



June 2003

## Newsletter



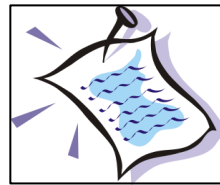
### International

## Development Ireland to Provide Training for WAIPA Members

The WAIPA Secretariat has just reached a cooperation agreement with International Development Ireland (IDI), which will allow WAIPA members to benefit from preferential rates and fee waivers at IDI training courses. This initiative derives from the suggestion by Ms. Patricia Francis, WAIPA President, to include a certification course for junior investment practitioners as part of the WAIPA training programme.

IDI trainings draw on the expertise of the staff from Industrial Development Agency of Ireland (IDA), Enterprise Ireland, Science Foundation Ireland and Shannon Development Agency. IDI offers an introduction to the business of investment promotion with special emphasis on the successful experience of Ireland and the Irish IPA as an engine of FDI attraction. The course contains an overview of the government's role in FDI promotion, strategic marketing, competitiveness, aftercare services, linkages, support mechanisms for industry lending schemes and incentives. Special modules are devoted to attracting FDI into technology parks, EPZs, call centers and tele-servicing and internationally traded services. A one-day site visit includes visits to business, technological and digital parks in Dublin and regional locations.

IDI provides two courses per year on Strategic Investment Promotion in Dublin (Ireland). The next course is scheduled for 17-21 November 2003. In order to benefit from the preferential rates you should route your registration through the WAIPA Secretariat. For further information please visit <http://www.idi.ie>



## International Investment Summit: The Benefits of Regional Networking

With the slogan "*New World, New Regions and New Imperatives*", the Dubai Development and Investment Authority (DDIA) organized a high-level regional investment event on 3-5 May 2003. Speakers at the Summit included Mr. D. Johnston, Secretary-General of the OECD, Mr. P. Sutherland, Chairman of BP and Goldman Sachs Int., Mr. J. Culpepper, Vice Chairman of Deutsche Bank, Mr. M. Cronin, CEO of Forfas and Mr. M. Rake, Chairman of KPMG Int. among others. Ms. Patricia Francis, WAIPA President, participated in the session on the effectiveness of IPAs and their role of building the foundations for FDI attraction.

An umbrella Arab association was jointly proposed at the summit by the three Gulf heavyweights of Saudi Arabia, Bahrain and the UAE. The objective is to build a common front, bringing governments and the private sector together to coordinate FDI policy positions and deliberate on matters of common investment regulatory concerns. The formation of the proposed Arab-wide investment promotion institution would enhance country-specific efforts as well as efforts of specialized agencies like the Inter-Arab Investment Guarantee Corporation and the Arab Monetary Fund. Annual investment conferences and exhibitions are planned to showcase the region's key investment opportunities.



Photo: H.H. Prince Abdullah Bin Faisal Bin Turki Al-Abdullah Alsaud (SAGIA), Ms. Patricia Francis (WAIPA) and Mr. Abdesslem Mansour (FIPA) at the International Investment Summit in Dubai



## Brief News

**WAIPA Workshop on Investor Servicing & Aftercare in Mexico.** The first in a new series of training courses sponsored by Ernst & Young –ILAS- was recently held in Mexico City hosted by the Mexican Bank for Foreign Trade (BANCOMEXT). Training in this area has been long demanded by WAIPA members and the level of participation was very high. Senior managers and CEOs from IPAs from Barbados, Costa Rica, Cuba, El Salvador, Dominican Republic, Jamaica, St. Vincent and the Grenadines, Trinidad and Tobago and Venezuela, as well as regional agencies from Mexico participated in this training for Central America and the Caribbean. The next workshop in this series is scheduled for 13-14 October in Dakar (Senegal) hosted by the Agence nationale pour la promotion des investissements et des grands travaux (APIX). The workshop programme will address the specific needs of African IPAs and will be held in English with French interpretation.



Photo: Participants at the MIGA Workshop on Investor Servicing and Aftercare in Mexico.

**New! Training on Strategic Marketing for IPAs.** WAIPA is introducing a new series of workshops to be undertaken in cooperation with IBM-PLI. On this occasion trainees will learn techniques on how to design their promotion strategy in a more result-oriented and cost-efficient manner. Following members' requests, a strong component of the curriculum will be the "dos and don'ts" of the IPA sales approach, meeting the clients and presentation techniques. Dubai Development and Investment Authority (DDIA) will host the first of these trainings on 8-9 October 2003.

