



September 2003
Newsletter



**Pro-Invest to
 Fund Participants in the
 WAIPA Study Tours**

The WAIPA Secretariat has just signed a cooperation agreement with Pro-Invest, a programme of the European Union (EU), which will fund 20 professionals from IPAs in Africa, the Caribbean and Pacific (ACP) to participate in the WAIPA Study Tour programme in 2004.



Photo: WAIPA Study Tours make possible for investment professionals to learn best practices from successful IPAs.

The WAIPA Study Tour programme started in 1999 with the aim to enable professional staff of WAIPA members to work at successful IPAs, which have track records in effective investor targeting and investment promotion. The Study Tours are scheduled for a period of two weeks and the curriculum covers the whole range of activities, considered crucial in the fast moving business of investment promotion.

IPAs in the beneficiary countries of the Pro-Invest programme will receive shortly an invitation letter from the WAIPA Secretariat specifying the terms and requirements of the programme as well as the application details. Host IPAs for the Study Tours include the Office for Foreign Investors Limited (OFI Ltd)

(Belgium), the Costa Rican Investment & Development Board (CINDE), the Center for Export and Investment of the Dominican Republic (CEI-RD), the Italian Institute for Foreign Trade (ICE), Jamaica Promotions Corporation (JAMPRO), Jordan Investment Board, Mali's Centre National de Promotion des Investissements (CNPI), Senegal's Investment Promotion and Major Works Agency (APIX), and Uganda Investment Authority (UIA). For testimonials of former Study Tour participants and other details please visit <http://www.waipa.org/study.htm>



**New Look and
 Feel for the WAIPA
 Website**

Since 1 September 2003, WAIPA's new offer to virtual visitors can be seen on-line. The increased speed, simplified navigation and improved browser compatibility will help visitors around the globe find all information on WAIPA programmes - forthcoming and past. But most importantly the novelties are in the increased showcasing opportunities for WAIPA members: new sections include "Investment Links" with information about outward investment agencies - the natural partners of IPAs -, investment banks, multilateral organizations active in FDI promotion, as well as a showcase for investment shows organized by member IPAs.

The new website contains an institutional archive of all WAIPA activities since its inception, which includes conference reports, participants' lists and pictures. The website foresees further improvement with a section featuring a record of WAIPA Awards Winners and a section called IPA Tools, including reference materials such as CD-Roms, training manuals, directories, search machines etc., which can be useful in the daily work of investment promotion managers.

The WAIPA Secretariat welcomes comments and feedback from members on the new website and ways of increasing the networking potential as well as its showcasing opportunities. Visit our new website at <http://www.waipa.org>



Brief News

WAIPA Workshop on Cluster Creation and Development in Latvia. The first in a new series of training courses sponsored by OCO Consulting was recently held in Riga with the Latvian Development Agency (LDA), as hosts and the participation of UNCTAD and UNDP. Training in this area has been long demanded by WAIPA members and the level of participation was very high. Senior managers and CEOs from Albania, Belgium, Cyprus, Croatia, Estonia, Hungary, Latvia, Lithuania, Moldova and Slovenia participated in this training for Central and Eastern European IPAs. The programme had a focus in biotechnology as some of the participating IPAs are developing a regional strategy for the attraction of FDI into this sector. The next regional workshop in this series is scheduled on 3-4 November in Seoul (Republic of Korea), hosted by Korea Trade-Investment Promotion Agency (KOTRA).



Photo: Participants at the WAIPA Workshop on Clusters in Latvia during one of the group exercises.

CIFIT Promotes Chinese Moves Abroad. The 7th edition of the China International Fair for Investment and Trade (CIFIT), the largest event for multilateral investment promotion in Asia, has featured a seminar with the title "Outward Investment Opportunities" co-organized by WAIPA. Mr. Arvind Mayaram, Vice-President of WAIPA moderated speakers from IPAs in India, Mexico and South Africa, who addressed Chinese businessmen and government officials to inform them on the development of IT business, investment climate and policy as well as the recent approaches to boost FDI and introducing the potential market for FDI of their home countries. CIFIT was held on 7-10 September 2003 in Xiamen (China).

OECD-Africa Investment Initiative for Growth and Development. Key investment officials from OECD and non-OECD governments, representatives of international organizations and other non-governmental organizations partners discussed in Geneva (Switzerland) how to attract and utilize FDI as a vehicle for growth and development in Africa. Mrs. Maggie Kigozi, WAIPA Vice-President and CEO of the Uganda Investment Authority (UIA), as well as Mr. Kwasi Abeasi, member of the WAIPA Steering Committee and CEO of the Ghana Investment Promotion Centre (GIPC), assisted in helping guide the design and implementation of the OECD-Africa Investment Initiative and to achieve synergies with bilateral and multilateral organizations already working in Africa.

