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**Economic Commission for Africa
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Intergovernmental Committee of Experts
Thirty-fourth session
N'Djamena, 18–21 September 2018

Theme: Financing industrialization in Central Africa

I. Introduction

1. The Economic Commission for Africa (ECA) Subregional Office for Central Africa organized the thirty-fourth session of the Intergovernmental Committee of Experts for Central Africa in N'Djamena, from 18 to 21 September 2018 on the theme “Financing industrialization in Central Africa”, in partnership with the Ministry of Economy and Development Planning of Chad.

2. The main goal of the session was to give experts the opportunity to discuss the social and economic progress achieved by the countries of the subregion, together with ways to mobilize additional financial resources to support industrialization and economic transformation in Central Africa.

3. Another aim of the session was to take stock of the implementation of subregional, continental and international initiatives and review the progress made in implementing the ECA Subregional Office for Central Africa programme of work for 2017.

II. Participation

4. Some 150 experts participated in the session. Apart from Chad, the host country, the following member States were represented: Angola, Burundi, Cameroon, Central African Republic, Congo, Democratic Republic of the Congo, Equatorial Guinea, Gabon, Rwanda and Sao Tome and Principe.

5. Representatives of the following organizations and institutions participated in the session: Bank of Central African States; Central African Economic and Monetary Community, Subregional Institute of Statistics and Applied Economics; Central Africa Power Pool; Central Africa States Development Bank; Economic Commission on Cattle, Meat and Fish Resources; Economic Community of Central African States; French Development Agency; International Telecommunication Union; United Nations Conference on Trade and Development; United Nations Development Programme; and World Bank.

6. Experts and moderators with a range of backgrounds enriched the discussions with their knowledge and experience.

7. ECA provided secretariat services for the session.

III. Opening of the session

8. The opening of the session was chaired by Hissein Tahir Souguimi, Secretary of State for Economy and Development Planning. Three statements were delivered, respectively, by the Director of the Subregional Office for Central Africa, Antonio Pedro, the outgoing chair of the Bureau, Mr. Isaac Tamba and Mr. Souguimi.

9. In his opening address, Mr. Pedro recalled that the mobilization of financial resources was one of the fundamental challenges that needed to be addressed in order to promote industrialization in Central Africa. Securing financing for industrialization required efforts and interventions at both the macro and micro levels in order to surmount legal and regulatory bottlenecks, policy failures and market imbalances. He believed that such imbalances could hinder domestic and foreign investment and undermine competitiveness in the subregion.

There were many opportunities for stakeholders in Central Africa to promote industrialization by leveraging innovative sources of financing, including well-targeted guarantee funds for small and medium-sized enterprises and diaspora bonds. Before concluding his remarks, he invited the experts from the countries of the subregion to share their experiences and good practices with a view to formulating relevant recommendations and pragmatic, innovative and realistic strategies for financing industrialization in Central Africa.

10. In his opening remarks, Mr. Tamba reviewed the main activities carried out by the Bureau during his mandate, namely the January 2018 meeting on the operationalization of the Douala Consensus and a series of capacity-building workshops. He stressed the importance of the theme of the session and underscored that, in view of the fact that industrialization policies in Central Africa were based on the exploitation of the continent's natural resources, efforts must be made to establish an ecosystem that would facilitate the development of competitive advantages. He believed that the rise in oil prices, combined with the increase in the exchange rates of the US dollar, the mobilization of diaspora resources and the development of regional financial markets, was likely to generate funds that could be used to finance industrial policies. He concluded his remarks by wishing the incoming Chair of the Bureau every success.

11. In his statement, Mr. Souguimi welcomed all the experts and thanked the ECA Subregional Office for Central Africa for having chosen his country to host the thirty-fourth session of the Intergovernmental Committee of Experts. He also thanked the outgoing Bureau of the Committee, which had been chaired by Cameroon and had adopted the Douala Consensus. He underscored that industrialization was critical if the countries of the subregion were to achieve the strong, sustained and inclusive growth that they needed to bolster the resilience of their economies to external shocks. He emphasized, however, that budgetary adjustment programmes adopted in the light of the economic and financial challenges facing the countries of the subregion left little room for promoting industrialization. The theme of the Committee's thirty-fourth session was therefore particularly pertinent. The aim of the session was to examine ways to mobilize additional financial resources to support industrialization in Central Africa. He then declared open the thirty-fourth session of the Intergovernmental Committee of Experts and expressed his best wishes for the success of the Committee's work.

