

**REGIONAL STRATEGIC AND IDENTIFICATION STUDY,
PROMOTIONAL AND PROGRAM ACCESS SUPPORT**



INSTITUTIONAL SUPPORT

East Africa & Indian Ocean

- February 2004 -

This report expresses the views of the consultants and does not necessarily represent the views of PRO€INVEST

Prepared by
ECONOMISTI ASSOCIATI

MAIN ACRONYMS AND ABBREVIATIONS

AACC	Addis Ababa Chamber of Commerce
ACP	Africa, Caribbean and Pacific
AFIPEK	Kenya Fish Processors and Exporters Association
BMOI	Banque Malgache de l'Océan Indien (groupe BNP)
CB	Capacity building
CDE	Center for the Development of Enterprise
CTI	Confederation of Tanzania Industries
DBM	Mauritius Development Bank
DFI	Development financial institutions
DFCU	Development Finance Company of Uganda
EABC	East Africa Business Council
EAC	East African Community
EADB	East African Development Bank
EAIO	East Africa and Indian Ocean region
ECC	Ethiopian Chamber of Commerce
EIA	Ethiopian Investment Authority
EIB	European Investment Bank
EMIA	Ethiopian Manufacturing Industries Association
EPZ	Export processing zone
EPZA	Export Processing Zone Authority
ESALIA	East and South Africa Leather Industry Association
FDI	Foreign direct investments
GAPCM	Groupement des Aquaculteurs et des Pêcheurs de Crevettes de Madagascar
GEFP	Groupement des Entreprises Franches et Part enaires
GEM	Groupement des Entreprises de Madagascar
ICT	Information and communication technologies
I&ICA	Investment and inter-enterprise cooperation agreements
IFI	International financial institutions
IO	Intermediary organization
IOC	Indian Ocean Commission
IPA	Investment promotion agency
IPC	Investment Promotion Centre
KAM	Kenya Association of Manufacturers
KATO	Kenya Association of Tour Operators
KTB	Kenya Tourist Board
MCCI	Mauritius Chamber of Commerce and Industry
MIDA	Mauritius Industrial Development Authority
NCB	National Computer Board
PRIMS	Pro-Invest Implementation Service
PSFU	Private Sector Foundation Uganda
TCCIA	Tanzania Chambers of Commerce Industry & Agriculture
TIC	Tanzania Investment Center
TOR	Terms of reference
TPSF	Tanzania Private Sector Foundation
UFEA	Uganda Flower Exporters Association
UFPEA	Uganda Fish Processors & Exporters Association
UIA	Uganda Investment Authority
UMA	Uganda Manufacturers' Association
ZIPA	Zanzibar Investment Promotion Agency

SYMBOLS

-	Nihil
..	Not available
n.a.	Not applicable

This Report was prepared by Economisti Associati within the framework of a contract with PRIMS – CDE. The team of experts was coordinated by Roberto Zavatta and included Mauro Napodano, Stefano Bologna, Giovanni Luppi, Alberto Bolognini, Gianpiero Allegri, Andrea Garello Cantoni, Maria Grandinson, Enrico Giannotti and Susannah Tillson.

The authors take full responsibility for the views and opinions expressed in this Report. The Report does not necessarily reflect the views of the European Commission or of the ProInvest program for whom it was prepared and by whom it was financed.

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1. INTRODUCTION

This report is part of the Regional Strategic and Identification Study and Program Access Support – Lot 2 – East Africa and Indian Ocean (the “Study”) undertaken by Economisti Associati (the “Consultant”) on behalf of PRIMIS - CDE. More specifically, this report covers the aspects related to the Institutional Support component of the Pro Invest program, formerly defined as InterPower component.

The Terms of Reference (TOR) for the Institutional Support component required:

- the formulation of information profiles of Intermediary Organizations (IO) active in the East Africa and Indian Ocean (EAIO) region;
- the identification of capacity building (CB) needs, especially in the area of private sector advocacy and policy dialogue, and the formulation of related CB priority initiatives aimed at investment promotion agencies, consultants’ organizations and other relevant IO;
- the formulation of proposals for the development of a Pro Invest ACP-EU network.

The analysis presented in this report is largely based on two pieces of original work, namely:

- a large scale survey of IO in six EAIO countries (Kenya, Uganda, Tanzania, Madagascar, Sudan, and Mauritius), whose capabilities and capacity building needs were assessed during extensive field interviews;
- a survey of impediments to investment, which was based on a series of interviews with I&ICA actors both in the EU and in EAIO countries.

Elements derived from fieldwork were extensively complemented by the review of a number of secondary sources, from publications of major international organizations and donors to detailed documents on specific initiatives or projects.

The report is structured as follows:

- Section 2 provides an overview of the features of IO analyzed during the Study. The summary analysis provided in this Section is complemented by the information contained in the database of IO provided separately in electronic form;
- Section 3 contains the analysis of impediments to investment in the EAIO region and formulates proposals for related policy dialogue activities;
- Section 4 analyzes the CB needs identified during the Study and formulates proposals for related CB activities;
- Section 5 contains a specific proposal for an IT-related training plan;
- Section 6 contains a proposal for the establishment of a EAIO-EU network.

The report also contains some annexes providing back up information or dealing with specific aspects. The detailed information profiles on the IO surveyed are included in a database provided separately in an electronic format.

2. ANALYSIS OF INTERMEDIARY ORGANIZATIONS

2.1 Introduction

Fieldwork in EAIO countries largely concentrated on the analysis of Intermediary Organizations (IO), in order to assess their capabilities and needs as well as their potential participation in the Pro-Invest program. All in all, some 60 IO were interviewed in EAIO countries, of which 49 were included in the so called “long list”. Of these, 16 were included in the “short list” of potential prime beneficiaries of Pro-Invest activities.

This Section is structured as follows:

- Section 2.2 briefly elaborates on methodological aspects;
- Section 2.3 provides a description of IO included in the long list;
- Section 2.4 concentrates on the IO included in the short list;
- Section 2.5 analyzes the issue of fee based services provided by the surveyed IO.

2.2 Methodology

A *preliminary list of IO* active in the EAIO countries to be visited during Phase 1 was developed on the basis of secondary sources (websites, publications of various nature). The list was included in the Inception Report submitted to PRIMS on March 5, 2003. Secondary sources also allowed for the collection of base line information on IO (addresses, basic information on activities and membership, etc.). IO were grouped following the *typology* adopted at the Inception Meeting and including the following six groupings:

- investment promotion agencies and other investment related entities (e.g. privatization agencies) (IPA);
- export and trade promotion organization and similar entities (TPO)
- financial institutions, to the extent that they are involved in investment financing and/or investment promotion activities (FIN);
- chambers of commerce and industry and their umbrella organizations (CCI);
- sector associations, including service-oriented associations (SEC);
- other private sector groupings, namely business associations and federations of employers (OTH).

IO were interviewed during fieldwork on the basis of the *standard “IO profile”* agreed upon with PRIMS following the Inception Meeting. Information collected during field work was checked for consistency at HQ and in some cases additional information was requested. The inclusion of IO in the long list and hence in the database was done based on the *eligibility criteria* agreed upon with PRIMS during the Inception Meeting, namely:

- availability of at least 3 full time staff;
- availability of at least one internet connection;
- at least 15 members or customers.

In line with expectations, in a few cases the eligibility criteria were somewhat relaxed, to reflect the specific nature and/or potential of certain IO. All in all, 49 IO were included in the long list, compared to a minimum of 45 indicated in the TOR. The slightly higher number reflects the fact that during Phase 1 six countries were visited as opposed to the five countries requested by the TOR.

The final step in the process was the *selection of IO* that could become the potential prime beneficiaries of the Pro-Invest program. As requested by the TOR, a total of 16 IO were included in the short list. The selection of short listed IO was based on a set of assessment criteria incorporated in the standard “IO profile”. In particular, the selection took into account the following aspects:

- the degree of financial sustainability (budget amounts and origins of financial resources - membership fees, proceeds from services, transfers from public sector, etc.);
- the appropriateness of human resources, especially with regard to management’s quality and vision and quantity & quality of operational staff;
- the level of technical resources available (with reference to the number, type and size of premises and availability of IT resources);
- the experience in organizing activities aimed at fostering business environment and at promoting investment as well as in participating in regional and international projects; and
- the past performance, including the ability in mobilizing the private sector and authority be heard by the public one.

In addition to the above mentioned assessment criteria, the selection of short-listed IO also considered the geographic location and the typology of IO, in order to provide a comprehensive picture of IO spectrum across the EAIO region. In particular, for the sector specific IO, priority was given to entities operating in the key sectors identified in the “sector part” of the Study (Final Report Volume 1).

2.3 Long List of IO

Nature of IO. The breakdown of long listed IO by typology and by country visited is provided in Table 2.1 while the breakdown by legal status is provided in Table 2.2. Sector IO and manufacturers’ & employers’ associations (the “Other” grouping) cumulatively account for about half of the entities long listed (24). The other typologies include 6-7 IO each. Regarding the legal status:

- private IO account for the large majority of the long list, namely 33 out of 49. These include manufacturers’ and employers’ associations, some chambers of commerce, all the sector associations, the majority of financial institutions as well and all some special entity such as the *Private Sector Foundations* of Uganda and Tanzania and the *East African Business Council*;
- public and semi public IO include the investment promotion agencies, export and tourism promotion bodies and a few banks (e.g. *Development Bank of Ethiopia*, *PTA Bank*).

In addition, the large majority of IO (45) operate at the national level. The four regional IO long listed include: the *East African Development Bank*, the *PTA Bank*, *ESALIA* (umbrella organization for the leather sector) and the *East African Business Council*.

Table 2.1 Long List of IO – Breakdown by Typology and Country

Country	IPA	TPO	FIN	CCI	SEC	OTH	Total
Ethiopia	1	1	1	2	1	1	7
Kenya	2	2	1	1	4	1	11
Tanzania	1			1	1	3	6
Uganda	1	2	2	1	2	3	11
Madagascar	*	1	2		3	2	8
Mauritius		1	1	1	1	2	6
Total	5	7	7	6	12	12	49

* In Madagascar the function of IPA is currently performed by the Ministry of Trade and Industry. The Ministry was indeed visited during the Study but, due to limitations in the information obtained, it was not included in the long list.

Table 2.2 Long List of IO – Breakdown by Legal Status and Country

Country	Private	Public	Semi-public	Total
Ethiopia	4	3		7
Kenya	6	4	1	11
Tanzania	5	1		6
Uganda	7	4		11
Madagascar	7		1	8
Mauritius	4	1	1	6
Total	33	13	3	49

Services Provided by IO. As indicated in Table 2.3 below, the nature of services provided follows a fairly traditional division of labor. In particular:

- registration and certification services are typically provided by chambers of commerce;
- policy advocacy activities are the realm of business associations (both “generalist” and sector-oriented) as well as of chambers of commerce;
- export (and tourism) promotion and the related marketing & information services are provided by promotional bodies, chambers of commerce and sector IO.

Despite the claims of many IO’s brochures and leaflets, during the survey we found little evidence of “real” consulting services (be they basic or advanced). On the contrary, capacity building activities (i.e. training) is provided by a fair number of chambers of commerce and of business associations (both generalist and sector-oriented). As for the IPA, they obviously concentrate in investment promotion, plus some activity in certification and in consulting.

Table 2.3 Long List of IO – Breakdown by Typology and Services Provided

Country	IPA	TPO	CCI	SEC	OTH	FIN	Total
Registration & certification	4	1	5	1	1	0	11
Investment promotion	5	1	1	0	0	0	7
Export promotion	0	6	5	10	3	0	24
Marketing & information	0	4	3	7	2	0	16
Advocacy services	1	4	5	12	12	0	34
Basic consulting	2	0	4	1	2	0	9
Specialized consulting	1	0	0	1	2	0	4
Capacity building	0	3	5	8	7	0	23
Financial services	0	0	0	0	0	7	7
Other services	0	0	0	1	1	0	2
Total Number of IO	5	7	6	12	12	7	

Size of IO. Due to the large presence of sector associations, the majority of IO are rather small. In 16 cases total staff does not exceed 10 while in another 10 IO total staff are between 11 and 20. The largest IO in terms of staffing are financial institutions (*Development Bank of Ethiopia*, 800; *BMOI* 350, *DFCU Group* 200; *Development Bank of Mauritius* 150). The largest non-financial IO is the *Tanzania Chamber of Commerce, Industry and Agriculture*, with 180 staff (including the district branches), followed by Kenya’s *Export Processing Zone Authority*, with a total staff of 135. The somewhat skewed size distribution is broadly confirmed by information regarding budgets. Out of the 36 IO for which information is available (and leaving aside financial institutions, which are clearly not comparable), 16 IO have a budget not exceeding €200,000, while only 5 entities have budgets in excess of €1,000,000. The largest budget is that of Kenya’s *Export Processing Zone Authority* (€3.4 million, including the “development budget” for real estate investment), followed

by the *Kenya Tourism Board* (€3.2 million) and by the *Uganda Private Sector Foundation* (€1.5 million).

Other Features. The full list of IO included in the long list is provided in Annex A to this volume while the full fledged profiles of long listed IO are provided in electronic form in a separate file MS Access.

2.4 Short List of IO

The full list of IO that could become potential prime beneficiary of the ProInvest program is provided in Table 2.4 below. The distribution by country of short listed IO broadly reflects the size of EAIO economies and, especially, the degree of development reached by IO. Regarding the different typologies:

- manufacturers' and employers' associations represent the largest grouping, with 5 entities included from 4 countries;
- the 4 sector associations short listed are active in lines of business of particular relevance in the EAIO region, namely: tourism, floriculture, fishery and leather. A fifth sector (ICT) is represented by the only public promotional body included in the short list (Mauritius' *National Computed Board*);
- Chambers of commerce are represented by the national chambers of Tanzania and Mauritius and by the *Addis Ababa Chamber of Commerce*.

The strong presence of sector IO and of manufacturers' and employers' associations is reflected in the absolute dominance of private entities, which account for four fifths of short listed IO (compared with two thirds in the long list).

Table 2.4 Short List of IO – Typology, Status and Country

Name of Organization (Acronym)	Type	Status	Country
Addis Ababa Chamber of Commerce (AACC)	CCI	Private	Ethiopia
Ethiopian Manufacturing Industries Association (EMIA)	OTH	Private	Ethiopia
Kenya Association of Tour Operators (KATO)	SEC	Private	Kenya
Federation of Kenyan Employers (FKE)	OTH	Private	Kenya
Export Processing Zone Authority (EPZA)	IPA	Public	Kenya
East and South Africa Leather Industry Association (ESALIA)	SEC	Private	Kenya
Kenya Flower Council (KFC)	SEC	Private	Kenya
Groupement des Aquaculteurs et des Pêcheurs de Crevettes de Madagascar (GAPCM)	SEC	Private	Madagascar
Banque Malgache de l'Océan Indien (BMOI)	FI	Private	Madagascar
National Computer Board (NCB)	TPO	Public	Mauritius
Mauritius Chamber of Commerce and Industry (MCCI)	CCI	Private	Mauritius
Tanzania Chambers of Commerce Industry & Agriculture (TCCIA)	CCI	Private	Tanzania
East Africa Business Council (EABC)	OTH	Private	Tanzania
Private Sector Foundation Uganda (PSFU)	OTH	Private	Uganda
Uganda Investment Authority (UIA)	IPA	Public	Uganda
Uganda Manufacturers Association (UMA)	OTH	Private	Uganda

The size distribution of short listed IO is not too different from that found in the long list: 7 IO have a staff not exceeding 20, while another 4 entities have between 21 and 50 employees. The largest IO short listed are Madagascar's *BMOI* (350), the *Tanzania Chamber of Commerce, Industry and Agriculture* (180), Kenya's *Export Processing Zone Authority* (135) and the *Addis Ababa Chamber of Commerce* (96). A similar picture emerges from the analysis of budgets: out of

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the 13 short listed IO for which meaningful data are available, 6 have budgets not exceeding € 200,000 and 4 are close or exceed the million benchmark (Kenya's EPZA, Federation of Kenya Employers, Ababa Chamber of Commerce, and Uganda Private Sector Foundation).

3. ANALYSIS OF IMPEDIMENTS TO INVESTMENT AND RELATED POLICY DIALOGUE ACTIVITIES

3.1 Introduction

This Section (i) provides an analysis of the most relevant issues impacting negatively on the investment environment of the countries surveyed during Phase 1, (ii) identifies priority activities associated with each issue, and (iii) identifies priorities for ProInvest activities (national workshops, regional workshops, training activities). This section is structured as follows:

- Section 3.2 briefly illustrates the methodology adopted;
- Section 3.3 presents the main results of the survey;
- Section 3.4 briefly elaborates on the main results;
- Section 3.5 elaborates on the priority activities associated with the identified issues at the country and regional level and provides a list of indicative priorities for ProInvest program.

3.2 Survey of Issues Impacting on Investment Environment - Methodology

The Sample. The analysis of issues impacting on investment environments is largely based on the results of a survey of I&ICA actors in Europe and in EAIO countries. In Europe interviews were conducted in eight countries (Belgium, Luxembourg, Netherlands, Germany, Italy, France, United Kingdom and Sweden), in the EAIO region interviews were conducted in six countries (Kenya, Uganda, Tanzania, Madagascar, Mauritius and Ethiopia).

The overall sample composition is provided in Table 3.1 below. Regarding the two sub samples:

- in **Europe** interviews were held with some 40 entities. However, in certain cases counterparts were unable to provide a sufficiently articulate view of the subject and only 31 interviews were retained for the purpose of the survey. Entities interviewed include: business associations specifically targeted at the EAIO region or at Sub-Saharan Africa (*East Africa Association, Assafrica, CIAN*, etc.), some aid agencies (*AFD, GTZ*, etc.), development finance institutions (*DEG, FMO*, etc.), some commercial banks and companies (*Belgolaise, Lafarge, AGIP*, etc.)¹. It is worth noting that, in order to broaden the understanding of EU investors' views, interviews in EAIO also included 16 companies controlled or participated by European interests.
- in **EAIO countries** a total of 64 interviews were held, with an average of some 10 interviews per country. These included primarily enterprises (42, active in a variety of sectors) as well as financial institutions, embassies and commercial attachés of EU countries and some IO².

Table 3.1 Survey of Impediments - Sample Composition

	Enterprises	Business associations	Financial Institutions	Other Entities	Total
EU Countries	7	8	10	6	31
EAIO Countries	42	10	3	9	64
Total	49	18	12	15	95

¹ A preliminary list of entities to be interviewed in EU countries was provided in the Inception Report. The list was updated and expanded as needed as work progressed.

² Preliminary lists of entities to be interviewed during field work were discussed with relevant PRIMs and CDE officials and updated as required during field missions.

Identification of Investment Impediments. The identification of investment impediments was predominantly done in the framework of face to face interviews. Only in four cases (all in the EU), practical considerations forced us to rely on telephone interviews. Interviews were conducted on the basis of check lists for interviews (see Annex C). In practice, interviewees were asked to indicate the *three most severe constraints* to I&CA activities. Typically, counterparts were presented a list of “typical” constraints (taken from previous studies on the subject) but were left free to express their own views, adding aspects not mentioned in the list of “typical” constraints. This unconstrained approach made the interviews intrinsically more complex but allowed interviewees to better articulate their views, adding details and examples of the problems encountered.

Classification of Investment Impediments. Answers from interviewed entities were then reviewed at HQ, in order to combine answers in meaningful categories. The *categories of constraints* retained for the analysis include:

- Political instability, risk of war or terrorism and poor image abroad;
- Corruption;
- Poor state of infrastructure (defined to encompass public utilities and transport infrastructure);
- High level of taxes (including custom duties) and/or problems with related regulations;
- Problems related to the legal and incentive framework (e.g. uncertain land tenure, ineffective judiciary, problems with investment regulations, etc.);
- Cumbersome administrative procedures for business operations;
- Unavailability and/or excessive costs of financing and problems with collateral;
- Lack or scarcity or excessive cost of human resources;
- Economic constraints, a broad category including non-policy, non financing and non HR-related constraints (e.g. small size of the market, problems with quality of inputs or final products, etc.);
- Other constraints not specified elsewhere.

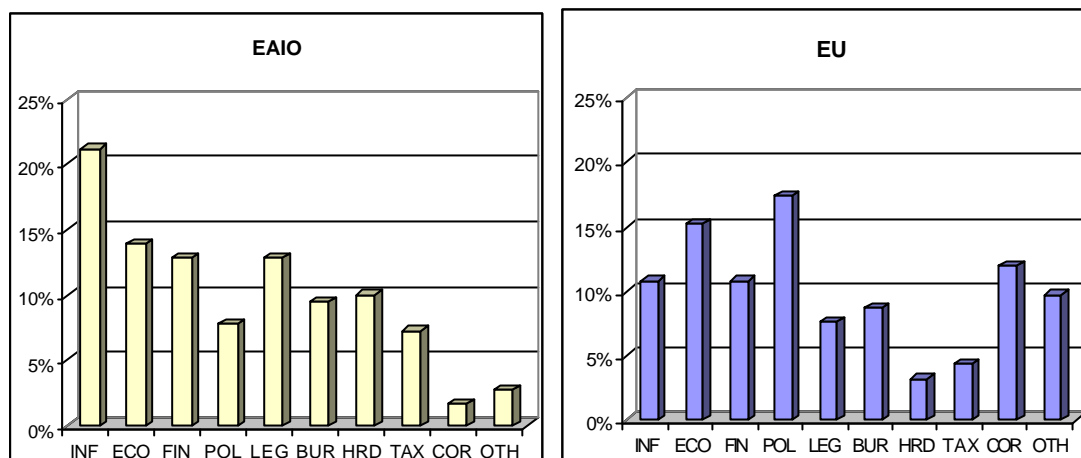
3.3 Survey of Issues Impacting on Investment Environment – Main Results

The overall results of the survey are summarized in Table 3.2 and in Figure 3.1, while some comments are provided in the following pages.

Table 3.2 Survey of Impediments – Main Results

Impediments to Investment	All answers		First ranking constraint	
	Frequencies	Percentage	Frequencies	Percentage
Poor infrastructure	48	18%	14	15%
Economic factors	39	14%	10	11%
Access to financing	33	12%	13	14%
Political instability	30	11%	12	13%
Legal problems	30	11%	12	13%
Cumbersome bureaucracy	25	9%	12	13%
HR issues	21	8%	4	4%
Taxation	17	6%	9	9%
Corruption	14	5%	2	2%
Other factors	14	5%	4	4%
Total	271	100%	95	100%

Figure 3.1 Survey of Impediments – Results for the Two Sub-Samples



Rather unsurprisingly the *poor state of infrastructure* emerges as the most severe constraint, mentioned by 18% of interviewees (by 15% as the first ranking constraint). Problems with infrastructure are perceived as particularly severe by enterprises (be they locally or foreign owned) already operating in EAIO countries (22% of all answers, with 19% interviewees mentioning it as the first ranking constraint). Problems with infrastructure relate primarily to power supply (in terms of both availability and cost) and to transport (rail, roads, maritime ports and, in fewer cases, air transport). Problems with infrastructure are particularly severe in Uganda and Kenya (mentioned by 30% of interviewees), followed by Tanzania and Ethiopia (18-20% of interviewees).

Economic constraints rank as the second most severe obstacle to investment activity, being mentioned by 14% of interviewees (but only by 11% as first ranking constraint). As it will be seen below, this composite constraint grouping combines a number of aspects totally or largely unrelated to policy measures, such as increased competition in a certain sector, poor quality of inputs, etc. The perception of economic constraints does not differ between the EU and EAIO sub samples, although it is significantly greater in the Indian Ocean, due to the difficult moment in the textiles & garments industry.

Problems with financing rank as the third most frequently mentioned constraint to investment, being cited by 12% of interviewees (and by 14% as the first ranking constraint). As expected, the problem is felt as comparatively more severe by enterprises operating in EAIO countries (mentioned by 15% of respondents), and particularly by locally owned enterprises (71%).

Political instability and problems with the legal & incentive system rank fourth ex aequo, both being mentioned by 11% of respondents. *Political instability* (and the related image problems) is perceived as a comparatively more serious constraint especially in the EU sub sample (15% of respondents). In EAIO problems of poor image are mentioned primarily by interviewees active in the tourism sector, largely in connection with recent (perceived) worsening of the security situation. The opposite situation is found in the case of *problems related to the legal system and the incentive framework*, which are felt as comparatively more severe in the EAIO sub sample (being mentioned by 13% of respondents) than among EU interviewees (8%).

