

Quarter 2, 2006



**Letter from  
Mr. Kai Hammerich,  
WAIPA President**

Dear Friends and Members of WAIPA,

Since many of us met last March in Geneva at the WAIPA World Investment Conference, a lot of things have happened... and are happening. The rest of the year will be rather busy, as I am sure you have seen in our WAIPA mailings.



We are participating in or organizing several important conferences, i.e. the CIFIT in Xiamen beginning September, the IEDC Annual Conference in New York end September, and the second WAIPA Regional Conference, to take place in Sharm El-Sheikh, Egypt, mid-November. We are also planning more than 15 workshops in different parts of the world, several studies and a study tour in South Africa. So, as you can see, a lot is going on.

The themes which will be elaborated upon in these conferences, workshops and studies have to a large extent been proposed by you, our WAIPA members. The themes include policy advocacy and investment promotion, investor servicing and aftercare, capacity building for better investment promotion, how to cooperate between IPAs in different countries, just to mention some of the themes for this year.

It is our hope that by participating in the WAIPA activities, we as individuals and our organization as an IPA will become more professional and more business-oriented. By benchmarking, networking and then taking concrete measures for strengthening the professionalism of our respective agencies, I am sure most of us will attract increasing flows of FDI.

Because this is the beauty of the game: FDI is not a zero-sum game. On the contrary, in our world of globalization FDI is increasing, which signifies that there is much to attract for all those who are competitive in one way or the other.

I am looking forward to seeing you in one or several of the up-coming events.

Best regards,

Kai Hammerich  
President of WAIPA



**WAIPA Activities in 2006**

As announced by Mr. Kai Hammerich, President of WAIPA, this year is very rich for WAIPA, in terms of activities.

**WAIPA RIC 06**

The WAIPA Regional Investment Conference 2006 (WAIPA RIC 06) will be held on 17 and 18 November 2006, in Sharm El Sheikh, Egypt. The theme of the WAIPA RIC 06 will be about capacity and institutional building for African investment promotion agencies (IPAs) and investment. Representatives of the Egyptian government, representatives of IPAs, embassies of African, European and Asian countries, representatives of multilateral organisations, financial institutions, investors as well as representatives of academia and research institutes are expected to attend the event. It will allow African IPAs to get best practices and knowledge on establishing and running efficient investment promotion operations by interacting with international donor agencies.

**Study Tour 06**

WAIPA's popular study tour programme aims to enable young professional staff of WAIPA member agencies to visit and learn from experienced IPAs worldwide. The study tours are scheduled for a period of up to two weeks and cover the whole range of IPA activities through hands-on experience and on-the-job training. In 2006, the programme main features are:

- Study tours are geared towards young professionals from WAIPA member agencies in LDCs.
- The programme is designed to provide participants with the opportunity to gain first-hand experience in investment promotion and investor targeting from successful IPAs.
- The training is free of charge for WAIPA members; the travel and accommodation costs are borne by

*The WAIPA Associated Members group becomes bigger and bigger with: ACSAN European Investment Consulting, African Access International (AAI), the Association of Investment Promotion Agencies of West African States (IPAWAS), Development Counsellors International (DCI), GDP Global Development, the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC). The Association has now 199 members coming from 150 countries.*

the United Nations Conference on Trade and Development (UNCTAD).

- Applicants must hold a university degree in Business, Economics, Law or a related field, and have a minimum of two years of work experience in investment promotion.

- Candidates must be fluent in English.

- After completing the study tour, the trainees are requested to submit a written evaluation report to the WAIPA Secretariat.

- Upon successful conclusion of their training, the participants receive a certificate of completion.

In 2006, investment promotion professionals from IPAs from LDC countries will be trained in South Africa under the leadership of Trade and Investment Kwa Zulu Natal (TIKZN) with involvement of Trade and Investment South-Africa (TISA), and the Durban Investment Promotion Agency (DIPA) in the period from 20 November to 1 December.