12. The delivered statements are attached to the present report.

IV. Election of the Bureau

13. Participants elected the Bureau as follows:

Chair:	Chad
Vice-Chair:	Equatorial Guinea
Rapporteur:	Democratic Republic of the Congo

V. Adoption of the agenda and programme of work

14. The participants adopted the agenda and programme of work.

VI. Conduct of deliberations

15. The proceedings were conducted in plenary and parallel sessions. Presentations were made on the various agenda items, followed by discussions.

(a) Presentation of the working paper “Financing industrialization in Central Africa”

16. A presentation was made on the Committee’s working paper by its author, Mr. Issouf Soumaré, Professor at Laval University, Canada.

17. Mr. Soumaré considered the relationship between the themes of the Committee’s thirty-third and thirty-fourth sessions. He recalled that the thirty-third session, held in Douala from 26 to 29 September 2017 on the theme: “Made in Central Africa: from the vicious circle to the virtuous circle”, had culminated in the adoption of a landmark document, namely the Douala Consensus. That document considered all the initiatives and action plans to be implemented with a view to launching a true process of industrialization in the countries of Central Africa. How that process of industrialization should be financed was one of the key challenges addressed in the Douala Consensus, and the Committee’s 2018 session had therefore adopted the theme “Financing industrialization in Central Africa”. He then reviewed the strengths and weaknesses of the financial sector and traditional sources of development finance in the subregion, and suggested alternative sources of financing that had been leveraged to achieve positive outcomes outside the subregion, which the subregion could use to finance its industrialization process. He underscored that, despite a relative plurality of financial actors, the financial sector remained underdeveloped compared with best practices observed elsewhere in the world. Moreover, in its current configuration, the financial sector in the subregion provided only limited support to industrial production and had a negligible impact on Central African countries’ economic growth and human development. The sector was able to mobilize few financial resources and those were only partially used as loans to finance economic activity. Moreover, companies enjoyed only very limited access to such forms of credit.

18. Potential innovative sources of financing included private equity funds, sovereign wealth funds, public-private partnerships, securitized remittances, commodity markets, index insurance, deposit and investment funds, eurobonds, participatory financing mechanisms, mobile money and Islamic finance.

19. In conclusion, he made a number of recommendations on ways to strengthen industrialization financing in Central Africa. Those recommendations were the subject of further discussion.

(b) High-level panel discussion: Financing industrialization in Central Africa

20. The presentation of the working paper was followed by a high-level panel discussion moderated by Ms. Marie-Roger Biloa, editor of the journal *Africa International* and president of MRB Productions. The panel comprised Ms. Fatima Acyl, Vice-President of the Central African Economic and Monetary Community Commission, Mr. Isaac Tamba, Director-General of Economy and Public Investment Programming at the Ministry of Economy, Planning and Regional Development of Cameroon, Mr. Rafael Tung Nsue Bilogo, presidential adviser on debt and financial markets in Equatorial Guinea, and Ms. Dominique Njinkeu, vice-president of the company Government & DFI Relations.

21. The panel discussed issues related to the sustainable financing of industrial projects in Central Africa and agreed that priority should be given to domestic financing sources, as foreign investment, although welcome, could become scarce. Furthermore, industrialization should be achieved in phases. Initially it could be based on the exploitation of natural resources and later on the provision of digital services, but it should always be based on proven comparative advantages and aim to create long-term added value for companies. Governments should encourage and facilitate investment. The panel agreed that decision makers in Central Africa must be urged to take the lead by adopting practical measures and involving all stakeholders within society. The panel also highlighted the potential of the African Continental Free Trade Area to accelerate Africa's industrialization process. The continent's total population currently stood at 1.2 billion people and its gross domestic product (GDP) was \$2.5 trillion, and those figures were expected to grow significantly by 2050, offering an immense market to all African countries, regardless of size or geographical location. The potential for the leveraging of special investment funds to promote capacity-building for small and medium-sized enterprises was also discussed.

