			X	X	X	X	X	X	X
3. Development of domestic investment			X			X	X	X	X	X	X	X
4. Strengthening Public-Private Partnerships and governance			X	X	X	X	X					
5. Improvement of access to finance and establishment of rating systems	X	X	X					X	X			X
6. Deepening of regional integration				X	X	X	X		X	X	X	X
7. Improvement of infrastructure							X					X

F. TIMELINE OF ACTIVITIES

		I 2008	II 2008	III 2008	IV 2008	I 2009	II 2009	III 2009	IV 2009	I 2010	II 2010	III 2010	IV 2010	I 2011	II 2011	III 2011	IV 2011
1. Monitoring platform	1.1. Design and test of survey methodology																
	1.2 Survey of enterprises in 25-35 African countries																
	1.3 Monitoring Platform																
2. Capacity building (Calibrating)	2.1 Country level capacity building for evidence based policy formulation																
	2.2 Country level and regional consensus building																
	2.3 Investment strategy articulation																
	2.4 Evidence based policy formulation of RECs																
3. Leveraging of FDI	3.1 Sub-contracting and supply chain portal within Monitoring Platform																
	3.2 Upgrading and modernization of local companies																
	3.3 Investment Targeting and Support Services (Aftercare)																
	3.4. Partnership promotion																
	3.5 Linkages of domestic enterprises to international finance and equity funds																

G. REGIONAL, COUNTRY AND PARTNER INPUTS

- Staff resources of counterpart institutions
- Local organization and coordination
- Meeting facilities
- Working facilities for project staff
- Organization of meetings
- Monitoring platform establishment (MS)

H. CONTACT

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