Regarding the other constraints:

- problems posed by **restrictive business regulations** (and/or by their unfriendly implementation by local authorities) are mentioned by 9% of respondents, without any significant difference between the two sub samples (but with a peak in the case of Ethiopia, where they account for 24% of responses and are ranked as the first constraint by half of the interviewees);
- problems with **human resources** (typically, quality wise: nobody is complaining about the cost of labor) are mentioned by 8% of interviewees. This constraint is scarcely mentioned by EU respondents (with only 3% of total frequencies) while it is regarded as fairly severe by locally owned enterprises active in EAIO (13% of frequencies);
- problems with **taxes and tax regulations** are mentioned by 6% of respondents, with some difference across the two sub samples (EU interviewees 4%, EAIO respondents 7%) but especially with a concentration in Tanzania (23% of total answers);
- Corruption and other impediments not elsewhere specified both account for 5% of answers. **Corruption** is fairly frequently mentioned by EU interviewees (12%) but scarcely mentioned by respondents based in EAIO (2%), who seem to take it as a sort of “fact of life”. **Other impediments** have usually to do with fairly “philosophical” arguments (regarding lack of work culture or work ethic) or with very down to earth aspects (such as the presence of language barriers), and are usually mentioned by EU interviewees (namely, those with less experience in the region).

3.4 Survey of Issues Impacting on Investment Environment – Comments

Detailed discussions with interviewees as well as with other relevant interlocutors not formally enrolled in the survey allowed for a better specification of the nature of the obstacles to investment activity in the EAIO region. This exercise was concentrated in areas of particular relevance for the study, i.e. areas where ProInvest-supported policy dialogue initiatives or capacity building activities could play a role in improving current conditions. The results can be summarized as follows:

- regarding the crucially important issue of the adequacy of the **legal & incentive framework**, the following main problem areas were identified: (i) the generally unfavorable situation with land tenure (investors are not enthusiast about the leasehold regime prevailing throughout the EAIO region and in addition there are problems with land titles in some countries), (ii) some weaknesses in investment regulation and/or of investment support services (which has to do with the existing investment codes and/or with the functioning of investment promotion agencies), (iii) the judiciary, largely regarded as ineffective and/or corruptible;
- the broad category of **economic obstacles** includes both cross cutting issues and sector specific problems. The main problem areas identified, include: (i) the small size and/or segmentation of the market (with some optimism voiced in connection with the future customs union among EAC countries); (ii) the increased severity of competition (lamented in the garments industry in Mauritius and Madagascar); (iii) the existence of serious problems with the quality of inputs and intermediate products, often resulting from a widespread lack of quality awareness (often lamented by operators active in the leather industry and in fishing); (iv) the difficulties experienced in finding local suppliers for certain goods or services and, more in general, in establishing effective inter-company relations (the issue of “clustering”);
- regarding **taxation**, criticisms voiced by operators concentrate in two main areas, namely: VAT and the so called “nuisance taxes”. In the case of VAT, investors lament the high tax rates applicable in certain countries (namely: Tanzania), the limited allowance for VAT reimbursement/deduction granted to some export oriented activities (e.g. floriculture in Kenya) and the delays experienced by EPZ companies in obtaining VAT reimbursement (in Madagascar). The phenomenon of “nuisance taxes” is particularly widespread in Tanzania,

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where a wide range of levies are currently charged on businesses, often upon initiative of local authorities and irrespective of national guidelines;

- in the area of *administrative regulations*, criticisms concentrate on: (i) the existence of a vast array of restrictive business regulations (in certain countries imposed by local authorities, in others – Ethiopia – resulting directly from national legislation), and (ii) cumbersome procedures for import export transactions (despite the progress achieved over the last decade in terms of trade liberalization clearing goods at the customs is still a significant headache in several countries).

3.5 Possible Actions and Indicative Priorities for Pro Invest Activities

Based on the above analysis of impediments to investment, the TOR require (i) the listing of possible priority activities associated to each investment-related issue (for each country and for the whole region) as well as (ii) the listing of indicative priorities for Pro Invest for the subsequent two year period. These two obviously interrelated aspects are analyzed in detail in the matrix presented in the following pages (Table 3.3).

Table 3.3 Impediments to Investment, Priority Activities and Priorities for Pro€Invest Actions

Impediments/Issues Impacting on Investment Environment	Countries Concerned	Possible Priority Activities	Indicative Priorities for Pro€Invest Activities (initiatives that could go ahead in the near future are in bold typeface)
Legal and Incentive Framework			
Inadequate investment codes and implementation procedures			
<p>The majority of EAIO countries are currently equipped with adequate Investment Codes (often drafted in cooperation with IFI and donors) and with IPA. Regarding <u>legislation</u>, some problems persist in: (i) Tanzania, whose Investment Act of 1997 is somewhat unclear in certain respects (status of investment below certain thresholds, non specified incentives for “strategic investors”) and (ii) Ethiopia, whose recently revised Investment Code (amended in 2002), still contains limitations vis-à-vis foreign investors. Uganda’s Investment Code of 1991 is also somewhat outdated and prima facie unsympathetic, but it has been implemented in very liberal way. Regarding <u>institutional support</u>, a good job is done by IPA in Mauritius and Uganda while the picture is mixed in Kenya and Tanzania. In Ethiopia the IPA is still characterized by an overly bureaucratic approach while in Madagascar a proper IPA is still in the process of being established, and relevant functions are currently discharged by the Ministry of Industry and trade.</p>	<p>Tanzania Madagascar Ethiopia</p>	<p>Priority actions include:</p> <ul style="list-style-type: none"> • review of existing Investment Codes in order to: (i) consolidate and simplify incentives; (ii) eliminate inconsistencies with other pieces of legislation; (iii) streamline approval procedures. Regarding the last aspect, consideration should be given to the adoption of the General Certificate of Authority system adopted in Kenya, which allows investors to start their activity while pending the formal approval; • harmonization of investment incentives and procedures in EAC countries, to support the process towards a unified market; • strengthening IPA’s operational capabilities in terms of: (i) provision of basic information to investors, (ii) handling of investment applications, (iii) provision of higher value added services (e.g. helping out in finding land plots or local suppliers). 	<p>Indicative priorities for Pro€Invest Activities include:</p> <ul style="list-style-type: none"> • National workshops on investment regulations and investment support services in Tanzania (could be organized by <i>TIC</i>), Ethiopia (<i>EIA</i> is too close to the government and <i>ECC</i> could be the organizer) and possibly Madagascar (but the situation is confused, with the <i>guichet unique</i> still in the process of being established); • Sub-regional workshop on harmonization of investment incentives and procedures in EAC countries. <i>UIA</i> mentioned the idea and could take the lead in submitting a proposal to Pro€Invest. Although <i>UIA</i> is relatively well experienced with donor-funded initiatives, some handholding would be very useful in order to prepare a well conceived proposal; • Two training programs for IPA staff (one for English speaking and another for French speaking countries – see Section 4) • Also, capacity building activities for IPA (see Section 4).

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Restrictive immigration/visa policy for long term expatriates			
<p>Criteria and procedures for obtaining a resident permit are cumbersome and usually implemented in a totally unfriendly way by government officials. The complaint was mentioned in several countries but appears to be particularly severe in Madagascar, where it also affects individuals whose entitlement to obtain a residency permit is clearly beyond doubt (a Mauritian citizen head of a leading bank had to wait nearly two years to obtain the permit).</p>	<p>Problem particularly severe in Madagascar</p>	<p>Priority actions include:</p> <ul style="list-style-type: none"> • simplification of requirements for the issuance of residence permits, which should be focused only on really essential matters (criminal record, availability of sufficient means of subsistence); • entitlement of IPA to operate also for the issuance of residence permits (as done already in Tanzania), without any need for further interaction with other entities (namely, the police). 	<p>Indicative priorities for ProInvest activities include:</p> <ul style="list-style-type: none"> • National workshop on immigration policy in Madagascar. The idea was mentioned by GEFP and GEM which appeared interested in playing an active role. While the two organizations appear capable to handle the execution phase, some hand holding in preparing the proposal to ProInvest would be useful; • in other countries the issue of immigration policy could be covered within the framework of workshops on incentive framework and/or training activities for IPA (see above).
Inadequate land tenure regimes			
<p>In most EAIO countries foreign investors are prevented from owning land. Large corporations (especially from Anglo-Saxon countries) are fairly accustomed to the leasehold system but small investors from Continental Europe have a marked preference for full ownership and the current land tenure regime effectively discourages investment.</p> <p>Irrespective of the land tenure regime adopted (leasehold or freehold): (i) uncertainty regarding land titles still persist in certain countries or areas (e.g. Central and Northern Uganda); (ii) procedures for obtaining land titles are cumbersome (in certain cases, over 12 months in Ethiopia); (iii) prices for state owned land are often exorbitant (Ethiopia, where prices for land in Addis and in areas suited for floriculture are much higher than what the market could bear).</p>	<p>Problem mentioned in all the countries but most frequently mentioned in: Kenya Tanzania Madagascar Ethiopia</p>	<p>Land ownership is one of the most politically sensitive issues in the region, and in certain cases restrictive policy is incorporated in constitutions. Therefore, improvements should be sought on operational matters, avoiding an ideological confrontation.</p> <p>Priority actions include:</p> <ul style="list-style-type: none"> • strengthening cadastral services to eliminate uncertainty of titles (with persisting problems mentioned in certain parts of Uganda, Kenya and Tanzania); • streamlining of procedures for the issuance of land titles (especially in Ethiopia); • improvement of leasehold contracts offered to investors, most notably with the adoption of prices in line with economic conditions (Ethiopia). <p>Improvements in this area would also have a beneficial impact on bank lending, as they would increase the acceptability of land as an adequate collateral by commercial banks (see below).</p>	<p>Indicative priorities for ProInvest activities include:</p> <ul style="list-style-type: none"> • National workshops on land tenure and land registration/transfer in Tanzania and Kenya (to be organized by manufacturers' associations and/or national chambers of commerce – in Tanzania TIC could also participate), possibly in Madagascar (GEM and/or bankers' association – see below). In Ethiopia the issue is too touchy and under current conditions a workshop may not be feasible or useful; • In other countries issues related to land tenure could be covered within the framework of workshops on incentive framework and/or training activities for IPA (see above).

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Lack of industrial areas			
<p>Apart from “structural” problems in land tenure, investors sometimes lament a scarcity of industrial estates. The problem was fairly effectively tackled in Kenya (by <i>EPZA</i>) and Mauritius (by <i>MIDA</i> and <i>DBM</i>). Some improvements are ongoing in Tanzania (first EPZ zone reportedly commissioned in July 2003) and Uganda, while significant complaints were voiced in Ethiopia.</p>	<p>Ethiopia and to a lesser degree, EAC countries</p>	<p>Priority actions include:</p> <ul style="list-style-type: none"> • review regulations regarding industrial areas (zoning, concession agreements, etc.) to facilitate their establishment, irrespective of their “free zones status” status; • in countries where EPZA do not exist, enhance IPA’s capabilities in this area; • adopt measures to attract private investors in the development and management of industrial estates. 	<p>Indicative priorities for Pro-Invest activities include:</p> <ul style="list-style-type: none"> • National workshop on industrial estates in Ethiopia (possibly organized by <i>EMIA</i> and/or <i>ECC</i>); • Regional workshop in EAC countries, to facilitate a common approach towards attraction of private developers for EPZ and industrial estates. Kenya’s EPZA expressed interest in a similar initiative and could take responsibility for its implementation. Some hand holding assistance in proposal preparation could be useful, although less necessary than in other cases; • Issues related to EPZ/industrial zones to be covered by training programs for IPA.
Inadequate legal protection afforded by courts			
<p>In nearly all EAIO countries (exception: Mauritius) the judiciary is regarded as unable to effectively settle business disputes both domestic and cross border. This is a major discouraging factor for corporate investors, that, being under close public scrutiny, are less inclined to cut corners (as small investors often do).</p>	<p>All countries (except Mauritius)</p>	<p>Priority actions include:</p> <ul style="list-style-type: none"> • promotion of a more widespread use of “alternative dispute resolution” mechanisms (arbitration). Some EAIO countries are already equipped with updated legislation on arbitration but the utilization of these procedures is hampered by lack of information in the business community and by the weaknesses of certain arbitration bodies; • promotion of uniform arbitration norms at the regional or sub-regional level (e.g. EAC countries) would also contribute to unification of market. 	<p>Indicative priorities for Pro-Invest activities include:</p> <ul style="list-style-type: none"> • Two sub-regional workshops on the promotion of arbitration, one in common law countries and one in civil law countries. In the Indian Ocean MCCI could be interested in launching a similar event (also in connection with capacity building activities – see below). MCCI’s capabilities in preparing and implementing project proposals are excellent, but a signal from PRIMS would be very important; • Two training courses & related capacity building activities to strengthen existing arbitration chambers (one in common law countries and one in civil law countries); • Specific capacity building activities for Chambers of Commerce and other arbitration bodies (see Section 4).

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Weaknesses in privatization policy			
<p>In most EAIO countries privatization progressed well and most commercial agricultural operations and manufacturing assets are now in private hands. However, this has sometimes led to the emergence of monopolistic positions (e.g. breweries in Tanzania) while in other cases privatized assets were not put to good use (e.g. several lodges in Uganda's natural parks). In Ethiopia, the state retains a very significant presence in manufacturing and privatization attempts have been largely unsuccessful, as price for enterprises on sale was too high.</p>	<p>Ethiopia and to a lesser extent EAC countries</p>	<p>Priority actions:</p> <ul style="list-style-type: none"> • in Ethiopia: revise current privatization policy, with the setting of more realistic prices for enterprises on sale and the formulation of more attractive packages for prospective investors; • in other countries: strengthening of the privatization machinery in order to: (i) adequately incorporate measures safeguarding competition; (ii) strengthen monitoring to ensure that privatized assets do not lie idle 	<p>Indicative priorities for ProInvest activities include:</p> <ul style="list-style-type: none"> • National workshop on privatization policy in Ethiopia. It is a touchy issue, mentioned by companies more than by IO, but the ECC appeared interested in tackling the problem. Assistance in preparing the proposal for ProInvest would be definitely required; • Sub-regional workshop in EAC countries (stock taking exercise on unintended effects of privatization and corrective measures – could be organized by <i>UIA</i> and/or <i>TIC</i>).
Poor State of Infrastructure			
Power shortages and high cost of electricity			
<p>Power cuts and voltage fluctuations have a serious impact on business activities throughout the EAIO region (only exception: Mauritius). Many companies have to extensively rely on power generators, which increases both investment and operating costs. In certain countries (namely, Tanzania) the cost of electricity is very high. Lately, in Kenya and Uganda there were timid signs of improvement, largely thanks to the launch of PPP initiatives and management contracts.</p>	<p>Kenya Tanzania Uganda Ethiopia Madagascar</p>	<p>Priority actions include:</p> <ul style="list-style-type: none"> • reinforcing the trend towards a greater private involvement, by securing (i) additional political consensus from government authorities around PPP initiatives, and (ii) interest of DFI, IFI and institutional investors; • establishment of an appropriate legal framework for PPP through: (i) the formulation of standard concession laws (as opposed to <i>ad hoc</i> pieces of legislation that leave room for abuses and do not allow for sufficient competition); (ii) establishment of regulatory bodies, to ensure respect of contractual obligations by both independent producers and public distribution companies. 	<p>Indicative priorities for ProInvest activities include:</p> <ul style="list-style-type: none"> • National workshops on policy issues in power sector in Kenya, Uganda and Tanzania. The theme was discussed with all leading manufacturers' associations in the EAC sub region and CTI could be interested in organizing the event (with KAM and UMA likely to follow suit). However, the theme is fairly complex and the preparation of a full fledged proposal for ProInvest support would definitely require hand holding assistance . The feasibility of similar workshops in Madagascar and Ethiopia remains to be ascertained; • Regional or sub-regional partnership promotion events to attract interest from potential investors (see Sector Support part of the Study).

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Poor service provided by railways and maritime ports			
<p>EAIIO's railways are in a state of disarray, with exceedingly long transit times, unreliable time schedules, outdated rolling stock and limited transportation capacity. Some strategically important rail links (<i>Chemin de Fer Ethio-Djiboutien</i>) are on the verge of closing. Maritime ports are only in a marginally better position and their revamping would need considerable investment and appropriate management capabilities. As in the case of power, recently a trend towards privatization and PPP has emerged, with the award of some management contracts (Madagascar).</p>	<p>Kenya Tanzania Uganda Ethiopia Madagascar</p>	<p>Priority actions include:</p> <ul style="list-style-type: none"> reinforcing the trend towards a greater private involvement, by securing (i) additional political consensus from government authorities around PPP initiatives, and (ii) interest of DFI, IFI and institutional investors; establishment of an appropriate legal framework for PPP through: (i) the formulation of standard concession laws (as opposed to <i>ad hoc</i> pieces of legislation that may leave room for abuses); (ii) the establishment/reinforcement of regulatory bodies, to coordinate activities to be carried out by various agents (handling of goods, transport proper, etc.) 	<p>Indicative priorities for Pro-Invest activities include:</p> <ul style="list-style-type: none"> National workshops on policy issues in rail transport and maritime ports in Kenya, Uganda and Tanzania (to be organized by manufacturers' associations and/or national chambers of commerce). In Madagascar key decisions largely already made whereas in Ethiopia the exercise would focus on the rail link with Djibouti only Regional or sub-regional partnership promotion events to attract interest from potential investors (see Sector Support part of the Study)
Problems with Access to Financing			
Limited development of leasing			
<p>The market for leasing is still largely undeveloped in the EAIIO region. For instance, in Uganda the total annual volume of leasing transactions is less than €10 million, i.e. some 1% of gross capital formation. Furthermore, leasing is still largely used primarily for the purchase of vehicles, with relatively few transactions regarding machinery.</p> <p>Reasons for this state of affair differ across the region. In particular (i) in EAC countries and Mauritius the legal framework is largely in place and the problem lies mainly with lack of information limited operational capabilities within the financial sector; (ii) in Madagascar and Ethiopia there appear to be gaps in the legal system, mainly related to problems with the registration of</p>	<p>Problem particularly severe in Ethiopia and Madagascar</p>	<p>Priority actions include:</p> <ul style="list-style-type: none"> promote the use of leasing through: (i) the adoption/amendment of relevant specific legislation, (ii) the coordination of such specific legislation with relevant tax provision (deduction allowances), and (iii) the establishment or strengthening of relevant institutions (register for movable assets); strengthen the capabilities of financial entities active in leasing in terms of (i) marketing and information dissemination, (ii) outreach capabilities, (iii) assessment of potential leasing transactions, and (iv) development of a secondary market for the resale of goods resulting from unsuccessful transactions. 	<p>Indicative priorities for Pro-Invest activities include:</p> <ul style="list-style-type: none"> National workshops on leasing-related legal and tax issues in Madagascar and Ethiopia (no obvious candidate for the organization); Sub-regional workshop on leasing-related policy issues in EAC countries, with a view to harmonize provisions and favor the emergence of a regional market (<i>DFCU</i> could possibly take the lead, but would need to be pushed); Training course at the regional level for selected financial institutions; Capacity building activities for selected financial institutions active or potentially active in leasing (see Section 4).

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movable goods and the existence of unfavorable tax provisions.			
Limited access to medium – long term lending			
<p>Criticisms about banks are widespread and problems with financing (high interests, limited access to credit, excessive collateral requirements) figure prominently in the ranking of impediments to investment. As a matter of fact, in EAIO countries bankers have good reasons for adopting a cautious behavior, given the limited experience and/or poor track record of many local investors and the limited commitment of some foreign operators. However, access to credit is made more difficult by policy - related constraints such as: (i) fundamental weaknesses in the legal system (offering limited protection to creditors), (ii) unfavorable monetary policy (with the crowding out of private lending by T -bills), and (iii) limited information (which makes it difficult to assess creditworthiness).</p>	All countries	<p>The problematic access to medium-long term bank financing is indeed a distinctive feature of developing countries and it is bound to persist for a long time. Still, concrete measures can be devised to alleviate the problem. Priority actions include:</p> <ul style="list-style-type: none"> • the strengthening and streamlining of procedures for the seizure and sale of collateral. This requires, <i>inter alia</i>, modifications to land codes (see above); • the establishment of centralized structures to monitor and assess creditors’ performance. Such structures would allow for a better assessment of creditworthiness of borrowers and reduce the informational asymmetry between lenders and borrowers; • the establishment of guarantee funds. In the past government managed guarantee funds have proved largely ineffective and abuses of all sorts occurred. Therefore, in order to be effective, guarantee funds must (i) foresee the active involvement (including a <u>significant financial participation</u>) of commercial banks and (ii) provide for only partial coverage of loans. 	<p>Indicative priorities for ProInvest activities include:</p> <ul style="list-style-type: none"> • National workshops on medium-long term lending in Kenya, Uganda, Tanzania, Ethiopia and Madagascar. In Madagascar keen interest in discussing the impact of land regime on lending policies was shown by the local bankers’ association. While implementation would not be a problem (member banks would be certainly willing to provide required resources), their ability to prepare a full fledged proposal for submission to ProInvest is limited and significant assistance would be required; • Training course in loan appraisal and loan monitoring for financial institutions (to be defined in cooperation with EIB in the case of banks operating EIB credit lines).
Limited Availability of Equity Financing			
<p>Equity financing is still scarcely used in EAIO countries. Some venture capital funds have been operating in the region for sometime, but often results have been below expectations. While sheer scarcity of resources certainly plays a role, the situation is made more difficult by: (i) weaknesses in the legal framework and corporate governance practices, and (ii) the undeveloped state of capital markets in most countries</p>	All countries, with particularly severe limitations in Ethiopia	<p>The establishment of new venture capital funds has been recently announced (Uganda Fund, state-financed equity funds in Mauritius) but real progress in access to equity financing requires improvements in the general operating environment. Priority actions include:</p> <ul style="list-style-type: none"> • establishment of a conducive legal framework, with improvements in terms of (i) company law and governance matters (adequate protection of minority shareholders) and (ii) tax regulations (to 	<p>Indicative priorities for ProInvest activities include:</p> <ul style="list-style-type: none"> • Regional workshop on operating conditions for equity financing (possibly <i>EADB</i> could take the lead); • National workshop on the establishment of an over the counter market in Ethiopia. The subject was discussed with the <i>Addis Ababa Chamber of Commerce</i> that could be interested in playing an active role. Support at the proposal formulation stage

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(just 5 companies listed in the Dar es Salaam Stock exchange, no formal stock exchange in operation in Ethiopia).		avoid double taxation); <ul style="list-style-type: none"> strengthening of stock markets, which offer opportunities both for raising initial capital (through IPO) and as an exit route for equity investors. 	would be in order.
Problems with Taxation			
Problems with VAT			
<p>VAT is definitely not popular in EAIO countries. In <u>general terms</u>: (i) investors criticize the high VAT rates applicable to standard transactions, which can as high as 20% in Tanzania; (ii) in some countries there is a differentiated treatment between large taxpayers (subject to VAT) and small operations (that are usually exempted). As a result, medium and large companies are not allowed to deduct input VAT and the tax loses its intrinsic character of being applicable only on value added; (iii) in the case of EAC countries the disparity among prevailing VAT rates (from 17% to 20%) is perceived as a distortion factor.</p> <p>In addition to the above, specific problems with VAT are lamented by investors active in <u>export oriented activities</u>. These include: (i) the limited VAT reimbursement allowances granted in Kenya and Uganda to floriculture, despite the major contribution that this sector is making to exports; (ii) the serious delays in obtaining VAT refunds experienced by the <i>entreprise franchises</i> operating in Madagascar (no reimbursement made so far in 2003).</p>	<p>All countries, with severe complaints in Tanzania and Madagascar</p>	<p>VAT has become a significant source of revenue for several EAIO countries and its overall importance cannot be disputed. However, there are opportunities for enhancing its implementation without losing the essence of its contribution to government budgets.</p> <p>Priority action could include</p> <ul style="list-style-type: none"> revision of current VAT legislation with a view to (i) reduce the number of tax rates (in itself a cause of distortions) and (ii) broaden the tax base by reducing exemptions; harmonization of VAT rates across main trading partners (namely, in EAC countries); strengthening of VAT reimbursement mechanisms for export oriented enterprises and/or introduction of automatic adjustment mechanisms (e.g. compensation between input VAT and corporate taxes). 	<p>Indicative priorities for Pro-Invest activities include:</p> <ul style="list-style-type: none"> National workshop in Madagascar, with special focus on VAT reimbursement for EPZ companies. Subject mentioned with great emphasis by GEFP. The organization appeared genuinely interested (and could team up with GEM), but would require hand holding assistance ; Sub-regional workshop in EAC countries, aimed at VAT harmonization and simplification (possibly some Tanzanian entity – e.g. TCCIA – could take the lead).

