

## **Executive Summary**

### **Report of the Private Sector Investment Conference for the Great Lakes region**

**24-25 February 2016 Kinshasa, Democratic Republic of Congo**

#### **Context**

Pursuant to the 31 January 2014 endorsement by the Regional Oversight Mechanism of the Peace, Security and Cooperation (PSC) Framework for the Democratic Republic of Congo (DRC) and region, of the initiative of the UN Special Envoy for the Great Lakes region, the inaugural Private Sector Investment Conference (PSIC) for the Great Lakes region was held in Kinshasa, DRC on 24-25 February 2016 organized by the Office of the UN Special Envoy for the Great Lakes region and the International Conference on the Great Lakes Region (ICGLR).

The opening ceremony of the PSIC was attended by over 1,000 participants from public and private sectors of the Great Lakes countries and around the world. The opening ceremony was addressed by President Joseph Kabila of the DRC, UN Secretary General BAN Ki-moon, Vice-President Manuel Domingos Vicente representing Angola's President Dos Santos in his capacity as Chair of the ICGLR, African Union Commissioner for Infrastructure and Energy Dr. Elham Ahmed Mahmoud Ibrahim, representing the African Union Commission Chairperson Dr. Nkosazana Zuma, and Mr. Albert Yuma, Chairperson of the Federation of Congolese Enterprises (FEC) representing the Private Sector.

The PSIC was also attended by Dr. Joseph Butore, Vice-President of Burundi, Mr. Augustin Matata Ponyo Mapon, Prime Minister of DRC, Mr. Anastaze Murekezi, Prime Minister of Rwanda and Ministers from Angola, Burundi, Central African Republic, DR Congo, Kenya, Rwanda, South Sudan, Sudan and Uganda as well as Ambassadors and senior government officials from the Great Lakes and various countries. Furthermore, Chief Executive Officers and representatives from Private Sector Companies and Small- and Medium-sized Enterprises (SMEs) as well as representatives from development partners, civil society and academia participated in this highly interactive conference which provided ample opportunities for business-to-business, business-to-government and government-to-government exchanges. One of the platforms on which the PSIC provided for such exchanges was the exhibition stands which member states of the Great Lakes region, organizations and private sector entities utilized to show case investment and business opportunities.

The main features of the PSIC were its interactive panel and plenary sessions which included a high level panel whereby the Vice-President of Burundi and the Prime Ministers of DRC and Rwanda engaged participants on the efforts being made at country levels to promote business and investments. The conference also featured two plenary sessions on Responsible Business and Investment Climate in the Great Lakes region as well as a presentation on the Investment Opportunities Brief, highlighting regional investment opportunities in identified projects. Breakout thematic panel discussions on Agriculture, Energy, Finance, ICT, Infrastructure, Mining

and Tourism also featured during the conference, producing debates, information exchange and useful recommendations. The speakers and moderators during the panel and plenary sessions were experts in their domains from the private sector, development partners, and government ministries and institutions from countries of the Great Lakes of Africa.

Following the interactive panel and plenary discussions, the PSIC made several recommendations for the attention of the governments of the region, development partners and the private sector. The recommendations aim to ensure the establishment of enabling environment for the mobilization of investment into the region, including into regional projects that enhance peace, security, shared prosperity and development for the Great Lakes region of Africa.