### Studies

This year, and thanks to the Swedish government who, through the Swedish Agency for International Development Cooperation, pledged funds of one million euros over three years, from 2006 to 2008 included, to UNCTAD for WAIPA activities devoted to developing countries, and especially the poorest ones, WAIPA in cooperation with UNCTAD will provide WAIPA members with studies<sup>1</sup>. You did already receive a questionnaire on *The IPA as policy advocate: shaping the investment environment*. We count really much on your involvement by sending us the questionnaire duly completed. The contribution of all WAIPA members is required to enable us to provide you with a good analysis.

Also, last year, WAIPA, in collaboration with the Department of Economic Policy and Industrial Economics of the Vienna University of Economics and Business Administration, undertook a survey among its members as follow-up to the study *Investment Promotion at a Glance* conducted in 1999, which gave valuable insights into the work and structure of IPAs. This survey, which aims to examine several issues

<sup>1</sup>The funds pledged by the Swedish government will be used also for the study tour as well as workshops, in the framework of an UNCTAD-WAIPA collaboration.

in depth which have become important over the last years, focuses on a comparison of the overall efficiency of IPAs. The results of the survey will be delivered soon.

### Workshops

During the two days preceding the WAIPA World Investment Conference 2006 (WAIPA WIC 06), WAIPA organized a workshop for ACP countries, sponsored by ProInvest, on *Promoting partnerships between ACP and EU IPAs*, which was run by Oco Consulting. We are now in the process of organizing a second round of this workshop which could be held in Douala, Cameroon. A key issue which came out of the first round in Geneva was *How can IPAs in ACP work together to pool resources, efforts and fundamentally present a stronger 'regional' business case to an investor?* This could be the theme of the second round.

Following the WAIPA WIC 06, four workshops took place. They were respectively run by IBM-PLI, MIGA, UNCTAD and WAIPA.

In June, ANIMA and WAIPA jointly held a workshop on *Investment promotion and investor servicing – new trends in IPA strategy* in Beirut, Lebanon.

On 19-21 July, WAIPA, in collaboration with UNCTAD will organize a workshop on *Policy advocacy* in Cuzco, Peru.

On 10-24 July, in collaboration with the Ministry of Commerce in China, MOFCOM, a workshop on *Promoting foreign investment for development* for Latin American IPAs will be held.

On 30 August – 1 September, a workshop on *Branding or re-branding your place: a key-factor in FDI and in economy success* will be run by Oco Consulting in Tahiti Invest, French Polynesia.

During the China International Fair on Investment and Trade (CIFIT) to be held in Xiamen, China, WAIPA and MOFCOM will organize a one-day roundtable on the 9<sup>th</sup> September. The theme of this roundtable is *Capacity building of IPAs and cooperation between IPAs*.

It will be followed by an UNCTAD-WAIPA workshop for Asian IPAs on *Promoting FDI in the tourism sector*, on 10-12 September, in Xiamen.

The same subject will be presented in French by UNCTAD to French-speaking African IPAs in Geneva, on

13-15 September, during TourismAfrica 2006: a strategic business meeting, from 10 to 15 September.

A new concept of workshop will occur on 17-18 October in Mexico City, Mexico. Several professionals from development institutions, consultants as well as representatives of IPAs will interact with the audience about *Investor servicing and aftercare*. It will provide IPAs with a view to strengthen their proposal to respond to needs and requirements of investors. This event will be attended by promoters of all Mexican States and of industrial parks.

On 20-21 November, following the WAIPA RIC 06, a workshop on *Investor servicing and aftercare* will also be held in Cairo, Egypt.

A MOFCOM-WAIPA workshop for Asian IPAs on *Promoting foreign investment for development* should be held on 10-24 September. Please note that the date has not been confirmed yet.

### Other events

WAIPA is always pleased to join and support its members in events such as the launch of the Common Market of Eastern and Southern Africa Regional Investment Agency (COMESA RIA) which took place in Cairo on the 1<sup>st</sup> of June. The Chairman of GAFI (General Authority for Investment and Free Zones), Dr. Ziad Bahaa El Din, member of the WAIPA Steering Committee and WAIPA Regional Director of Africa did represent WAIPA at this event.

The annual IEDC (International Economic Development Council) meeting which will be held on 17-20 September in New-York City, USA, will be attended by the President of WAIPA, Mr. Kai Hammerich.