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“Nuisance taxes”			
<p>Complaints about VAT are only surpassed by those regarding the so called “nuisance taxes”, i.e. the vast array of small levies of various sorts that affect business activities. Typically charged by local authorities (sometimes in conflict with national regulations or policy directives), individual nuisance taxes are usually set at modest levels but are a source of significant transaction costs. The problem is particularly severe in Tanzania (where some sources indicate a total of 55 different taxes) but complaints were also voiced in Kenya and Uganda. In Ethiopia the problem is regarded by some as incipient, as a result of the ongoing process of decentralization.</p>	<p>Tanzania To a lesser degree in Kenya and Uganda. Potentially in Ethiopia</p>	<p>Nuisance taxes contribute significantly to the budget of local authorities and their outright elimination may not be feasible. Still, some actions can be devised to reduce their negative impact. Priority actions could include:</p> <ul style="list-style-type: none"> • consolidation of “nuisance taxes” into two/three taxes payable at the local level and identification of clear procedures for the setting of rates and for payment; • assess the feasibility of replacing “nuisance taxes” with other revenues for local authority (e.g. some broad based taxes on property). 	<p>Indicative priorities for ProInvest activities include:</p> <ul style="list-style-type: none"> • National workshop on the impact of nuisance taxes in Tanzania. An active role could be played by TCCIA, possibly in cooperation with CTI. Assistance in preparing a proposal for ProInvest would be very useful; • Sub-regional workshop in EAC countries on possible sources of revenue for local authorities (a possible theme for EABC or by some Kenyan institution).
Problems with Bureaucratic Procedures			
Cumbersome regulations on business activities			
<p>Despite the reform of business licensing regimes implemented over the last decade, in certain EAIO countries the number of permits to be obtained by companies remain significant. In Kenya, certain licenses abolished by national authorities have been re-enacted by local authorities: the legal basis for these licenses is often shaky and in some cases it appears totally arbitrary. In Tanzania the problems has its origin in the outdated Business Licensing Act of 1972. The problem is also severe in Ethiopia, where complaints about the “slow moving” bureaucracy are frequent.</p>	<p>Kenya Tanzania Ethiopia</p>	<p>Priority actions should include:</p> <ul style="list-style-type: none"> • in Tanzania and Ethiopia: reform of the national legislation on business licensing; • in Kenya: review of business licensing requirements adopted by local authorities to ascertain their legality and rationale. This should be followed by a large scale information campaign to effectively discourage arbitrary behavior from lower level authorities and individual public officials. 	<p>Indicative priorities for ProInvest activities include:</p> <ul style="list-style-type: none"> • National workshops on business licensing in Tanzania (organized by CTI or TCCIA) and Ethiopia (possibly organized by ECC); • Possibly, national workshop on illegal business licenses in Kenya (organized by KAM or national chamber of commerce).

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Problems with customs procedures			
<p>Over the last decade most EAIO countries have largely liberalized international trade transactions, with the reduction of tariffs and the removal of most quantitative restrictions and licenses. Still, clearing goods at the customs remain a complex business. Serious problems are mentioned in Ethiopia and in Tanzania. In EAC countries negotiations for the Customs Union are ongoing but it is not clear if views of the business community will be adequately reflected.</p>	<p>Tanzania Ethiopia</p>	<p>Priority actions should include:</p> <ul style="list-style-type: none"> • review operational procedures adopted by customs to make sure that the letter and the spirit of liberally -oriented legislation is indeed translated into concrete action; • review main legislation, to eliminate remaining impediments to trade; • make sure that concerns of the business community are duly taken into account in negotiations for EAC Custom Union. 	<p>Indicative priorities for ProInvest activities include:</p> <ul style="list-style-type: none"> • National workshop on obstacles to import - export activities in Ethiopia and Tanzania (to be organized by manufacturers' associations with participation of sector associations most affected); • Sub-regional workshop in EAC countries on Customs Union (a theme for <i>EABC</i>).
Sector Specific Issues			
Lack of comprehensive development strategy in the tourism sector			
<p>Tourism is a sector of paramount importance in a number of EAIO countries. However, with the exception of Mauritius, no EAIO country has developed a comprehensive development strategy for the sector, encompassing the whole range of measures (advertising, quality assurance mechanisms, provision of adequate infrastructure, visa policy, etc.). Indeed, even when supportive measures are adopted and money allocated (sometimes significant amounts, as in the case of the some € 3.2 million allocated to the Kenya Tourist Board) the lack of a general framework and of a medium-long term strategy is apparent. The need for comprehensive development policy is made even more compelling by the need/opportunity to partially re-orient activities towards new niche market segments (eco-tourism,</p>	<p>Kenya Tanzania Uganda Ethiopia Madagascar</p>	<p>The development of a comprehensive strategy requires the adoption of variety of measures to be identified and implemented in close cooperation between public entities and relevant private sector players. These include:</p> <ul style="list-style-type: none"> • enhanced enforcement of (i) classification systems for accommodation facilities and (ii) licensing mechanisms for various operators, to avoid abuses (e.g. "street safari packages") that tarnish the image of the tourism sector; • revise the air transport policy, regarding charter flights and allocation of landing rights, in order to reduce the cost of air transport for the average tourist; • incorporate the tourism sector's needs in the formulation of investment priorities in transport sector (namely roads); • revise visa policy in a liberal sense (particularly relevant for Ethiopia and Madagascar); • enhance international lobbying capabilities (supported by adequate budget allocations) to combat the image deterioration resulting from 	<p>Indicative priorities for ProInvest activities include:</p> <ul style="list-style-type: none"> • National workshops to foster public-private dialogue in Tanzania, Uganda, Kenya and Madagascar (to be organized with sector IO). In Ethiopia the sector IO is still very weak and may need support from a generalist IO; • Sub-regional workshop in EAC countries on possible common approach to confront the recent image deterioration at the international level. Kenya's <i>KATO</i> appeared very interested and could definitely take the lead for such an initiative. Hand holding assistance would be useful but less crucial than in other cases. Still, a sign of encouragement from PRIMS would be important; • Capacity building regarding quality assurance (see Section 4); • Establishment of sub-regional IO associations capable of addressing matters at the proper level (see Section 4).

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cultural tourism), where the role of public policy is often determinant (e.g. preservation of natural and historical sites).		episodes of terrorist attacks (particularly relevant for Kenya).	
Depletion of natural resources in fishery			
The problem of depletion of natural resources appears as the single major threat to the development of the fishing industry in EAIO. The problem is particularly severe in the Lake Victoria region but is becoming serious also in Madagascar and along the Tanzanian coast.	EAC countries and Madagascar	Priority action should include: <ul style="list-style-type: none"> actions aimed at creating consensus around the adoption of fishing limitations in the Lake Victoria area, in order to avoid further confrontations among EAC countries; review of policy issues regarding coastal fishing in Madagascar and measures required to support the development of aquaculture. 	Indicative priorities for Pro-Invest activities include: <ul style="list-style-type: none"> National workshop on fishing & aquaculture in Madagascar. The idea of having such an event was mentioned by GAPCM, in connection with their bi-annual workshop on aquaculture. GAPCM can count on good resources but still would benefit from assistance in submitting a proposal to Pro-Invest; Sub-regional workshop in EAC countries on fishing in Lake Victoria (to be organized by AFIPEK and/or UFPEA).
Lack of comprehensive development strategy for cashew nuts			
Tanzania is a leading producer of cashew nuts (some 70-100,000 tons) ranking fourth after India, Brazil and Vietnam. Efforts to develop the processing of raw nuts were made in the 1960s and 1970s but with dismal results (wrong technology, state control on plants). Lately, some private operators have entered the nut processing business but the sector is still suffering from a number of policy-related factors: (i) excessive levies raised by local authorities; (ii) ineffective functioning of the Cashew Nut Board; and (iii) processing capacity still in state hands lying idle most of the time. As a result, Tanzanian cashew nuts are sold unprocessed to India, with the loss of significant value added.	Tanzania	The development of a comprehensive strategy requires the adoption of variety of measures including: <ul style="list-style-type: none"> review the operations of the Cashew Nut Board and the related development fund and formulation of proposals for its reform (or, better still, outright dismantling); review tax regulations applicable to the cashew nut sector and elimination of measures that effectively discourage processing compared with export of raw nuts; assessment of conditions of state owned plants and launch of a phased privatization plan (to be phased over a certain period of time to allow potential investors to appreciate changes introduced in the policy framework: under current conditions, auctions would be deserted). 	Indicative priorities for Pro-Invest activities include: <ul style="list-style-type: none"> National workshop on the development of a comprehensive development policy for the sector. The newly established Cashewnut Association of Tanzania is weak and would definitely need assistance in the proposal formulation stage. Implementation could be done with the involvement of some larger “generalist” organization, such as CII; Capacity building activities regarding quality awareness (see Section 4).

4. ANALYSIS OF CAPACITY BUILDING NEEDS AND RELATED ACTIVITIES

4.1 Introduction

This Section deals with the identification of capacity building (CB) needs in IO and with the formulation of relevant proposed CB actions in different areas and for different typologies of IO. More specifically, this Section includes the following:

- Sub-section 4.2, providing a general description and ranking of CB needs for IO;
- Sub-section 4.3, providing a detailed description of proposed CB priority actions;
- Sub-section 4.4, which presents an assessment of IO’s fee paying activities;
- Sub-section 4.5, which illustrates a CB building proposal to enable IO’s participation in Pro-Invest Sector Support activities;
- Sub-section 4.6, containing a proposal for a regional training plan for IPA;
- Sub-section 4.7, providing a detailed explanation of specific CB needs and CB priority activities for consultants’ associations.

4.2 Listing and Ranking of CB Needs for IO

CB needs for IO were primarily identified during field interviews. The information derived from interviews with IO was complemented with elements provided by other entities (e.g. enterprises, certain donor agencies, etc.) familiar with the needs and (especially) capabilities of IO in the region. Given the wide variety of needs identified and the widely different degree of detail articulated by the various IO, for analytical purposes the CB needs have been grouped into categories. The list of CB needs identified is provided in Table 4.1 below, which also provides a ranking in terms of impact on I&ICA issues.

The following comments are in order:

- in general terms CB needs fall into two broad categories, namely: (i) “institutional” CB needs, related to the strengthening or establishment of IO as such, and (ii) “activity -related” CB needs, connected with the carrying out of specific activities/delivery of certain services. The latter are more frequently found in the case of sector IO;
- identified CB needs sometimes have a “regional dimension” in the case of EAC countries, whereas reference to regional initiatives is scarcely present in Mauritius, Madagascar and Ethiopia;
- the ranking of CB needs reflects the perceived impact on I&ICA issues, although some consideration was given also to other factors, namely the frequency and intensity with which the need was voiced.

Table 4.1 List and Ranking of Capacity Building Needs

CB Needs	Comments	Ranking
Promotion of quality awareness and quality certification	Includes development of quality labels, assistance to certification, etc. Need voiced by generalist and sector IO (fishery, tourism, leather, floriculture, cashew nuts) in EAC countries, Ethiopia and Madagascar.	H
Promotion of business linkages & clustering	Need mentioned by generalist and sector private IO in Kenya, Mauritius, Madagascar with reference to textiles and other light manufacturing.	H
Training and capacity building for leasing	Need voiced by some financial institutions and private IO (as well as indicated by private operators) in Uganda, Ethiopia and Madagascar.	H

Establishment of regional associations of IO	Need voiced by sector IO in tourism, fishery, floriculture in EAC countries and Madagascar.	H
Training and capacity building for IPA staff	Need voiced/identified by IPA in EAC countries and Ethiopia and by the Ministry of Industry in Madagascar	H
Capacity building for private IO staff in lobbying skills	Need mentioned by generalist and sector IO (especially in Ethiopia and Madagascar).	H
Capacity building for arbitration bodies	Need emerged in connection with disputes involving Mauritian investors in Madagascar.	H
Training in loan appraisal and monitoring	Need mentioned by some public financial institutions (Ethiopia, Kenya).	M
Training in venture capital and/or trade financing	Need mentioned by financial institutions in Uganda, Kenya and Mauritius.	M
Promotion of bilateral cooperation agreements/structures	Need voiced by Ethiopian entities, with reference to the establishment of business councils with neighboring countries.	M
Harmonization of practices/positions at regional level	Refers to issues raised in EAC countries on various subjects (emergence of common positions on trade negotiations, common marketing tools for IPA, etc.).	M
Formulation of employers' codes of conduct	Need mentioned by employers' federations and sector IO in EAC countries.	M
Capacity building for private IO staff for the training of members/clients	Need raised by sector IO active in floriculture and fishery in EAC countries.	M
Capacity building for private IO in other fields	Needs range from CB in diagnostic studies (only one case) to basic training and assistance to existing weak IO (Madagascar).	L
Establishment of HRD -related new institutions	Includes initiatives such as the establishment of sub - regional productivity center or the establishment of a school on export trade. Mentioned in EAC countries.	L
Sector specific needs of technical nature	Includes feasibility studies on water treatment, for establishment of laboratories, financing of workshop on aquaculture, etc.	L

With reference to the impediments to investments identified in Section 3, it is important to note that activities aimed at the above CB building needs are largely complementary to the policy dialogue activities. The division of labor between policy dialogue and CB activities obviously depends on the nature of the investment impediment addressed. For instance, issues related to taxation are better tackled with policy dialogue activities while “economic constraints” (e.g. to enhance quality awareness) are usually more appropriately addressed through CB initiatives. In the case of certain I&ICA issues, namely the overall appropriateness of the legal and incentive framework, policy dialogue aspects (e.g. reformulation of Investment Codes) coexist with CB initiatives (e.g. training of IPA staff).

4.3 Description of Proposed Priority CB Actions

Based on the ranking of CB needs presented above, proposals have been formulated for priority CB activities. The detailed description of proposed activities is provided in the following matrix (Table 4.2).

Table 4.2 Matrix of Priority Capacity Building Activities

Weakness/Impediment Addressed	Type of IO	Contents of CB Activity	Expected Result	Performance Indicator	Risks	Alternative
Institutional Capacity Building Activities						
Priority Activity: Establishment of private sector IO at regional/sub-regional level						
Market segmentation is one the “economic” constraints lamented by potential investors (see Section 3). The establishment of regional associations of IO is one the factor that can contribute to alleviate the problem. In addition, certain policy related problems are better tackled at the regional level and the establishment of regional associations may provide the critical mass required to effectively tackle these problems.	Manufacturers’ and employers’ associations Sector or sub sector associations	Consulting on procedural aspects for establishment (where, in which legal form, etc.). Consulting on the development of a common regional sub regional agenda. Consulting for the establishment vehicles for dissemination of information and documents (e.g. websites).	Issues of regional relevance are tackled at the appropriate level. Cooperation between similar IO in different countries is effectively enhanced.	Actual establishment of regional/sub-regional private IO.	The existence of vested interests at national level effectively hampers functioning of regional/sub-regional IO (e.g. some Tanzanian tourism operators are not thrilled by the idea of a EAC association).	Cooperation takes the form of informal networking.
Priority Activity: Promote the adoption of pro active attitude in IPA and other promotional bodies						
In EAIO countries most (but not all) IPA and export promotion agencies are characterized by a “reactive” rather than a “pro active” attitude. This has a negative impact on I&ICA, both in the promotion phase and in the servicing phase. NB Not applicable to tourism promotion entities, which are rarely involved in investment promotion anyhow.	IPA Export promotion bodies	Consulting and training activities aimed at: <ul style="list-style-type: none"> reforming organizational settings in order to allow for delegation of authority; reforming salary scales and staff assessment mechanisms, to introduce adequate monetary rewards; enhancing intelligence 	IPA and other promotional bodies become an effective instrument for investment and trade promotion, capable to identify, formulate and implement initiatives.	Improvement in the perception of IPA and other promotional bodies among business circles (to be measured with periodic surveys and compared with baseline information collected before intervention). Internal monitoring indicators (e.g. number of days to process an application, numbers of business contacts	High turnover in staff (the best tend to leave and work for donor supported projects). Restrictive wage policies in the civil service may severely constrain the effectiveness of capacity building actions. Opposition to	Chances of improvement are left to gradual trickle down of best practices as a result of networking.

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		<p>capabilities, presentational skills, and servicing capabilities;</p> <ul style="list-style-type: none"> introducing benchmarking techniques and monitoring system to evaluate performance over time. 		<p>initiated by the agencies each month, number of business and trade leads circulated in the agency's network).</p>	<p>change by the management.</p>	
Priority Activity: Quality certification for IPA (ISO 9000)						
<p>In certain IPA/EPZA manual of procedures are outdated or non-existent. This has a negative impact on the quality of services provided, especially when the IPA/EPZA also play the role of one-stop shop for licensing requirements. The possibility of obtaining a ISO 9000 certification could be a significant incentive towards the consolidation and finalization of procedures.</p>	<p>IPA and EPZA</p>	<p>Consulting services for the preparation of manual of procedures.</p> <p>General training on procedures and tracking of activities.</p> <p>Hands-on assistance in the pre-certification phase (at least 3 months).</p> <p>Identification and hiring of certification body.</p> <p>Periodical inspection visits to ensure certification is retained.</p>	<p>Standard procedures are effectively adopted and service delivered within specified time frame.</p> <p>IPA/EPZA's image greatly improved vis-à-vis business community, as they can boast ISO certification.</p>	<p>ISO 9000 certification is actually awarded.</p> <p>ISO 9000 certification is retained beyond the period of assistance.</p>	<p>Preparing for ISO 9000 certification is a complex matter and IPA/EPZA's HR and operational means may prove insufficient for the task.</p> <p>Changes in the relevant regulatory framework introduce an element of uncertainty that in the end may kill the process.</p> <p>Resistance to changes from the top management.</p>	<p><i>Ad hoc</i> troubleshooting and improvements as a result of specific consulting assignment.</p>
Priority Activity: Improvement of lobbying and presentation skills						
<p>In EAIO countries some private IO (manufacturers' associations and sector associations) are already doing a good job in advocacy. Others (especially in Ethiopia and Madagascar) are</p>	<p>Private IO</p>	<p>Training and consulting services related to:</p> <ul style="list-style-type: none"> development of internal analytical capabilities; cost-effective use 	<p>Private sector IO are able to voice their members concerns more effectively.</p>	<p>Ideally: actual achievement of results sought (e.g. elimination of a certain "nuisance tax").</p>	<p>Informal ways of doing things prevail (opaque lobbying), which may render CB efforts redundant.</p>	<p>Certain activities are outsourced to consultants or PR companies.</p>

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weaker and have expressed interest in strengthening their lobbying capabilities.		<p>of external experts to obtain expert advice;</p> <ul style="list-style-type: none"> • presentation skills (writing of position papers, preparation of presentations); • organization of events and relations with the media. <p>Hands-on assistance on specific policy issues, from initial research to presentation and follow up.</p>	<p>Standing vis-à-vis the government is enhanced.</p> <p>Members feel better represented and are more willing to contribute resources.</p>	<p>As a proxy:</p> <ul style="list-style-type: none"> • participation of key government officials in events sponsored by IO; • media coverage of initiatives promoted by IO. <p>Contributions from members (both regular fees and <i>ad hoc</i> contributions) increase compared with pre intervention situation.</p>		
Activity-oriented Capacity Building Activities						
Priority Activity: Strengthen operational capabilities in leasing						
Leasing is particularly well adapted to support investment in light manufacturing and service industries. Still the market for leasing remains limited in many EAIO countries. This is partly explained by limited operational capabilities within financial institutions, which could certainly benefit from CB activities.	Financial Institutions	<p>Consulting and training for middle managers (e.g. branch managers) covering:</p> <ul style="list-style-type: none"> • market assessment skills (which sectors are likely to benefit from/afford leasing?); • basic financial analysis skills; • presentational skills (leasing is a largely new concept, that have to be “sold” to clients). 	Leasing becomes effectively available to a large number of operators.	Number of leasing transactions, average size of transactions and distribution of transactions by line of business, compared with pre intervention situation and inherent growth trend.	<p>Legal framework (including tax regulations) is not conducive (problems to be addressed under Policy Dialogue – see Section 3).</p> <p>Internal resistance within financial institutions in favour of more traditional financial products.</p>	Assistance is sought by financial institutions on a private basis.
Priority Activity: Promoting inter-company linkages						
Lack of local suppliers is cited among the “economic” constraints to investment. Still, in simple	Sector Associations	Sector-specific workshops on sub-contracting preceded by	Inter-company relations are effectively	Increase in the share of goods/services procured locally.	Short sightedness: potential supplier and/or buyer do not	<i>Ad hoc</i> interventions on specific deals.

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<p>activities (e.g. packaging, some maintenance services, etc.), local capabilities could be upgraded to meet requests. Large corporations have launched successful local sub contracting programs (e.g. smelter project in Mozambique) and some EAIO manufacturers' associations and sector IO appear interested in playing a similar role at a smaller scale.</p>	<p>Manufacturers' Associations</p>	<p>identification of local needs and opportunities.</p> <p>Hands-on assistance in pilot cases (finding supplier, extending assistance for upgrading, finalizing agreement, etc.).</p> <p>If pilot successful, assistance to establishment of small dedicated unit (<u>not</u> a proper SPX, which is unlikely to be viable in the foreseeable future at the country level – in the whole EAIO only Mauritius has one).</p>	<p>enhanced.</p>	<p>Increase in the number of companies able to meet relevant industry standards as result of technology transfer embedded in sub-contracting relationships.</p>	<p>perceive the long term benefits of going through the process of building a stable relationship.</p>	
<p>Priority Activity: Promoting clustering</p>						
<p>In certain sectors exposed to strong international competition (e.g. clothing, leather, flowers), clustering is essential to achieve the critical mass required to compete effectively. In EAIO examples of close cooperation have already emerged (e.g. Fresh Handlings in Uganda) and some sector IO appear interested in replicating the experience. This could be of particular relevance in the case of the clothing industry in Mauritius, that is likely to face a phase of retrenching and re-orientation.</p>	<p>Sector associations</p>	<p>Assistance in value chain analysis to identify critical points where value could be added and/or savings achieved through common action.</p> <p>Hands-on assistance in the implementation of common actions.</p> <p>If experience successful, assistance in the consolidation of results achieved (e.g. establishment of consortia, joint marketing companies).</p>	<p>Forms of cooperation at various stages of value chain are reached (most likely in the first stage in logistics and transportation).</p>	<p>Increase in unit margin or decline in unit cost for the goods/services procured locally or sold through joint effort (e.g. decline in unit air freight for flowers exported from Ethiopia after growers have eventually teamed up to rent a cargo plane).</p> <p>Increase in the number of companies able to meet relevant industry standards as result of experience sharing within the cluster.</p>	<p>Short sightedness: companies in the potential cluster are excessively focused on short-term gains over competitors and overlook long term benefits of cooperation.</p>	<p>The process is delayed until a clear leader emerges, able to organize relationships along more hierarchical lines.</p>

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Priority Activity: Promoting quality awareness						
In EAIO countries some sectors (especially the leather industry but also in fishing) are suffering from the widespread lack of quality awareness at the various stages of the value chain. While some intermediaries benefit from such a situation, overall competitiveness is affected and investment largely deterred. Some sector IO appear interested to tackle the problem.	Sector Associations	<p>Sector specific workshops on relevant quality standards.</p> <p>Adaptation to local context of relevant quality standards (as done, for instance, by <i>ESALIA</i> in the case of “Hides & Skins Grading Standards”, originally developed by UNIDO).</p> <p>Assistance in the establishment of “extension service” units responsible for dissemination activities (selection and training of personnel, preparation of relevant material, etc.).</p>	Quality-related aspects are effectively absorbed by various players in the industry (e.g. fishermen, collectors, intermediaries).	<p>Increase in the number of companies and transactions effectively meeting relevant quality standards.</p> <p>Increase in average value of transactions.</p>	Entrenched vested interests (e.g. intermediaries in hides & skins in Ethiopia) manage to effectively boycott initiative.	<p>Gradual emergence of <i>de facto</i> standards.</p> <p>Enforcement of quality standards via state regulation (unlikely to succeed, as it opens the door to opportunistic behaviour).</p>
Priority Activity: Promoting quality certification						
Quality certification plays a crucially important role in sectors of great importance for EAIO countries, such as: essential oils, organic agriculture, tourism. Some initiatives have already been undertaken (e.g. the quality label for essential oils established by <i>PRONABIO</i> in Madagascar; the ISO 9000 certification program implemented in Uganda by <i>UMA</i> with support from <i>GTZ</i>) and some sector IO appear interested in replicating the experience.	Sector Associations	<p>Sector specific workshops on relevant quality standards and certification criteria.</p> <p>Creation and registration of quality labels.</p> <p>Hands-on assistance to fulfil certification criteria.</p> <p>Sponsorships of “quality awards” events.</p>	Quality-related aspects are effectively absorbed by various players and certification culture becomes more widespread.	<p>Number of member companies able to obtain (and retain over time) quality certification.</p> <p>Increase in turnover and/or profits achieved by certified companies.</p>	<p>Inertia prevails, members do not want to invest time and money to obtain quality certification.</p> <p>Quality certification is perceived as one off event, and little attention is paid to the need to maintain standards.</p>	<p>Gradual emergence of <i>de facto</i> standards.</p> <p>Enforcement of quality standards via state regulation (which however, is unlikely to reflect adequately specifics of the business).</p>

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Priority Activity: Strengthening of arbitration bodies						
As already mentioned in Section 3, in EAIO arbitration is still scarcely used, largely because of the weaknesses of existing arbitration chambers. The problem emerged in connection with disputes involving Mauritian investors who had invested in Madagascar and suffered losses during the 2002 political crisis but was mentioned also elsewhere in the region.	Chamber of Commerce (often hosting the arbitration chambers) or independent arbitration bodies	<p>Training of arbiters and subsequent certification (see Section 3).</p> <p>Information activities for regular courts (arbitration awards still need to rely on courts for enforcement).</p> <p>Establishment of libraries and databases on relevant jurisprudence.</p> <p>Internship of arbiters and clerks with international arbitration bodies (ICC in Paris; London Arbitration Court).</p>	An alternative, fast and moderately expensive, method for settling commercial disputes is made available to the business community.	Number of contracts including an arbitration clause for the settlement of disputes, with reference to arbitration bodies in the region.	Arbiters turn out to be as ineffective or corrupt as regular courts and arbitration awards are rendered under influence of strong parties.	Gradual build up of capabilities results from standard networking activities, such as participation of seminars regularly organized by ICC – Paris.

