



Lot 87, Sacré Coeur 3, Pyrotechnie x VDN
BP 45435 Dakar-Fann, Sénégal
T: +221.33.869.4686
F: +221.33.824.1567
info@trustafrica.org
www.trustafrica.org

Workshop on the Investment Climate and Business Environment Research Fund and Partners in Central Africa

Akwa Palace Hotel
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The workshop focused on two main items: the presentation of progress reports on projects supported by the research fund, and the possibility of setting up a network of Central African researchers to promote their professional interests and serve as a reliable partner in investment climate reform for investors, donors, and public-sector decision makers.

Fourteen participants from three countries made presentations on their work: ten from Cameroon, three from the Republic of the Congo (Brazzaville), and one from the Democratic Republic of the Congo.

Introduction

The workshop was moderated by Professor Emmanuel Kamdem, a member of TrustAfrica's Pan African selection jury, and Emmanuel Buringuriza, the director of the ICBE Research Fund at TrustAfrica. Professor Kamdem congratulated all the researchers on their grant awards and gave an overview of the five main criteria used in the recommendation of projects for grant awards, namely:

- Relevance of the project to the investment climate in Africa;
- Relevance of the working partnerships constituted for the implementation of research projects (for example, a partnership between the researchers, the local private sector, and other stakeholders);
- Credibility of the host institution, which may be a local research institute, university or NGO.
- Competencies of the research team; and
- Prospects of contributing to problem solving, (i.e., how to move from the study of a problem to the resolution phase of the problem).

Mr. Buringuriza then explained the diverse composition of the peer and jury system and its pursuit of impartiality and merit throughout the selection exercise. He also highlighted the apparent lack of commitment by some researchers to meet agreed time schedules and, in some cases, to align their work with the objectives specified in the research proposals. The participants discussed the possible causes of non-compliance and poor performance, and identified the following:

- Cumbersome administrative procedures in the disbursement of subsidies at intermediary institutions. The procedures cause unintended delays, especially for research teams that are unable to pre-finance their research;
- Unintended instances of oversight by finance departments at intermediate institutions. Cases were cited where finance departments requested that the ICBE Research Fund transfer funds to accounts that the institutions had already closed. Funds were received by the banks and held for long periods in suspense accounts, inaccessible to the researchers;
- Withdrawal of members from research teams due to pressure from new job appointments, multiple research assignments, and personal problems;
- Challenges of coordinating research teams in different countries. Research teams in different countries tended to work at different paces, and harmonization of results for specific milestones was very difficult.

Participants discussed each other's presentations, pointing out areas that required clarification and further technical analysis. Participants were encouraged to pay attention to inadequate literature reviews and to discuss and develop practical and easily applicable recommendations in order to contribute to problem solving in their countries and regions, add value to the existing body of knowledge, and avoid duplication of effort. Participants regretted the sparse media coverage of the ICBE Research Fund and TrustAfrica and requested for more information about the fund in the public domain.

Presentations

Presentation N° 1: Privatization and performance of public enterprises in Cameroon. By ETOGO NYAGA Yves Patrice

Problem

What is the impact of privatization on the performance of public enterprises in Cameroon? Specifically:

- What is the impact of privatization on the productivity of enterprises?
- What is the impact of privatization on social welfare?

Expected Benefits

- Contribution to more efficient and effective management of the effects of privatization by the public sector, the private sector, and the population;
- Additional knowledge and better understanding of the privatization process and its impact on the Cameroonian economy.
- Strengthening of research capacity for individual researchers and the department of Industrial Economy of the Faculty of Economics and Management at the University of Yaoundé II;

Emerging results and policy implications

- The project has exposed issues that constrain the implementation of better privatization policies for ongoing cases such as CDC (Cameroon Development Corporation) and CAMAIR (Cameroon Airlines), and the options to unlocking the stalemate in others such as CAMTEL (Cameroon Telecommunications).

Presentation N° 2: Promotion of women's entrepreneurship through microfinance: A case study of the Democratic Republic of the Congo. By Jean Papy MANIKA

Problem

Is microcredit a solution to women entrepreneurs' financial problems? In particular:

- Do microfinance institutions diversify financial services offered to women?
- Which sectors benefit more from microcredit?
- What are the loans used for?

Expected Benefits

- Identify the impact of microfinance on women's enterprises and investigate the impact of services that microfinance institutions (MFIs) provide to their customers, such as micro-insurance, money transfer, savings, and training;
- Demonstrate the role of MFIs in mobilizing savings and increase awareness of their activities with the help of Congolese media; and
- Encourage scientific research within the university and its application in identifying and solving problems in Congo.

Emerging results and policy implications

Research is not complete, and opportunities for policy development and implementation were not discussed.

Presentation N° 3: Impact of Internet and communications technologies (ICT) on firms' productivity in Cameroon. By NKETCHA NANA Valère

Problem:

- Do Internet and communications technologies have an impact on firms' productivity?

Expected Benefits

- Establish the relationship between investments in ICT and firm productivity in Cameroon.