**Third Bi-annual Conference  
of the UNIDO - African  
Investment Promotion  
Agency Network, 12-14 June  
2006, Johannesburg, South  
Africa**

The Third AfriPANet conference was held in Johannesburg, organized jointly by UNIDO, NEPAD and the South African Ministry of Trade and Industry (DTI). Substantial progress has been made in the expansion and

performance of African IPAs since the network was initiated five years ago, and there are promising prospects for the future, taking advantage of newly acquired survey data. This year's meeting gathered 18 national IPAs, numerous UNIDO Investment and Technology Promotion Offices (ITPOs), regional economic and political institutions as well as highly distinguished scholars, and it was widely regarded as a great success by all stakeholder groups.

There is still an unexploited potential and a critical need for increased FDI inflows to the region, and there was consensus about the necessity to enhance information flows and create awareness both of institutional factors and of potential buyers and suppliers, and also of the importance to provide fundamental common goods such as infrastructure and political and economic stability. Against this backdrop AfrIPANet is in many respects at a crossroads. The network seems set to concurrently widen and deepen, as new IPAs join, new and improved services are provided, and regional cooperation among national IPAs is gradually taking shape.

### **Moving From Quantitative to Qualitative FDI Measures**

The UNIDO report Africa Foreign Investor Survey 2005: Understanding the Contributions of Different Investor Categories to Development – Implications for Targeting Strategies, sheds light on the increasing diversity of foreign investors to Sub-Saharan Africa and on their substantial variance in terms of impact (spillover effects) on the host economy. The survey also examines firms' growth expectations as well as their evaluations of business climate indicators and IPA services.

The motivation for the survey was a perceived necessity to move away from a solely quantitative view of FDI. Enterprise level analysis provides additional information, where the underlying motivations, operations, performance and growth of individual investors can be studied, their actual investments, not just cross-border transfers, can be observed, and many of the productivity enhancement issues associated with FDI flows can be scrutinized. This is a significant differentiating factor and point of departure from other studies.

Professor Dunning of Reading University, discussing the report at its launch in Johannesburg, referred to it as "path-breaking" and called the data "invaluable" in furthering research in the SSA region. The closer look at specific investments will assist local IPAs in targeting selected investor groups that are most beneficial to their economies' industrialization efforts. Local IPA representatives have also appreciated the data for enabling the formulation and sharpening of strategies without costly market research. Several IPAs expressed the view that the survey provides data that has been missing and will facilitate better targeting and saving of resources.

The survey is meant to complement and supplement the overall FDI flow and stock data that are compiled according to IMF guidelines and presented by UNCTAD World Investment Report from central banks' balance of payments (BOP) statistics. The BOP data captures the volume of the flow of capital between countries, however the inconsistencies and inaccuracies inherent in the collection and reporting process, as well as some definitional problems renders their use for some types of analysis difficult. This is especially true for Least Developed Countries (LDCs) where FDI flows are thin to begin with and errors can make country level data difficult to work with.

### **Main Survey Findings**

The third in a series of bi-annual surveys covers more than 1200 foreign firms, representing a 35% response rate from the 3,500 foreign owned companies identified in the 15 participating countries. The hydrocarbon and mineral extraction sectors were excluded from the sample even though they represent the lion's share of foreign investment in the region because their entry criteria are driven purely by resource availability and are not representative of the decision factors that drive manufacturing and services sectors.

The survey reveals some of the trends in FDI flows into the region; the growing dominance of investors from other developing countries (south-south FDI), the growing proportion of stand-alone foreign investors (owner-managers) among the more recent

entrants, the differences in the pattern and profile of FDI among the countries and how this pattern reflects investor perceptions about those countries.

In the survey the investors are grouped according to origin, size, period of entry, organizational and ownership structure, sector and market orientation. As expected most firms were local market seekers. Recent investors are no longer as a rule affiliates of foreign firms but a diverse set of foreign entrepreneurs who for a number of possible reasons tend to opt for full ownership rather than joint ventures.