4.4 Assessment of Fee Paying Activities

4.4.1 Introduction

As requested by the TOR, we proceed to an analysis of the budgets of IO, with the objective of assessing capabilities in the provision of fee based services. The starting point is the analysis of budgets and of their composition. This is followed by some comments of the fee generating activities and possible related CB needs.

4.4.2 Methodology

Detailed information regarding budgets and budget composition was obtained in the case of 36 non financial IO. Sources of revenue were grouped into four main categories, namely:

- **membership fees** and contributions from members not related to specific initiatives;
- **government contributions**, be they through regular budget allocations (as it is typically the case for public IO) or *ad hoc* contributions;
- **contributions from donors** (in principle excluding the value of in kind contributions, such as consultants' services);
- **other sources of revenue**, a catch all residual category including primarily: (i) revenue from services rendered (from certification services to consulting and marketing & information services), (ii) revenue from special events (if and when these events generate money: sometimes they show up only on the expenses side), (iii) revenue from training activities (significant for certain categories of IO), (iv) revenue from the rental of real estate.

It is important to stress that figures presented in the Section should be interpreted with caution. Indeed, in several cases, information regarding budgets was only reluctantly released by the IO interviewed and the possibility of omissions cannot be ruled out. The same applies for the possibility of mistakes in the classification of specific items, as only in about one third of cases the Consultant had access to properly formulated financial statements.

4.4.3 Composition of IO Budgets - Overview

An overview of budget composition for the surveyed IO is provided in Table 4.3, providing the breakdown by legal status, and in Table 4.4, providing the breakdown by typology.

Regarding the *legal status of IO*, the most obvious difference relates to the role of government contributions, which account for three quarters in the case of public IO while they are non-existent in the case of private IO³. In the case of private IO, membership fees account for 42% of total revenue, while 35% comes from donors (but the percentage is strongly influenced by three outliers – see below) and 22% from other sources.

Table 4.3 Breakdown of Budgets by Legal Status of IO

Legal Status of IO	Membership Fees	Government Contributions	Donor Contributions	Other Sources of Revenue	Average Budget (€)
Private IO	42%	0%	35%	22%	279,000
Public and Semi Public IO	0%	74%	10%	16%	1,096,000
Total	16%	47%	19%	18%	529,000

³ This result is somewhat suspicious, as we find hard to believe that no government money goes to any IO in the region.

Table 4.4 Breakdown of Budgets by Typology of IO

Typology of IO	Membership Fees	Government Contributions	Donor Contributions	Other Sources of Revenue	Average Budget (€)
Sector associations (SEC)	45%	0%	39%	16%	124,000
Sector associations (SEC) without two outliers	67%	0%	6%	27%	84,000
Generalist associations (OTH)	44%	0%	41%	15%	426,000
Generalist associations (OTH) without one outlier	62%	0%	13%	24%	292,000
Chambers of Commerce (CCI)	36%	0%	19%	45%	415,000
IPA and EPZA (IPA)	0%	65%	2%	32%	1,371,000
Promotional bodies (TPO)	0%	81%	17%	2%	938,000
Total	16%	47%	19%	18%	529,000

Regarding the composition of budgets by typology of IO, the main comments are as follows:

- *Prima facie sector associations* are heavily dependent upon donor contributions, which account for a hefty 39%. As a matter of fact, this result is due to the inclusion of two entities (*ESALIA* and *UFEA*), that overwhelmingly rely on donor funds to finance their activities. Once these two outliers are removed, donor contributions drop to a mere 6%, while membership fees account for 67% and other sources of revenue for a respectable 27%;
- similar considerations apply to the *generalist private sector associations* (i.e. manufacturers' and employers' associations plus the private sector foundations), which at first seem to largely rely both on membership fees (44% of total revenue) and donor contributions (41%). In reality, this "bimodal" distribution is largely attributable to the inclusion of the *Uganda Private Sector Foundation*, which is overwhelmingly relying on donor contribution. Once *UPSIF* is removed, the contributions of various items are similar to those found in sector associations. The 24% derived from other sources is largely attributable to training services provided by employers' associations;
- other sources of revenue account for 45% of total revenue in the case of *chambers of commerce*. Traditional fee paying services (e.g. certification and registration) typically account for only a small share of these revenue, which is derived primarily from training services and, in the case of some entities, fees for the renting and/or management of certain infrastructure (e.g. bonded warehouses, office buildings, etc.);
- *IPA* derive the bulk of their financial resources from budget allocations. Indeed, the 32% accounted for by other sources is heavily influenced by the rental fees received by *EPZA* (the largest non financial IO in our sample) for the leasing of real estate in Kenya's free zones;
- *trade and tourism promotional bodies* also derive the bulk of their resources from budget allocations, with only a tiny 2% resulting from other sources. It is worth noting that in the case of promotional bodies, donor contributions are in reality understated as part of the resources channeled through government allocations are, at the origin, provided by donors (e.g. EU money for tourism promotion in Uganda). Similar considerations apply to IPA.

Overall, sector and generalist business associations appear as those having achieved a better balance in their sources of income, which is in itself an indication of success.

4.4.4 Considerations Regarding Fee-paying Services

By and large, *private sector IO* are already well aware of the need to mobilize resources in addition to membership fees. This aspects emerged clearly during field interviews and is confirmed by the above analysis. Sources of revenue obviously vary with the nature of the IO and the context in which they operate, ranging from the collection of parking lot fees at Kenya's National Parks (in

the case of *KATO*) to the organization of a variety of training programs (all the employers' associations and some chambers of commerce) to the organization of fairs and events supported by sponsorships (in the case of some manufacturers' associations). The high degree of awareness, the good results already achieved, and the very specific nature of the possible sources of income, suggest that (a part from special cases, especially in the early stages of development), standardized CB efforts in this area are not appropriate.

In the case of *IPA*, the appropriateness of introducing fee paying services is very debatable. As frankly indicated by an IPA senior staff (who asked to remain anonymous) "Let's stop with this story of fee paying services: we are discharging a public function and indeed a very difficult one. Expecting that we also earn money to cover for our costs is totally out of question". Indeed, discussions with investors active in EAIO and who have had experience with IPA suggest that the charging of fees for the provision of information or even for facilitation and registration services would not be taken in a positive way by prospective investors ("if we have to pay, where would be their [IPA's] facilitation role?"). Obviously, completely different considerations apply in the case of EPZA or of IPA involved in the renting of land or of industrial space. But in these cases the service is already paid for by investors and, apart from possible assistance in the revision of fees schedules and other technical matters, the need for CB support appears minimal.

In the case of *promotional bodies* (export and tourism promotion boards), sources of revenue other than government contributions currently account for a very small share of total budgets and *a priori* there is room for an improvement. However, this will depend crucially on an effective improvement in the quality of services provided and, even more important, in the attitude of their staff, which has to become more pro active and client oriented. Finding new clients abroad, attracting new tour operators are certainly activities very much valued by private operators and in principle they are willing to pay a commensurate price, but only if the quality of services is in line with expectations. In this respect, some of the general CB activities suggested in Sub-Section 4.3 could also prove useful in supporting the development of fee-paying services.

A different way of approaching the subject is presented in Sections 5 and 6 where possible fee-payment activities for IO are considered as part of a strategic evolution of the Pro Invest ACP-EU Network. Fee paying services are presented for the establishment of the EAIO Portal and the EU & EAIO Investment Exchange, respectively a web-based hub promoting regional markets and a web portal branching EAIO and EU networks. The fee-paying services proposed are, among others:

- virtual showrooms and business databases;
- I&ICA Brokers (for EU companies);
- I&ICA Mentors (for EAIO companies);
- partner scouting and company audits;
- innovation technology observatory.

4.5 Proposal to Enable IO Participation in Sector Support Activities

4.5.1 Introduction

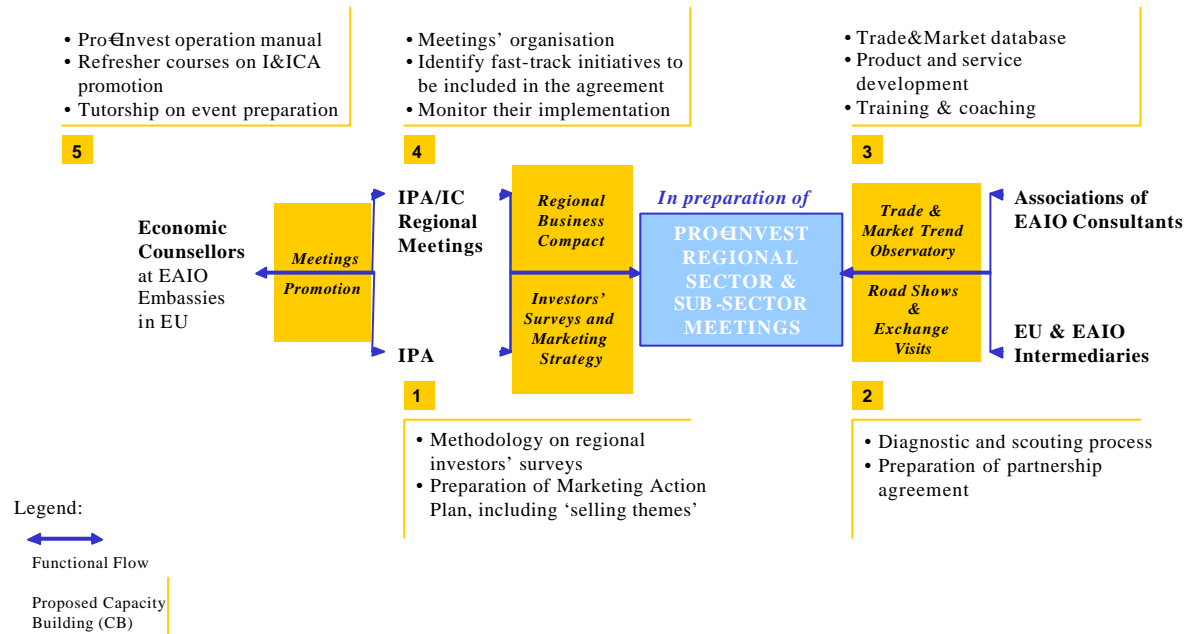
This sub-section addresses the specific request of the TOR for: (i) a “capacity building proposal enabling IO to collaborate actively in the studies of sectors preceding each Regional Sector Meeting”, and a capacity building proposal enabling IO to execute Pro€Invest sub-sector meetings. The proposal presented in this section includes a set of five capacity building (CB) initiatives inspired by three guiding principles, namely:

- first, the five CB initiatives proposed are “systemic” in as much as they create mechanisms for a long-term networking process that is at the basis of the permanent cooperation among IO within the region and between EU and EAIO intermediaries. Promoting and sustaining networking initiatives is to be considered a key factor of sustainability for Pro€Invest as a whole, as well as an indicator of its success. Further details on this aspect are provided in Section 6;
- second, with only few exceptions, the short listed IO in the EAIO region have fairly consolidated structures and some experience in the organization of trade and (to a lesser degree) investment events. On the logistical point of view they appear to be capable to contribute to the organization of the type of meetings that Pro€Invest intend to sponsor. On the contrary, CB assistance is needed to ensure that IO understand and adopt the regional approach introduced by Pro€Invest. The five CB initiatives aim at emphasizing such an approach in the preparation of the regional sector studies and the execution of the meetings, by ensuring that the final result is larger than the sum of the national contributions;
- third, the CDE experience in supporting the organization of match-making initiative and providing *ad hoc* support in the pre-event phase has consolidated over the years. In addition the geographical location, the general political stability of the EAIO countries (with the only exception of the Horn of Africa sub-region) and the common language and business culture spread in the large majority of the region do not call for adaptation of the available facilities to local conditions.

The five CB initiatives, summarized in the functional chart of the next page and examined in the following pages, include:

- support to IPA for the preparation of regional investors’ surveys and marketing strategy;
- support to the organization of road-shows and exchange visits between EU and EAIO intermediaries;
- support to associations of EAIO consultants for the creation of an observatory of regional trade and market trends;
- support to IPA for the organization of regional meetings finalized to the conclusion of regional business compacts;
- support to Economic Counselors in EAIO Embassies in Europe to promote (sub-)sector partnership meetings.

Capacity building proposal in preparation of Sector Meetings



4.5.2 Regional investors' surveys and marketing strategy

Objective. The objective is to tailor the IPA marketing strategies to investors' feedback on the comparative and competitive factors supporting or constraining potential I&ICA in the region. Regular surveys would allow IPA to fine-tune their initiatives, anticipate trends and exploit new opportunities. The systematic collection of this first-hand information would also be instrumental to the proactive participation of IPA in the Pro-€Invest (sub-)sector meetings and the provision of pre- and post-event support services.

Expected Results. Investors' surveys are carried out regularly (e.g. every two years) and consistently overtime. They focus on a specific sector and/or *filière* and have a regional reach – a considerable new approach as often investors' surveys are conducted either at national or continental level and no comparative analysis is carried out with other regions of Africa. For some sectors it may be envisaged to zero in on a specific sub-region. It is expected that IPA benefit from these regional surveys as they provide critical mass of information and are cost-efficient (based on a cost-sharing agreement).

Regional marketing strategy plans are consolidated through a knowledge sharing and cooperation process of national IPA. Regional selling themes are identified based on the identification of push (competitive) and pull (comparative) factors.

CB activities. Two CB activities are proposed:

- *Training to IPA on investors' survey preparation.* It includes the transfer of methodologies and tools for survey preparation, the handholding component during the implementation of first regional survey and analytical support in the evaluation of its results;
- *Support to the preparation of Marketing Action Plans.* With a regional dimension these plans should: (i) describe on which merit the specific sectors have been chosen; (ii) identify the eventual sub-sector niches and products selected for promotion; (iii) list the specific target countries in EU and investor groups in those countries to which the marketing actions are directed; (iv) outline the regional selling themes to be adopted during the marketing campaign, trying to segment promotion themes by products; (v) define the mix of promotional tools to be used to promote the selling themes; (vi) identify roles of participating national IPA, trying to share responsibilities based on their comparative advantages; and (vii) calculate the expected costs and impact of the marketing actions.

4.5.3 Road-shows and exchange visits between EU and EAIO intermediaries

Objective. The overall objective is to foster exchanges between EU and EAIO intermediaries to develop common interests and discuss cooperation opportunities prior to (and conducive to) their application to Pro-€Invest activities linked to sub-sector meeting organization. The rationale behind this proposal is based on the fact that many European intermediaries have expressed their limited knowledge of their counterparts in the EAIO region. In addition they mentioned the strong competition for partnership agreement with intermediaries in areas closer to EU markets, such as the Mediterranean Basin and the Central, East and Southeast Europe.

Expected results. European IO lead and expand the scouting and diagnostic process of local IO initiated by the present study. The direct involvement of European IO would prepare the ground for the co-participation to the Pro-€Invest facilities.

In parallel, the EAIO intermediaries short-listed by the present study could have financed a road show in Europe to present their organizations and their initiatives and establish contacts with European IO.

CB activities. This is not *per se* a capacity building initiative. It is a support initiative to promote networking between EU and EAIO intermediaries. The CB action is mandated to the EU intermediaries that would have to prepare a detailed assistance proposal as well a partnership agreement proposal before the exchange visit takes place.

4.5.4 Observatory of regional trade and market trends

Objective. The objective is to provide reliable and updated information on regional market trends and trade opportunities, relevant to the priority sectors of the regions. National-level data and information will be aggregated at EAIO regional level. This implies the development and management of a regional database whose update will be entrusted to a regional association of national consultants. Management of the database would be initially centralized at ProInvest in Brussels.

Expected results. With the establishment of an observatory on regional trade and market trends hosted on its web-page, ProInvest will offer a visible and straightforward service to IO and companies. The sector technical summaries prepared by the present study will be the basis to develop the content and the structure of a trade & market database. IO will be capable to exploit the available information sources to (i) respond to queries from its members (e.g. trade contacts and market/product information) and (ii) create opportunities to offer additional services (e.g. preparation of company profiles involved in import/export activities, organization of trade missions, consultancies). EU and EAIO companies will be allowed to consult some sections of the database directly.

CB activities. Activities will include the following steps: (i) development of the trade & market database; (ii) identification of service and products developed by the observatory; and (iii) training/coaching of consultant associations to carry out trade and market analysis and services and update the database.

The *trade & market database development* will require an initial assessment of the existing information resources in the region and an analysis of trade and market information needs by EU & EAIO intermediaries and companies. After a selection/adaptation of existing materials, proposals for the selection of new information resources will be made, both on-line and off-line. This is made for each priority sector identified by the study and structured by standard categories, such as reference books, company directories, trade policy and regulation, market/product information, trade fairs and exhibitions, general periodicals. The choice of the data base system will be the next milestones in the process. Possible alternatives are software developed by international organizations or commercially available database package.

The observatory must be perceived, since its start-up, as a client-oriented facility providing state-of-the-art *services and products*. Their choice should be driven primarily by indications provided by EU & EAIO intermediaries and companies. Service standardization and service charging will have to be envisaged since the inception phase to maintain the value added of the information provided.

Training and coaching will be organized for the staff of association of EAIO consultants. CB support will ensure that services and products go beyond provision of crude information to include tailored-made research services, analysis and consultancies. At this stage it may be envisaged that a minimum of four profiles will be required: a trade information manager, a senior market researcher, a junior researcher and an information/database officer.

4.5.5 Regional Business Compacts

Objective. The establishment of a permanent coordination forum among regional policy makers would lead to the formulation of Regional Business Compacts. These are formal agreements to improve the investment climate in the region, by coordinating efforts (i) to accomplish the policy reforms in specific sectors; and (ii) to streamline administrative procedures and regulations to promote I&ICA in those sectors. The Business Compact is an instrument to ensure commitment by the national institutions on a region-based, sector-specific investment promotion agenda. It would also provide a signal to the private sectors that their instances are taken in consideration.

Expected results. Several countries in East Africa are creating national coordinating councils on investment activities. These councils consist of high-profile businesspersons and high-ranking Government officials (normally key director generals and ministries). They will help:

- monitoring the improvement process of the national investment climate;
- overcoming possible bottlenecks on specific implementation aspects;
- creating initiatives to promote new business opportunities.

Pro-Invest management could invite representations of these national councils and of other leading Government institutions (where such councils do not exist) to regional meetings to discuss the current investment conditions in the EAIO region and approve a set of fast-track initiatives to be included in the Regional Business Compact. The document would be formally presented and approved during Pro-Invest major events, such as the Regional Sector Meetings.

CB activities. In this case CB activities would include:

- *Support IPA in the organization of the investment regional meetings.* This includes compilation of documentations and data to be used as reference material for the discussion, identification of fast-track initiatives and drafting of the Regional Business Compact document to be submitted for approval;
- *Support to monitor the implementation progress of the fast-track initiatives.* The support is directed to the IPA that would act as a Business Compact Secretariat. Methodologies to identify indicators of achievement and direct technical assistance to gauge them would be provided. The analysis of investors' surveys (see section 4.3.2 above) would be a major reference to verify the impact of the adopted measures.

4.5.6 Economic Counselors in EAIO Embassies in Europe

Objective. The overall objective of this program is to strengthen the investment promotion function of Economic Counselors (EC) in EAIO Embassies in Europe. The operational links between EC in Europe and the IPA in the EAIO region would be strengthened. Specifically the EC's role would focus on (i) pro-active promotion of investment opportunities and trade contacts in preparation of Pro-Invest (sub)-sector meetings; and (ii) follow-up activities in support of post-event activities.

Expected results. EC will become active participants of the system framework for private sector development. They will receive refresh courses in I&ICA promotion activities, specifically tailored to Pro€Invest program. During the preparatory phase of the first Pro€Invest sector meeting in the region, EC will be assisted to develop standard operating procedures and formats, and to implement a regional promotional approach by embassies of the different countries, on a share-basis and voluntary principle.

CB activities. At this stage the following CB activities can be envisaged:

- *Proposal for a fine-tuning of EC job description*, to strengthen their function of promotion of investment opportunities and trade contacts. This should also include the definition of communication procedures with IPA, in particular an effective backstopping service to EC.
- *Preparation of a user-friendly Pro€Invest Operational Manual for EC*. The manual will include clear instructions on: the EC role on project cycle management; relation with the exporting community; commercial/investment intelligence and reporting; market research; trade missions and trade enquires; trade fairs and exhibition; investment promotion and investor targeting; business plan and feasibility studies; international tenders; financial schemes for export transactions and investment; legal aspects of trade and investment; local office management and administration; work-plan and monitoring activities.
- *Design and provide training and refresher courses for EC*, to be organized possibly in one location in the IAIO region. Close collaboration in the course design and organization should be envisaged with the staff of all IPA, in order to give a regional dimension to the CB program.
- *EC tutorship*. After the training period, EC could be assisted in the start-up phase of their new activities in concurrence of a major Pro€Invest event in the EAIO region. The tutorship would focus on the EC office organization, preparation of the work plan and the support in carrying out specific tasks leading to the successful promotion of EU & EAIO partnership.

The above activities should allow the Embassies and in particular the Office of the EC to increase their efficiency in the investment promotion services. In addition, the recognition of the important investment promotion networking role of EC could, in the medium term, lead EAIO countries to pull resources and create regional investment promotion units within selected EU countries, sharing costs and creating a critical mass of business opportunity generation and management. This outcome would improve performance while overcoming the human, technical and financial constraints of the national embassies working independently.