## **Recommendations**

### **Signatory countries of the PSC Framework are encouraged to:**

1. Commit to the operationalization of the Great Lakes Private Sector Forum and relevant recommendations of the PSIC, including projects contained in the Investment Opportunities Brief (IOB). Regional economic cooperation will advance political and military processes aimed at stabilizing and developing the region. Regional economic cooperation addresses root causes of conflicts, as well as contributes to the implementation of key international development frameworks such as the 2030 Sustainable Development Agenda, the Paris Agreement on Climate Change and the Africa Union Commission Agenda 2063;
2. Prepare a plan to bring projects from the Investment Opportunities Brief to bankability and jointly identify additional regional investment opportunities, improve the investment climate, and sustain dialogue between public and private sectors on projects implementation modalities;
3. Reform and harmonize legal frameworks to promote investment in regional projects by assuring protection of property rights and investments, renegotiation of contracts, and accountability and transparency within the private sector;
4. Ensure security in the region which is crucial to improving the perception of the Great Lakes as a prime investment destination;
5. Promote political stability and predictable ease of doing business which is a key factor in investors' decision making;
6. Establish a regional investment framework setting out good practices and policies on a broad range of issues relating to the region's investment climate and with a long-term view independent of government changes and electoral cycles, as this will encourage the private sector to invest in long-term regional projects;
7. Conduct in-depth analysis on key issues and instruments for the financing of projects such as public private partnerships (PPPs) and particularly long-term regional projects, with a mix of sustainable incentives and creating a trustworthy business environment with mechanisms for dispute resolution and the enforcement of contracts;
8. Develop and/or strengthen national and regional capacity to prepare and negotiate PPPs, particularly with a view to enabling peace and development rather than solely considering commercial viability;

9. Demonstrate equity shares in strategic regional projects by ensuring financing of feasibility studies as well as disposition of sovereign guarantees in order to attract a wide range of investors;
10. Step up domestic resource mobilization to increase savings and therefore investible funds, and review governing frameworks for the region's Pension Funds and Central Banks' reserves to leverage investment in regional projects by other investors;
11. Formulate, in line with Africa Union's Agenda 2063's special focus on diaspora finances, incentive frameworks to facilitate diaspora investment in regional projects, akin to those applied to foreign direct investment (FDI);
12. Formulate policy frameworks which build SMEs' capacity to improve productivity, link into big business, and consort to bid for sizeable contracts, as happens in Rwanda where a group of small farmers is supplying a big hotel chain;
13. Promote the comprehensive development of the energy sector (generation/harvesting, storage, distribution and regulation) by focusing on creating institutional frameworks and modalities for regulation, negotiating concessions, prices and power paper engagements, funding projects, facilitating investment and determining fair prices for investors and consumers;
14. Step up the fight against corruption with clear guidelines and genuine (verifiable) incentives (e.g. through prosecution and deterring punishments) to stamp out corruption, in both policy and practice, in order to reassure investors and promote responsible business conduct;
15. Adapt an integrated approach to agri-development such as the use of special economic zones that offer investors serviced land, streamlined business regulations and shared services to support economies of scale. Special emphasis would need to be placed on building capacity of smallholders and their access to agri-research, quality inputs and equipment to improve productivity, noting that this would also enhance women's empowerment which is critical to development;
16. Build on the successes of existing tourism collaborations such as the Virunga Park cooperation, and assess the tourism potential (wild life, natural reserves, historic sites) from a regional perspective aiming at developing a master plan for quality and affordable tourism that also promote cultural heritage, biodiversity and skills of local population of the culturally diverse Great Lakes region;
17. Address the deficiencies in tourism infrastructure to assure mobility, accommodation in and access to touristic sites (visa, security, travel and entry/exit costs and non-tariff barriers) and to think regionally to promote, exploit and conserve the environment as a touristic asset;
18. Reform policy frameworks regarding restrictions in movement of people, goods, services, capital and non-tariff barriers that inhibit intra-regional trade and investment flows;
19. Establish a regional network of national investment promotion agencies with the aim of harmonizing policies, preparing regional projects and fostering a common platform to promote the region as an attractive investment destination and counter negative perceptions. This should include dealing with issues of projects' bankability, protection of investments through appropriate risk mitigation policies, dispute settlement and arbitration