The main finding is the apparent dichotomy between investor groups that exhibit 'jobless growth' and those that exhibit high-employment growth without much value creation or spillover benefits. The former group is represented mostly by the traditional, established, resource oriented, capital-intensive Transnational Corporations (TNCs). These companies create the most value, pay high wages, spend relatively more on R&D and training per employee and, prefer maximizing local content of their inputs. However, this is not a group with dynamic growth. In fact, they often have negative employment growth. In contrast, recently arrived investors from developing economies, especially Asia, have considerable employment and sales growth but few spillover effects in terms of local content, technology and knowledge transfer or human capital development. This paradox requires careful calibration of promotion and incentive strategies for optimizing the complementary benefits of the groups.

An interesting emerging group is a new breed of foreign entrepreneurs from Developed economies and Africa, oriented primarily towards the regional market. This small but potentially very significant investor group displays the characteristics of FDI with high quality impact. Inter-African investors are characterized by a lower perceived risk and prefer wholly owned establishments to joint ventures. South African firms stand out as a distinct category, which is growing in importance both quantitatively and qualitatively. They have the highest average investment levels and per-worker expenditure on

training and pay the highest wages. They were also the most satisfied investors, generally meeting or exceeding their expectations.

### Perceptions on the IPAs

Of particular interest to WAIPA members is the subchapter devoted to the importance of host country IPAs. It appears that much remains to be done to create awareness, as a substantial part of the firms are unaware of the services provided by the IPAs. Yet, almost one third regard the IPA as very important or crucial. There are wide discrepancies in these rates among countries. Firms from developing economies tend to appreciate IPA assistance more, and manufacturing firms make more use of them than do services firms. Independent entrepreneurs are more inclined to rely on IPAs than TNCs, who hold more organizational resources of their own.

The most important motives for registering with an IPA appeared to be compulsory registration, supply of information, assistance in obtaining permits and licenses, and the IPA acting as a 'one-stop shop'. Of the non-registered firms three fourths have either not heard of it or are unaware of or unconvinced about the benefits.

The investors also ranked the services provided by IPAs. Most investors believe the IPAs perform better than two year ago, and 96% claim delivery was in line with expectations, up from 74% in the last survey. Working with an index of evaluation factors from both the registered and the unregistered investors a ranking of IPAs was developed. Uganda and Tanzania shared the top honors as the most appreciated IPAs among the 15 AfrIPANet members.

After the 2003 meeting of AfrIPANet, one of the conclusions was the importance of after-care services and its potential for high returns with small resource outlays. The pilot programme conducted with the Ethiopian Investment Agency during the past year was presented at the meeting and it was agreed that the Ethiopia programme should be extended to the other member countries.

### Policy Implications

In Johannesburg the policy implications of the survey findings were discussed through three discussion panels (for details see [www.unido.org/afripanet](http://www.unido.org/afripanet)). The importance of maximizing the positive spillovers of FDI to develop the domestic productive sectors was stressed. The outline of a follow up programme was formulated for assisting IPAs in identifying target groups and designing streamlined strategies and for leveraging FDI for domestic industrial development. UNIDO was requested to create a regional data resource (portal) to allow IPAs as well as enterprises to access the data and create customized reports for strategy formulation and investment opportunity identification. It was also agreed that a strategy should be pursued to maximize the impact of the large TNCs by linking them, through backward supply chain development, to the local economy. The portal could serve as a repository of data on foreign-owned firms' input needs and reduce search costs and information asymmetries for local subcontractors in the region. This combined with supply chain analysis of large TNCs will allow for the identification of buyer-supplier opportunities.

Another priority will be to expand the access to finance for local firms through special agreements with participating Equity Funds. The funds will assess the viability of investment opportunities offered by the buyer-supplier relationships and invest in the local firms that show growth potential. Capacity building of local firms will be part of an integrated program, enabling them to exploit these new opportunities.

The portal will also be an instrument for regional IPA cooperation and improved operations of regional trade agreements, which will increase the share of the new regional market seeking investors and capture more of their positive impact.

Subsequent surveys will identify trends, track changes and measure the impact of policies and IPA activities. They will also widen in scope, covering more countries and include domestic firms and outward FDI. The 2007 survey will cover 22 countries and devote attention to the

"crowding in" and "crowding out" effects of FDI in different sectors.