4.6 Proposed Regional Training Plan for IPA

4.6.1 Introduction

An element clearly emerging from field interviews with IPA is the existence of a significant gap between the capabilities displayed by the top management, often of excellent quality, and those of middle and lower levels professionals, which leave more to be desired. As already indicated (see Table 4.2) the gap is primarily in terms of attitude, with lower level staff often displaying a limited degree of autonomy and a purely “reactive” attitude. But in certain cases, professional capabilities of lower ranking staff also appear rather limited. In such a context, the training program for IPA staff envisaged by Pro€Invest could play a significant role, together with other CB activities, in enhancing the performance of EAIO’s investment promotion entities.

4.6.2 Overall Approach

The salient features of the proposed program can be summarized as follows:

- in line with the needs identified during fieldwork, the proposed program should be targeted at *intermediate and lower level professionals*. This is not only the area where the capabilities gap was noted but also the area where the turn over in staff is higher, thereby creating a constant need for training. The participation of higher level staff in training activities is not envisaged. The top managers of entities such as *UIA* or *EPZA* are unlikely to benefit from any formal training: in case, they could be among the teachers;
- the program should have a *modular structure*, to allow for the necessary flexibility in implementation. The proposed program comprises 7 modules, whose contents are described in some detail in Table 4.5. Each module could be developed over a period of 2 to 4 days and modules could be grouped or treated as stand alone mini courses;
- the training course should be *coordinated with other CB activities* undertaken by the Pro-Invest program described in other parts of this Volume. Even more importantly, the training program should be coordinated with the possible participation of regional IPA in the preparation and/or execution of sector and sub-sector partnership meetings. Pro-Invest Sector Support activities are very much results oriented and therefore offer an excellent opportunity of synergies with training activities in investment generation (Module 5 – see table below);
- in line with Pro-Invest’s overall philosophy, the training program should be organized at the *regional level*. Inevitably, parts of the training program would be characterized by highly country specific contents but this does not militate against the regional approach. On the contrary, the analysis of conditions prevailing in different contexts will provide the participants with an useful comparative perspective.

4.6.3 Detailed Description

The contents of the proposed training program are illustrated in detail in the Table 4.5 below. The literature on capacity building for IPA has been growing considerably over time and a number of training courses (and related teaching tools) for IPA staff have been developed by various institutions. Under these conditions the contents of the proposed program inevitably overlap in more than one respect with those of other similar programs and our work does not have any claim to absolute originality. However, an effort was made to incorporate the specifics of the EAIO region and to establish a linkage with other components of the Pro-Invest program.

Table 4.5 Structure of the Proposed Training Program

Purpose and Approach	Contents	Expected Results
Module 1 – Understanding FDI and Country Positioning		
The very first step to strengthen IPA’s capabilities is to enhance skills in (i) analyzing the various types of FDI, (ii) understanding different factors drive FDI, and (iii) diagnosing country positioning as an investment destination.	<p><u>Review of current and future investment trends</u></p> <ul style="list-style-type: none"> • why do companies engage in FDI? • types of FDI: green field, subsidiaries, joint ventures, acquisitions • what is the location decision-making process used by different types of foreign investors? • are there any new players emerging in the global investment market? • what are the main geographical sources of FDI? <p><u>Identification and analysis of investments currently attracted in the Country/Region</u></p> <ul style="list-style-type: none"> • which areas & sectors are benefiting from FDI and how are they benefiting? • what are the salient features of inward 	At the end of this Module participants will be able to compare national FDI trends per type, sector and source, in order to highlight country specific advantages and disadvantages and potential cross-country synergies. An essential feature of this Module is to make clear that foreign investors are indeed a quite diverse lot and that such a diversity may have completely different implications (attracting the

	<p>investments? (new facilities, joint ventures, related to privatization or restitution, size of investments, etc.),</p> <ul style="list-style-type: none"> • how can the country benefit from future investment? • which investments is the country likely to attract in the future (by sector, type and source)? <p><u>Identification of competitive advantages and competitors for the Country/Region</u></p> <ul style="list-style-type: none"> • which types of investment should the country/region target? • does the country/region have a competitive advantage? and where? • how attractive is the country/region to investors? • does the country/region have competitors? 	<p>interest of an Italian SME for investing in an Ethiopian tannery is completely different from attracting the interest of a large UK or US multinational corporation).</p>
<p>Module 2 - Understanding and Removing FDI Obstacles</p>		
<p>Before starting promotion the best possible conditions for setting up an investment project should already be in place. Actually, investment promotion can be even counterproductive in the case of countries offering poor business environment: not only disappointed investors will not come back but they will be a major source of “negative advertising”. On the contrary, proof of the efforts effectively deployed to remove FDI impediments is in itself a convincing country promotional instrument.</p>	<p><u>“Road-mapping” to identify impediments</u> This sub module should cover aspects such as:</p> <ul style="list-style-type: none"> • identification of total time actually taken for an investor to start doing the business, • tracing the path of all the needed operational and procedural steps, • identification of the time, formalities, and payments to complete each step, • analysis of inconsistencies, bottlenecks, administrative obstacles and managerial impediments in setting up an investment project. <p><u>Identification of actions required to remove the identified impediments</u> A clear distinction should be made between:</p> <ul style="list-style-type: none"> • “structural impediments”, that can only be eliminated or alleviated through legislative action (e.g. eliminating certain rules or passing new, more coherent laws), and • “behavioral impediments”, which can be eliminated or reduced by: (i) redesigning organizational charts and compensation packages (disincentives and reward systems) to allow empowerment and provide incentives for pro active attitudes; and (ii) redesigning procedural systems to eliminate or reduce room for opportunistic and rent-seeking behavior. 	<p>At the end of this Module participants will be able to (i) present the actions recently adopted by governments to enhance the business climate and (ii) identify the missing elements. The impact of measures adopted and of persistent gaps will have to be discussed in detail, to identify possible additional actions as well as the potential to replicate or mainstream successful interventions.</p>
<p>Module 3 - Investor Maintenance</p>		
<p>As stated by a seasoned IPA official “Before trying to attract new investors we better make the best use of those already in the country”. Indeed, to set up an adequate investor maintenance system is of crucial importance for three reasons: (i) in operational terms, it is a straightforward and pragmatic source of information on country investment attractiveness, (ii) in strategic terms, it is a very cost effective promotional</p>	<p><u>Techniques (and tricks) to strengthen linkages with existing investors</u></p> <ul style="list-style-type: none"> • which are the most suitable channels? • how to organize an informal private sector network? • what are the relevant business circles and how do we approach them? • what are the most recent issues raised by changes in, say, legislation and how can we be of use for existing investors? <p><u>Aspects to be addressed during the annual or semi annual company visit</u></p> <ul style="list-style-type: none"> • what changes have occurred in the business environment (i.e. facilities or employees)? • what is the possible related role to be played by IPA? 	<p>At the end of this Module participants will be (i) able to handle relations with existing investors in general and (ii) capable of “creating opportunities” for making additional investments.</p>

<p>channel (experience shows that existing investors represent one of the most influential sources of information for potential investors)⁴, and, most importantly (iii) existing investors are the most likely source of additional investment (investment being typically an “incremental” activity).</p>	<ul style="list-style-type: none"> • which are the needs in terms of suppliers and support services that may lead to further investments? • which are the existing impediments to profitable operation? • which are the possible ways out (i.e. provision of technical assistance by the relevant organization)? 	
<p>Module 4 - Image Building</p>		
<p>Image building is about selling a countries as an investment destination. This requires the development of a strategic marketing plan and the mastering of certain techniques. Throughout the world most IPA have started their activities with broadly targeted image building but lately they have re-directed efforts towards more focused investment-generating activities (see Module 5 below). By and large, EAIO countries still have serious “image problems” (Mauritius being as usual the exception) and <u>must</u> engage in image building. Still, EAIO’s IPA do not have budgets comparable to those available to organizations such as <i>Locate in Scotland</i> or Ireland’s <i>IDA</i> and even broad based image building must be reasonably focused.</p>	<p><u>Identification of the “broad target” (industries and/or geographic sources of investment)</u></p> <ul style="list-style-type: none"> • how to develop a long list of potential industries (the so called “wish list”)? • how to analyze the characteristics of each industry in terms of structure, players, and trends? • how to asses each industry’s compatibility with country characteristics and development goals? • how to narrow down the analysis and develop a short list of target industries? <p><u>Image-building operational aspects</u></p> <ul style="list-style-type: none"> • which channels are in regular contact with the target industries/areas? (commercial attachés, bilateral associations, chambers of commerce, financial institutions, etc.), • what kind of marketing partnerships could be established? • which instruments should be used? (broad advertising in media, country presentations, attendance to investment fairs or general trade fairs), • for each instrument, what are the pros and cons? (with emphasis on out of pocket costs and opportunity cost for staff), • for each instrument, what are the materials to be developed and how should they be developed? 	<p>At the end of this Module participants will be able to participate in the design and implementation of image building efforts. The timing of this part of the training plan could be coordinated with some of the promotional initiatives routinely scheduled (e.g. the annual Commonwealth Africa Investment Forum or the more frequent Business Forums), so as to provide a concrete opportunity to put in practice the training received.</p>
<p>Module 5 - Generating Investment Opportunities</p>		
<p>Investment generating is about creating specific investment opportunities. Having a more direct impact than image building, investment generating activities have gradually received more attention from the “model” IPA in OECD and Asian countries. Investment generating is often thought to involve the direct targeting of specific companies but in reality it has a significant sector or sub-</p>	<p><u>Identification of the “specific target” (sub-sectors and companies)</u></p> <ul style="list-style-type: none"> • how to select the sub-sector? • how to create the initial list of companies? • what is the information needed to target these companies? • what are the sources of information available? • how to prioritize companies? How to screen out bad companies? <p><u>Investment generating techniques</u></p> <p>This sub module will cover the main features and pros & cons of each of the investment generating techniques, namely:</p> <ul style="list-style-type: none"> • direct mail, 	<p>At the end of this Module participants will be able to participate in the design and implementation of investment generating activities. This is the area where the synergies with ProInvest regular activities are going to be greater, given the results oriented and sector & sub-sector approach adopted by ProInvest. The timing of this module could be usefully coordinated with other CB building activities specifically</p>

⁴ With specific reference to the EAIO region one of the first studies to point out the crucially important role of existing investors in determining the attitude of potential investors was a survey carried out by Economisti Associati for the World Bank in the early 1990s (Economisti Associati, *Survey of Current and Potential Foreign Investors in Eastern Africa*, 1994)

<p>sector component. Such an approach is indeed embedded in ProInvest, which makes extensive reliance on sector partnership meetings.</p>	<ul style="list-style-type: none"> • telemarketing, • organization of sector specific investment missions (both inward and outward), • participation in sector specific exhibitions, seminars and forums, and • organization of sector specific information workshops (either stand alone or as part of wider events). 	<p>intended to enhance IO's capabilities in the preparation and execution of sector and sub-sector meetings (Section 4.3 above).</p>
<p>Module 6 - Investor Servicing</p>		
<p>Investment servicing activities are intended to enhance prospective investors' confidence and ease their "landing" in the new business environment. This involves a vast array of activities, from the organization of meetings with key people to get reassurance about, say, a certain interpretation of a certain tax provision, to the assistance in finding an appropriate location, to administrative tasks related to the investor licensing to the issuance of post approval permits.</p>	<p><u>Pre-approval services</u> The pre-approval phase involves the provision of information, logistical support and lobbying & facilitation activities. Aspects to be covered by this sub module refer to the main potential "deal breakers", namely:</p> <ul style="list-style-type: none"> • finding a suitable location, • obtaining assurances about the availability of financing or of some crucially important input for the project, and • securing the necessary clarifications on tax or legal matters that significantly impact on the potential investment. <p><u>Approval services</u> With the progressive streamlining of investment regulations approval services proper have lost a great deal of importance. However, there are some countries (e.g. Ethiopia) where the screening of investment project could still pose some problems and these aspects must be addressed during the training.</p> <p><u>Post-approval services</u> Post approval services have acquired greater importance whenever IPA have been given the role of one-stop-shop. In reality, the one-stop-shop model is rarely at work, and IPA staff are responsible for liaising with other government bodies to help in the issuance of relevant permits (immigration company registration, etc.). Being able to establish effective relations with these entities is part and parcel of IPA's staff work.</p>	<p>At the end of this Module participants will be able to provide assistance to investors during the approval stage. The assistance to be extended to individual I&ICA operators interested in pursuing the partnership opportunities emerged during the ProInvest sector and sub sector meetings could provide a testing ground for trained staff. Some aspects related to approval and post approval relates to country specific legislation and therefore are likely to differ from country to country. Still, this does not necessarily limit the potential for regional training course (on the contrary, the analysis of different investment licensing regimes would inject a useful comparative dimension to the program).</p>
<p>Module 7 – MIS, Planning and Monitoring</p>		
<p>The importance of MIS, planning and monitoring can hardly be overemphasized. A set of well conceived databases is a powerful instrument for an IPA as (i) it facilitates the provision of information to prospective investors and (ii) allows for the constant monitoring performance, both at the country level and for the IPA itself. Planning systems are important for translating strategic plans into organizational targets and operational procedures, while systematic monitoring and measurement of performance, are essential tools to upgrade</p>	<p><u>Country Data Base Component</u> Aspects to be covered by this sub module include:</p> <ul style="list-style-type: none"> • which documents should be developed? • how to develop the documents? • maintenance of the Data Base. <p><u>Planning systems</u></p> <ul style="list-style-type: none"> • how to set realistic objectives in terms of value, volume, type? • how to identify and harmonize short (annual), medium (operational), and long-term (strategic) investments targets? • how to devise a clear business plan, (servicing existing investors, removing administrative obstacles and managerial impediments, image building, and investment generation)? • how to allocate human and budget resources effectively? <p><u>Monitoring and measurement of performance</u></p> <ul style="list-style-type: none"> • how to set up systematic recording of IPA's 	<p>At the end of this Module participants will have gained a good understanding of strategic functions within the IPA. Even though they will not be involved in the activities discussed during the module, such an enhanced understanding will hopefully reverberate on their operational capabilities. The timing of this module could be usefully coordinated with other CB activities, namely the proposed ISO 9000 certification of IPA.</p>

IPA's activities.	activities? <ul style="list-style-type: none"> • how to select the most suitable evaluation criteria? • how to choose between input and output measures of performance? • how to define accurate performance benchmarks? 	
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4.6.4. Rating of Modules by Priority of Impact

The 7 modules included in the proposed IPA training plan are conceived to be implemented sequentially, as each module builds upon concepts introduced in the previous one. However, depending upon the level of experience, individual participants could concentrate on different modules.

In the EAIO region most IPA appear to perform reasonably well in the provision of certain services, namely in assisting investors in the establishment and registration procedures and, in general, in expediting the approval process. In this connection an example is represented by the “Certificate of General Authority” issued by Kenya’s IPC, which significantly reduces the cost of bureaucratic delays, by giving investor the possibility to start up their activities while pending the formal issuance of relevant licenses. However, IPA across the EAIO also display a largely “reactive” approach, with more limited capabilities in areas which typically require a pro active attitude (e.g. investment generation). In addition, there appear general weaknesses in “back office” activities related to MIS, planning and monitoring. Based on these considerations, the ranking and identification of likely participants for each training module is provided in Table 4.6 below.

Table 4.6 Ranking and Likely Participants for each Training Module

Training Modules	Most likely recipients	Ranking
Generating Investment Opportunities	UIA, IPC, TIC, EIA, ZIPA	H
Investor Maintenance	TIC, EIA	H
MIS, Planning and Monitoring	UIA, IPC, EIA	H
Image Building	TIC, EIA	M
Understanding FDI and Country Positioning	ZIPA, EIA	M
Understanding and Removing FDI Obstacles	ZIPA, EIA	M
Investor Servicing	ZIPA, EIA	L

4.7 Listing of CB Needs and of CB Priority Activities for EAIO Consultants’ Associations

The list of CB needs specific to Consultants’ Association is provided in Table 4.7 below, which also provides a ranking in terms of likely impact on I&ICA issues. A detailed presentation of proposed priority capacity building actions tailored made to Consultants’ Associations is provided in Table 4.8.

The following comments are in order:

- in general terms, CB needs fall into two broad categories, namely: (i) “institutional” CB needs, related to the strengthening or establishment of the association as such, and (ii) “activity - related” CB needs, connected with the carrying out of specific activities/delivery of certain services;

- the identified CB needs and the proposed actions largely reflect the fact that many consultants' associations (as well as their members) are still in the early stages of development, requiring further efforts and consolidation in terms of image building and market positioning. The process appears more advanced in EAC countries while it needs to be started afresh in the Horn of Africa and part of the Indian Ocean regions;
- in operational terms, a major weakness observed during field work was the very limited level of regional networking among consulting organizations, once again with EAC countries being the only partial exception (in addition, of course, to entities related to large multinational consultancies).

Table 4.7 List and Ranking of Capacity Building Needs

CB Needs	Comments	Ranking
Creation/strengthening of national associations	Includes: development of charter, certification and licensing programs, code of conduct, TA for general management.	H
Image building and lobbying	Promotional initiatives to stimulate demand in the industrial and service sectors. Launch accreditation initiatives among the main users of consultancy services. Become active participants of consultative bodies on economic and social development (e.g. Investment Councils, Economic and Social Working Groups, as part of the policy dialogue initiatives).	H
Exposure to international best practice	Most consultants have the basic skills on project cycle management but lack exposure to international best practice. They have still limited opportunities to work in partnership with international consultants. Outsourcing and subcontracting activities by multinationals and African companies to consulting firms need to be further developed.	H
Regional networking	The regional approach to apply to Pro-Invest facilities and more in general the need to develop a regional market for consultancies call for a strengthening of regional partnerships.	H
Training on ICT and MIS	In order to be part of an regional and EU network, consultants' organizations need to strengthen their capacity in the generation, management and exchange of information.	H
Training on new financial schemes	EAI/O consultants appear to be knowledgeable on basic credit analysis and loan appraisal techniques. Training and capacity building are instead required on leasing, trade financing and venture capital.	M
Access to donors' programs	Proactive participation to international tenders; in-house development of project management expertise and creation of rosters of regional consultants.	M
Support to members (specially in the provinces) during start-up	Provide equal opportunity for consultants to enlarge business opportunities and create competition in the sector.	M
Training and capacity building on business planning	Most of the consultants met have already received training in basic company valuation and feasibility studies. It may be considered only under refresh courses to transfer the most recent techniques of project financing and cost benefit analysis.	L
Establishment of (sub-)regional associations of consultants	This must be seen as a bottom-up initiative, following the strengthening of an informal but dynamic consultant regional network. A top down approach risks to be bureaucratic.	L

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Table 4.8 Matrix of Priority Capacity Building Activities for Consultants' Associations

Weakness/Impediment Addressed	Contents of CB Activity	Expected Result	Performance Indicator	Risks	Alternative
Institutional Capacity Building Activities					
Priority Activity: Establishment/strengthening of national associations of consultants					
<p>In the majority of country visited associations of consultants are either not yet established or at infant level. Often they represent a limited number of consultants, not ensuring a large representation of the practitioners.</p> <p>Capacity gaps exist between consultants operating in the capital and those in the provinces.</p>	<p>Formulation of Association Charter.</p> <p>Consulting on procedural aspects for establishment and on promotional campaign (reach out program across the country).</p> <p>Support to strategic and operation management of the association.</p> <p>Establishment of a self-regulating licensing and certification system.</p> <p>Manual of standard operations and best practice for members.</p> <p>Development of services to be provided to its members.</p>	<p>Well-organised association, capable to represent a large number of national consultants.</p> <p>Financial sustainability of the association, through membership fees and fee-paying services.</p>	<p>License and certification system in place and widely recognised in the country.</p> <p>Number of association's members.</p> <p>Quality of services provided.</p>	<p>Two risks:</p> <ul style="list-style-type: none"> the association does not represent the majority of practitioners and/or the most influential ones, operating in the country; there exist several associations reducing their overall lobbying capacity. 	<p>Where those risks exist, an attempt should be made to consolidate the different associations/consultancies under a single entity while preserving specific needs under association's chapters.</p>
Priority Activity: Promote the adoption of an Ethical Code of Conduct					
<p>Local experts have experienced difficulties in accessing consultancy contracts, as the category as a whole is wrongly perceived as purveyor of vested interests, too expensive and/or with limited professional skills.</p>	<p>Formulating an Ethical Code of Conduct aimed at:</p> <ul style="list-style-type: none"> defining rights and duties of consultants in the execution of their work; providing standard contracts and reference fees based on market prevailing conditions; ensuring the client on the consultants' confidentiality and independency of judgment; defining and promoting minimum quality standards below which payment may be suspended; 	<p>Local consultants successfully compete with foreign companies in national tenders.</p> <p>A series of operations of large multinationals and national companies are outsourced to local consulting companies.</p>	<p>Improvement in the perception of consultants among Government's bodies and business circles (to be measured with periodic surveys and compared with baseline information collected before intervention).</p> <p>Numbers of contract breaches involving local consultants are</p>	<p>Limited number of consultants formally pledge to respect the code of conduct.</p> <p>The code is de facto not applied, in daily practice.</p> <p>Monitoring system is not properly functioning.</p>	<p>Promote awareness campaigns against corruption and malpractice.</p> <p>Enforce penalties for breaches of the code of conduct.</p>

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	<ul style="list-style-type: none"> introducing benchmarking techniques and monitoring system to evaluate performance over time of the consultancy services in the country. 	Consultancy services open up to SME market.	reduced.		
Priority Activity: Accreditation program to Government's agencies, in particular IPA, and financial institutions					
<p>Private clients are reluctant to pay consultancy fees for preparation of investment proposals and business plans that risk to be rejected by Government's agencies and financial institutions, on the basis of formal and content deficiencies.</p> <p>This represents a strong limitation to the development of a larger consultancy market in the region.</p>	<p>Formulation of non-exclusive agreements signed between IPA and other Government's agency and the Association for outsourcing consultancy services.</p> <p>Formulation of non-exclusive agreements signed between financial institutions and the Association for outsourcing consultancy services.</p> <p>Development of standard formats and minimum information requirements for investment proposal and business plan prepared by an Association's member. The latter would sign a 'conformity certification' to guarantee the final client.</p> <p>An intranet system is created to allow accredited consultant to develop and submit the proposals electronically.</p>	<p>The final client is ensured that the work of the hired consultants would match the requirements and formats of the Government agency and financial institution.</p> <p>The process of submission becomes less bureaucratic and faster, making the consultant fees worth paying.</p>	<p>Number of proposals and business plans approved by the receiving agency.</p> <p>Time to submit a proposal is reduced significantly.</p>	Major Government and financial institutions do not subscribe to the accreditation program.	Training programs for the internal staff of Government's agencies and financial institutions.
Activity-related Capacity Building Activities					
Priority Activity: Secondment at sister organizations and consulting companies in EU					
Most consultants have the basic skills on project cycle management but lack exposure to international best practice.	<p>Members of the Association would have the opportunity to spend a set time (e.g. up to three months) in a consulting company in EU.</p> <p>The latter will have to prepare a detailed program of formal and on-the-job training for the seconded staff.</p> <p>Visits to EC, EU IO and industrial companies would also be organized.</p>	<p>The activity would allow the local consultants to learn and then apply international best practice.</p> <p>It would also help the consultant build up its personal network</p>	<p>Number of follow-up contacts with EU entities.</p> <p>Percentage growth of consultancy contracts signed after the secondment program.</p>	<p>The program of training is not well organised during the secondment.</p> <p>The consultant does not return to practice consultancy services in his/her country.</p>	<p>More formal training is organised in the country. This alternative is less expensive as it may reach out more consultants but it is by far much less effective. The building up of the EU business network is lost.</p>

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		of business contacts in Europe.			
Priority Activity: Pooling scheme to mobilise EU short-term experts					
Local consultants have still limited opportunities to work in partnership with international consultants. When that happens they often play a secondary role.	<p>The partnership with a pool of short-term foreign experts would be a demand-driven facility. EAIO consultant should request the intervention of their foreign colleagues on the basis of a specific assignment received by a client, for which they feel external support may be appropriate.</p> <p>TOR should be developed for the foreign expertise required. The request should be initially screened by the association of which the consultant is member.</p> <p>The scheme, with minor adjustments, could be part of the Pro Invest facilities Company Twinning and TA for Investment Projects.</p>	The partnership idea would have two positive results. First, it would help local consultants promote his/her services vis-à-vis prospective clients, by capitalizing on his/her international contacts network. Second, it would allow the consultant in carrying out complex and far-reaching assignments, that he/she might not be in the position to cling without foreign partnership.	Number of new consulting contracts signed by the local consultants after having applied to the scheme.	The Association may favour groups of member consultant during the screening process.	Applicants to the facilities Company Twinning and TA for Investment Projects may be requested to include a minimum number of local consultants in their proposal.
Priority Activity: Support tools for regional networking of consultants' associations					
With the present limited tools at their disposal, EAIO consultants will not be able to play an active role in the promotion and dissemination of business information and opportunities generated by Pro Invest.	<p>Support to link selected consultants' associations to Pro MIS, including data and information uploading features.</p> <p>Within the extranet section of the Pro MIS site:</p> <ul style="list-style-type: none"> TA for the creation of an observatory of regional trade and market trends (see sub-section 4.5.4). Creation and management of 	<p>As part of Pro Invest beneficiaries, EAIO Consultants will be in the position to enlarge their role to become permanent I&ICA information brokers.</p> <p>They will also be</p>	<p>Number of business opportunities generated through the network system.</p> <p>Number of visits and uploads/downloads to the extranet section of the Pro MIS site.</p>	The operating cost for the establishment of the extranet section of Pro MIS may not be recovered by sufficient revenues streams.	Reinforce the existing regional network on an informal basis (mainly e-mail exchanges).

