



R.147/41/18

**The promotion of private investment
as a major factor in economic development in Africa**

*Resolution R.147 (2018) adopted by the 41st Conference
(Abuja, 9 November 2018)*

The African Parliamentary Union, meeting at its 41st Conference, from 8 to 9 November 2018, in Abuja,

Recalling its resolution on “Strengthening private investment in the agricultural sector to achieve food security in Africa”, adopted at its 36th Conference, on 8 November 2013, in Libreville,

Considering that in modern economies, the private sector plays a key role in growth and development, where the environment is favourable for its expansion,

Bearing in mind that despite the growing private investment rate in some African countries, Africa is the developing region, with the lowest private investment ratio to gross domestic product

Considering the April 2018 IMF Regional Economic Outlook report on Sub-Saharan Africa, which suggests that rising private investment is key, if the region is to achieve strong and sustainable growth to improve the situation in the medium term,

Also considering the decision by the 28th Ordinary Session of the African Union Conference held on 30 and 31 January 2017 in Addis Ababa on "Harnessing the demographic dividend through investments in youth",

Aware that mobilizing private investment is key to both job creation and growth acceleration or poverty reduction, and that Africa requires robust strategies to promote private investment and transform its economy,

Considering that beyond providing capital and creating jobs, with its capacity to bolster technological development and innovation, and contribute to the transition to sustainable production and consumption patterns, the private sector can be a true driver of development,

Reaffirming that basic infrastructure is essential for private sector development, and that Africa's weak infrastructure, particularly in the transport and energy sectors, in education, health and the training system, is a major obstacle to economic growth, trade integration and poverty reduction,

Emphasizing the key role played by institutions creating confidence in the future, and *reaffirming* that an unstable political environment, poor governance, corruption and weak public-private dialogue all impede the growth of private investment,

Emphasizing also the role of parliaments in the institutional, legal and regulatory reforms needed for the creation of prosperous and secure communities,

Convinced that peace, stability, security and good governance are prerequisites for development, and *intent on* contributing to alleviating the constraints thereto, and promoting private investment in Africa,

1. *Recommends* that African States should take all measures needed to alleviate the constraints to the development of private investment;

2. Commends the countries that have signed and ratified or are in the process of ratifying the African Continental Free Trade Area (AfCFTA) which aims to promote private investment and increase intra-African trade, and Calls on member parliaments the African Parliamentary Union to encourage their respective governments which have not yet signed or ratified the Agreement on the AfCFTA to do so without delay, in accordance with the procedures applicable in their countries;

3. Reaffirms the role of parliaments in shaping public policies and *calls upon* them to adopt economic and social policies to stimulate private investment and pursue and accelerate their efforts to reform institutions, promote democracy, good governance and human rights, and to combat corruption by enhancing legal and regulatory tools;

4. *Calls upon* African parliaments to ensure that policies and budget documents highlight the measures taken to promote private investment in the national and regional economy;

5. *Recommends* that African parliaments should set up committees, each responsible for monitoring investment in infrastructure and energy, health and education;

6. *Encourages* parliaments to hold public debates on private investment and poverty reduction strategies

7. *Encourages* African parliaments to support the regulations adopted by States to promote the creation of small and medium enterprises/industries to support young Africans, thereby creating access to sustainable investment for them;

8. *Calls upon* African parliaments to generate and support reforms aimed at developing local capital markets, enhancing the efficiency of public services and increasing the quantity and quality of infrastructure, in order to mobilize private investment, as a driver of economic growth in Africa;

9. *Calls upon* parliaments to support incentives for foreign and local private investors to engage in infrastructure projects, especially through joint ventures between foreign and local investors;

10. *Also calls upon* parliaments to take appropriate measures to support small and medium enterprises/industries, with policies that promote synergies between domestic firms and foreign operators;

11. *Invites* parliaments to set up legal and regulatory frameworks needed to carry out these investments, particularly for the development of public-private partnership projects;

12. *Urges* parliaments to support public investment promotion institutions, by allocating the appropriate budget to carry out their mandate, in terms of support and supervision;

13. *Encourages* the regional economic communities to build competitive regional environments to attract private investment and promote growth-led sectors, and work to foster the wide scaling up of enterprises, integrating value chains at the regional level;

14. *Calls upon* African parliaments to scale up, at the regional level, activities by the governments to reduce obstacles to private investment, by harmonizing tax and customs laws;

15. *Recommends* that parliaments should encourage their governments to take measures to reduce red tape. in particular the time needed and cost for setting up companies;

16. *Calls for* policy mobilization in the sub-region, to produce infrastructures that are essential for development and regional integration, to improve their quality and lower their cost, thereby supporting investment competitiveness and returns.

17. Encourage African States to promote basic and applied research in the areas of agriculture, technology and innovation as they have high impact on economic development.