



ECOWAS INVESTMENT CLIMATE MONITORING SYSTEM

SYSTEME DE SUIVI DU CLIMAT DES INVESTISSEMENTS DANS LA CEDEAO

**SENSITIZATION WORKSHOP
SEMINAIRE DE SENSIBILISATION**

JUNE 2 – 3 JUIN



WORKSHOP AGENDA

Day 1

- **General Presentation (database & website structure, indicators, functionalities, etc.)**
- **Session #1: International Rankings**

Day 2

- **Session #2: Investment Indicators for Policy Analysis**
- **Session #3: Cost of Production Factors**

SESSION #2

USING THE INVESTMENT CLIMATE MONITORING SYSTEM FOR POLICY ANALYSIS

**The “dimensions” of
investment climate**

OUTLINE

Overview of Indicators

An Example: Access to Finance

Developing own Indicators

Discussion

OVERVIEW OF INDICATORS

55 indicators, subdivided in 9 sub headings, namely:

- **Security and Crime**
- **Rule of Law and Corruption**
- **Regulatory Environment – Domestic**
- **Regulatory Environment – External Trade**
- **Taxation**
- **Financial System**
- **Human Capital and Labor Relations**
- **Infrastructure**
- **Investment Policy**

Derived from a variety of sources (also domestic)

Combination of factual information and perceptions

AN EXAMPLE

Access to finance (and its relationship with economic performance)

Sources:

- mostly **domestic sources**
(total credit to private sector, non performing loans, etc.)
- **World Bank Enterprise Surveys**
(% of firms with access, perceived severity of the problem)

DEVELOPING OWN INDICATORS

**Weaknesses in “international”
indicators already highlighted ...**

**... also, some important aspects not
covered by these indicators**

**Is it possible to develop own
indicators? An opportunity is
provided by the **Investment Policy**
“dimension”**

DEVELOPING OWN INDICATORS

**Five indicators to be developed and
“measured” in collaboration with IPA:**

- Status and Importance of IPA**
- Existence & Effectiveness of Inter-service
Coordination Mechanisms**
- Existence & Effectiveness of Consultation
Mechanisms with Private Sector**
- Geographical Presence of IPA**

Also:

- Availability of Alternative Dispute
Resolution Mechanisms**

DEVELOPING OWN INDICATORS

Indicators included after discussions with ECOWAS Commission and some stakeholders

**Intrinsically qualitative indicators
(i.e. cannot be measured directly)**

**Hence, they require the formulation of a
scoring system (e.g. on a 1 to 5 scale)**

**Which in turn requires the adoption of
precise definitions and ranking criteria, to
ensure homogeneity in assessment
(1 corresponds to ... 5 corresponds to ..)**

DEVELOPING OWN INDICATORS

Status and Importance of IPA

Proposed **ranking criteria:**

5: IPA is an autonomous body, with ministerial rank

4: IPA is an autonomous body, reporting directly to the President/Prime Minister

3: IPA is a semi autonomous body, placed under the supervision of a line ministry

2: IPA is a non autonomous unit, as it is part of a line ministry

1: There is no IPA or equivalent body

How would you rank your country?

DEVELOPING OWN INDICATORS

Existence & Effectiveness of Inter-service Coordination Mechanisms

Proposed **ranking criteria:**

5: A formal inter service coordination mechanism exists and displays **all the three following characteristics:** (i) it includes representatives of all key government services, (ii) it meets frequently, and (iii) matters discussed are quickly translated into action

4: A formal mechanism exists but it displays **only one or two** of the above characteristics

3: No formal mechanism is established, but coordination is **frequently achieved in practice**, under the leadership of IPA or of other bodies

2: No formal mechanism is established and coordination is **achieved only occasionally**, on an ad hoc basis

1: There is no formal or informal coordination mechanism

How would you rank your country?

