



March 2003

## Newsletter



### WAIPA VIII: Advancing IPAs Global Network in the 21<sup>st</sup> Century

The Eighth WAIPA Annual Conference brought together over 250 partners in investment promotion from 88 countries. A record number of heads of IPAs took the opportunity to interact with their peers, meet representatives of international organizations, business location consultants, industry leaders and the academia. Less than ten years after its inception, WAIPA has truly become the world's forum for the exchange of best practices in investment promotion.

Noted experts from all the continents participated in plenary sessions under topics such as: Export Processing Zones at Risk? The Effects of the WTO Agreement on Subsidies and Countervailing Measures, Strengthening the Investment Promotion Effort at the National, Provincial and City Level and FDI Trends and Policy Implications for IPAs. On the last day of the Conference, the delegates could choose from a broad menu of parallel events ranging from training workshops and tutorials in topics such as investor targeting, country benchmarking, investment project appraisal and FDI statistics, to regional round tables for Latin America and the Arab Region. Two EU initiatives, the Euro-Mediterranean Network of IPAs (ANIMA) and Pro-Invest (Africa, Caribbean and Pacific Region) held meetings in parallel to WAIPA.

The WAIPA Steering Committee decided that the next WAIPA Annual Conference should be held in parallel to UNCTAD XI in Rio de Janeiro (Brazil) in June 2004. A high level WAIPA meeting will be held, nevertheless, in January 2004 in Geneva (Switzerland). This interim meeting, by invitation only, will be

addressed to heads of IPAs and the programme will include an advanced training segment for CEOs developed by MIGA.

Does your IPA have something to say? The WAIPA Secretariat is already working on the programme for WAIPA IX in Rio. Session proposals are being accepted until August 2003. This is your IPA opportunity to share your IPA expertise and gain visibility.



### WAIPA Awards Best Practices in Investment Promotion

In 2002, WAIPA launched the WAIPA Awards to foster the visibility of those IPAs which excelled in different aspects of the investment promotion effort. The theme of the first WAIPA Awards was: How does your IPA service investor enquiries? In its second edition, WAIPA partnered with the magazine FDI - FT Group - to reward the best advertising by an IPA in 2002.

The survey evaluated the effectiveness, the target focus (by sector and investors' country), the information, the clarity of the message, the creativity and design and the easiness to follow up by potential investors of advertising published in printed media by IPAs.



Photo: Ms. Patricia Francis, WAIPA President gives the award for the Best Advertising in 2002 to the Austrian Business Agency (ABA).

And the winners of the 2002 edition of the WAIPA Awards are... the Austrian Business Agency (ABA), followed by the Ghana Investment Promotion Centre (GIPC) and CzechInvest. Congratulations!



## Brief News

**Training Opportunities in Cluster Creation and Development, Investor Aftercare and Strategic Marketing.** In 2003, WAIPA is launching three new training series following the requests expressed by WAIPA members during the last Annual Conference. The curriculum of the training is being elaborated in discussion with the hosting IPAs and business consultants under the supervision of UNCTAD experts. WAIPA is currently seeking hosting IPAs in Asia and the Arab Region for some of these workshops.

**EU To Sponsor WAIPA Study Tours in 2003.** The EU initiative, Pro-Invest, is devoted to the promotion of FDI in Africa, the Caribbean and the Pacific (ACP). One of the means to this end is strengthening the role of IPAs in these countries. Therefore, Pro-Invest has decided to sponsor 15 Study Tour participants in 2003 to visit world-class IPAs for a period of 15 days. The joint programme will be starting in June. All WAIPA Members from ACP countries will receive detailed information on the application procedures shortly.

**WAIPA Reaches 150 IPAs.** WAIPA keeps experiencing record growth in its constituency. In March 2003, WAIPA has welcome three new members: West-Holland Foreign Investment Agency (WFIA) (The Netherlands), Invest North West (South Africa), and The Development Corporation (Saint Vincent and the Grenadines). WAIPA was created in 1995 with a membership of 56 IPAs. Today, WAIPA has become a global network of IPAs across North-South boundaries. The biggest expansion in membership in the last two years has taken place in Europe, where virtually all countries are part of WAIPA.

**WAIPA Members in Africa Invited to Participate in OECD Dakar.** The Organization for Economic Co-operation and Development (OECD) is organizing a Conference on Trade and Investment under the theme "Maximizing the Benefits of Globalization for Africa" on 23-25 April in Dakar (Senegal). The objective of the Conference is to bring together leaders from the African private sector, the African public sector, leading international experts and academics, and the international donor community. Ms. Maggie Kigozi, WAIPA Vice-

President, will participate in the plenary session. OECD is inviting heads of WAIPA Member IPAs to participate actively in the workshops on regional initiatives for promoting trade and investment as well as capacity building for trade and investment negotiations. For information on OECD funding to attend the Conference, please contact the WAIPA Secretariat.

