



Regional Meeting on Investment Promotion
Réunion Régionale sur la Promotion des Investissements

AIDE - MEMOIRE

**REGIONAL MEETING ON INVESTMENT PROMOTION
IN EAST AFRICA**

Arusha, 13-15 March 2006

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I. BACKGROUND

In most people's opinion, almost all African countries have, over the last years, initiated institutional and economic reforms to liberalise the environment in which their business activities are conducted. These initiatives focused on the State disengagement from production and service activities, privatisation of public enterprises, stabilisation of public finances and adaptation of a number of economic mechanisms and instruments such as credit policy, exchange liberalisation, interest rates, trade and pricing policy. The aim of such policies was to enhance efficiency of the private sector operations and to help mobilise both direct local and foreign investments.

These reforms, which aimed at enhancing the laws of the market, proved in most countries to be relatively less efficient and the private sector did not achieve significant progress. In countries where these reforms were implemented, they allowed to improve transparency and to reduce administrative red paper which usually discouraged private investors. In countries where these reforms were poorly conducted or implemented to a lesser extent, they led to excessive cost of production factors and the development of informal sector which became an important activity of production and trading of services.

In addition, in East Africa, for some years efforts for economic recovery were undermined by interethnic conflicts which adversely affected country risk assessment and productions expected by enterprises and have led to a decline in the flow of investments in and towards countries of the sub region. These conflicts did not allow to implement the necessary economic reforms in order to enable Investment Promotion Agencies to attract new investments with more efficiency.

This regional meeting on investment promotion will enable businessmen, representatives of States and sub regional organizations to review the climate of investment, to identify constraints to expansion of such investments and to suggest policies and measures so as to attract, with more efficiency, investments in the sub region.

II. OBJECTIVES

The overall objective of this meeting is to initiate a certain dialogue for participants from both the private and public sectors and intergovernmental organisations in order to discuss and exchange views on a number of issues affecting investment promotion between countries which are members of the regional cooperation organisations (CEPGL, COMESA, EAC) as well as with EU countries before the signing of a new economic partnership with ACP countries. The immediate objective of this regional meeting is to examine the efficiency of investment promotion agencies at both national and sub regional levels and to suggest support programmes aimed at improving promotion of foreign direct investments within the perspective of a new EU/ACP partnership.

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III. THEMES TO BE EXAMINED AND ANALYSED

The meeting will focus on the following themes:

- (i) ***Instruments and mechanisms for investment promotion:*** National agencies for investment promotion will make presentations on the potential of their countries and instruments and mechanisms for investment promotion. They will also highlight obstacles and challenges facing the private sector in their respective countries. At regional level, EAC and COMESA will present their instruments of investment promotion in their regional community taking into account opportunities for trade liberalisation under the partnership between the European Union and ACP countries;
- (ii) ***Administrative procedures and investment cost in Rwanda:*** This case study will give participants a chance to get informed on administrative problems and different investment costs required to set up an enterprise in Rwanda and to discuss proposals aimed at improving the business environment in this country for better competitiveness of its enterprises;
- (iii) ***Context and trend in investment flows in East Africa:*** UNCTAD will present its last annual report on investment in the world. A particular emphasis will be put on the trends in the flows towards Africa with the share of East Africa, FDIs and their allocation to different sectors and the trends in explaining these flows and perspectives. The report will review the investment environment in the sub region, identify and analyse the constraints to the development of local and foreign investments. It will suggest a targeted approach towards promoting investments which could have driving force on local enterprises;
- (iv) ***Result of the UNIDO survey 2003 “Foreign investors in Africa”:*** UNIDO will present the results of its survey on motivations, activities, perceptions and future projects of investors in Africa. The results of this survey give some clarification on the motivations of transnational companies and the options offered to them when they plan to settle in a country. The analyses of the compiled data will allow each country to better adjust its efforts to the motivations and the investors’ decision criteria.
- (v) ***Linkages between favourable economic policy and strengthening the financial system: the role of Uganda Stock market and its participation in the privatisation process.*** The lessons learnt from the experience of the Uganda Stock Market will be presented. They will put emphasis on the stock market as a platform of activities of a secondary market and as an incentive in strengthening the financial sector. The experience of this stock market in the process of privatisation in Uganda and the recommendations in terms of policies and strategies to be implemented to promote investment in East Africa will be presented in this session.

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IV. METHODOLOGY

All the sessions of the meeting will be held in the plenary. For this meeting to achieve positive results, the participants will have reference documentation on the issues to be discussed.

V. EXPECTED RESULTS

This meeting should have a qualitative impact on the capacity to strengthen partnerships and to build a consensus between governments, the private sector and intergovernmental organisations on the policies of promoting investments and on a programme of cooperation and assistance to businessmen, intermediate organisations and intergovernmental organisations of East African countries.

The dialogue will also allow to develop a fruitful partnership between the State and the private sector. It could also put in place a mechanism for a better convergence of interest in devising and implementing investment promotion policies.

VI. PARTICIPANTS

It is anticipated to ensure participation, in this meeting, of Directors of National Investment Agencies, Directors of Chambers of Commerce and Industry or Heads of national private sector federations and businessmen from the sub region or European Union member countries.

United Nations Organisations, the European Union, USAID, intergovernmental organisations for economic cooperation (IGAD, CEPGL, EAC, COMESA) African organisations for development financing such as ADB and PTA Bank will also be invited to attend this meeting.

VII. DATE AND VENUE OF THE MEETING

The meeting will be held in Arusha (Tanzania) from 13 to 15 March 2006.

Working languages: English and French will be the languages of the meeting with a simultaneous interpretation service.

VIII. CONTACTS

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