



NEPAD-OECD AFRICA INVESTMENT INITIATIVE ROUNDTABLE

# Mapping APRM Investment Climate Content to Policy Framework for Investment

OECD Directorate for Financial and Enterprise Affairs, Investment Division

**Background for the Regional Roundtable on  
*Strengthening Investment Climate Assessment and Reform in NEPAD Countries***

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## **NOTE TO READER**

The mapping of the investment climate content of the APRM Self-Assessment questionnaire in this document takes a very broad interpretation of what bears on the investment climate.

It is not intended, nor possible to interpret the mapping as a direct correspondence between the two sets of questions. Often the APRM Self-Assessment questions themselves have relevance to both the investment climate and broader governance arrangements, whereas the PFI questions are more specific to policies for investment.

In some cases an APRM Self-Assessment question may relate to several PFI questions and vice-versa. In other cases, a correspondence has been attributed when only part of the question is connected. These cases are as a rule mentioned in the document.

The full text of the APRM Self-Assessment questionnaire can be accessed at: <http://www.uneca.org/aprm/Documents/Questionnaire.pdf>

The full text of the Policy Framework for Investment can be accessed at: [www.oecd.org/daf/investment/pfi](http://www.oecd.org/daf/investment/pfi).

## Mapping APM Investment Climate Content to Policy Framework for Investment

APRM Investment Climate Content	PFI Chapter and Questions
<p><b>Democracy and Good Political Governance:</b></p> <p>Obj 2, Q.2: What weight do provisions establishing the rule of law and the supremacy of the constitution carry in practice?</p> <p>Obj 3, Q.2: What steps have been taken to facilitate equal access to justice for all?</p> <p>Obj 5, Q.1: What measures have been taken in the country to strengthen institutions for an efficient and an effective public service?</p> <p>Obj 5, Q.2: To what extent does the country have a transparent system of recruitment, training, promotion, management and evaluation of civil servants?</p>	<p>Ch 1, Q. 1: What steps has the government taken to ensure that the laws and regulations dealing with investments and investors, including small and medium-sized enterprises, and their implementation and enforcement are clear, transparent, readily accessible and do not impose unnecessary burdens?</p> <p>Ch 1, Q.4: Is the system of contract enforcement effective and widely accessible to all investors? What alternative systems of dispute settlement has the government established to ensure the widest possible scope of protection at a reasonable cost?</p> <p>Ch 2, Q.2: Has the government established an investment promotion agency (IPA)? To what extent has the structure, mission, and legal status of the IPA been informed by and benchmarked against international good practices?</p> <p>Ch 2, Q.3: Is the IPA adequately funded and is its performance in terms of attracting investment regularly reviewed? What indicators have been established for monitoring the performance of the agency?</p> <p>Ch 4, Q.2: Do the competition authorities have adequate resources, political support and independence to implement effectively competition laws?</p> <p>Ch 10, Q.2: What mechanisms are in place for managing and co-ordinating regulatory reform across different levels of government to ensure consistent and transparent application of regulations and clear standards for regulatory quality?</p> <p>Ch 8, Q.4: To what extent does the government promote training programmes and has it adopted practices that evaluate their effectiveness and their impact on the investment environment? What</p>