**WAIPA Membership Reaches 152 IPAs.** In the last three months WAIPA has welcomed

two new members: the Kuwait Foreign Investment Bureau (KFIB) and the Common Market for Eastern and Southern Africa (COMESA). COMESA is a regional organization, which is based in Zambia. COMESA also has competences in investment promotion.

**WAIPA Presence at the Third Euromoney Conference.** The Third Euromoney & Latin Finance Caribbean Investment Forum was held in La Romana (Dominican Republic) hosted by the Dominican Republic Investment Promotion Office (OPI-RD). The Jamaica Promotions Corporation (JAMPRO) organized the previous two fora and the Tourism and Industrial Development Company (TIDCO) will be hosting the next one. The profile of the attending companies was mostly financial and it was felt among the attendees that the programme design was too much based on the interests of the sponsoring companies and did not address policy issues in the attraction of FDI in the Caribbean.

**Event Management Training for African IPAs.** The latest of the WAIPA training workshops on the management of investor fairs and exhibitions took place on 11-13 June in Durban (South Africa). Eleven IPAs from all over the African continent participated, including three IPAs from South Africa. The curriculum of the workshop focused on the organization of events for attracting FDI in the tourism industry. This type of training has been carried out in Fiji (2001), Ecuador and China (2002) and South Africa (2003). One more workshop is foreseen this year for Central Asia.

**WAIPA Sponsor to Provide Expertise in Clusters Creation.** Oco Consulting has recently signed a sponsorship agreement with WAIPA to provide training to WAIPA members on Clusters Creation and Development. Oco has been founded by experts formerly working for PwC and IBM –PLI, with an impressive track record in consultancy on the relation between competitiveness, entrepreneurship and innovation. The courses will devote special attention to the improvement of the technology transfer, developed on the basis of the consultants' recent experiences with technology-based entrepreneurs, as well as technology and innovation managers in the European Union.



## FDI Trends

**FDI Flows Back to Sustainable Levels in OECD Countries.** The latest issue of the OECD Economic Outlook finds that FDI flows fell back in early 2000, but to levels that were still some three-times those at the start of the 1990s. The slowdown since the beginning of the new decade reflected mostly a correction to sustainable FDI levels, rather than a reversal of the upward trend. The average inward FDI position of OECD members has increased from US\$81 billion in 1990 to US\$158 billion in 2000. The report also finds that a significant share of FDI in the OECD area takes place between countries bound by regional trade agreements and among countries in geographic proximity. New FDI in OECD countries in manufacturing tends to be concentrated in ICT equipment, petroleum products, chemicals and motor vehicles. In services, it remains concentrated in distribution, followed at a distance by business services and tourism.

The full report is available at <http://www.oecd.org/pdf/M00041000/M00041830.pdf>

**FDI into European Union Accession Countries Increases.** FDI into the European Union (EU) declined by 11% in 2002. However, the ten countries seeking to accede, saw an increase of 14%, according to the 2003 European Investment Monitor, published by Ernst & Young. The sectors increasingly seeking destinations in the prospective EU countries are automotive and components, electronics and telecommunications, while the current EU members are retaining and increase their FDI share in financial services, pharmaceuticals, chemicals and software. Of 20 large scale projects identified in the report, eleven took place in Central and Eastern Europe.

The UK remained the largest market for inward investment, followed by France. The UK is now the 6<sup>th</sup> largest origin country for FDI in the EU with only 4%. The US remains the top investor with 33% of all projects. Other countries, which have increased their outward investment into the EU, include Canada, South Korea and India.

<http://www.ey.com>



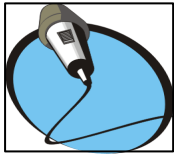
## At the WAIPA Secretariat

✍ **Investment Policy Review: Ghana (UNCTAD 2003).** Ghana is making a comeback in attracting FDI. The Government seeks to create a "golden age" for business through private sector development, regional integration and good governance. The report advises on the FDI framework in key sectors - mining, tourism and agriculture- and outlines Ghana's strategic directions, such as a revamped privatisation programme, infrastructure development, trade facilitation and the strengthening of the private-public sector dialogue and the role of the IPA. UNCTAD/ITE/IPC/Misc.14/Rev.1