WAIPA Conference: Does your IPA have a System for Target Setting and Performance Evaluation? The forthcoming WAIPA Conference on 28-29 January 2004 is designed as a high-level CEOs meeting. Therefore, the Conference programme will include crucial topics on IPA strategy and management, such as: "Latest TNCs Investment Decisions in ICT", "Best Practices in Target Setting and Performance Evaluation" and "Strengthening the Role of IPAs in Policy Advocacy". On the second day of the Conference, MIGA will carry out an orientation workshop for new CEOs with the objective of helping them better understand industry best practices and support resources. The EU programme Pro-Invest will be holding a workshop on "Location Sales Strategy" for IPAs from Africa, Caribbean and the Pacific prior to the WAIPA Conference. Following members' requests, a strong component of the workshop curriculum will be the "Dos and Don'ts" of project presentations, meeting the clients and sales techniques.

Strategic Investment Promotion & Competitiveness in Ireland. On 17-21 November, International Development Ireland (IDI) is holding a training designed for investment executives to gain experience and practical knowledge on how to implement change and development in an IPA's marketing strategy. The programme has a strong focus on competitiveness, and participants will have the opportunity to define the competitive advantage of their country by reference and target sectors. WAIPA members will receive a reduction of £250 in the course fee. In order to benefit from the reduction, please route your application through the WAIPA Secretariat.



FDI Trends

Global FDI Flows Continued to Fall in 2002 but Rebound is Expected in 2004.

Global FDI flows in 2003 are set to stabilize at around the level seen in 2002 according to the newly released World Investment Report. 2002's total \$651 billion was just half the record volume of 2000. The decline was broad-based: 108 of 195 economies saw lower inflows in 2002 than in 2001. Global FDI inflows, already down by over 40% in 2001, fell by another 21% in 2002 to \$651 billion. Outflows were also down in 73 of 151 countries, according to the UNCTAD report. At \$120 billion, outflows from the US rose by 15% from 2001, while EU outflows, at \$394 billion, decreased by 13% last year, and Japan's, at \$31 billion, by 18%. FDI from developing countries (\$43 billion) dipped by \$4 billion, but their share in world outflows remained almost the same, at 7%. However, FDI from Central and Eastern Europe climbed by \$700 million to \$4.2 billion, with the Russian Federation the largest investor in the region.

Driving the decline in FDI flows in 2001-2002 was a combination of macroeconomic factors (weak economic growth or slump in economic activity linked to the business cycles in many parts of the world, especially the developed countries, and tumbling stock markets), microeconomic factors (low corporate profits, financial restructuring) and institutional factors (winding down of privatization, loss of confidence in the wake of corporate scandals and the demise of some large corporations). However, the FDI downturn in 2002 was uneven in several ways:

Geographically, regions fared differently, and a handful of countries accounted for the bulk of the decline worldwide. The slump in the developed world (22%) was concentrated in the US and the UK, which together accounted for 54% of the fall in the 108 countries with reduced inflows. The decline in the developing world (23%), which faced even sharper cuts in other private external capital flows, was steepest in Africa (41%) and in Latin America and the Caribbean (33%). Flows to Asia and the Pacific fell minimally, thanks to record high flows to China, the largest FDI recipient globally. **Sectorally**, the slow recovery from the global economic slump hit both manufacturing and services hard, while FDI in the primary sector rose. The report stresses

that prospects for FDI flows vary widely by type of industry - brighter for consumer pharmaceuticals, electronics and semiconductors, but dimmer for automobiles, metals and machinery and aerospace. Regarding the **mode of entry**, Cross-border M&As fell more than greenfield FDI. In fact, most of the decline in FDI came from a dramatic drop in cross-border M&As - from \$1.1 trillion in 2000 to \$594 billion in 2001 and \$370 billion in 2002. The average value per transaction also slid - from \$145 million in 2000 to \$98 million in 2001 and \$82 million in 2002 - as the number of megadeals (worth over \$1 billion) fell from 175 in 2000 to 113 in 2001 and only 81 in 2002, the lowest since 1998. Further aggravating the decline in M&As was a pause in privatization. Finally, the **financial** side of the FDI decline in intra-company loans last year exceeded that in equity flows. In 2001, by contrast, all financial components of FDI were down by about half.

<http://www.unctad.org/wir>



At the WAIPA Secretariat

● **World Investment Report 2003: FDI Policies for Development: National and International Perspectives.** The downturn, its reasons and the role of national policies and international investment agreements in attracting FDI to a country and for a country to benefit from it. WAIPA members will receive a copy of the WIRO3. CD-Rom versions are also available at Secretariat.