(c) Round table on the theme: Towards resource-based industrialization and economic diversification in Central Africa

22. A round table on the theme "Towards resource-based industrialization and economic diversification in Central Africa" was held on the margins of the session and moderated by Ms. Novella Nikwigize, journalist and television presenter from Rwanda. The round table identified certain prerequisites for resource-based industrialization and economic diversification, including efforts to improve the business environment, good governance, investment in critical infrastructure, public and private sector coordination and efforts to take into account local contexts and comparative advantages. The participants acknowledged, however, that there was no standard approach in that regard and that an appropriate policy mix that could take into account differences among countries and sectors should be adopted. The round table called for a paradigm shift, and urged stakeholders to learn from past mistakes and to leverage technological innovations while mitigating any negative impacts that those technologies might have. Participants agreed on the importance of strengthening negotiating skills in order to create added value at the local level. They also stressed the need to ensure that national development plans adopted an integrated approach and included policies on all sectors, including the mining sector. To achieve those objectives, it was crucial to promote accountability and transparency. Regional value chains must be developed and regional integration, particularly within the context of the African continental free trade area, offered an excellent opportunity for harmonizing national ambitions. Efforts to promote skills transfer and knowledge-sharing were also necessary to ensure that industrialization benefited local communities. That would require a paradigm shift at the macro and micro levels and capacity-building for those implementing and managing industrialization policies.

(d) Round table on the theme, "Financing infrastructure in Central Africa: what mechanisms can stimulate industrialization in the subregion?"

23. A round table on the theme, "Financing infrastructure in Central Africa: what mechanisms can stimulate industrialization in the subregion?" was held on the margins of the session and was moderated by Mantar Syntyche Tompté, journalist and director of information and content manager at Electron TV, a national television station of Chad. The round table identified certain prerequisites for infrastructure financing in Central Africa.

24. In their contributions, participants focused on the subregion's aspirations in the area of infrastructure and the infrastructure financing mechanisms that could promote structural transformation and industrialization in Central Africa.

25. The round table highlighted the following issues related to infrastructure development in Central Africa:

- How could transport infrastructure create a physical framework for the implementation of development and industrialization policies? Overall, it was agreed that, for certain member States, it would make more sense to move beyond the establishment of transport corridors to that of development corridors.
- A second issue raised related to how investments by China in infrastructure in Central Africa should be viewed. On that question, participants underscored that member States needed to adopt a new approach in their negotiations with China. Such investments should support States' national development and industrialization strategies and foster infrastructure development that facilitated the creation of sustainable jobs and a new dynamic of innovative growth for African States.
- Participants concluded by highlighting the role of the domestic private sector in financing infrastructure and underscored the importance of pooling existing resources through the promotion of public-private partnerships.

(e) Thematic group work

26. The participants split into three groups to hold in-depth discussions on the following themes:

- Role of the financial sector: opportunities and limitations. Unleashing the potential of financing to promote inclusive and sustainable industrial development (group 1);
- Optimizing the role played by the public and private sectors: from rhetoric to action (group 2);
- Strengthening the subregional financial landscape to promote cross-border trade and industrial agglomeration (group 3).

27. The experts who took part in the thematic group work were asked to formulate practical and feasible recommendations.

(f) Activities report for 2017 and programme of work for 2018 of the Economic Commission for Africa Subregional Office for Central Africa

28. The secretariat presented the report on the activities of the Subregional Office for Central Africa, which covered the period from September 2017 to September 2018 and the remaining activities for the 2018–2019 biennium. The secretariat representative recalled that, pursuant to reforms of the United Nations system and ECA, the Office was now seeking to promote economic diversification and structural transformation. He then reviewed the reform process taking place at the Office and listed the various activities carried out by the Office during the reporting period and related outcomes, which included the adoption of the Douala Consensus at the conclusion of the Committee's thirty-third session, and the launch of a process to formulate economic diversification and industrialization strategies for Chad, the Congo and Equatorial Guinea. Other achievements included the finalization of a preliminary draft of the Third Common Indicative Programme, the publication of a number of documents, and, with assistance provided by the