## Mapping APRM Investment Climate Content to Policy Framework for Investment

<p>Obj 8, Q.1: What concrete measures have been taken to promote and protect the rights of the child and young persons?</p>	<p>mechanisms are used to encourage business to offer training to employees and to play a larger role in co-financing training?</p> <p>Ch 8, Q.2: What steps has the government taken to increase participation in basic schooling and to improve the quality of instruction so as to leverage human resource assets to attract and to seize investment opportunities.</p>
<p><b>Economic Governance and Management</b></p> <p>Obj 1, Q.3: What sectoral or microeconomic policies has your country developed and implemented to promote economic growth and sustainable development.</p> <p>Obj 1, Q.4: What has your country done to increase domestic resource mobilisation including public and private savings and capital formation, and reduce capital flight?</p> <p>Obj 2, Q.1: What has your country done to make the public administration, legislative system and fiscal authorities work effectively and in a transparent manner?</p> <p>Obj 2, Q.2: What measures has your country taken to make economic policies predictable?</p> <p>Obj 2, Q.3: What are the main challenges that the country faces with respect to coordinating the efforts of various departments in implementing sound, transparent and predictable economic policies?</p> <p>Obj 3, Q.1: What has your country done to promote sound public finance management?</p> <p>Obj 4, Q.1: What is the prevalence of corruption in the public administration in your country and what measures have been taken in</p>	<p>A case could be made for the whole of the PFI applying to this question. More narrowly it most closely relates to all of the PFI questions in Chapters 1, 3 and 4.</p> <p>A case could be made for the whole of the PFI applying to this question. A more limited interpretation on capital formation would relate to Chapters 1 and 2.</p> <p>Chapter 5 of the PFI covers taxation policy. Transparency in goals of policy, instruments used and rationale for decisions is a principle that transverses the PFI.</p> <p>The predictability of policies, closely related to the concept of transparency, is another principle that transverses the PFI.</p> <p>The PFI is a flexible tool with multiple applications. As a tool for self-evaluation of policies for investment there is a large potential for users in the centres of government and the macro-structural government policy departments, whose responsibilities include ensuring policy coherence across government.</p> <p>Chapter 5 of the PFI covers taxation policy.</p> <p>Ch 10, Q.6: To what extent have international anti-corruption and integrity standards been implemented in national legislation and regulations? Do penal, administrative and civil law provisions provide</p>



## Mapping APRM Investment Climate Content to Policy Framework for Investment

<p>Obj 5, Q.2: What measures has your country taken to ensure that national policies, including policies in respect of intra-African trade and investment promotion, are consistent with and supportive of regional economic integration objectives?</p>	<p>Ch 2, Q.8: Has the government made use of international and regional initiatives aimed at building investment promotion expertise, such as those offered by the World Bank and other intergovernmental organisations? Has the IPA joined regional and international networks?</p> <p>Ch 2, Q.9: To what extent has the government taken advantage of information exchange networks for promoting investment?</p> <p>Ch 3, Q.3: How actively is the government increasing investment opportunities through market-expanding international trade agreements and through the implementation of its WTO commitments?</p> <p>Ch 1, Q.7: Are investment policy authorities working with their counterparts in other economies to expand international treaties on the promotion and protection of investment?</p> <p>Ch 2, Q. 1: Does the government have a strategy for developing a sound, broad-based business environment and within this strategy, what role is given to investment promotion and facilitation measures?</p> <p>Ch 2, Q.6 What mechanisms has the government established for the evaluation of the costs and benefits of investment incentives, their appropriate duration, their transparency, and their impact on the economic interests of other countries?</p> <p>Ch 2, Q.7: What steps has the government taken to promote investment linkages between businesses, especially between foreign affiliates and local enterprises?</p> <p>Ch 2, Q.8: Has the government made use of international and regional initiatives aimed at building investment promotion expertise, such as those offered by the World Bank and other intergovernmental</p>
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## Mapping APRM Investment Climate Content to Policy Framework for Investment