✍ **Investment Policy Review: Nepal (UNCTAD 2003).** Can Nepal improve its FDI performance? Nepal has attracted modest FDI in niche sectors such as tourism, light manufacturing (apparel) and mineral deposits (lime stone). The IPR observes that the investment framework offers scope for tax, regulatory and administrative reforms and there is need for an economy-wide shift, from red tape to red carpet. The report recommends an FDI strategy to promote Nepal's niche sectors with special investment packages. Also, Nepal should take advantage from its trade treaty with India and its LDC trade preferences. UNCTAD/ITE/IPC/Misc.2003/1

✍ **FDI in Latin America and the Caribbean 2002 (ECLAC 2003).** This report provides a broad review of regional trends. The decline in FDI flows to Latin America and the Caribbean, which began in 2000, grew even sharper in 2002. This trend reflects a major change in the world and regional economies. At the regional level, it is associated with greater instability, slow economic growth and the approaching completion of the privatization process. The report includes a discussion of investment flows to the Andean Community of countries and analyses flows from international banks to the banking sector in the region and the effects, which these flows are producing. LC/G.2198-P

**All these publications are available at no charge at the WAIPA Secretariat upon request.**



## WAIPA Questions and Answers

**Interview with Mr. Rory Allan (RA),  
Principal Investment Adviser, United  
Nations Conference on Trade and  
Development (UNCTAD)**

**(WN): What is the Unified Tax Comparator?**

(RA): UNCTAD has developed, in collaboration with KPMG Mauritius, a benchmarking tool that enables an IPA to measure the effect of its country's taxation on FDI returns. This tool allows IPAs to benchmark their country vis-a-vis other countries, other regions and international leaders in the attraction of FDI.

**NW: Don't you think that taxes are too different from country to country or in industry sectors to allow for a clear-cut comparison?**

RA: Definitely, each country has its own complex system of direct taxes, indirect taxes and incentives for FDI. When making comparisons across countries, if we look only at direct taxes the results for FDI can be quite misleading. Direct taxes usually include corporate tax, tax holidays, depreciation allowances, investment allowances, credits and dividend withholding tax. When examining indirect taxes, import duties and excise duties on business inputs should also be taken into account. Many countries also offer different types of incentives for different sectors and types of companies. The Comparator enables an assessment of the impact of a wide range of possible tax policy measures and the comparisons can be made in up to twelve sectors of potential interest to foreign investors. This tool is able to perform comparisons in up to twelve industrial sectors of potential interest to foreign investors such as agriculture, fisheries, tourism, export manufacturing, ICT, health and entertainment.

**WN: What value does the Comparator provide countries wanting to benchmark themselves?**

RA: Understanding its own country's taxation system and how it compares internationally is a must for any IPA. An attractive taxation system is an essential step in shaping the investment climate that will make a country attractive for FDI.

In general a country's tax measures are applied to simple standard business models in each business sector. What the Comparator does is to synthesize direct taxes, indirect taxes and all relevant incentives to give one single variable. This variable can then be used to assess tax impact on the investor's return or a tax burden on the project cash flow. The tax-unified variable provides a single and clear message - much like the price/earning ratio used in financial analysis-. Countries that have used the Comparator understand better their own and competitor countries' competitive tax position.

**NW: What countries are participating in this exercise?**

RA: Currently 24 countries from (7 from Asia, 5 from Africa and 12 from America) are benefiting from this tool and the number of countries is set to expand considerably as all forthcoming UNCTAD Investment Policy Reviews (IPRs) will be incorporating taxation analysis.

**WN: Can any country have their taxes and incentives benchmarked and how do they go about it?**

RA: Any country can join and benefit from this tool. All that is required is to fill a fairly straightforward datasheet of country tax information and hand it over to UNCTAD. We will evaluate it and provide the benchmark. Easy, useful and free of charge!

### Invitation to WAIPA Members

Copies of the presentation held by Mr. Allan at the WAIPA VIII Annual Conference are available at the WAIPA Secretariat. To participate in the benchmarking contact  
[rory.allan@unctad.org](mailto:rory.allan@unctad.org)

## WAIPA TRAINING PROGRAMME

*Regional Workshop on Cluster Creation and Development for European IPAs  
in cooperation with Oco Consulting  
17-18 July 2003, Riga (Latvia) - English -*

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*Regional Workshop on Strategic Marketing for Arab Countries IPAs  
in cooperation with IBM - PLI -  
8-9 October 2003, Dubai (UAE) - English -*

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*Regional Workshop on Investor Servicing and Aftercare for African IPAs  
in cooperation with Ernst & Young –ILAS-  
13-14 October 2003, Dakar (Senegal) - English and French -*

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**WAIPA Executive Conference  
January 2004, Geneva (Switzerland)**

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**WAIPA IX Annual Conference  
13-15 June 2004, Sao Paulo (Brazil)**

### STUDY TOUR PROGRAMME

WAIPA offers throughout the year individual or group Study Tours for investment promotion professionals at world class IPAs. To apply you only need to choose the hosting IPA of your preference from the WAIPA Website and submit your cv to the WAIPA Secretariat.