Office, the adoption by the Central African Economic and Monetary Community (CEMAC) and the Economic Community of Central African States (ECCAS) of key free trade instruments. Furthermore, the Office had held a number of seminars and workshops on the following subjects: modelling; integrating the 2030 Agenda and Agenda 2063 of the African Union into national development plans; developing and implementing sustainable urban policies; and the basic principles of the CEMAC/ECCAS preferential tariff regime. Lastly, he listed the remaining activities and expected outcomes for the 2018–2019 biennium.

29. The Committee took due note of the activities carried out and fully implemented between September 2017 and September 2018, along with their related outcomes.

(g) Status report on regional and international programmes and other special initiatives in the subregion

30. The presentation by the Subregional Office for Central Africa highlighted the progress that had been made at the subregional level on a number of indicators over the previous 15 years, including those relating to gender equality and ecosystem conservation. Welcome progress included the signing of agreements on the establishment of an African continental free trade area, which would help establish the necessary conditions for sustainable development in African countries, including those of Central Africa. The presentation also highlighted the main challenges impeding the achievement of the Sustainable Development Goals in Central Africa, including the risks associated with austerity programmes implemented in response to economic shocks caused by falling oil prices, challenges related to the structural transformation of national economies, without which no sustainable progress could be achieved, conflicts and security crises in the region, and data-related challenges.

31. The ensuing discussions focused on clarifications, in particular with regard to the statistics used in the preparation of the report. The secretariat representative noted that the report had used the most recent updated and harmonized data generated by the United Nations Statistics Division. The experts expressed their concern about the capacity of African countries to generate and compile all the statistics needed to monitor and evaluate the implementation of the Sustainable Development Goals and proposed formal and substantive amendments to improve the quality of the report.

(h) Report on the implementation of subregional initiatives in Central Africa: the United Nations integrated strategy for the Sahel

32. The experts followed with interest a presentation on the report on the implementation of subregional initiatives in Central Africa, which focused on the United Nations integrated strategy for the Sahel. The speaker began with an overview of the factors that had led to the adoption of the Strategy in 2013. He explained that the United Nations integrated strategy for the Sahel had been adopted to address the root causes of shocks and of vulnerability and insecurity in the 10 countries of the Sahel. He noted that the strategy was being amended in line with recent progress at the global and regional levels, including the adoption of the 2030 Agenda and Agenda 2063, and that the United Nations Support Plan for the Sahel had been adopted to accelerate implementation of the strategy. He highlighted the contribution made by ECA and the Subregional Office in the implementation of the strategy and the related Support Plan; ECA made an important contribution to the Support Plan and activities undertaken by the Subregional Office could support the strategy. He concluded with lessons learned from the implementation of the strategy, including the need to strengthen coherence, coordination and partnerships for the Sahel. The mobilization

of adequate resources was identified as a major challenge that could impede Support Plan implementation. The participants took note of the information contained in the report.

(i) Initial report on the reform of the intergovernmental structure of ECA

33. Two international consultants gave a presentation on efforts to reform the intergovernmental structure of ECA and on the methodology they had adopted to that end, which had involved the circulation of a questionnaire to ascertain the opinions of experts from countries in the subregion. The experts took note of the conclusions of the presentation.

(j) Other matters

34. No matters were raised under the item.

VII. Theme, date and venue of the next session of the Intergovernmental Committee of Experts

35. The theme of the Committee's next session, namely "Role of the digital economy in accelerating industrialization in Central Africa", was the subject of debate. Some experts recommended that the theme should include a reference to job creation for young people in the context of the continent's demographic transition. Others suggested that the original title should be retained and argued that there were numerous reasons why it was important to promote industrialization, and that the theme should not only address employment. The Chair of the Intergovernmental Committee of Experts gave member States 30 days to make specific proposals on the theme or to adopt the theme that had been proposed in plenary.

36. The experts chose Equatorial Guinea as host of the Committee's next session, which would take place in June 2019. The head of the delegation of Equatorial Guinea undertook to inform the authorities of his country of that decision and to transmit confirmation to ECA at the earliest opportunity.