<p>Obj 5, Q.3: What measures have your country taken to ensure effective implementation of decisions and agreements made within regional economic integration arrangements?</p>	<p>organisations? Has the IPA joined regional and international networks?</p> <p>Ch 3, Q.1: What recent efforts has the government undertaken to reduce the compliance costs of customs, regulatory and administrative procedures at the border?</p> <p>Ch 3, Q.3: How actively is the government increasing investment opportunities through market-expanding international trade agreements and through the implementation of its WTO commitments?</p> <p>Ch 3, Q.5: To what extent do trade policies raise the cost of inputs of goods and services, thereby discouraging investment in industries that depend upon sourcing at competitive world prices?</p> <p>Ch 1, Q.7: Has the government reviewed existing international treaties and commitments periodically to determine whether their provisions create a more attractive environment for investment? What measures exist to ensure effective compliance with the country's commitments under its international investment agreements?</p> <p>Ch 3, Q.4: How are trade policies that favour investment in some industries and discourage it in others reviewed with a view to reducing the costs associated with these distortions?</p>
<p><b>Corporate Governance</b></p> <p>Obj 1, Q.2: What is the regulatory framework for economic activities and to what extent does it facilitate commercial enterprise in the country?</p>	<p>Ch 1, Q.1: What steps has the government taken to ensure that the laws and regulations dealing with investments and investors, including small and medium sized enterprises, and their implementation and enforcement are clear, transparent, readily accessible and do not impose unnecessary burdens?</p> <p>Ch 1, Q.4: Is the system of contract enforcement effective and widely accessible to all investors? What alternative systems of dispute</p>

## Mapping APRM Investment Climate Content to Policy Framework for Investment

<p>Obj 1, Q.3: What are the external and internal factors that impact on business activity?</p>	<p>settlement has the government established to ensure the widest possible scope of protection at a reasonable cost?</p> <p>Ch 10, Q.1: Has the government established and implemented a coherent and comprehensive regulatory reform framework, consistent with its broader development and investment strategy?</p> <p>Ch 10, Q.2: What mechanisms are in place for managing and co-ordinating regulatory reform across different levels of government to ensure consistent and transparent application of regulations and clear standards for regulatory quality?</p> <p>Ch 10, Q.3: To what extent are regulatory impact assessments used to evaluate the consequences of economic regulations on the investment environment? Are the results of these assessments made public on a timely basis?</p> <p>Ch 10, Q.4: What public consultation mechanisms and procedures, including prior notification, have been established to improve regulatory quality, thereby enhancing the investment environment? Are the consultation mechanisms open to all concerned stakeholders?</p> <p>Ch 10, Q.5: To what extent are the administrative burdens on investors measured and quantified? What government procedures exist to identify and to reduce unnecessary administrative burdens, including those on investors? How widely are information and communication technologies used to promote administrative simplification, quality services, transparency and accountability?</p> <p>This question relates to many parts of the PFI. The APRM Self-Assessment questionnaire gives some guidance, citing the state of infrastructure and financial market development (PFI chapter 9),</p>
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## Mapping APRM Investment Climate Content to Policy Framework for Investment

<p>Obj 2, Q.1: Are there measures in place to ensure that corporations recognise and observe human and labour laws?</p> <p>Obj 2, Q.2: To what extent are corporations responsive to the concerns of the communities in which they operate?</p> <p>Obj 3, Q.1: What is the overall assessment of the corporate integrity in the country?</p> <p>Obj 4, Q.1: To what extent does the corporate governance framework protect shareholder's rights?</p>	<p>investor promotion (PFI chapter 2) and SMEs (PFI questions and annotations, e.g. Q1.3).</p> <p>This question relates to PFI chapter 7 on policies for promoting responsible business conduct. It also relates to Ch 8, Q.6: What mechanisms are being put in place to promote and enforce core labour standards?</p> <p>This question relates to PFI chapter 7 on policies for promoting responsible business conduct.</p> <p>This question relates to several parts of the PFI. The APRM Self-Assessment questionnaire gives some guidance, citing measures to combat corruption (PFI chapter 10, Q. 6 to Q.9) and regarding the effectiveness of measures to promote adoption of good business ethics with reference to, inter alia, capacity and appropriate skills in government institutions (PFI chapter 2, Q.2 and Q.3, chapter 4, Q.2 and chapter 10, Q.3).</p> <p>This question relates to PFI chapter 6 on corporate governance, especially:  Ch 6, Q.2: How does the corporate governance framework ensure the equitable treatment of shareholders?  Ch 6, Q.3: What are the procedures and institutional structures for legal redress in cases of violation of shareholder rights? Do they function as a credible deterrent to such violations? What measures are in place to monitor and prevent corporate insiders and controlling owners from extracting private benefits?  Ch 6, Q.4: What procedures and institutions are in place to ensure that shareholders have the ability to influence significantly the company?</p>
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## Mapping APRM Investment Climate Content to Policy Framework for Investment