**Market Research Tools for WAIPA Members.** ITC has created a two powerful research tools for IPA professionals: The Trade Map provides direct web access to export and import data for 200 countries and over 5,000 products. The Trade Map presents import/export values, growth rates, market shares and market access information. The Product Map consists of 72 web-based market analysis portals covering a specific product cluster, ranging from agricultural machinery to wood products. The Product Map offers extensive statistical data and networking tools and a series of market intelligence sources, including published market studies, price information, business contacts, and 'smart links' to over 100,000 companies and organizations. ITC is providing this toolkit at preferential prices for WAIPA Members. For further information and a two-week free trial, please contact [vonkirchbach@intracen.org](mailto:vonkirchbach@intracen.org)

**Strategic Investment Promotion Programme in Ireland.** International Development Ireland (IDI) is organizing a training programme for mid-career managers in investment promotion to be implemented by IDA. This two-week programme will be conducted from 9 to 20 June 2003 in Dublin (Ireland). The workshop is taught by experts from the Industrial Development Agency (IDA), Enterprise Ireland and FORFAS (National Policy and Advisory Board for Enterprise, Trade, Science, Technology & Innovation). Participants will define the competitive advantage of their country by reference, target sectors and develop a marketing strategy for exploiting their competitive advantage. WAIPA Members are offered special registration rates.

**World Investment Report 2003: Would You Like to Launch?** WAIPA is inviting Member IPAs to participate in the launching of the WIR 2003. Your IPA may participate in cooperation with the local office of the United Nations Development Programme (UNDP) or independently. Volunteering Member IPAs are accepted on a first come, first served basis, regardless of geographical status.



## FDI Trends

**Invest in Sweden (ISA), Best Performing IPA in Investor Servicing.** A recent IPA benchmarking study, conducted by GDP Global Development, documents essentials of good business practices. A total of 72 IPAs (27 national, 23 provincial and 22 city agencies), including IPAs in developed and a few developing countries (Jamaica, Kenya, Mexico, Namibia, Estonia, Poland, Reunion, South Africa, Czech Republic), was compared by performance to determine the international benchmark for effective handling of foreign investment project enquiries. Invest in Finland Bureau (IFB) and the Austrian Business Agency (ABA) ranked second and third.

The benchmarking report was based on 13 different criteria that cover enquiry handling elements. These include ratings for accurate, relevant and honest information; a timely response that suits the investor; and a professional and personal approach by the IPA personnel. These factors account for nearly half of the value of a good response. The remaining value is compiled from a number of factors that epitomize good marketing of the agency and follow-up process of enquiries.

Among the main findings of the survey were a decline in response time performance when handling inquiries and a stronger reliance on e-mail for transmission of information to investors. Many IPAs were found to be in the process of switching from hard copy to electronic information material. Especially as regards geographic information (e.g., the location of potential business premises), many agencies assumed that investors either already had the required information, or were prepared to obtain it from elsewhere. The inclusion of information on local taxation and business rates levied on commercial property was another important issue overlooked by many IPAs.

For the complete GDP benchmarking study visit: <http://www.gdpglobal.com>

### **FDI Flows to Latin America to Decline in 2003.**

For the fourth year running, FDI flows to Latin America and the Caribbean are to decline in 2003. Forecasts see some \$US 22 billion less of FDI coming into that region. This is revealed by a recent study published by the Institute of International Finance. Despite present signs of recovery, FDI flows are not expected to rebound until 2004. The overall economic outlook for the region as a whole is favourable. However, there are notable differences with countries, such as Chile, Mexico and Peru that maintained strong despite the deteriorating investment climate. Crises in Argentina, Uruguay and Venezuela have also contributed to reduced FDI as investors retrenched or postponed new initiatives. Efficiency-seeking FDI, normally channelled through export processing zones in Mexico, Central America and the Caribbean, is being hard hit by the recession in the US.

For the full report visit <http://www.iif.com>



## At the WAIPA Secretariat

● **WAIPA VIII Conference and Workshop Presentations.** All the plenary sessions and workshop presentations held during WAIPA VIII are available upon request at the WAIPA Secretariat.