VIII. Key recommendations

37. In the discussions that followed the presentation of the Committee's working paper, the participants stressed that financing industrialization was a shared responsibility that required the adoption of a new social contract involving all key stakeholders in the area of economics, including public sector entities and development partners, the private sector, civil society, universities, and regional and subregional institutions.

Critical role of the public sector

38. Its principal role is to inform. Its responsibilities include raising awareness among private sector stakeholders and citizens of the wide range of existing national and international financing instruments. To enhance the mobilization of domestic savings, which remains weak, citizens must be made aware of the various ways in which they can leverage their investments.

39. Public sector authorities must also conduct training sessions. They will need to build the capacity of the private sector so that it makes optimal use of existing financing instruments. Furthermore, in order to promote financial inclusion, public sector authorities must seek to raise

awareness among the general population, and particularly among young people, of how, when and where to save.

40. Microfinance and financial inclusion initiatives should also be implemented in order to redirect the money supply from the informal towards the formal sector and to stimulate domestic economic activity. Awareness campaigns should be conducted in rural areas and in the informal sector to promote financial inclusion.

41. Public sector authorities should diversify the instruments available to private sector stakeholders and citizens to help them invest and save. Particular attention should be paid in this regard to small and medium-sized enterprises and start-ups operating in sectors that are considered strategic.

42. It is equally important for public sector authorities to establish tax regimes that promote investment by local companies, as it is well known that the imposition of too many taxes eventually undermines the entire taxation system. When taxation is too heavy or too restrictive, companies choose to operate in the informal sector, thus narrowing the tax base available to States and reducing public revenue. Tax incentives should also be adopted to support domestic industrial companies.

43. States should seek to complement financial ecosystems by establishing effective legal and regulatory frameworks and promoting good governance and a healthy business environment. These are key prerequisites for effective financial instruments that can leverage the funds needed to finance industrialization, such as trust and equity funds, guarantee funds and sovereign wealth funds. Private investment funds, remittances from diaspora communities and foreign direct investment are other potential sources of industrialization financing.

44. Public sector authorities could, moreover, explore the potential of innovative financing instruments, including index insurance and commodity exchanges and markets, and could also take action to enhance the performance of existing instruments, such as those particularly suited to long-term financing, including stock and derivatives exchanges.

45. Public sector authorities must also explore the potential of new sources of funding. Green funds represent a unique opportunity to direct financial resources towards sectors and activities that could promote the development of a green economy.

46. Other innovative sources of domestic funding are also available, including those related to the rapid urbanization process. Cities could thus help finance transformation and industrialization policies, in particular those related to infrastructure, through mechanisms that optimize real estate values, and by taking advantage of other fiscal and non-fiscal resources unique to the urban context. Such steps have already been taken by a number of African countries.

47. Public sector authorities must support a macroeconomic framework conducive to productive investment and medium and long-term debt sustainability, including by taking out loans to finance realistic and profitable projects. To that end, the public sector must strengthen its project formulation, implementation, monitoring and evaluation capacity. It must also strengthen the capacities of private sector stakeholders operating in the fields in question.

48. Public sector authorities must take steps to exploit the opportunities offered by the African continental free trade area, including steps to enhance economic productivity and competitiveness, facilitate the processing within the country of domestic products, strengthen human capital, and

enhance the provision and quality of key services that can foster industrialization, including transport, logistics, distribution, education, and digital, banking and financial connectivity services. Steps must also be taken to improve the supply and quality of domestic products so that they can compete in what are increasingly competitive markets. All countries in the subregion that have not yet ratified the agreement on the African continental free trade area are urged to do so; they should also develop national strategies that will allow them to take full advantage of that new opportunity. ECA is now taking steps to support countries in that process.

49. In the same vein, public sector authorities, in close collaboration with the private sector, must formulate a clear and comprehensive industrialization strategy to boost productive capacities and strengthen opportunities for economic diversification and industrialization. That strategy should identify priority sectors and products to be developed, and should encompass a wide range of macro and sectoral policies, including those relating to trade, urbanization, infrastructure, energy, mining, agriculture, education and training.