<p>Obj 4, Q.2: Does the corporate governance framework recognise the rights of stakeholders (other than shareholders)?</p> <p>Obj 5, Q.1: Does the corporate governance framework ensure that timely and accurate disclosure is made on all material matters regarding the corporation?</p> <p>Obj 5, Q.3: Does the corporate governance framework ensure the strategic guidance of the corporation, effective monitoring of management by the board (governing body or supervisory body) and the board's accountability to the corporation and the shareholders?</p>	<p>Ch 6, Q.6b: How does the corporate governance framework recognise the rights of stakeholders established by law or through mutual agreements and encourage active co-operation between corporations and stakeholders in creating wealth, jobs and the sustainability of financially sound enterprises?</p> <p>Ch 6, Q.5: By what standards and procedures do companies meet the market demand for timely, reliable and relevant disclosure, including information about the company's ownership and control structure?</p> <p>Ch 6, Q.6a: How does the corporate governance framework ensure the board plays a central role in the strategic guidance of the company, the effective monitoring of management, and that the board is accountable to the company and its shareholders?</p>
<p><b>Socio-Economic Development</b></p> <p>Obj 2, Q.1 and Q.2: What is the country doing to accelerate socio-economic development and achieve sustainable development and poverty eradication? What are the outcomes of the policies and mechanisms to achieve sustainable development and poverty eradication?</p> <p>Obj 3, Q.1 and Q.2: What measures has government taken to strengthen policy, delivery mechanisms and monitor outcomes in order to make progress towards the social development targets? What are the outcomes of the policies and mechanisms on social indicators?</p>	<p>The objective of the PFI is to mobilise private investment that supports steady economic growth and sustainable development, and thus contribute to the prosperity of countries and their citizens and the fight against poverty (Preamble). The PFI can be used as an organising framework for identifying where investment bottlenecks lie, pinpointing the strong points of a country's investment climate, outlining government policies that address the barriers to investment and for measuring outcomes and the pace of progress.</p> <p>Objective 3 of the Self-Assessment questionnaire refers to policies, delivery mechanisms and outcomes in key social areas including education and combating of HIV/AIDS and other communicable diseases. This relates to PFI chapter 8 on human resource development, especially questions 1,2 and 5.</p> <p>Ch 8, Q.1: Has the government established a coherent and</p>

## Mapping APRM Investment Climate Content to Policy Framework for Investment

<p>Obj 4, Q.1: What policies and strategies has the government put in place to ensure that all citizens, in particular the rural and urban poor, have affordable access to basic needs?</p>	<p>comprehensive human resource development (HRD) policy framework consistent with its broader development and investment strategy and its implementation capacity? Is the HRD policy framework periodically reviewed to ensure that it is responsive to new economic developments and engages the main stakeholders?</p> <p>Ch 8, Q.2: What steps has the government taken to increase participation in basic schooling and to improve the quality of instruction so as to leverage human resource assets to attract and to seize investment opportunities?</p> <p>Ch 8, Q.5: Does the government have a coherent strategy to tackle the spread of pandemic diseases and procedures to evaluate public health expenditures aimed at improving public health outcomes and, through inter-linkages, the investment environment?</p> <p>Objective 4 of the Self-Assessment questionnaire refers to access to infrastructure services like water, sanitation, energy and finance. This relates to PFI chapter 9 on infrastructure and financial sector development.</p>
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