DEVELOPING OWN INDICATORS

Existence & Effectiveness of Consultation Mechanisms with Private Sector

Proposed ranking criteria:

5: A formal forum exists and involves the participation of government representatives at the **President/Prime Minister level**

4: A formal forum exists and involves the participation of government representatives at the **line ministry level**

3: No formal forum exists but **in practice there is a fairly continuous dialogue**

2: No formal forum exists and the dialogue between government and private sector is **sporadic and/or largely ceremonial**

1: There is **no formal or informal consultation mechanism**

How would you rank your country?

DEVELOPING OWN INDICATORS

Geographical Presence of IPA

Proposed ranking criteria:

5: IPA has a widespread presence in the country, with operational offices in all the main economic centers

4: IPA has some presence outside the capital city and is planning to further expand its network

3: IPA has some presence outside the capital city but no further expansion of the network is envisaged

2: IPA is only present in the capital city but presence in other centers is envisaged

1: IPA is only present in the capital city and there are no plans to establish a presence in other centers

How would you rank your country?

DEVELOPING OWN INDICATORS

**Availability of Alternative Dispute
Resolution Mechanisms**

**No question about its importance, but
how do we **measure** it?**

Which **ranking criteria would you
propose? **Why?****

How would you rank your country?

SESSION #3

COST OF PRODUCTION FACTORS

**Another area where
contribution from IPA and/or
other national bodies is
essential**

OUTLINE

Overview of Indicators

Availability of Information

**Collecting Information at
National Level**

Discussion

OVERVIEW OF INDICATORS

17 indicators, subdivided in 4 sub-headings, namely:

- **Labor Costs**
- **Cost of Utilities**
- **Other Operating Costs (gasoline, container handling)**
- **Real Estate and Financing**

Several methodological & practical issues (e.g. labor costs in which sector? Real estate costs where? Lagos or Ibadan?)

Scarcity of consolidated sources of information, only those with deep knowledge of local situation can provide answers ...

... but potential problem of “integrity” of information (discussed at Validation Meeting)

AVAILABILITY OF INFORMATION

Labor Costs: data only for Ghana, Mali & Senegal for 2005

Cost of Utilities: fairly broad coverage for telecoms (but data sometimes old), few data on electricity (Ghana, Mali and Senegal)

Other Operating Costs: situation broadly Ok (gasoline & diesel: GTZ; handling costs: Doing Business)

Real Estate and Financing: OK for interest rates (central banks – but definition may differ..), but few data for real estate

CAN WE FILL THE GAP?

Real Estate

- **Land Rent** (cost of an annual lease for industrially zoned land or industrial estate, located in a major economic center in US\$/sqm/year)
- **Land Price** (same as above. Whenever local laws do not allow the purchase of land, the cost of a long-term lease should be considered)
- **Housing Cost – Rent** (Rental fee for an apartment of about 100 - 120 sqm located in the center of the most important city of each country, either the administrative capital; and/or financial capital; and/or the centre of the rental market)
- **Housing Cost – Purchase** (same as above)

Which values would you provide for your country?

CAN WE FILL THE GAP?

Labor Costs

Intended to measure **total labor costs**, including wages and benefits such as mandatory pension or social security contributions, healthcare, transportation, lodging, and any other benefits paid by the employer

Three categories:

- **Unskilled Workers** (includes drivers, janitors, chambermaids, entry-level assembly line workers, and farmhands)
- **Skilled Workers** (includes data entry clerks, customer service representatives, assembly line workers with special skills)
- **Professionals – Technical Workers** (includes engineers, programmers, systems analysts, agronomists, accountants)

Which values would you provide for your country?

**PLEASE FILL THE
EVALUATION SHEET**

**PRIERE DE REMPLIR
LE QUESTIONNAIRE
D'EVALUATION**

CONCLUDING REMARKS

CONCLUSIONS

Mr Alfred BRAIMAH

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Private Sector Department

ECOWAS Commission

CONCLUDING REMARKS

CONCLUSIONS

Mr Stephen AMASE
President
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CONCLUDING REMARKS

CONCLUSIONS

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CONCLUDING REMARKS

CONCLUSIONS

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THANKS!!!

MERCI!!!