Emerging results and policy implications

Emerging results are mixed, showing correlated improvements in productivity with ICT investments in some cases and no correlation in others. However, where there were improvements, the analyses show that additional factors must be present, including:

- Training of staff;
- Restructuring of firms' organizational structures; and
- Acquisition of appropriate equipment and accessories.

Presentation N° 4: Evaluating the relationship between human capital development, ICT, and the economic performance of small and medium enterprises (SMEs) in the Republic of the Congo. By SAMBA René

Objectives of the study

- Identify the challenges faced by business owners in improving the skills and capabilities of their employees;
- Identify the challenges faced by business owners in using ICT; and
- Assess the contribution of human capital and the use of ICT by entrepreneurs in increasing the performance of SMEs.

Expected Benefits

- Policy recommendations to facilitate human capital development and improve the application of ICT in improving the economic returns of SMEs in Congo.

Emerging results and policy implications

The research is not complete, but ongoing work has spurred an initiative to start a department of computer science at the University of Marien Ngouabi in Brazzaville.

Presentation N° 5: The rate of effective marginal taxation in Cameroon. By NGUENDA ANYA Claude

Objective of the study:

Determine the effective marginal taxation rate in Cameroon in three sectors: agriculture, industry, and services.

Expected Benefits

- Establish the impact of taxation on specific sector profitability and on investments in general;
- Establish the role and impact of taxation on poverty reduction and enterprise creation in Cameroon.

Emerging results and policy implications

The project is in its early stages of implementation and has no results as yet. Consequently, opportunities for policy development and implementation were not discussed.

Presentation N° 6: Public spending on infrastructure and private investment in Cameroon. By ONGONO Patrice

Objective of the study:

- Determine the impact of public infrastructure maintenance on the depreciation of private capital;
- Assess the impact of public infrastructure maintenance on industrial development in Cameroon.

Expected Benefits

- Setting up of public-private partnerships;
- Understand better the interventionist role of the state in infrastructure development and maintenance, and the implications for private sector development and economic growth.

Emerging results and policy implications

The project is in its early stages of implementation and has no results as yet. Consequently, opportunities for policy development and implementation were not discussed.

Presentation N° 7: Regulation, SME performance, and growth in manufacturing and retail sectors in Cameroon. By KINFACK Emilie

Objective of the study:

- Assess the effect of regulation on the performance and growth of SMEs in Cameroon's manufacturing sector.

Emerging results and policy implications

- A working definition of an SME in Cameroon has been established from among many existing definitions;
- The core of a database of SMEs in Cameroon has been established.

Analyses of results were not complete, and consequently policy development and implementation were not discussed.

Presentation N° 8: The impact of support systems on the performance of small enterprises in Cameroon and Senegal. By NKAKLEU Raphaël

Problem:

- The quantitative approach of support systems is not sufficient for the promotion of enterprises. It is limited to the multiplication of organizations and services without being concerned with the quality of the services. Do they live up to the needs and expectations of entrepreneurs?

Objective of the study:

- Improve the practice of support to firms in Cameroon and Senegal.

Expected benefits

- Background information and data on the effectiveness of entrepreneurial support structures in Cameroon and Senegal;
- A typology of small-scale start-up enterprises, from the performance viewpoint;
- Identify the main determinants of the success or failure of start-up enterprises;
- Propose a best practices support model for enterprise in West and Central Africa.

Emerging results and policy implications

This study has suffered a very long delay, and although the research team expects to complete its work by September 2009, no discussion of results, policy development or implementation was possible since the team did not present any data or analyses.

Presentation N° 9: Economic Partnership Agreements (EPAs) and import taxes in the Congo. By Alain DOUATHE KOYANGOZO

Problem:

- What are the potential fiscal losses to the state when it implements its EPAs? Are there any benefits that accrue from EPAs to enterprises in Congo?

Expected benefits

- Reinforce the relationship between researchers from CERAPE and the following institutions: the European Union, public decision makers, employers, and civil society;
- Policy recommendations to enhance the capacity of Congolese enterprises to operate within a post-EPA taxation system.

Emerging results and policy implications

The research team has estimated the fiscal losses of the state and the potential savings of the enterprises in Congo. A validation seminar has been planned to bring together employers, civil society, the European Union, the public decision makers, and researchers, and to initiate discussions necessary for the evolution and development of a policy to manage the impact of EPAs on the state and private enterprises.

Presentation N° 10: Human capital, productivity, and poverty: Applications in the agricultural sector in Cameroon. By NANA DJOMO

Problem:

- What is the contribution of health, as a proxy to human capital, to agricultural productivity and

poverty alleviation in the agricultural milieu in Cameroon? The author emphasizes health and ignores other human capital variables such as education and nutrition.

Expected Benefits

- Publications in two academic journals, namely: "Recherche Appliquée en Sciences Economiques et de Gestion" (RASEG) and "Centre de Recherche en Economie et Gestion" (CEREG). Publications enhance the academic standing of the members of the research team and the quality ratings of the university.
- Contribute to the policy debate on improving health as a proxy to human capital, which in turn would improve agricultural productivity and contribute to poverty reduction.