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	<p>virtual showroom and business who's who databases.</p> <ul style="list-style-type: none"> • Training and technical assistance in creating and managing virtual communities and focus groups. • Training for editing business newsletter. • Set up and management of knowledge sharing areas with the production of case studies. <p><i>[The above training initiatives are part of the proposed training plan for the use of ITC presented in Section 5 below].</i></p>	<p>able to create a real regional market for consultancies work.</p> <p>They will become instrumental to link together IO in EU and EAIO, promoting new opportunities for ProInvest.</p>			
Priority Activity: Training program on ICT and MIS					
<p>Apart from access to Internet and use of e-mail local consultant appear little conversant to ICT and MIS.</p>	<p>Training programs for the use of electronic software programs, in particular database management and financial software programs (available on the shelf). The programs could also include on-line training modules to facilitate distant learning process.</p> <p>Training and TA on implementation and monitoring of intranet system.</p>	<p>EAIO consultants have acquired sufficient knowledge to actively participate to a regional networking system.</p> <p>Effective use of new technologies by the local consultants, to increase their business opportunities.</p>	<p>Number of training courses executed.</p> <p>Number of consultants participating in the training programs.</p>	<p>Resistant to changes from a few consultants (considering the possible costs in upgrading their equipments).</p>	<p>Focus the training on more traditional and basic subject such as business planning, credit analysis, market studies. While it may be relevant for new entrant consultants and consultants in the provinces, this alternative appears less relevant considering the present qualification of most consulting companies in the region.</p>

5. PROPOSED TRAINING PLAN FOR THE USE OF ICT

5.1 Introduction

The analysis of IO's capabilities in the area of IT provides a rather mixed picture. Indeed:

- IPA and TPO appear to be fairly well endowed, whereas the capabilities of smaller sector-oriented IO are definitely limited;
- in geographical terms, Mauritius' IO are definitely the most advanced, followed by Kenya's and Uganda's, whereas IO in Tanzania and Madagascar appear comparatively ill equipped.

Under these conditions a top-down IT training plan, developed by PRIMS and implemented across the board in the region, appears as the most practical solution. Specific IT training needs formulated by more advanced IO could be accommodated on ad hoc basis using the "standard" Pro-Invest facilities.

The proposal is summarized in the chart in the following page. It is a 3-level training plan that could be implemented as a whole or by individual modules. As it moves through the levels, the training becomes more complex and the expected contribution of IO to the MIS more sophisticated in terms both of technical management and content development and exchange.

5.2 Level 1 - Pro-MIS Basic Interconnectivity

Whenever IO have not yet developed their own LAN, the basic interconnectivity with Pro-MIS would require the establishment/retraining of the IT department in the IO structure. The IT staff would have exclusive access to Pro-MIS via internet connection and through the use of a password to log in the system. Based on the type of security access that they are allowed to, the IT staff will be able to download and/or upload data from the system. The information and data would be circulated to and received from the IO's professional staff through both simple electronic (diskettes) and printed supports. The professional staff will have to be trained to comply with the standardization of the format under which the information is to be organized.

Whenever the LAN is established, the Pro-MIS interface for decentralized data management will be accessible by all authorized IO's staff who have a computer linked to the local network. In this case IO staff will have to be trained on the use of the Pro-MIS interface and the IT secure environment standards. The specific training can be organized in modules, including the development of handbooks and tutorials both in printed formats and downloadable from the Pro-Invest/Pro-MIS site. On-line support can also be provided through the creation of a temporary help desk responding to specific requests from IO local staff, which would include a FAQ's section.

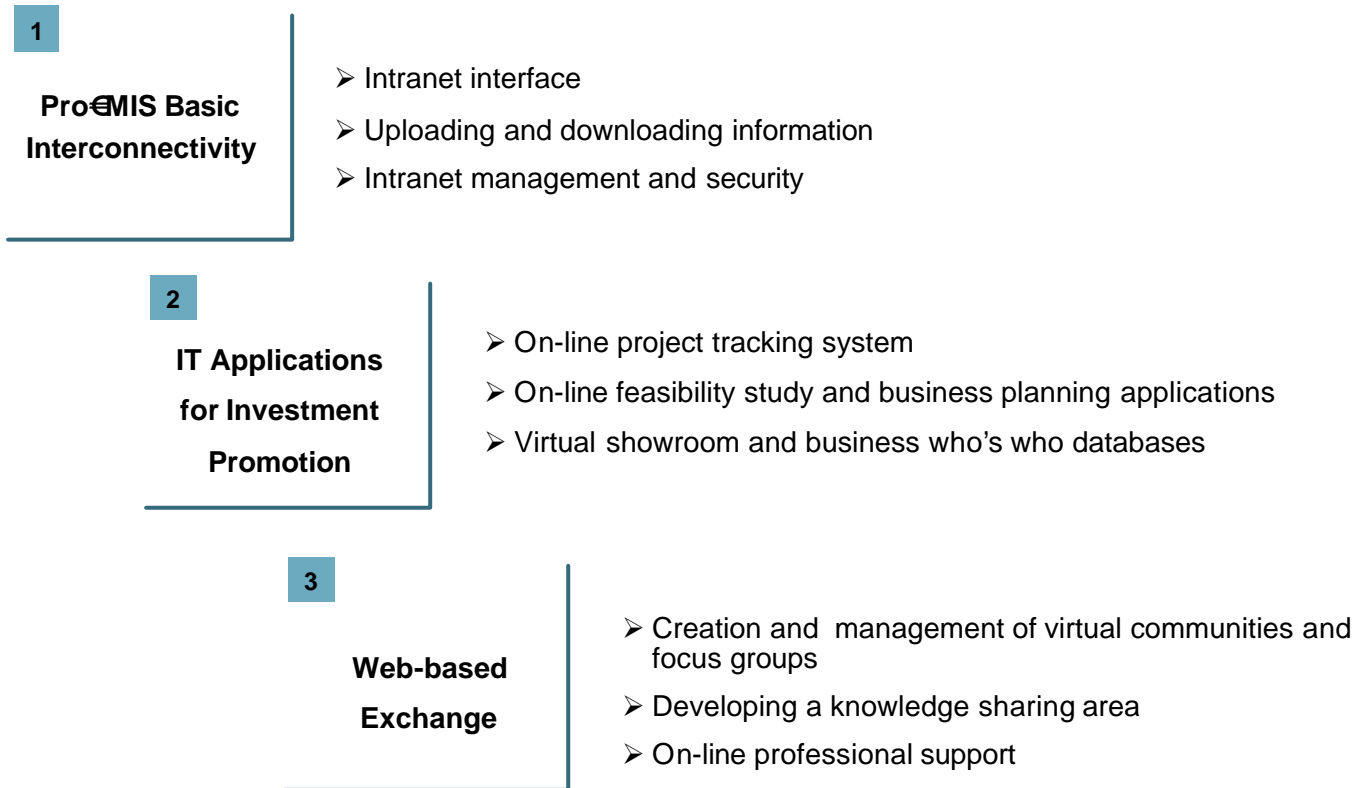
5.3 Level 2 - IT-supported Investment Promotion Tools

Among the intranet applications of Pro-MIS three main investment promotion tools appear to be particularly suitable for their on-line development, namely:

- Project tracking system;
- Feasibility studies and business planning applications;
- Virtual showroom and business who's who databases.

Pro-Invest could finance the procurement of the off-the-shelf software packages (or alternatively the cost of its proprietary development) and organize the training for professional IO staff responsible for the related functions.

ProInvest – Proposal for a 3-level IT Training



Project tracking is a simple operation management system that allows the IO to identify the status of their ongoing projects/initiatives at the different stage of their implementation. It should be conceived in a modular way so that it becomes an instrument for both internal management and external information. Tracking projects would allow the top management to monitor the efficiency of its organization. It would identify the bottlenecks in the system to be redressed through possible changes in the operating procedures.

The tracking system could be applied alternatively to Pro Invest-related initiatives only or to all operational activities of a particular IO. In the second case the tracking system could also be the main source of information to be shared with selected third parties in the form of electronic reports on the IO's ongoing activities. If standardized across the region the system would increase transparency on the IO's operations and also provide a benchmarking mechanism among IO in different countries.

The proposed **feasibility studies and business planning applications** are software packages commercially available in the market. During interviews both in Europe and in the field, it became clear that the quality standard and the level of details of investment project proposals promoted by investment promotion agencies vary significantly among institutions. A shared application for feasibility studies in the region would ensure that (i) standard format for the project documents are used consistently over time; and (ii) a minimum set of economic, technical, commercial and financial indicators/ratios are contained in all project proposals.

Virtual showrooms and business databases (also known as 'Business Who's Who Directories') are IT tools proposed to address two specific needs raised by several interviewees. The first is the need for visibility of many African manufacturers and exporters. They feel that their promotional exposure in the international market is limited. The possibility to develop a web presence within a large virtual promotional network would enhance their opportunities to present their products and to multiply their commercial and partnership contacts. A virtual showroom consists of a web hub managed by a central promotion agency where companies can develop their web sites and display their catalogues of products and services. Those hubs could be regionally integrated and linked to the larger Pro Invest network of sponsors and contacts in Europe.

The second need, raised by EU intermediaries and companies, is the lack of information on IO and I&ICA actors in the EAIO region. Developing on-line databases with the list of intermediaries and operators in the main sectors of relevance for the region would represent a starting point for possible contacts. In EU the who's who database are commercially developed by private entities (e.g. *Kompass* and *Dun&Bradstreet*). Pro Invest could explore the possibility of a joint project with one of these entities to develop a business database for the EAIO region as whole (the entire region would guarantee the necessary critical mass to make the project viable). Procedure and training will have to be put in place to ensure that local IO regularly update the database.

5.4 Level 3 - Web-based Exchange

The third level of the proposed IT training plan is the most intense as it focuses on building local capacity for developing content, managing on-line services and exchange information in a proactive manner. The training is linked to the creation of Pro Invest ACP-EU network system in which a two-way flow of information and services is established between the two regions. The

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proposal is presented in detail in Section 6. Herewith the main themes of the related training are summarized:

- Management of a virtual community;
- Participation to on-line focus group and its development as moderator;
- Contribution to a knowledge sharing area for best practice;
- Database management;
- E-mail management as Pro-Invest contact point;
- Editing business newsletters and uploading business information updates;
- On-line security payment system (for eventual membership subscription fees).

The training would be based on the development of tutorials and manuals both on - and off-line. The above themes can be organized by module, including case studies and best-in-class web links.

6. PROPOSAL FOR A PRO-INVEST ACP-EU NETWORK

6.1 Introduction

This Section is devoted to the theme of the establishment of an informal Pro Invest ACP-EU network. As indicated in the TOR, the objective of such a network would be the launching of a permanent dialogue between IO in the EU and in ACP countries (including EAIO countries). The network would also serve as a platform for the brokerage of I&ICA related support services and, therefore, would contribute to the overall sustainability of the Pro Invest program.

The remainder of this Section is structured as follows:

- Section 6.2 provides an analysis of existing EU-ACP networks;
- Section 6.3 contains a full fledged proposal for the establishment of the proposed network.

6.2 Analysis of Existing EU-ACP Networks⁵

6.2.1 Technical Centre for Agricultural and Rural Cooperation (CTA)

Nature. The Technical Centre for Agricultural and Rural Cooperation (CTA) has been in place since 1983, when it was established under the Lomé Convention. Its mandate and its internal structure were recently modified to reflect the new priorities set out by the Cotonou Agreement. CTA acts as a broker between organizations and professionals in ACP and EU countries and constitutes a vehicle for promoting dialogue and the exchange of information. It focuses on themes related to enhancing the capacity of ACP stakeholders to make decisions, and relies on partnership mechanisms to bring in the technical capacity and skills not available in house.

Objectives and Activities. On the basis of its new mandate, CTA has two operational objectives:

1. to improve the availability of and access to relevant, adequate, accurate, timely and well-adapted information on priority information topics for ACP agricultural and rural development;
2. to improve the information and communication management capacity of ACP agricultural and rural development organizations.

The two operational objectives set out for CTA will be pursued through three programs, namely:

- the provision of information products and services;
- the facilitation of access to communication channels and services;
- the development of ICM skills and systems.

The first two programs relate to objective #1 and the third program to objective #2.

Other. According to the Strategy Plan and Framework for Action 2001–2005, resources available to CTA for the five year period are around €70 million, while the total staff is expected to reach 42 people. The Center's headquarters are in Wageningen, the Netherlands, with a branch office in Brussels. CTA operates in the Caribbean Region through a branch office at the Caribbean Agricultural Research and Development Institute (CARDI) in Trinidad. In the Pacific Region, the branch office is located in the Institute for Research, Extension and Training in Agriculture (IRETA) in Western Samoa. In Africa, CTA works closely with several national partner

⁵ In line with what indicated in the TOR, the attention is only focused on EU-ACP network in the proper sense. Hence, networks such as those run by the Commonwealth Secretariat are excluded from the analysis.

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organizations and in the last few years has interfaced with existing regional networks and established committees for regional agricultural information programs and strategies.

Contacts. For further information:

Web-site: <http://www.cta.int/index.htm>

Tel: +31 (0) 317 467100

Fax: +31 (0) 317 460067

Telex: +44 30169 cta nl

E-mail: cta@cta.nl

6.2.2 COLEACP

Nature. The Europe-Africa-Caribbean-Pacific-Liaison Committee for the promotion of ACP horticultural exports (COLEACP) is a non-profit, private, inter-professional association which was established in 1973. Its members are mainly exporters and importers in the horticultural sector (including floriculture) from both ACP and EU countries.

Objectives and Activities. The COLEACP aims at harmonizing relations between the producers and exporters of the ACP countries and the importers of horticultural products. In order to enhance acceptance of horticultural production coming from ACP countries, since 1998 COLEACP is promoting the adoption of industry "Codes of Practice" with respect to food safety, environmental safeguarding and social responsibility.

In addition, since July 2001 COLEACP has been entrusted the management of the Pesticide Initiative Program (PIP). PIP was set up to help ACP private companies exporting fresh fruits and vegetables in EU to comply with the new regulations defined by the European Commission regarding the levels of pesticide residues permitted.

Other. No comprehensive information on the budget or membership is available. The PIP program alone is worth some €30 million. The website is a useful source of statistical information, especially regarding the floriculture industry.

Contacts. For further information:

Web-site: <http://www.coleacp.org/>

5, rue de la Corderie

Centra 342

F - 94586 RUNGIS CEDEX

Tel: 33 (1) 41 80 02 10

Fax: 33 (1) 41 80 02 19

E-mail: coleacp@coleacp.org

6.2.3 ACP-EU Civil Society Information Network

Nature. The ACP-EU civil society information network is an internet-based information sharing system on civil society participation in ACP-EU cooperation which has grown out the Cotonou Agreement. The project is a joint activity of the ACP Civil Society Forum, the European Centre for Development Policy Management (ECDPM), the Europe's Forum on International Cooperation (EUFORIC), the European Solidarity Towards Equal Participation of People (EUROSTEP), and the Dutch NGO ICCO.

Objectives and Activities. The ACP-EU Civil Society Network is a three-year project focusing on knowledge-sharing among civil society groups and partnership-building on issues such as: poverty reduction, sustainable development and international trade arrangements. The information network is capitalizing on the decentralized nature of the internet to facilitate information exchange, awareness-raising, and advocacy for development. It builds upon the well established platform of EUFORIC and contents have been made accessible through the networks of the project partners. The project is encouraging electronic publication of ACP sources by building local capacities, creating a web site, strengthening the internet-based communication strategies of the ACP Civil Society Forum, and intensifying cooperation with EUFORIC.

Other. No information on the budget is available. The web site mainly consists of directories of entities involved in civil society development (mainly NGO). Also included is a list of events and training programs (covering all development-related areas, not only civil society). In the ACP region the network can count on the cooperation of the 7 focal points of the ACP Civil Society Forum, based in: Barbados, Senegal, Ghana, Zimbabwe, Cameroon, Kenya and Fiji Islands.

Contacts. For further information:
Web-site: <http://acp-eu.euforic.org/civsoc>

6.2.4 ACP Business Forum

Nature. In late 1998, as the negotiations for a successor to the Lomé IV Convention began, business representatives from ACP countries created an ACP Business Forum through an informal bottom-up process. The ACP Business Forum has remained a loosely-knit private sector network.

Objectives and Activities. The founders set two major objectives:

- to promote structured dialogue among existing intermediate private sector associations in ACP and EU countries and to articulate business community' interests with the ACP and EU authorities at global, regional and national levels on matters related to ACP -EU relations;
- to build and strengthen the capabilities of intermediary bodies in the ACP private sector to effectively participate in ACP-EU cooperation.

In the above context, the ACP Business Forum secured funds from the EC for a pilot project on "Promoting structured public-private sector dialogue in ACP-EU cooperation". The project was carried out in various parts of the ACP and the EU. Its aim was to promote, capitalize upon and disseminate lessons from experiences with structured public-private dialogue at different levels with a view to ensuring greater participation of the private sector in policy-making and implementation of ACP-EU cooperation.

Other. The impression is that, exhausted the EU funds, the network has largely ceased operations. The website was last updated on September 19, 2000. Only two issues of the newsletter appear to have been produced.

Contacts. For further information:
Web-Site: <http://www.acpbusiness.org/index.html>
Brussels focal point:
14/16 Rue Willems Box 208
1210 Brussels, Belgium
Fax: +32 2 282 1900
E-mail: info@acpbusiness.org

6.2.5 ACP-EU Trade Website

Nature. The ACP-EU trade web-site is a source of information, documents and links on ACP-EU trade matters, established as a joint initiative of ECDPM, the EU-LDC Network and ODI. Under the umbrella of the Cotonou Agreement, the EU and the ACP countries negotiate WTO-compatible new (reciprocal) trading arrangements. Actually, a radical change to the ACP -EU relationship is underway. Under the new Cotonou Agreement, the negotiation of WTO-compatible new trading arrangements between the EU and the ACP countries should start by September 2002 to be concluded, at the latest, by 2008. The European Commission proposes that regional reciprocal free trade agreements, in the form Economic Partnership Agreements (EPAs), should replace the current non-reciprocal preferences in the trade relations between the EU and the ACP countries.

Objectives. The objectives of this newly established information tool are:

- to provide easy access to key official documents, reports, informal papers, specific analytical studies and other documents relevant to ACP trade;
- to give access to a broad range of relevant trade information for the ACP, via internet links;
- to announce major events and conferences relevant to the ACP -EU trade negotiations;
- to favor practical research and contribute to agenda building and to encourage networking, exchange of information and debate on ACP-EU trade relations by researchers, policy makers, private sector and civil society representatives and other interested parties;
- to provide related information, analysis, and views on trade, investment and aid between the EU and developing countries (LDC) in general; and
- to link up with institutions connected to ACP-EU trade issues.

Other. The establishment of this portal is just one of a number of actions foreseen within the framework the ECDPM-ODI Trade Programme.

Contacts. For further information:

Web-site: <http://www.acp-eu-trade.org/index.html>

6.3 Proposal for an Informal Pro-Invest ACP-EU Network

6.3.1 Introduction

During interviews with stakeholders in Europe, associations and investors often cited the distance (geographical but also cultural and psychological) with EAIO countries as a major constraint compared with other potential investment locations (namely, Eastern Europe, the Balkans and the Mediterranean Basin). Better knowledge of the key players in the EAIO region and enhanced visibility of its business opportunities have been mentioned by EU entities as important actions to bridge that 'strategic' distance.

The need to enhance knowledge sharing and cooperation opportunities among IO in EAIO countries was also mentioned. By strengthening their institutional network first, it was suggested, the promotion of I&ICA could be fostered in the region. To this end of particular relevance is the implementation of regional business initiatives. Indeed, sometimes EAIO countries are perceived as having business potential but with an insufficient regional dimension would allow EU investors to exploit a larger market. With the exception of few sectors, delocalization is certainly not the main driver for EU investors in this region. A regional market of '100 million consumers' could be.

To tackle the above issues there is a need for a proactive role of local IO to harmonize investment procedures and promotional activities in a coordinated regional context. This would require two complementary actions:

- to promote the *implementation of best practice* among countries of the region in investment related issues (e.g. land registration, tax and custom regulations, investment funds, infrastructure projects and privatization proceedings) through a process of continuous knowledge sharing and benchmarking;
- to establish a *permanent promotional exchange* with their sister organizations in Europe and directly among entrepreneurs.

ProInvest could support the implementation of those actions by financing the development of IT tools that would consolidate the ACP-EU network for EAIO countries.

6.3.2 Strategic Evolution of the ProInvest ACP-EU Network

In the following page a schematic proposal is presented for a three-step evolution of the ProInvest ACP-EU network for East Africa and Indian Ocean. A brief description of each of the three steps follows.

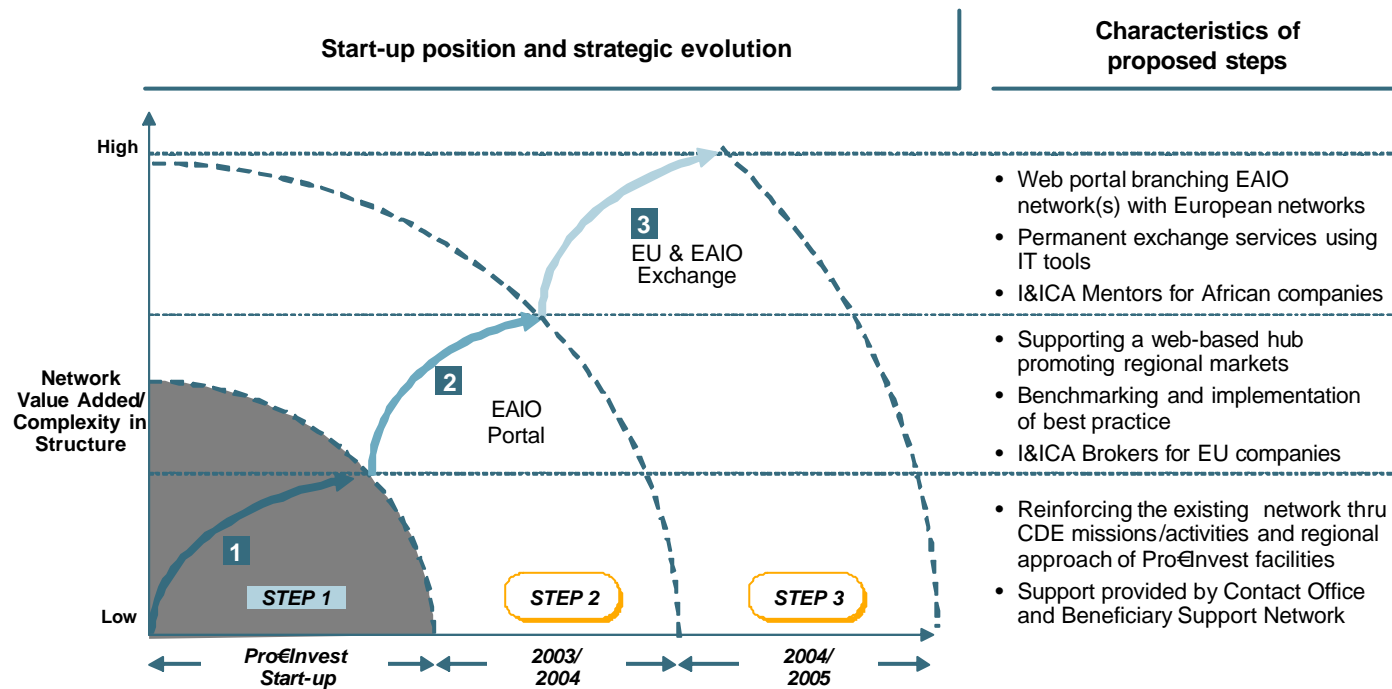
Step 1 - ProInvest Start-up. The present structure of the ProInvest program is in itself already promoting EU-ACP networking. Indeed, the company matchmaking facilities can be accessed primarily through the presentation of joint proposals by EU and ACP intermediary organizations. In addition, through their established network of contacts in the region, CDE sector and country officers are proactively promoting participation of EU and ACP intermediaries in ProInvest activities.