### The Challenge of Attracting TNCs from Emerging Markets

This year's WAIPA 2006 conference focused on the rise of new players and new forms of FDI. A topic that increasingly receives attention from the media, international organizations, politicians and investment agencies and intermediaries. Although, developing countries remain overwhelmingly recipients rather than sources of FDI, outward FDI stocks from developing economies, in particular in South East Asia, Latin America, Central and Eastern Europe and the Middle East, have grown rapidly over the last ten years (see UNCTAD's World Investment Report 2005 and its annual lists of Top 50 TNCs from developing countries and Top 25 TNCs from transition economies in its World Investment Report). The increased levels of FDI from these markets is a manifestation of the economic growth of these market economies.

For many IPAs these new players have become an interesting market for new FDI projects. In particular, in times when more established TNCs are more reluctant to undertake new FDI projects or are restructuring their existing operations rather than exploring new markets. The challenge for many investment agencies therefore is to benefit from these new players on the international investment scene. Before reshaping your investment promotion strategies I would like to address a few key issues in international business and draw some parallels with the past.

TNCs from developing countries are by no means new phenomena. The first wave of investment from – what I call emerging TNCs – was in the 1970s and 1980 coinciding with the rise of the Newly Industrializing countries (NICs). In fact what we are seeing is a second wave of FDI from emerging TNCs. It is hence important to learn from the past in developing FDI promotion programs in attracting these new investors. However, it is also important to realize that this new second wave of FDI from developing markets encompasses more countries and takes place within a new

international environment that is – still – much more conducive to FDI.

Many of these new TNCs are still in an early phase of their internationalization strategy. It therefore not only remains to be seen how stable this phenomenon is, but also shows that it is still a very fragile process in which these TNCs increasingly encounter typical “teething costs and infancy problems” associated with the first steps in internationalization. It is often neglected, even in the age of globalization, that doing business abroad requires substantial managerial capabilities in overcoming cultural differences. In short international business is very difficult than operating on your home turf. Emerging TNCs hence face many challenges in host economies, not least so due to the increase in protectionist sentiments in many developed economies. In contrast, many of the established TNCs from Europe, North America and Japan have been able to capitalize on their international experience when operating abroad. Nevertheless, textbooks on international business contain numerous cases of ‘blunders abroad’ by established TNCs. In overcoming this liability emerging TNCs will have to make significant investments in resources, increasing the costs of doing business abroad substantially. They will thus not only be reluctant in making a quick decision on their foreign investment projects, but also develop flexible exit strategies before making large ‘commitments’ in foreign markets.

Established TNCs have grown internationally gradually. For most of them it took more than a century to build up their international location portfolio. For most successful firms building up an international portfolio is an incremental gradual evolutionary process characterized by “trial and error”. Although, it is tempting to believe in the business cases of so-called “born global” TNCs and the rapid internationalization by emerging TNCs through takeovers. (e.g. Lenovo and Mittal Steel) these are exceptions rather than the rule. Acquisitions are often used to acquire specific assets rather than to build up a location portfolio and highlight the fact that most emerging TNCs are drawn by asset seeking motives (both natural resources and strategic assets) rather

than asset exploiting motives. Most emerging TNCs still have to build up a strong home base before they can successfully operate abroad.

Finally, the commitment most established TNCs have in some foreign markets was also built up over the years. This highlights the fact that internationalization is an evolutionary process and often starts with exporting, licenses and franchise agreements before substantial investment projects take place. Collaborative agreements are often a means through which emerging TNCs reduce the risks of international business and gain experience with the attractiveness and business climate of the new location.

Taking some of the above issues into account will make your investment agency strategies more successful.

*Dr. Douglas van den Berghe, Ernst & Young – International Location Advisory Services (ILAS)*

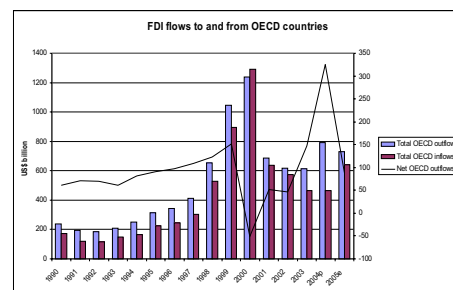


### Direct investment in OECD countries: trends and prospects

*This article summarises points raised in the forthcoming OECD International Investment Perspectives 2006.*

The global environment for foreign direct investment (FDI) improved in 2005. Macroeconomic growth held up in North America and gained momentum in several other OECD countries. At the same time corporate profitability was strong and interest rates were low, so that ample liquidity was available to companies wanting to invest abroad. Real estate prices also reached peak levels in many countries, spurring a wave of cross-border investment in property-related businesses.