### Would you like to host a WAIPA workshop?

The workshop programme is still open and there are on-going opportunities for hosting WAIPA workshops on the themes, Cluster Creation and Development, Investor Aftercare, Strategic Marketing and Event Management. If your IPA is interesting in benefiting from this opportunity, please contact the WAIPA Secretariat for the hosting requirements.

Visit WAIPA website <http://www.waipa.org> for further information on each training activity, application forms and updates on forthcoming WAIPA events.

## What is WAIPA?

The World Association of Investment Promotion Agencies (WAIPA) was established in 1995 and is registered as a non-governmental organisation (NGO) in Geneva, Switzerland. It currently has 152 member agencies from all over the world. WAIPA acts as a forum for investment promotion agencies (IPAs), to provide networking opportunities and facilitate the exchange of best practices. Membership is open to all agencies whose prime function is to promote any country or territory for investment.

## What are the goals of WAIPA?

WAIPA aims to improve co-operation amongst IPAs on a regional and global scale and facilitate the exchange of experiences in attracting FDI. The objectives of WAIPA, as reflected in its statutes, are to:

- ✂✂ Promote and develop understanding and co-operation amongst IPAs;
- ✂✂ Strengthen information gathering systems and information exchange amongst IPAs;
- ✂✂ Share country and regional experiences in attracting investment;
- ✂✂ Help IPAs gain access to technical assistance and training through referrals to relevant agencies;
- ✂✂ Assist IPAs in advising their respective governments on the formulation of appropriate investment promotion policies and strategies.

## Who are the partners of WAIPA?

WAIPA co-operates with many international governmental and non-governmental organisations and agencies. The official WAIPA partners are:

- ✂✂ United Nations Conference on Trade and Development (UNCTAD),
- ✂✂ United Nations Industrial Development Organization (UNIDO),
- ✂✂ Multilateral Investment Guarantee Agency (MIGA) of the World Bank Group,
- ✂✂ Foreign Investment Advisory Services (FIAS) of the World Bank Group,
- ✂✂ Organisation for Economic Co-operation and Development (OECD).

## Where do WAIPA members come from?

Albania, Algeria, Angola, Anguilla, Antigua and Barbuda, Armenia, Aruba, Australia, Austria, Bahrain, Bangladesh, Barbados, Belarus, Belgium, Belize, Benin, Bolivia, Bosnia-Herzegovina, Botswana, Brazil, Bulgaria, Cameroon, Cape Verde, Chile, China, Colombia, Costa Rica, Côte d'Ivoire, Croatia, Cuba, Cyprus, Czech Republic, Democratic Republic of Congo, Djibouti, Dominica, Dominican Republic, Ecuador, Egypt, El Salvador, Estonia, Ethiopia, France, Fiji, Finland, France, Gabon, Gambia, Georgia, Germany, Ghana, Greece, Guatemala, Guinea, Guyana, Haiti, Hungary, Iceland, India, Indonesia, Ireland, Islamic Republic of Iran, Israel, Italy, Jamaica, Jordan, Kazakhstan, Kenya, Kiribati, Kuwait, Kyrgyzstan, Latvia, Lebanon, Lesotho, Libya, Lithuania, Macedonia, Malawi, Malaysia, Maldives, Mali, Malta, Mauritania, Mexico, Mongolia, Morocco, Namibia, Nepal, Netherlands, Nicaragua, Niger, Nigeria, Oman, Pakistan, Palestinian National Authority, Papua New Guinea, Paraguay, Peru, Philippines, Poland, Portugal, Republic of Korea, Republic of Moldova, Romania, Russian Federation, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Saudi Arabia, Senegal, Seychelles, Sierra Leone, Slovakia, Slovenia, Solomon Islands, South Africa, Spain, Sri Lanka, Sudan, Sweden, Tajikistan, Thailand, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukraine, United Republic of Tanzania, United Arab Emirates, Uzbekistan, Vanuatu, Venezuela, Yemen, Yugoslavia, Zambia and Zimbabwe.

For comments and submissions to WAIPA Newsletter please contact:

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