New initiatives to reinforce the existing EU-ACP networking arrangements (i.e. road shows of IO in EU and ACP countries including Region/Country Presentations, investors' surveys, creation/strengthening of the Economic Counselors posts in African Embassies in EU countries) will result from the CB activities for the preparation and execution of ProInvest meetings illustrated in Sub-Section 4.5.

In addition the planned creation of the Contact Offices and the Beneficiary Support Network will further facilitate contacts both South-South and North-North.

Step 2 – East Africa and Indian Ocean Investment Portal. The second step to strengthen the ACP-EU network in EAIO could be the creation of an investment portal for EAIO countries. For presentational purposes, the portal could be further divided in three sub-portals, one for each sub-region, i.e. Horn of Africa, East Africa and Indian Ocean.

Proposal for a Strategic Evolution of the ProInvest Network



The portal would build on the existing web sites of the national agencies and institutions responsible for investment promotion and sector development. It would add a regional dimension by creating a permanent platform for:

- Knowledge sharing of best practice for investment promotion and harmonization of procedures;
- Knowledge transfer through added value services and products such as benchmarking and regional sector studies;
- Customized interventions, creation of task force for pilot initiatives and projects financed by donors and private sector;
- Promotional hub of the investment opportunities of the region (sub-regions), aggregating existing national contents, creating regional content, tailoring information to EU companies' priorities.

Step 3 – EU & EAIO Investment Exchange. Step 3 would add a two-way flow of information and services between the two regions. The portal would become an exchange branching EAIO networks to existing European networks.

Tailored-made services using IT tools will be created. The I&ICA Brokerage and Mentorship program (presented below) is an example, combining on-line and off-line services for African companies (the mentorship component) and for EU companies (the brokerage component)

At this stage, after the infancy stage supported by Pro Invest, the exchange should be able to attract fee-paying subscribers from both regions, paying for its sustainability, as discussed below (Subsection 6.3.4).

It should be noted that the three-step proposal is modular. Individual modules of the proposal could be implemented as part of the Pro Invest web site development.

6.3.3 Product and services offered

A series of products and services for the EU and EAIO investment network is presented below. The access to most of them could be fee-based, either through annual subscription or *à-la-carte* menu. It is worth noting that several of the services suggested here parallel CB activities proposed earlier in the Study (Section 4). In this respect, the establishment of an IT-based network is specifically intended to reinforce the overall sustainability of Pro Invest activities.

Knowledge sharing area. Information, documents and best practice cases related to investment are exchanged on-line among IO. The area could be organized in three sections:

- *On-line documents:* database of recent laws and regulation on investment, privatization programs, regional and sector studies, national action plan on investment priorities, proceedings of investment seminars etc.;
- *Benchmarking:* the basic data could be the country and sector assessment criteria and indicators developed by the present study. The indicators should be gathered by international sources (e.g. the Heritage Foundation) and gauged over time to define trends of countries in the region in the area of investment climate;
- *Training materials:* toolkits like investment vademecums and hand-books on investment issues to be used by staff of agencies responsible for investment-related services in the region.

I&ICA Brokers and Mentors. It is part of the customized services proposed by the exchange and should be fee-based. In summary:

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- I&ICA Brokers: services provided by African IPA staff to EU companies interested to invest in the region.
- I&ICA Mentors: services provided by EU IO to African companies interested in exporting in the EU.

A diagrammatical presentation is provided in the following page.

First level of service is on-line, more sophisticated services (see below) are initiated on-line but implemented off-line.

Partner scouting and audits. Partner scouting and audits is a second-level service after consultation of the entrepreneurs database and contacts with a I&ICA broker or mentor. The advantages to request these services through the exchange are (i) the possibility to obtain value-added info without the need to initially travel to the region; (ii) the certification of quality assured at a reasonable cost (a system of company certification by the exchange could be developed); and (iii) the synergies with the CDE Development and Assistance Facilities.

Innovation technology observatory. For the selected ProInvest priority sectors identified (*inter alia* on the basis of this Study) an innovation technology observatory could be established on-line. It could be formed by CDE specialists and industrial experts of EAIO and EU IO, linked on-line through a dedicated focus group. Their findings and analysis would be made available on the exchange.

The observatory would compare the value chain of the EU and African companies operating in the selected sectors and identify the key technology factors in terms of process, product and management, enabling them to export to the EU markets. Practical advice would also be provided to African companies in their process of technology acquisition and I&ICA partnership based on technology issues.

Business updates. A weekly bulletin providing updates on business development in the region. Information would be processed by I&ICA brokers, using press releases and their personal information network. Updates would be presented on-line through an upload wizard. Useful links and follow-up contacts would be made available.

Focus groups. Focus groups open alternatively to all visitors or members only (for instance IPA staff) would be organized around thematic areas. A few examples are: (i) custom regulations in the regions; (ii) the process of privatization; (iii) national versus regional investment promotion techniques; (iv) investment opportunities in the context of NEPAD; (v) regional standardization of procedures and formats for investment registration and licensing.

Quality awards. In order to promote best practice in the field of investment initiatives and facilities, the ProInvest Quality Awards could be established on annual or bi-annual basis. Applications are made on-line through the exchange. They would be open to IO in the region. A separate category for best I&ICA partnership could be included. The award could consist of seed money to sustain the winning investment initiative. Finalists would be invited to present their initiatives in concomitance with ProInvest major promotional events.

Other services. The proposals formulated above (Section 5) for a business planning software, a virtual showroom and a business directory, would contribute to add other services to be incorporated in the exchange.

Characteristics of the two key services provided by the proposed EU & EAIO Exchange

I&ICA Brokers *(for EU Companies)*

- **Localization**

IPA staff in Africa, contracted by the Exchange on a partnership basis

- **Function**

- ✓ Observatory on the country/region investment climate, business updates and leads
- ✓ Basic services such as industrial surveys and sector profiles
- ✓ Customized services such as partner scouting, company profiles and audits

- **Subscribers' Accessibility**

- ✓ IB are visible through mini web page on the web site of the local IPA
- ✓ IB can be contacted by e-mail (fix number of contacts per subscription)
- ✓ IB perform basic and customized services on agreed fee contracts, using local consultants
- ✓ IB quality standard is guaranteed by the Exchange

I&ICA Mentors *(for African Companies)*

- **Localization**

Industrial experts of European IO, contracted by the Exchange on a partnership basis

- **Function** *(advice on)*

- ✓ Management: business planning, operations, finance.....
- ✓ Market access: standards and trademarks, advice for negotiation on commercial and partnership agreements
- ✓ Product/process: acquisition of technology, quality control, packaging.....

- **Subscribers' Accessibility**

- ✓ The industrial experts can be contacted on line (fix number of contacts per subscription) through the local IPA IT facilities
- ✓ EU entrepreneurs are involved by the industrial mentors on ad-hoc cases that may have a direct interest in the matter

6.3.4 Sustainability issues

The portal/exchange should be seen as integral part of the Pro-€MIS. The latter is the Pro-€Invest electronic core for its communication and project tracking system. The exchange would add to it interactivity functions for the program's participants (IO) and final beneficiaries (EU and ACP enterprises). These functions would foster the creation of a virtual investment community, providing an additional tool to multiply the real contacts among I&ICA actors in the two regions and bridge the geographical distance.

Financial sustainability. The links between the exchange and Pro-€MIS must be further investigated to achieve synergies and create critical mass of services and products. The sustainability issue in this case has also a financial implication for the exchange. The following table provides a simplified cash flow of the exchange. It is estimated that a 15 -20% cost reduction could be achieved (for the running costs) if the exchange were conceived as an add-on application of Pro-€MIS.

Table 6.1 Exemplification of the Exchange Cash-Flow

(EURO)	Unit Values	Year 1	Year 2	Year 3	Year 4	Year 5
Investment		402,500	57,500	-	-	-
Web Portal Development		200,000				
Consulting Services (incl. training)		100,000	50,000			
Office set-up		50,000				
Contingencies (15%)		52,500	7,500	-	-	-
Running costs		880,000	880,000	870,000	870,000	870,000
Location and operational charges	100,000	100,000	100,000	100,000	100,000	100,000
Web Housing	30,000	30,000	30,000	30,000	30,000	30,000
Maintenance	50,000	50,000	50,000	50,000	50,000	50,000
Technical support	50,000	50,000	50,000	50,000	50,000	50,000
24 Information Brokers (25% basis)	10,000	240,000	240,000	240,000	240,000	240,000
20 Industrial Mentors (25% basis)	20,000	400,000	400,000	400,000	400,000	400,000
Promotion expenditures	10,000	10,000	10,000			
Total cash outflow		1,282,500	937,500	870,000	870,000	870,000
Revenues		340,000	980,000	1,080,000	1,380,000	1,380,000
Institutional membership fees	2,000	40,000	80,000	80,000	80,000	80,000
Private membership fees	250	250,000	500,000	500,000	500,000	500,000
Customised services + products	3,000		300,000	300,000	600,000	600,000
Ad-hoc projects	50,000	50,000	100,000	200,000	200,000	200,000
Total cash inflow		340,000	980,000	1,080,000	1,380,000	1,380,000
Net cash flow	-	942,500	42,500	210,000	510,000	510,000
Pay-back period	4.5					
IRR	10%					
NPV	52,419					

Strategic alliances. Another important sustainability issue relates to strategic alliances. This is key to the success for Pro-€Invest as a new program in the area of investment promotion, that is already overseen by numerous international organizations and networks. To successfully move on a path of strategic alliances Pro-€Invest should build upon its comparative advantages, i.e. its extensive EU and EAIO network of consolidated counterparts among IO established over the years through CDE activities. Those IO counterparts should be seen not only as potential beneficiaries of Pro-€Invest facilities but also as potential partners in its implementation and expansion. For instance,

memoranda of understanding on *ad hoc* cooperation initiatives could be signed with national counterparts for the shared provision of I&ICA Brokers and Mentors⁶.

As for international organizations, it appears that COMESA could be a potentially interested partner for ProInvest and the proposed exchange in particular. COMESA is reportedly planning to expand its investment promotion unit into a more-structures regional player. It also intends to further develop a series of regional business-related services. Areas of operation include trade, insurance and sector specific technical support.

Efficiency and effectiveness. Cost efficiency & effectiveness are interlinked issues. In international trends, public financial resources are allocated according to market principles and must be often matched by private funds under public/private partnership. A new structure as the proposed exchange must prove to be capable to “stand the market”, by increasingly covering its costs with revenues and most importantly by demonstrating that its services are perceived as effective by its final users, the IO and I&ICA actors. The above simplified cash flow, calculated with a conservative approach, shows that the exchange might indeed recover its costs. It is not going to be a highly profitable business but for no-profit entities as the IO it would significantly increase their networking reach and service range.

6.3.5 Eligibility criteria

A deployment strategy in line with the timetable of ProInvest and ProMIS must be developed. At present two scenarios can be envisaged:

- the exchange is first developed in the EAC sub-region where political stability is stronger, business opportunities more attractive and IO appear to have a more consolidated business network and customer orientation;
- the exchange is developed on the basis of the voluntary participation of IO in the region, building up consensus and aggregating new members as it grows in status. A minimum number of ‘founding’ participants is, though, requested to create critical mass.

A third larger scenario is to extend this exchange to the entire ACP network. In this case stringent eligibility criteria should be defined to select participating IO. The eligibility criteria would include:

- the applying IO should be either the Government’s official agency for investment/export promotion or, in the case of an association, it should be representative of the interests of the main actors in the sector of reference (priority should be given to private sector associations);
- availability of IO to participate in the exchange as partners (including innovative forms of financial support, specially for IO in Europe);
- Appointment by the IO of one full-time staff as ProInvest network contact point; the staff should have experience in investment promotion (he/she should not be a IT expert as the IT training would be provided by ProInvest); and
- Availability of an internet connection with at least 56 K modem.

Minimum staff number or turnover should not be considered as eligibility criteria, as they are not indicators of efficiency of the IO and would not influence the effective participation in the network. Indeed, during field interviews nascent or small sized IO have often shown an activism that was not found in larger and more bureaucratic institutions.

⁶ In the cash-flow it is foreseen that ProInvest would cover 25% of the I&ICA Brokers and Mentors fees, with the IO assigning one of their internal staff to this new function.

ANNEX A – LONG LIST OF IO

#	Name of Organization	Country	Typology
1.	Addis Ababa Chamber of Commerce (AACC)	Ethiopia	CCI
2.	Ethiopian Chamber of Commerce (ECC)	Ethiopia	CCI
3.	Ethiopian Export Promotion Agency (EEPA)	Ethiopia	TPO
4.	Ethiopian Investment Authority (EIA)	Ethiopia	IPA
5.	Ethiopian Tanners Association (ETA)	Ethiopia	SEC
6.	Ethiopian Manufacturing Industries Association (EMIA)	Ethiopia	OTH
7.	Development Bank of Ethiopia (DBE)	Ethiopia	FI
8.	Investment Promotion Centre (IPC)	Kenya	IPA
9.	Eastern and Southern African Trade and Development Bank (PTA Bank)	Kenya	FI
10.	Kenya Tourist Board (KTB)	Kenya	TPO
11.	Kenya National Chamber of Commerce and Industry (KNCCI)	Kenya	CCI
12.	Kenya Association of Tour Operators (KATO)	Kenya	SEC
13.	Federation of Kenyan Employers (FKE)	Kenya	OTH
14.	Export Processing Zone Authority (EPZA)	Kenya	IPA
15.	Export Promotion Council (EPC)	Kenya	TPO
16.	Kenya Fish Processors and Exporters Association (AFIPEK)	Kenya	SEC
17.	East and South Africa Leather Industry Association (ESALIA)	Kenya	SEC
18.	Kenya Flower Council (KFC)	Kenya	SEC
19.	Financière d'Investissement ARO (FIARO)	Madagascar	FI
20.	Groupement des Aquaculteurs et des Pêcheurs de Crevettes de Madagascar (GAPCM)	Madagascar	SEC
21.	Groupement des Entreprises Franches et Partenaires (GEFP)	Madagascar	OTH
22.	Groupement des Entreprises de Madagascar (GEM)	Madagascar	OTH
23.	Groupement des Opérateurs du Tourisme de Madagascar (GOTO)	Madagascar	SEC
24.	Maison du Tourisme	Madagascar	TPO
25.	Professional Organization of Operators in Agribusiness of Natural and Biological Products of Madagascar (PRONABIO)	Madagascar	SEC
26.	Banque Malgache de l'Océan Indien (BMOI)	Madagascar	FI
27.	Association des Hôteliers et Restaurateurs - Ile Maurice (AHRIM)	Mauritius	SEC
28.	Mauritius Employers' Federation (MEF)	Mauritius	OTH
29.	Mauritius Export Processing Zone Association (MEPZA)	Mauritius	OTH
30.	National Computer Board (NCB)	Mauritius	TPO
31.	Development Bank of Mauritius Ltd. (DBM)	Mauritius	FI
32.	Mauritius Chamber of Commerce and Industry (MCCI)	Mauritius	CCI
33.	Confederation of Tanzania Industries (CTI)	Tanzania	OTH
34.	Tanzania Private Sector Foundation (TPSF)	Tanzania	OTH
35.	Tanzania Chambers of Commerce Industry & Agriculture (TCCIA)	Tanzania	CCI
36.	Tourism Confederation of Tanzania (TCT)	Tanzania	SEC
37.	Tanzania Investment Center (TIC)	Tanzania	IPA
38.	East Africa Business Council (EA BC)	Tanzania	OTH
39.	Uganda Tourist Board (UTB)	Uganda	TPO
40.	Uganda National Chamber of Commerce and Industry (UNCCI)	Uganda	CCI
41.	Uganda Fish Processors & Exporters Association (UFPEA)	Uganda	SEC
42.	Uganda Flower Exporters Association (UFEA)	Uganda	SEC
43.	Federation of Ugandan Employers (FUE)	Uganda	OTH
44.	Private Sector Foundation Uganda (PSFU)	Uganda	OTH
45.	Uganda Export Promotion Board (UEPB)	Uganda	TPO
46.	Uganda Investment Authority (UIA)	Uganda	IPA
47.	Uganda Manufacturers Association (UMA)	Uganda	OTH
48.	East African Development Bank (EADB)	Uganda	FI
49.	Development Finance Company of Uganda (DFCU)	Uganda	FI

ANNEX B – CHECK LISTS FOR INTERVIEWS

In this Annex we reproduce the two check lists used during field work in EU and ACP countries. Previous versions of the two checklists were included in the Progress Report #2. These check lists complement the “standard IO profile” used as survey instrument during interviews with IO in ACP countries.

Checklist A – Enterprises

Section 1 Basic Information

1.1 Name of enterprise

1.2 Address

1.3 Name of interviewee

1.4 Position of interviewee

1.5 Other relevant details

Section 2 General Information

2.1 Size of enterprise

2.2 Nationality

Note: nationality of origin, in case of enterprise interviewed in ACP and foreign owned or participated

2.3 Sector

2.4 What is your current presence/interest in the region/country?

2.5 What are your plans for the future?

Note: responses to the above may take completely different forms depending on the activity or presence of the enterprise. For example: (i) a company already active in the region and serving the domestic market may focus on new investment plans; (ii) a EU company looking for new sources of raw materials may focus sourcing agreements.

Section 3 Policy Obstacles & CB Needs

3.1 What are the main three obstacles to investment/partnership in Region/Country?

Note: elicit comments as specific as possible. You may wish to point out that previous studies have identified certain problems areas for the region or the country (in such a case make reference to data from World Bank survey supplied separately). Try to rank the three obstacles in order of severity. If certain counterparts are able and willing to differentiate among countries in the Region, please do record comments separately

3.2 In the region/country, have you interacted with:

- Investment promotion agencies and other investment related entities (e.g. privatization agencies)
- Trade/export/tourism promotion agencies
- Business associations
- Chambers of commerce
- Sector associations or groupings or technical entities

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- Long term providers of finance

Note: the above corresponds to the typology of IO to be used in the IO profile. If certain counterparts are able and willing to differentiate among countries in the Region, please do record comments separately

3.3 What is your experience with these entities?

3.4 What could be done to improve the situation?

Note: from the above questions get comments on their experience, identify main perceived weaknesses, and elicit suggestions on what should be done to overcome existing problems. Be as specific as possible. Some counterparts may indeed have a limited knowledge. Please record when interviewee does not seem to be able to articulate meaningful comments due to lack of knowledge.

4. Section 4 Sector Study

Sector specific questions to be prepared based on previous analysis of documents and/or previous knowledge. The example below relates to cut flowers.

Demand-Side

- Recent evolution in distribution channels (Dutch clock-auction vs direct sales to intermediaries) and possible implications for I&ICA activities (examples of recent formal-informal joint ventures with EU clients)
- Recent changes in varieties demanded
- Impact of recent developments in Zimbabwe's agricultural sector

Operations

- Situation regarding transportation (frequency of flights, costs, etc.)
- Check the "typical" profit & loss account drawn from UIA's publications

Other

- In Uganda: what services are being provided by USAID ADC-IDEA project? In Kenya: what are the relations with/services offered by the Horticultural Crops Development Authority/Kenya Flower Council?
- What is the bankers' attitude towards the sector? (NB there were some bankruptcies in the sector some years ago, and this negatively impacted on bankers' attitudes. Maybe the situation has changed)

Checklist B – EU Entities

Section 1 Basic Information

- 1.1 Name of entity
- 1.2 Address
- 1.3 Name of interviewee
- 1.4 Position of interviewee
- 1.5 Other relevant details

Section 2 General Information

- 2.1 Type and activity
- 2.2 Nationality
- 2.3 What is your current presence/interest in the region/country?
- 2.4 What are your plans for the future?

Note: responses to the above may take completely different forms depending on the nature of the entity: (i) a development finance institutions like SIMEST or DEG may say that they have no plans apart from reacting from demand from enterprise and they regard this as unlikely; (ii) a business association – say Assafrica or CIAN – may say that they are planning a couple of scouting missions

Section 3 Policy Obstacles & CB Needs

- 3.1 What are the main three obstacles to investment/partnership in Region/Country?
Note: elicit comments as specific as possible. You may wish to point out that previous studies have identified certain problems areas for the region or the country (in case make reference to data from World Bank survey supplied separately). Try to rank the three obstacles in order of severity. If certain counterparts are able and willing to differentiate among countries in the Region, please do record comments separately

- 3.2 In the region/country, have you interacted with:
 - Investment promotion agencies and other investment related entities (e.g. privatization agencies)
 - Trade/export/tourism promotion agencies
 - Business associations
 - Chambers of commerce
 - Sector associations or groupings or technical entities
 - Long term providers of finance

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Note: the above corresponds to the typology of IO to be used in the IO profile. If certain counterparts are able and willing to differentiate among countries in the Region, please do record comments separately

3.3 What is your experience with these entities?

3.4 What could be done to improve the situation?

Note: from the above questions get comments on their experience, identify main perceived weaknesses, and elicit suggestions on what should be done to overcome existing problems. Be as specific as possible. Some counterparts may indeed have a limited knowledge. Please record when interviewee does not seem to be able to articulate meaningful comments due to lack of knowledge.

Section 4 Sector Study

4.1 What are in your opinion the lines of business with a potential for growth in the region/country?

4.2 What are the lines of business where partnerships between EU entrepreneurs and local businesses have a good potential to develop?