Direct investment into OECD countries picked up in 2005 and reached an estimated 622 billion US dollars (USD). This represents a 27 per cent increase over 2004 and is the highest level of inflows since the previous investment boom petered out in 2001. In consequence, 2005 became the fourth-highest year on record in terms of inward FDI flows to OECD countries.



Source: OECD International Direct Investment Database.

With inflows of USD 165 billion, the United Kingdom was the world's largest recipient of inward FDI in 2005. This is the largest inward direct investment flow ever recorded in this country. The high figure reflects, in part, the fact that many of the world's largest cross-border takeovers in 2005 targeted UK-based companies. It is also influenced by the restructuring of a large hydrocarbons producer.

France was the world's largest outward direct investor in 2005. Total outflows for the year as a whole were estimated at close to USD 116 billion. This is mostly attributed to a few very large foreign corporate takeovers by companies domiciled in France. The largest four such transactions were valued at a total USD 48 billion.

The upsurge in direct investment was led by recovering mergers and acquisitions (M&A). Cross-border M&As into OECD countries in 2005 rose to their highest levels since 2000. Judging by M&A data for the first five months of 2006, the near-term outlook is for FDI to remain broadly unchanged at its presently high levels.

In the slightly longer run, the risks are equally balanced on the up- and the downside. Macroeconomic growth is likely to gain further momentum, which will support cross-border investment. At the same time, a recent correction in equity prices in many countries and the end of “cheap money” as interest rates begin to rise will pull in the opposite direction. A political risk emanates from increasing concerns in many countries over “strategic interests”, but this does not yet appear to have had an impact on overall investment figures.



## Battling Perceptions in Africa

Average economic growth of more than five per cent and a 60 per cent increase in flows of foreign direct investment. This is Africa today. Readers of US broadsheets might be forgiven for thinking otherwise. No other region of the world is described in the Western press with such sweeping generalisations. As a consequence, bad news from one country tends to tarnish the image of the whole continent.



Africa has its problems and the press has a responsibility to report these. What is required, though, is balance and recognition that entrenched negative stereotypes have damaging consequences for the continent's development, not least its ability to attract investment.

So, what's to be done? Some people argue that as soon as African nations perform economically and on a sustainable basis, then international investors will sit up and take notice. Pat Davies, CEO of Sasol, has made this point. "First, Africa must focus on the fundamentals. Once the substance is right, the perceptions will follow," he says.

Many African economies are already putting in world-class performances. You need only take a look at the capital markets of Ghana, Mauritius or Tanzania to see this. Even poor old Kenya, blighted in the British media by headlines of corruption, is performing.

Look behind the headlines and you will see that the Kenyan economy achieved growth of more than five per cent last year. Speak to the World

Bank and you will learn that the opportunities for graft in the road-building sector, traditionally the most corrupt sector in Kenya, have been reduced from a whacking 90 per cent under Daniel Arap Moi to a meagre ten per cent under the new Kibaki administration. Ten per cent too much, yes; but probably comparable with some European countries.

Too few African governments have actually devoted the resources needed to communicate effectively. Nor are donors devoting adequate resources to the task. When was the last time a donor assigned an appropriate level of importance to communications when responding to a request for development assistance? Ask the director for communications at state house or the government spokesman in any number of African countries, and they will tell you that they don't have the funds or resources to adequately manage crises, let alone design and disseminate positive communications, and nor do they have the support of personnel who are trained and skilled in communication.

This article is published in the July issue of Africa investor magazine. To read more please visit [www.africa-investor.com](http://www.africa-investor.com).