50. Public sector authorities must take the lead in formulating and implementing a strategy on financing industrialization, which must complement the strategy adopted to strengthen opportunities for economic diversification and industrialization. As industrialization can be achieved in a number of ways, public sector authorities must analyse and adopt measures to bolster countries' comparative advantages, including measures to foster job creation, mobilize the fiscal resources needed to sustain industrialization policies and strengthen national economies. Such measures will reduce the vulnerability of economies to internal and external shocks.

51. To achieve that objective, industrialization strategies that are complemented by strategies that support the provision of targeted funding are most appropriate.

52. With input from the private sector and universities, stakeholders will need to pay particular attention to the development of statistical systems and to countries' capacity to anticipate shocks, conduct socioeconomic analysis, and identify their comparative advantages and weaknesses in connection with industrialization and the promotion of social and economic well-being.

53. In order to optimize the strategic role played by the private sector in financing industrialization in the countries of the subregion, public sector authorities must endeavour:

- To strengthen horizontal and vertical inter-institutional and multisectoral coordination among State institutions to support the role of the private sector in the industrialization process;
- To engage the private sector, including the financial sector, in policy dialogue and consultations on the formulation of national development policies, in particular those that are relevant to industrialization;
- To establish and strengthen special economic zones and industrial parks to attract domestic and international investors;
- To continue to invest in national infrastructure, including energy, transport and digital infrastructure, to reduce the high production costs that penalize the private sector in Central Africa;

- To pool efforts with a view to building community infrastructure that supports industrialization. This includes energy, digital and transport (including rail transport) infrastructure;
- To encourage State institutions, municipalities, the private sector and youth associations to raise awareness of existing financing instruments, particularly green funds, as well as procedures for accessing those instruments;
- To strengthen national centres that certify industrial products for domestic and international markets, and pool efforts to transform them into specialized centres at the subregional level;
- To establish a partnership involving universities and the private sector to help increase investment in research and development to support innovation;
- To accelerate the implementation of projects to promote subregional integration, including transport corridors, and to upgrade some of those projects so that they become subregional development corridors;
- To strengthen the capacity of member States to design, negotiate and oversee public-private partnerships, while ensuring that they do not become a panacea and a substitute for public sector action;
- To strengthen and support business creation and self-employment programmes for young people;
- To expand the investment banking functions of the Central African States Development Bank within ECCAS.

Role of the private sector

54. The private sector must be a pillar of industrialization policy. It must create an optimal business environment and establish the foundations for investment in key areas, including infrastructure, education, health and the justice system.

55. To remain productive and competitive, the private sector must continuously update the public sector authorities with regard to major obstacles impeding business operations and financing, and should take action to find appropriate solutions by investing alongside the public sector. Public-private dialogue is essential, since it serves as a platform for consultation that will maximize potential.

Civil society

56. To promote the well-being of citizens, and in particular the most vulnerable members of society, civil society must promote accountability by ensuring that the State and the private sector comply with established procedures. It is also important to enhance the capacity of civil society and ensure its involvement in planning processes, including those relating to industrialization.

Subregional organizations

57. Subregional organizations must ensure the coordination of industrial policies and the harmonization of instruments such as investment and natural resource management codes of practice, including mining codes. Without such coordination, incentives provided by countries will not garner the expected benefits from foreign investors.

IX. Adoption of conclusions and recommendations of the session

58. The Committee adopted the conclusions and recommendations of the session, as duly amended.

X. Closure of the session

59. At the end of the session, the Committee extended its thanks to Mr. Idriss Deby Itno, President of the Republic of Chad, and also to the Government and the people of Chad for the warm reception and the hospitality accorded to the participants during their stay in N'Djamena.

60. Following a statement by Ms. Mama Keita on behalf of the Director of the Subregional Office, Mr. Adam Aboubacar Ibrahim, Director of Economy, speaking on behalf of Mr. Issa Doubragne, Minister of Economy and Development Planning of Chad, expressed his gratitude to the experts for their active participation in the session before declaring the thirty-fourth session of the Intergovernmental Committee of Experts for Central Africa closed.