● **Investment and Technology Policies for Competitiveness: Review of Successful Country Experiences.** This paper examines competitiveness in its contextual setting of globalization, growing integration and rapid technical change and highlights the importance of host country policies in maximizing the benefits from FDI technology transfer. On the basis of its evaluation of the case studies of South East Asian countries, the paper considers different strategies used to successfully build domestic capabilities, providing a broad set of options from which to choose.

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



WAIPA Questions and Answers

Interview with Mr. Jorge Gotret (JG), Head of Investment Promotion, The Bolivian Agency for the Promotion of Exports and Investment (CEPROBOL)

WN: Could you explain how the Bolivia Investment Gateway (BOLIG) works and what the role for CEPROBOL is?

JG: BOLIG is an interactive internet portal that brings together local companies, potential investors, industry experts and regulators. It provides a common platform for interaction of all entities and agents involved in a specific sector. Furthermore, the portal serves as a one-stop shop for comprehensive information regarding the domestic investment environment. BOLIG's online content management features enable local companies to showcase their profiles, detailing their scope of operation and funding needs, while maintaining control over the access to sensitive proprietary information. Investors and investment intermediaries can also create individual profiles to communicate their mission and focus to the audience in the industry. CEPROBOL administers BOLIG and acts as a first-hand source of practical information and primary validator of all profile updates. The system's interactive internal and external communications capacities facilitate coordination with local representation entities, enhancing the reliability of the information posted on the portal.

As administrator, CEPROBOL collaborates with national authorities to keep up-to-date an operative directory of domestic legislation and industry regulations, detailing relevant procedures, timeframes and costs. In addition to generating direct feedback from the domestic market, the possibility for cross-country comparison within the growing network of Investment Gateways facilitates the benchmarking of domestic legislation vis-à-vis established practices abroad. This way CEPROBOL can provide crucial support towards optimizing investment procedures and introducing e-administration techniques.

WN: How has CEPROBOL incorporated this tool in its inquiry services and follow-up system?

JG: BOLIG is a powerful tool for gathering, organizing by sector focus and updating

information on domestic projects, potential investors, related legislation and administrative procedures. CEPROBOL uses its versatile features in its promotion and facilitation activities, responding both to foreign investors and to local companies. For instance, generating a mailing list of all companies and entities involved in a particular sector is as simple as running a search through the database. Moreover, building on partner countries' experience in targeting additional sectors provides a useful shortcut to a growing database of industry networks.

WN: What are the possibilities for the IPA to customize the portal?

JG: Each IPA supervises directly the content of its national Investment Gateway and is encouraged to focus on sectors in accordance with domestic priorities. Whenever a new sector is targeted, the database profiles are customized to reflect the sector specifics. Nevertheless, the sector configuration would take into account the fact that other IPAs may also choose to target that sector in their promotion and facilitation activities. Specifically, country characteristics, language diversity, etc are accommodate. Ensuring compatibility across national gateways will allow for easy country-to-country comparative analysis, which will benefit all users.



Photo: Bolivia On-Line

WN: What IPAs are using the Investment Gateway? Have there been any projects generated by BOLIG?

JG: The system is currently being implemented in Ecuador (ECIG) and Colombia (COLIG). CEPROBOL is working closely with the IPAs of these countries. The specialized environment, fostered by the gateway's sector-specific approach, is producing concrete results: one project worth US\$ one million in a wood manufacturing plant employing over 75 people has been concluded in La Paz and three other greenfield investments are underway.

WAIPA TRAINING PROGRAMME

***Regional Workshop on Strategic Marketing for the Middle East and Arab Countries
with the sponsorship of IBM - PLI
8-9 October 2003, Dubai (UAE) - English***

***Regional Workshop on Investor Servicing and Aftercare for Africa
with the sponsorship of Ernst & Young - ILAS***

***13-14 October 2003, Dakar (Senegal) - English and French
8-9 March 2004, Marseille (France) - English***

***Regional Workshop on Cluster Creation and Development for Asia & Pacific
with the sponsorship of OCO Consulting
3-4 November 2003, Seoul (Republic of Korea) – English
3-4 December 2003, Rabat (Morocco) – English***

***WAIPA Executive Meeting
28-29 January 2004, Geneva (Switzerland)
featuring high-level sessions on:***

***Latest TNCs Investment Decisions in ICT
Best Practices in IPAs Target Setting and Performance Evaluation
Strengthening the Role of IPAs in Policy Advocacy***

***As well as the following training workshops:
MIGA Introductory Workshop for New CEOs
Pro-Invest Workshop: "Location Sales Strategy"***

Visit <http://www.waipa.org> for the preliminary programmes of 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 155 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, Azerbaijan, 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, Curaçao, Cyprus, Czech Republic, Democratic Republic of Congo, Djibouti, Dominica, Dominican Republic, Ecuador, Egypt, El Salvador, Estonia, Ethiopia, 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.

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