*By Robert Watkinson and Marcus Courage.*



## FDI in the MEDA Region in 2005

The direct foreign investment announced for the MEDA region has seen a very marked acceleration in 2005, for a variety of reasons:

- A renewed attraction for energy projects (gas, crude oil, oil pipelines);
- The availability of Arab capital (Gulf states, MEDA region) less frequently directed toward the American or European markets;
- An awareness of the potential of the emerging countries (the *India* and *China* effect, globalisation, WTO, etc.);
- The accession of Turkey to the status of candidate country to the European Union, creating both liberalisation opportunities and a

strategic interest for this important market;

- The overall improvement in the attractiveness of the area thanks to reforms, guarantees brought about by the association agreements with the EU and the prospect of the free trade area by 2010 (all given much publicity thanks to the 10<sup>th</sup> anniversary of the Barcelona process).

As a result of this evolution, the projects announced in 2005 have never been so numerous and so large: 686 projects, with an average size of 64 million euros and an announced total doubling the 2004 figures. In geographical terms, the EU share as donor region remains dominant, but little by little on the decline (49% of projects, 42% of the monetary value, against more than 50% in 2003 and 2004). The Gulf (15% of projects, but 28% of the announced amounts invested) has become the n°2 issuer of FDI, ahead of the United States. Overall, the share of the emerging countries is growing.

In terms of capital investment, two countries attracted more than 50% of the monetary value of the projects in 2005 (Turkey with nearly 39% and Israel with 13,5%). Then comes the Maghreb with 31%, a share double that of the Maghreb (16%).

The order is exactly the opposite in number of projects (Maghreb 42%, Machreq 31% and other countries 27%), which shows that the Maghreb receives a large number of small and medium sized projects, while a certain gigantism can be seen to the East of the region.

This is confirmed by the sectoral analysis: very large operations are announced in telecommunications (31,2% of the monetary value). Energy comes in second place (19,2%) followed by banking (11,4%), tourism (6,3%), public works/real estate/utilities (7,1%) and chemicals (5,5%). These sectors also lead in terms of number of projects, accompanied by software, automobiles and agro-foods, with lower unit values.

Even if these results should be considered with caution and if the "rental" projects (energy, real estate, tourism, telecommunication licenses) dominate the more "industrial", the report testifies to the *rediscovered*

dynamism of the MEDA region and its formidable potential.

Report available on:

<http://www.animaweb.org/Documents/mipo2006.pdf>



### From the Private Sector Development Blog of the World Bank: Private participation in infrastructure

The newly overhauled [Private participation in Infrastructure \(PPI\) Project Database](#) has been launched. The World Bank and the Public-Private Infrastructure Advisory Facility (PPIAF) have compiled data on 3,000 infrastructure projects in 150 low- and middle-income countries, covering projects in the energy, telecommunications, transport, and water and sewerage sectors.



View snapshots of various [sectors](#), [regions](#) and [countries](#) or see a number of different [rankings](#). You can also build your own report using up to 30 data fields. The database spans 1984 to 2004 and includes the contractual arrangements used to attract private investment, the sources and destination of investment flows, and information on main investors.

A few facts:

- Latin America (led by [Brazil](#), [Argentina](#) and [Mexico](#)) has the largest number of PPI projects.
- [SUEZ](#) has the most projects worldwide, primarily in the energy and water sectors.
- More than half of the world's top 10 sponsors (by size of investment) are telecom firms.



### Gazprom, MOL to link pipeline to Europe

OAQ Gazprom, the world's largest natural gas exporter, plans to spend about Euro 5 billion extending a natural

gas pipeline to supply European countries through eastern Europe. Gazprom wants to work with Budapest-based **MOL Rt**, eastern Europe's largest oil company, to extend the **Blue Stream** pipeline, which now ends in Turkey, through countries including Italy, Serbia and Croatia, Hungarian Economy Minister János Kóka said. The extension may be finished in five years, he added. As part of cooperation plans, MOL also signed an agreement with German Gazprom subsidiary **ZMB GmbH** to examine the possibility of building a gas storage facility with a capacity of 10 million cubic meters in Hungary, with a feasibility study to be completed in one to three years.

More on [www.bbj.hu](http://www.bbj.hu)



### What is WAIPA?

The World Association of Investment Promotion Agencies (WAIPA) was established in 1995 and is registered as a non-governmental organization (NGO) in Geneva, Switzerland. It currently has 190 member agencies from all over the world. WAIPA acts as a forum for investment promotion agencies (IPAs).

### 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 WAIPA partners? Official WAIPA partners include:

- 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?

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

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