● **UNIDO Guidelines for Investment Promotion Agencies** provides an overview of policy and practice approaches to FDI issues, as well as specific actions that host countries may take to attract FDI. The document is available online at <http://www.unido.org>

● **Do Tax Incentives Help Attract FDI?** This paper analyzes the impact of fiscal incentives on the level and composition of FDI, concluding that they occasionally affect the investors' decision. The full report is available in pdf at <http://www.fias.net>



## WAIPA Questions and Answers

### Interview with Mr. Jan Smit, Senior Consultant, International Location Advisory Services, Ernst & Young (E&Y-ILAS)

(WN): What is the contribution of E&Y-ILAS to the WAIPA workshops?

(JS): E&Y-ILAS' contribution lies in the knowledge of how our TNC clients make investment decisions. As a result, we can advise IPAs on what to offer TNCs at each stage of TNCs search process: from the start, right the way through to expansion or new co-location decisions. This means that IPAs can approach the market in a more disciplined and focused manner: if the country cannot offer what TNCs are seeking, the IPA should not be pursuing them. STP marketing – segment, target and position – is the name of the game!

The benefits of E&Y-ILAS contribution are different for each IPA. There is a transfer of technical knowledge in the workshops that can become part of the codified knowledge base of the IPA, but often a great deal of value comes from the discussions and debates that take place between ourselves and the other IPAs participating in the workshop exercises where “hands-on” issues are discussed. In a sense then, there is also a facilitation aspect that E&Y-ILAS provides, not just a knowledge transfer.

(WN) On the basis of E&Y-ILAS experience with IPAs and corporate investors, what lessons would you give to the IPAs trying to charge for their services?

(JS) This is a challenging issue. TNCs come to us to get unbiased and impartial views. TNCs do not expect impartial advice from IPAs. Why should they pay for it? Do we pay the car salesman who tries to sell us a car? And if a TNC does actually pay the IPA for services and knowledge that leads to establishment and the project goes wrong, what redress does the company have? At least you can take the car back, but what about the factory?

If an IPA needs revenue, it can consider other revenue sources, such as contributions from local business or the public sector. Alternatively, an IPA can reduce costs by

partnering with universities or trade associations for market research, as well as regional development organizations on delivery of other services such as company visits, organization of missions and the like. Some UK IPAs obtain between 30-50% of their funds from public and private sector partners. Some IPAs use offices of TNCs present in their region to accommodate overseas-based employees. All this leads to better use of the existing resources. The critical factor is that the IPA must deliver value to the client, whether paid for or not. Overall we would advise IPAs to be careful when starting down this route.

(WN) How can IPAs with a limited budget create an effective targeting strategy?

(JS) The key about targeting is that it will lead to the best use of resources. If the view is that more resources are required, a useful approach is to seek for partners, which can provide additional funds or act as additional marketing channels. It must also be added that what is considered “costly” by IPAs differs. A good research-based targeting strategy need not be prohibitively expensive if executed in collaboration with some universities – both in the territory and the target region – where other public sector organizations may also provide support, especially if the target region has an outward investment promotion agency.

(WN) How can WAIPA provide better services to their members?

(JS) WAIPA has a unique opportunity to contribute to improving the FDI climate worldwide by providing leadership in benchmarking on investment promotion. Also WAIPA should continue to provide meaningful networking occasions. These could include major events such as the WAIPA Annual Conference, as well as joint events with other organizations (eg: ILO or the Commonwealth Institute). The key is to ensure that networking occasions are topical and affordable.



Photo: Mr. Jan Smit speaking at a WAIPA Regional Workshop on Investor Targeting

## **WAIPA WORK PROGRAMME 2003-2004**

### ***REGIONAL WORKSHOPS ON INVESTOR AFTERCARE***

**Latin America & The Caribbean, Mexico D.F. (Mexico), 24-25 June 2003**

with experts from Ernst & Young –International Location Advisory Services – and hosted by the Mexican Bank for Foreign Trade (BANCOMEXT)

### ***REGIONAL WORKSHOPS ON CLUSTER CREATION AND DEVELOPMENT***

**Europe, Riga (Latvia), July 2003**

with experts from Deloitte & Touche and hosted by the Latvian Development Agency (LDA)

### ***REGIONAL WORKSHOPS ON EVENT MANAGEMENT***

**Africa, Durban (South Africa) 11-13 June 2003**

with WAIPA experts and hosted by Trade and Investment KwaZulu-Natal (TIK)

### **WAIPA INTERIM CONFERENCE FOR CEOs**

**January 2004, Geneva (Switzerland)**

### **WAIPA IX ANNUAL CONFERENCE**

**June 2004, Rio de Janeiro, 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 150 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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