Emerging results and policy implications

The field investigation is still under way, and the results could not be presented. On completion, it is envisaged that the results will be presented to mayors, parliamentarians, and government, particularly the ministries of health, agriculture and rural development, scientific research and innovation. The broad forum of policy and decision makers is expected to make the first attempt at policy development to support human capital for higher agricultural productivity and poverty alleviation.

Presentation N° 11: Sustainable enterprise in the Republic of the Congo: A case study of small-holder farms established by AGRICONGO. By Jean Christophe BOUNGOU BAZIKA

Problem

- Which socio-demographic and economic factors influence the sustainability of enterprises in peri-urban agriculture in the Congo?

Expected Benefits

- Capacity building of researchers at CERAPE through the collaboration of junior and senior staff members on the project;
- Understand and compile the practices that contribute to the sustainability of enterprises in Congo.

Emerging results and policy implications

Field data from nearly 400 agricultural enterprises has been collected, but analyses are not yet complete. Consequently, the results and policy implications of this project could not be discussed. Preliminary observations, however, indicate that farmers are weak in their marketing approach. The research team and AGRICONGO are discussing the set up a wholesale market where the farmers could meet with hotel, restaurant, and supermarket managers to sell their agricultural produce.

Presentation N° 12: Socio-political instability and level of private investment: An empirical assessment of the case of Cameroon. By Marcel GOUENET

Objective of the study:

- Assess the impact of socio-political instability on the level of investment in Cameroon since the colonial period.

Expected Benefits

- Contribute to the reconciliation debate among various political actors in Cameroon;
- Contribute to the ongoing revival of research at the University of Yaoundé.

Emerging results and policy implications

The project is in its early stages of implementation and has no results yet. Consequently, opportunities for policy development and implementation were not discussed.

Presentation N° 13: Major decisions of the OHADA Common Court of Justice and Arbitration. By Sylvain KUATE

Problem

- To what extent have the decisions and interpretation of the law at the OHADA Common Court of Justice and Arbitration been adapted by member countries?

Expected Benefits

- A database of the major decisions of OHADA;
- A discussion of major discrepancies between OHADA decisions and national laws in member countries, and proposals for amendments to bring harmonization of various laws among the member countries.

Emerging results and policy implications

The research team has documented 3,000 OHADA court decisions. A workshop of assessors, lawyers, and other legal professionals is planned to debate the main observations from the court decisions and the means to harmonize them with national laws. The variations in legal rights among member states are considered an impediment to investments among the OHADA member states by investment watchdogs such as “Doing Business” of the International Finance Corporation (IFC).

Presentation N° 14: The contribution of energy to poverty reduction in rural Cameroon. By Maxime KAMDEM KAMDEM

Problem

- To what extent can access to the electrical grid help to alleviate poverty in rural areas in Cameroon?

Expected Benefit

- Provide input into public sector planning for access to electricity in rural areas;
- Assess the role of the private sector in the provision of electricity in rural Cameroon.

Emerging results and policy implications

Electricity is a contributory factor to poverty reduction but only when access coincides with high levels of education, particularly technical education. On its own, access to the electrical grid is not a sufficient condition for poverty alleviation in rural areas. The final results will be shared with various organizations in the energy sector in Cameroon—including Energy for Sustainable Development, Cameroon United Councils and Cities, and UNDP—for debate and policy development.

Network of Central African Researchers

The idea of creating a network of Central African researchers was opened for discussion. The ICBE Research Fund, it was noted, was a time-limited initiative and yet the problems of Africa were dynamic and will always be there. Such a network could therefore serve as the core of a perpetual system to provide evidence-based policy options in the region with the ICBE research fund and beyond.

The researchers supported the idea, giving the following reasons:

- Civil society and decision makers would find it easier to accept, debate, and implement recommendations made collectively rather than by individuals;
- A network of researchers would attract funding for its members more easily than individual pursuit of research funding.

The proposal to form a network was adopted, and a provisional executive committee was nominated by the researchers:

- Coordinator: Sylvain KUATE, University of Yaoundé II. He will be responsible for seeking financing, developing relevant research topics on business environment and investment climate in Africa, and attracting other researchers;
- Webmaster: Maxime KAMDDEM KAMDDEM. He will be responsible for initiating the creation of a website and sharing information among the researchers in the interim period;
- National Focal Point Persons: They will serve as the network's ambassadors in their countries and recruit other researchers. Three focal point persons were nominated:
 - Republic of the Congo (Brazzaville): Jean Christophe BOUNGOU BAZIKA
 - Democratic Republic of the Congo: Jean Papy MANIKA
 - South Africa: Emilie KINFACK

The coordinator committed to prepare a working charter, share it among the members and submit it to TrustAfrica. He also offered to host the network, temporarily, at the Catholic University of Central Africa, which already hosts other networks of professionals.

Closing Remarks

Emmanuel Buringuriza thanked the researchers for their dedication throughout the two days of activities and for their partnership with the research fund. He called on the proposed network to bring together experts in various domains (legal, economic, managerial, etc.) for the benefit of the investment climate in Africa and encouraged all the researchers whose projects are out of schedule to submit the interim and final reports expected from them as soon as possible in the interest of all.