Africa
Partnership
Forum

G8 2007

Chair's Summary on Investment

It is now time to invest in Africa! The prospects are good. Africa is already attracting growing flows of private resources, as a result of its greater political stability and economic reforms. There was broad consensus that development assistance alone is not sufficient to achieve the MDGs. Africa needs additional and sustainable investment to accelerate economic growth and progress in poverty reduction.

1. Existing Commitments

- We call on countries to ratify and implement existing international and African instruments that tackle economic governance and corporate responsibility, such as: UN and AU Conventions against corruption, the OECD anti-bribery convention. We also call on countries to take action against illegally acquired assets.
- We underscore the importance of sufficient funding for existing mechanisms such as the Investment Climate Facility, the Infrastructure Consortium for Africa, the ADB Project Preparation Facility, and the NEPAD/OECD Africa Investment Initiative.
- We call for additional partners to join existing transparency initiatives, including the Extractive Industries Transparency Initiatives, credit ratings (OECD, private etc.)
- We agreed that the Doha round has to be concluded in a manner that is conducive to the development of Africa.

2. Improving the Investment Climate

- Africa, through the APRM, can improve the investment climate substantially. We call for more support to investment-related activities in National Plans of Action in countries reviewed under the APRM process.
- We welcome the progress which has already been made in improving the domestic investment climate in African countries.

- However the cost of doing business remains high and the investment climate needs to be further improved, especially in the infrastructure sector.
- Instruments such as the Investment Climate Facility and the Infrastructure Consortium for Africa need to be strengthened by providing additional support from the partners to achieve their targeted goals.

3. Efficient Financial Sectors

- To foster investment, African economies need well performing financial systems, in order to broaden access to financial services for the poor, and to respond to the needs of small and medium enterprises.
- We call for a special financial facility, to increase micro-financing opportunities, both for the poor and in particular for women ('finance for all'), and for growing small and medium enterprises ('finance for growth').

4. Economic Governance

- Continued improvements in economic governance and corporate responsibility will help both, generating sustainable investment and bringing about wider social and economic benefits. Domestic investment is essential for sustainable economic growth.
- Africa is taking serious steps in mobilizing its own resources, e.g. utilizing resources from pension funds.

5. Regional Integration

- Regional integration is important for attracting investment. EPAs should be a tool to strengthen regional integration and development. RECs need the capacity to prepare and facilitate regional infrastructure projects, and to create the right policy environment.
- We call for a new joint initiative, from both regional institutions and development partners, to help build this capacity, and support for efforts by regions to harmonize business regulations and create common platforms for regional investment promotion.

6. Variety of Risks

- Several risks continue to hold back increases in investment in Africa, including perception risks.
- We call on multi- and bi-lateral donors to review and adapt their guarantee schemes, and develop new instruments to cover, for example, local currency risks and loans to the agricultural sector.
- We call on insurance companies to look for the possibilities of insurance products for the rural poor, for instance insurance of agricultural production risks, and for greater attention on risk mitigation for private sector involvement in contract farming.
- We need to ensure that the resources allocated to fund private sector activities are supplemented with resources that would enable African entrepreneurs to develop bankable projects.
- More clarity on the nature of the expected facilities in terms of their size, modalities of operation and to seek further involvement from the African side in their design and implementation.
- Increased investment may be associated with new risks of regarding debt sustainability.
- We encourage African countries to manage debt carefully, including by using Public Private Partnerships to minimize debt that governments might incur. Proper technical expertise and sharing of experiences within Africa can assist in making use of these mechanisms.