

Combating Barriers to Investment in Africa

By Kathryn Havranek

There is sometimes a tendency within the United States to regard Africa as a continent plagued by crisis, conflict, and underdevelopment. U.S. businesses, policymakers, advocacy groups, the media, and other organizations have underplayed many of the positive trends in macroeconomic growth, economic diversification, and entrepreneurship happening across the continent over the last decade. In an effort to transform the way in which the U.S. business sector in particular engages with Africa, the CSIS Africa Program has launched a new series called Overcoming Barriers to Investment in Africa, which will profile cases in which African governments, companies, and individuals are finding innovative ways to cut through long-standing barriers to investment on the continent. Highlighting investment opportunities will be pertinent not only to private sector actors, but for U.S. engagement on the continent more broadly, as competition from other nations compels the U.S. to redefine its role and maintain its relevance.



Jennifer Cooke, director of the Africa Program and Omari Issa, chief executive officer of the Investment Climate Facility for Africa address CSIS

The inaugural session of CSIS's *Overcoming Barriers to Investment in Africa* series featured Omari Issa, chief executive officer of the Investment Climate Facility for Africa (ICF), an organization that works to improve Africa's investment climate and remove barriers to growth. ICF operates in 32 African countries and currently has 47 projects. Each one operates under private sector principles, with clear indicators and strict timelines that are closely monitored and transparently reported. Mr. Issa told CSIS about his organization's innovative and cost-effective approaches to unlocking growth potential on the continent.

ICF formed as a public-private partnership seeking practical ways to enhance the investment climate as well as the reputation of Africa, which is consistently rated the world's least business friendly region. Mr. Issa described the economic cost to countries of excessive business regulations, restrictions on the movement of goods, and inefficient legal mechanisms for resolving commercial disputes. ICF works with governments and local private sector actors who show a commitment to reform, to find innovative, low cost, and sustainable ways to tackle a specific issue. ICF ultimately seeks to create practical and sustainable solutions to issues like regional integration and trade facilitation that will develop African capacity.

Mr. Issa said that ICF seeks to change the way people do business on the continent. The organization takes a thematic approach and identifies those areas that will have the maximum impact on the investment climate. Weak or ineffective commercial courts, bad governance, or poor technology will have a negative impact on the investment climate. ICF works with development partners on low-cost, high impact programs to improve commercial legislation and simplify business regulations, rather than subsidize large initiatives, such as infrastructure projects. ICF has improved land registration policies, replaced paper files with electronic files, sped up customs' procedures, eliminated unnecessary roadblocks that slow down the transportation of goods, trained police, and improved technology in the judiciary to make it difficult to tamper with evidence.

Mr. Issa said that building a more business-friendly environment not only encourages international private sector engagement but, by formalizing the economy and opening access to credit, ICF makes it possible for new actors within Africa to enter the private sector.

Full event audio and video is available on the [CSIS website](#).

Future events in this series will showcase trends in overcoming barriers to investment, including increasing banking access, harnessing debt for development, power pooling, new models for collaboration in the extractive industry, regional integration, and solutions for poor infrastructure.

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