Note: again, indications should be as much specific as possible (e.g. agro-industry is too vague)

ANNEX C – LIST OF CONTACTS

BELGIUM

ENTITY	CONTACT
CBL-ACP	Ms. Corinne Courbet
Banque Belgoise	Mr. Yves Cuypers - General Manager
AWEX - Agence wallonne à l'Exportation	Mr. Henri Chalon - Directeur
Comazar	Mr. Eric Peiffer - Managing Director
Ahlers Bridge N.V.	Mr. Guy Bultynck - Managing Director Mr. Hafedh Cherif - Project Manager
European Commission Directorate Development - DG Development	Ms. Francisca Van Cauwenberghe and Mr. Arno Schäfer - Desk Officers, Regional Issues East-Africa & the Indian Ocean
European Commission Directorate - General Fisheries - DG Fisheries	Mr. Fabrizio Donatella
European Commission Directorate - General for Trade - DG Trade	Mr. Philippe Van Damme - Trade relations with ACP Countries Mr. Juan Antonio Obregon - Detached National Expert

NETHERLANDS

ENTITY	CONTACT
African Management Services Company - AMSCO	Mr. Jozef Wirabangsa - Controller and Company Secretary and currently acting CEO
FMO	Mr. Gerhard Engel - Senior Investment Officer, Africa
Netherlands African Business Council - NABC	Mr. Hein C.R.M. Prin cen - Vice Chairman

LUXEMBOURG

ENTITY	CONTACT
European Investment Bank - EIB	Ms. Jacqueline Noel - Associate Director Mr. Tassilo Hendus - Chef de Division Mr. Manfred Drechsler - Senior Loan Officer Mr. Gilles Galludec - Chargé d'opérations Mr. Marcel Gounot - Loan Officer Ms. Justin Loasby - Chef de Division, Afrique australe et Océan Indien

SWEDEN

ENTITY	CONTACT
Swedfund International AB	Ms. Anna Vikström - Investment Manager, Latin America, East and West Africa Mr. Kurt Karlsson - Director, Investment Operations
Sweddevelop	Mr. Bo Andreasson - Senior Consultant Ms. Åsa Königson - Consultant
SIDA	Mr. Göran Edehorn - Senior Advisor, PDS Unit, Department of Infrastructure and Economic Cooperation

FRANCE

ENTITY	CONTACT
Agence Française de Développement - AFD	Mr. Hervé Gallepe - Investment Officer Mr. Armand Rioust De Largentaye - Country Officer, Eastern and Southern Africa Department Mr. Yann Martres - Country Officer, Indian Ocean, Overseas Operations Department
Afrique Initiatives	Mr. François Jay - CEO
Conseil Français des Investisseurs en Afrique - CIAN	Mr. Anthony Bouthelier - Secrétaire Général
Credit Lyonnais (CL)	Mr. Michel Validire - Directeur Afrique / Océan Indien, Area Manager Sub-Saharan Africa
Lafarge S.A	Mr. Frank Phelip - Vice President Group Purchasing & Contracting
Mouvement des Entreprises de France - MEDEF	Mr. Philippe Gautier - Chef de Service, Délégation Générale aux Affaires Internationales
UNIDO - ITPO - France - Investment Technology Promotion Office in France	Ms. Cécile Carlier Parnotte - Conseiller Industriel Service en France
Société de Promotion et de Participation - PROPARCO	Mr. Thierry Liscia - Head of Corporate Finance Mr. François-Xavier Duporge - Head of infrastructure and Mining

GERMANY

ENTITY	CONTACT
German Investment and Development Company - DEG	Mr. Winfried Nau - First Vice President Mr. Michael Fischer - Vice President, Africa
GTZ	Mr. Jürgen Schmidt - Desk Officer Kenya and Regional Projects, Regional Division East Africa, Ms. Regina Bauerochse-Barbosa - Division 41, Economic Development and Employment Promotion
KFW	Mr. Martin Dorschel
Neumann Kaffee	Mr. Stough Thurs (met in Uganda)
Afrikaveroin	Mr. Werner Meizis

ITALY

ENTITY	CONTACT
Italian Ministry of Foreign Affairs (MAE), DG Sub-Saharan Africa – DG Development Cooperation	Mr. Stefano Dejak, Head of Unit Mr. Orazio Guanciale, Head of Unit Mr. Bologna, Head of Unit Mr. Bruno Larker, Head of Unit
Unione Nazionale Commercio Pelli Grezze – UNCPG	Mr. Renzo Restani, President
Unione Nazionale Industrie Conciarie - UNIC	Mr. Luca Boltri
Agip Petroli SpA	Mr. Aurici, Responsible for I.S. worldwide integration (in particular for SapOil)
Assafrika e Mediterraneo	Mr. Pier Luigi d'Agata, General Secretary
Mondimpresa	Ms. Antonella Marras, Head International Development
Società Italiana Per le Imprese all'Estero - SIMEST	Mr. Marco Campitelli, Investment Area
Fulmer Nuova	Mr. Ugo Mereghetti – Representative (interviewed in Ethiopia)
Conceria Guarino	Mr. Raffaele Guarino (interviewed in Ethiopia)

UNITED KINGDOM

ENTITY	CONTACT
Commonwealth Business Council – CBC	Mr. Edward Farquharson – Director, Investment and Partnership Mr. Chris Orman - Programme Director, Investment Services (interviewed in Joburg) Mr. Peter Longworth – Director, Corporate and Government Relations (interviewed in Joburg) Mr. Sandeep Bahl - Marketing Manager (interviewed in Joburg)
Confederation of British Industry - CBI	Mr. Peter Malcolm - Head, General International Policy and Africa
The Eastern Africa Association – EAA	Mr. John C. Small - Chief Executive
Africappractice	Mr. Marcus Courage - Managing Director Mr. Hubert Danso - Vice Chairman
CDC Globeleq	Mr. Robert Hart - President and CEO (interviewed in Joburg)

ETHIOPIA

ENTITY	CONTACT
EC Delegation	Mr. Tom Vens – Economic Advisor
Economic Commission for Africa - ECA	Mr. Hakim Ben Hammouda – Director, Trade and Regional Integration Division; Ms. Elene Makonnen – Principal Advisor; Mr. Mamadu Hachim Koumare - Senior Economics Affair Officer (transport and trade division); Mr. Antonio M.A. Pedro - Senior Economics Affair Officer (mineral and energy program officer); Ms. Aida Opoku-Menash, Team leader, ICT for Development
Italian Embassy	Mr. Guido La Tella – Ambassador Ms. Francesca Di Paola – Commercial Attaché
GTZ	Mr. Sommer - Representative
UNDP	Ms. Daniela Zampini - Economist
Ministry of Trade and Industry	Mr. Tadesse Haile – State Minister
Ethiopian Tourism Commission	Mr. Teserra Kifetew - Tourism Adviser
Livestock Marketing Authority	Mr. Belachew Hurrissa – Head Market Research and Promotion Department
COMESA - LLPI	Mr. Geremew Debelie – Director
Leather & Leather Products Technology Institute	Mr. Belay Woldeyes - Director
Ethiopia Investment Authority - EIA	Mr. Abdi Hussein – Head Promotion Department
Ethiopia Export Promotion Agency - EEPA	Mr. Gizaw Molla – Director General
Addis Ababa Chamber of Commerce - AACC	Mr. Hussein Shibeshi – Secretary General
Ethiopian Chamber of Commerce - ECC	Mr. Berhane Mewa - President
Ethiopian Manufacturing Industries Association - EMIA	Mr. Teshome Kebede - President
Ethiopian Tanners Association - ETA	Mr. Mulugeta Atsebeha - Chairman
Ethiopian Horticulture Producers and Exporters Association - EHPEA	Mr. Shumet Chane - Executive Director Ms. Lemlem Sissay - Manager of Ethiodream PLC
Ethiopian Consultants Association - ECA	Mr. Zewde Biratu - President
Hotel Association - HA	Mr. Tsegaye Asfaw - President
Ethiopian Bankers Association - EBA	Mr. Leikun Berhanu - Chairman
Italian Business Association – IBCA	Ms. Barbara Varnero - President
United Bank	Mr. Mesfin Tessema Ashagrie – Deputy General Manager
Awash International Bank	Mr. Leikun Berhanu – President
Development Bank of Ethiopia - DBE	Mr. Moges Chemere – General Manager
Bank of Abyssinia	Mr. Kebede Temesgen - President
Commercial Bank of Ethiopia	Mr. Gezahegn Yilma - President
Golden Rose Agro Farm (floriculture)	Mr. Shahab Khan – Managing Director
Ethiodream (floriculture)	Mr. Lemlem Sissay - Manager
Conceria Guarino (leather)	Mr. Raffaele Guarino - Owner
Midroc Corporation (diversified holding)	Mr. Arega Yirdaw - CEO
Akaki Textiles (textiles)	Mr. Seffefe Andargie – General Manager
Genuine Leather (leather)	Mr. Teshome Kebede
Fulmer Nuova (leather)	Mr. Ugo Mereghetti - Representative
Garment Express (clothing)	Mr. Worku Zewdw – General Manager
Vision Computer (ICT)	Mr. Adebabay Birru – General Manager
Chemin de Fer Djibouti-Ethiopian (transport)	Mr. Mohamed Farah Badar – Director General Adj.
Biofarm project (agriculture)	Mr. Getachew Tijubet
Ethiopia Tannery Share Co. (leather)	Mr. Mulugeta Atsebeha – Managing Director
Tecslut (mining)	Mr. Sultan Tilimo
Zewde & Associates PLC (consulting)	Mr. Ato Zewde Biratu
Berhane Ghebray & Associates (consulting)	Mr. Berhane Ghebray
Addis Resource Consultant (consulting)	Mr. Wodage Abebe - General Manager

KENYA

ENTITY	CONTACT
EU Delegation	Ms. Andrea Fennesz - Economic & Political Counselor Mr. Darmstadt – Project Officer, Infrastructure
Kenya National Chamber of Commerce and Industry	Mr. T. G. Ruhiu - Chief Executive Mr. A. S. Ogambi - Head Computer (TIS) Department and Manager of Kenya Trade point
Investment Promotion Centre - IPC	Mr. Luka E. Obbanda - Director of Operations Mr. Mwalimu Musee – Senior Manager, Investor Services
Kenya Tourist Board - KTB	Mr. Fredrick Okeyo Mr. Joseph Githinji
Export Promotion Zone Authority - EPZA	Ms. Evelyn Noah (Promotion Executive)
Export Promotion Council – EPC	Mr. Samuel Muumbi - Chairman
Fresh Produce Exporters Association of Kenya - FPEAK	Ms. Sicily Kariuki - General Manager Mr. Cosmas Kyengo
Kenya Flower Council - KFC	Mr. Michael Mulandi - CEO Mr. Mehrdad Ehsani
Eastern and Southern Africa Leather Industries Association - ESALIA	Mr. S. M. Kirthu - Head of Secretariat Mr. George Kamau Ms. Esther Thairu – Investment Officer
Kenya Fish Processors and Exporters Association - AFIPEK	Mr. Stephen Mbithi Mwikya - CEO Mr. Beth E. Wagude - Deputy CEO
East African Business Council - EABC	Mr. Hiriji Shah
Kenya Dairy Processors Association - KDPA	Mr. Fredrick Osore
Federation of Kenya Employers - FKE	Mr. Charles Niang'ute - Senior Management Consultant Mr. Titus M. Waithaka – Research and Public Policy Consultant
Eco-tourism Society of Kenya - ESOK	Ms. Judy Kepher-Gona
Kenya Association of Tour Operators - KATO	Mr. Fred Kaigua - CEO Mr. William Kamunge Mr. David Onyango - Administrative Manager
Kenya Association of Manufacturers - KAM	Mr. Fred Kariuki Mr. Dickson Poloji
Eastern and Southern African Trade & Development Bank - PTA bank	Mr. Alex Gitari - Director of Finance
BIO Food Products (dairy)	Mr. Binoy Zachariah - Managing Director
Red Land Roses (Bolloré - flowers)	Ms. Isabelle Henin - General Manager
Pollen (Syngenta- Novartis – flowers/cuttings)	Mr. Aldric Spindler - Managing Director
Anthos (essential oils)	Mr. Francesco Gerli - Managing Director
African Latitude (formerly Camel Safaris - tourism)	Mr. Michel Laplace Toulouse - Director
Private Wilderness (tourism)	Mr. Renzo Bernardi
Alpha Fine Food (fish, meat and dairy)	Mr. Michele Esposito
Shed Net Ltd. (agricultural implements)	Mr. Angelo Tognolo - Managing Director
Blue Bay Village (tourism)	Mr. Maurizio Vaccarella - General Manager
Karumasi Consultancy Ltd - CDE Antenna	Mr. Julius Mitu
ASIS Development Company Ltd - CDE Antenna	Mr. Bramwell Simiyu - ASIS Head of Operations Ms. Mwikya - Economist/Professor
Africa Practice (consulting)	Mr. Cosma Gatere
Associates in Integrated Development (Africa) Ltd. – AIDAL (consulting)	Mr. Bramwell Kisuya - Consultant

MADAGASCAR

ENTITY	CONTACT
EU Delegation	Ms. Marzia Pietrelli – Chef de section économique Ms. Laurence Ramiandrisoa – Chargée de programme
French Embassy	Mr. Jean François Bijon – Economic Counselor
UNIDO	Mr. Razafindratandra Christian – Responsable appui au secteur privé Mr. Christian Rabe – Expert National, Responsable Filière Matériaux de Construction
Ministère de l'Industrie, de l'Artisanat et du Développement du Secteur Privé	Mr. Denis Rakotoarisoa – Directeur du secteur privé
Association pour la Promotion des Entreprises - APEM	Ms. Céline Rabekoriana – General Secretary
Maison du Tourisme	Mr. André Randriamboavonjy – Executive Director
Chambre des Cabinets Conseils - ATW	Mr. Hervé Magnat – Directeur Commercial Ms. Adrianina Rakotoarimanana, Directeur Général
Association des Professionnels du Batiment	Mr. Alain Moyon
Groupement des Entreprises de Madagascar - GEM	Mr. Thierry Rajaona – Vice- President
Fikambanan'ny Mpandrahara Malagasy – FIV.MPA.MA	Mr. Heritsalama A Rajaonarivelo - President
Groupement Professionnel des Fabricants de Matériaux de Construction - GMC	Mr. Christian Ramarojaona – President
SYPEAM/PRONABIO	Mr. Jean Claude Ratsimivony – President
Groupement des Entreprises Franches et Partenaires - GEFP	Mr. Bruno De Foucault – President Ms. Lydie Harinirina – Secrétaire General
Groupement des Opérateurs en Technologie de l'Information et de la Communication - GOTICOM	Mr. Jean-Luc Rajaona
Chambre de Commerce, de l'Industrie et d'Agriculture d'Antananarivo - CCIAA	Mr. Georges Rheal – General Secretary
Groupement des Opérateurs du Tourisme de Madagascar GOTO	Mr. Haga Rakotoson - General Secretary
Groupement des Aquaculteurs et Pêcheurs de Crevettes de Madagascar - GAPCM	Mr. Bertrand Couteau – General Secretary Mr. Xavier Vincent - Coordinateur
Centre Technique Horticole de Tamatave - CTHT	Mr. Michel Jahiel – Technical Counselor
Union Commercial Bank - UCB	Mr. Henri Fleurot – Managing Director
Financière d'Investissement Aro – FIARO	Mr. Patrick Razafindrafito – Managing Director
Banque Malgache de l'Océan Indien - BMOI	Mr. Jean Claude Heride - Managing Director
Banque BFV-SG	Mr. Albert Catalano – Directeur des Relations avec les Entreprises
Banque BNI – Crédit Lyonnais	Mr. Dominique Tissier – Managing Director
Société Omnium Industriel de Madagascar / Lecofruit (leather)	M. Karim Barday – PDG Mr. Xavier Rosenrib, Administrative Director
Entreprise Tuiles et Briqueterie Maurice (building materials)	Mr. Naly Razafindranaly
Comptoir Industriel de Produits Alimentaires - Codal S.A. (agro-processing)	Mr. Claude Brunot – Managing Director
Bureau d'étude Ingenosya (ICT)	Mr. Jean-Luc Rajaona – Managing Director
Pêcherie de Melaky et du Menabe (fishery)	Mr. Denis Malard – Managing Director Ms. Maryse Caroline Andriamampianina – Directeur Administratif et Financier
Société Floreal Madagascar (garments)	Mr. Vassen G. Nowzadick – Production Director
Synergy Communication (services)	Ms. Elia Ravelomanantsoa – Managing Director
Madaraïl (transport)	Mr. Eric Peiffer – Managing Director
Essence de Mondésir (spices and essential oils)	Mr. Nicolas Egli – Managing Director
CADIC-GOMBERT Ocean Indien sarl (consulting)	Mr. Jean J. Leclef Mr. Emadisson G. Andrianjatovo
Jocker Consulting (consulting)	Ms. Noro Andriamamonsjarison
Maison de l'Entreprise - MDE (French Cooperation)	Mr. Philippe Marquand

MAURITIUS

ENTITY	CONTACT
EU Delegation	Mr. Flavio Bello - Economic Advisor
SME Challenge Project (EDF)	Mr. J-C. de Robillard - Project Manager
Ministry of Industry, Commerce and International Trade	Mr. Clency Rosalie - Permanent Secretary
French Embassy	Mr. Eric Noitakis - Commercial Attaché
Mauritius Employers' Federation - MEF	Ms. Vedna Ezzo - Economist
Mauritius Export Processing Zone Association - MEPZA	Ms. Danielle Wong - Director
Association des Hoteliers et Restaurateurs – Ile Maurice AHRIM	Mr. Sen Ramsamy - Director
Mauritius Chamber of Commerce and Industry - MCCI	Mr. Rajiv Servansingh - Deputy Secretary General Mr. Barlen Pillay - Head of the Legal Services Department Mr. Hamid Jhumka - Economist
National Handicraft Promotion Agency	Mr. S. Bhanji - Director
Export Processing Zones Development Authority - EPZDA	Mr. Ehan Beedassy - Head of CTC Mr. Keerepresad Bhogun – Industrial Engineer
SMIDO	Mr. Vasana Appanah - Director
Mauritius Industrial Development Authority - MIDA	Ms. Elizabeth Ah Chong - Director
National Computer Board - NBC	Mr. Kemraz Mohee - Executive Director Mr. Roshan Seebaluck - Assistant Manager
Mauritius Development Bank - DBM	Mr. B. Chooramun - Managing Director
Painted Coconut Shell and Wood Craft (handicrafts)	Mr. J. Rudy Tannoo
Bentley Apparel (garments)	Mr. Philip Wong - Managing Director
IKS (fishing)	Mr. Ah Kin Kwok Sheung - Chairman
Aquarelle (clothing)	Mr. Praddep Shiw Maharaj – Head of Finance and Administration
Caudan Waterfront (real estate & tourism)	Mr. Philippe L. d'Arifat – Centre Manager

TANZANIA

ENTITY	CONTACT
EC Delegation	Mr. Joachim Zeller - Economic Advisor
Italian Embassy	Mr. Marcello Griccioli – Ambassador Ms. Giovanna d’Ulisse – Commercial Attaché
Ministry of Industry and Trade	Ms. Rita Mlaki - Deputy Minister (interviewed in Joburg)
National Development Corporation	Mr. Joseph Simbakalia, Managing Director (interviewed in Joburg)
Economic and Social Research Foundation	Ms. Kyrundu, researcher
Tanzania Investment Center - TIC	Mr. Emmanuel Ole Naiko – Director, Investment Promotion Mr. Stan Mpaze - Investment Promotion Manager
Tanzania Private Sector Foundation & Tanzania National Business Council - PSF/ TNBC	Mr. Dunstan G. Mrutu - Executive Director Mr. Samson Chemponda - Economist
Confederation of Tanzania Industries - CTI	Mr. Geoffrey N. Mackanja - Economist Mr. Thomas Kimbunga - Head of Information Department Mr. Adrian Njau - Economist
Tanzania Chamber of Commerce - TCCIA	Mr. Elvis Musiba - President Mr. Kalanje - CEO Mr. Simba Mr. Julius Matiko - Vice President, Agriculture Mr. Joseph Kitakwa - Deputy Executive Director Mr. Jumbe Menye - Treasurer General
East African Business Council – EABC	Mr. Elly Manjale - Executive Director Mr. A.J. Shah
Cashew Nut Association of Tanzania – CAT	Mr. U. Y. Mssumi - Executive Secretary
TDDM	Mr. Harpreet Duggal
Tanzania Milk Processors Association -TAMPA	Mr. D.K. Mmari - Chariman
Tourism Confederation Tanzania – TCT	Mr. Richard O. B. Rugimbana - Executive Secretary
Zanzibar Investment Promotion Agency – ZIPA	Mr. Rashid Ali Salim - Senior Investment Officer
UNIDO	Mr. Felix
Tanzania Investment Bank	Ms. Rehema Twaleb - Manager for Marketing & Research
Telecom Services (Israel – services)	Mr. Menachem “Mossad”
Scan Tanzania (trading & services)	Mr. Francis Lukwaro - Managing Director (interviewee in Joburg)
Alpha Fine Food (fish, meat and dairy)	Mr. Sergio A. Valente
Fincantieri – Naval Vessels Business Unit (South Africa - shipyard)	Mr. Ezio Vernetti
DPI Simba (plastic piping)	Mr. Dinesh Gupta - General Manager
Premier Cashew Nuts Ltd (cashew nuts)	Mr. Mushtak Fazal – Director
Shamez Enterprises (fishery)	Mr. Alhussein J. Dhanani - Director Mr. R. B. Mchwampaka - General Manager
Royal Dairy (dairy)	Mr. Harpreet Duggal - CEO
Geita Gold Mining (mining)	Mr. Clement Msalangi - Corporate Affair Manager
Takims Holiday (tourism)	Mr. Moahamed Natnani Takim - Managing Director
Tan Dairies (dairy)	Mr. D.K. Mmari - CEO
Kangaroo Ltd - CDE Antenna	Mr. Steven Kagero - Executive Director Mr. Adolf Francis Mshana - Consultant

UGANDA

ENTITY	CONTACTS
EC Delegation	Mr. Alain Joaris - Economic Advisor
British High Commission	Ms. Sarah Young - 2 nd Secretary Commercial Affairs Mr. Godfrey Ojambo - Commercial Officer
Italian Embassy	Mr. Maurizio Teucci - Ambassador
French Embassy	Mr. Jean-Francois Moreau – Commercial Attaché
Uganda Investment Authority - UIA	Ms. Maggie Kigozi - Executive Director Mr. Lawrence Byensi - Acting Director Ms. Mary Mabweijano - Assistant Head Mr. Kyoratungye Karemente – Director, Strategic Planning Division Mr. Bradford Ochieng Ms. Catherine Nabikye Mr. John Musajjakawa - Administrative Executive, ICT Division Mr. Arthur B. Tukahirwa – Assistant Director (met in Joburg)
Uganda National Chamber of Commerce and Industry - UNCCI	Ms. Evelyn Ramagajv Rutagwenda - Secretary General Mr. Abdul Kasule - Deputy Secretary General Mr. Fredrick Anyine
Uganda Manufacturers Association - UMA	Ms. Hilary Obonyo – Executive Director Ms. Charlotte E. Kukunda – Information Officer Mr. Peter Kaddu
Federation of Uganda Employers - FUE	Ms. Rosemary Ssenbulya – Executive Director Mr. Fred Ssekyana – Public Relations Officer Mr. Manafa Shaffi Mr. Dominic M. Hab'lyeleme – Consultant, Human Resource Development
Private Sector Foundation Uganda - PSFU	Ms. Dorothy Daka Matanda – Finance Manager / Project Coordinator Mr. Nimrod Waniala - Executive Director
Uganda Export Promotion Board – UEPB	Ms. Ovia M. Katiti – Director, Market Research Mr. Augustus Baguma Motooro - Trade Promotion Officer
Uganda Women Entrepreneurs Association – UWEA	Ms. Sarah Kitakule - Executive Director
Uganda Tourist Board – UTB	Mr. Ignatius B. Nakishero – Sales & Marketing Manager
Uganda Fish Processors and Exporters Association - UFPEA	Mr. Yogesh Grover – Chairman Mr. Moses Ogwal – Executive Officer Ms. Deborah Nyaguanda
Uganda Flower Exporters Association - UFEA	Mr. Hudda – Board Member
Federation of Associations of Uganda Exporters – FAUEX	Mr. Kavuma - President
Uganda Tourist Association - UTA	Mr. Wolfgang Thome – Chairman
Stanbic Bank	Mr. Peter Olivier – Executive Director
Development Finance Corporation of Uganda - DFCU	Mr. Martin Mulinda Kayongo - Head of Leasing Operations
East Africa Development Bank - EADB	Mr. Patrick Oketa and Mr. Robert Wabbi, Investment Officers
Reco Industries Ltd. (food processing)	Mr. Alex Kisémba - Marketing Officer
Jesa Farm Dairy Ltd. (dairy products)	Mr. Geoffrey Mulwana - Director
Uganda Travel Bureau (tourism)	Mr. Declan Peppard - Managing Director
Ibero (Neumann Gruppe - coffee)	Mr. Gregory Stough - Managing Director
Uganda Grain Traders (grains)	Mr. John Magnay - Chairman
Wagagai Ltd. (cuttings)	Mr. Olav Boenders - Director
Uganda Marine Products Limited (fishery)	Mr. Yogesh Grover - Director
Phenix Limited (garments – organic cotton)	Mr. Yuichi Kashiwada - Managing Director
Chemipharm (laboratories)	Mr. Kristof De Graeve - Managing Director

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Africa Polysac Industries Ltd (packaging)	Mr. Moahamed Lalani - Managing Director
Fresh Handling Ltd. (services)	Mr. Olav Boenders – Director
Mairyte Estates Ltd (flowers and vegetables)	Mr. Mahmood Hudda - Managing Director
ACE Quality Assurance Consultants Ltd - CDE Antenna	Mr. Moses Kiwe Sebunya Ms. Mary Mabweijano
Impact Associates – CDE Antenna	Mr. Chris Kyerere – CEO Mr. Michael Owiny