- mechanisms for expropriation and other governmental actions that may negatively impact the investor's decision making process;
20. Facilitate ground work and extensive studies on mining prospects which have huge capital investments and long-term horizons, as well as ensure security and infrastructure to access the mining sites in order to get investors to make investment decisions;
  21. Prioritize the formalization of artisanal mining and its empowerment to improve the productivity, value addition and local content (e.g. in polishing) of exporting mineral products in order to enhance responsible business conduct. The countries should collectively consider a regional framework for addressing the situation of artisanal miners, and for guiding potential investors on sub-contracting these miners and including them in the value chains;
  22. Harmonize fiscal policies particularly related to the natural resources mining sector in order to promote fair practice and responsible business conduct, deter illegal exploitation and trade in natural resources, and attract quality investors;
  23. Invest in the development of ICT infrastructure – such as backbone fibre optic cables (to minimize duplication of provision of cable conduits and to ensure the physical and legal protection of these cables), satellites etc. – and soft skills training to ensure uptake of opportunities and enhance efficiency and innovative development, further progressing ICT gains in the region;
  24. Improve coordination, regulation and security of the ICT sector;
  25. Increase the development of the financial sector across all economic dimensions to ensure ease of entry and exit, financial inclusion and literacy, to formalize financial intermediation in the informal sectors, and to guarantee availability and access to funds for long-term investment;
  26. Formulate incentive frameworks for Pension and Private Equity Funds to finance regional projects. The current structure of pension funds inhibits funding in regional projects, and more is needed to orient African Pension Funds to fund in Africa, particularly regional projects in the Great Lakes region;
  27. Develop policies (e.g. strengthen legal institutions and support a strong rule of law) to create an environment to enable domestic resource mobilization and to attract foreign investment as well as participation of SMEs; and
  28. Take stock of existing mechanisms and arrangements for financing productive investment, including emerging capital markets, banks, private equity funds, institutional investors, and innovative forms of SME finance. This should enable the creation of additional innovative vehicles to intermediate long-term financing of long-gestation but catalytic projects as well as innovative risk mitigation measures that reassure private sector investors.

**The Private Sector is encouraged to:**

29. Strengthen the productive capacity of the region, create decent jobs and livelihoods, improve economic governance and foster inclusive development and shared prosperity;
30. Invest in upstream research or in-situ research of investment opportunities to gather primary information discovering, for instance, the enormous efforts being put into curtailing corruption, illicit financial flows, improving transparency and property rights in the region, which will facilitate correctly informed decision making;

31. Engage in comprehensive investments which include human resource (skills) development, particularly in green areas (ICT, tourism and mining) given the low per capita levels of qualified manpower in these sector.
32. Engage in proactive collaboration in the ICT sector with government and other actors for investing in infrastructure (backbone and spectrum), ensuring affordability of services, education and awareness (digital literacy) to increase uptake, and promoting local content to optimize the impact of ICT in the region; and
33. Adhere to responsible business conduct, particularly in the mining sector which has a negative history of illicit financial flows and not engaging host communities leading to long-term discontent and affecting the sustainability of operations.

**Signatory Countries to the PSC-F of the DRC and Region, Development Partners and the Private Sector are encouraged to:**

34. Promote the Global Compacts' Principles of accountability, transparency, responsible investments and good governance as key elements to guarantee confidence for investment and to promote peace and stability in the Great Lakes region;
35. Support the effective operationalization of the Great Lakes Regional Private Sector Forum (GLR-PSF) to enhance the private sector's contribution to the consolidation of peace and security in the region;
36. Ensure support from governments and development partners to guarantee facilities which ease costs of, and increase access to, finance for private investment, long-term projects and smallholder development;
37. Warrant prioritization by governments and development partners to building productive capacity of the countries which would increase governments revenue base and could potentially increase governments' financing abilities of social and development needs of the countries over the longer term;
38. Collaborate to ensure that the requisite public goods aspect of investment opportunities (such as infrastructure, energy and skills deficiencies) is addressed in order to enhance the viability of opportunities identified for private sector investment;
39. Maintain continuous dialogue on strategic approaches to building productive capacity, promoting private sector development, harmonizing policies and attracting investment into the region; and
40. Ensure collaboration between the private sector and governments to invest in infrastructure, increase affordability of services, promote education and awareness of opportunities, and generate local content in the production and exports from the region.