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Ad Hoc Expert Meeting on Advocacy for Investment Policies
with Particular Reference to the Development Dimension
Geneva, 23–24 November 2006

**REPORT OF THE AD HOC EXPERT MEETING ON ADVOCACY FOR
INVESTMENT POLICIES WITH PARTICULAR REFERENCE TO
THE DEVELOPMENT DIMENSION**

Held at the Palais des Nations, Geneva,
from 23 to 24 November 2006

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Chapter I

CHAIRPERSON'S SUMMARY

1. In accordance with its agenda, the Ad Hoc Expert Meeting on Advocacy for Investment Policies with Particular Reference to the Development Dimension discussed the issue of policy advocacy in the area of investment. It looked into efforts that countries were making, mostly through investment promotion agencies (IPAs), to influence policy change for the improvement of their investment environments in order to attract increased levels of FDI in consonance with national economic development goals.
2. It identified principles, tools and best practices for effective policy advocacy, based on individual expertise and national experiences shared. It also benefited from lessons learned through UNCTAD programmes, particularly training programmes on policy advocacy, and those of other international organizations.
3. The Chairperson highlighted the importance of the Meeting and invited experts to share national experiences. She also asked UNCTAD to share experiences from its policy advocacy training programme and technical cooperation activities with IPAs.
4. In his welcome address, Mr. Supachai Panitchpakdi, Secretary-General of UNCTAD, emphasized the unique position of IPAs as a bridge between the public and the private sector and pointed out that these agencies needed to find a balance between public and private sector interest in their policy advocacy work.
5. In the presentation of UNCTAD's issues note on policy advocacy in investment promotion, the Chief of the Investment Promotion Section highlighted a number of questions which the Expert Meeting might like to address, including: how could IPAs serve as a bridge between public and private sector interests in policy advocacy work?; what were effective practices for IPAs to determine policy preferences and make them heard?; and how could IPAs in poorer countries, in which policy advocacy was critical, find the necessary resources to carry out this work?
6. In her keynote address, the Executive Director of the International Trade Centre (ITC) and former President of the Jamaica Investment and Export Promotions Corporation (JAMPRO), draw on her past experiences at JAMPRO and her present work at ITC. She pointed out the importance of benchmarking company operations and the business environment against competitors to convince policy makers. One instrument highlighted for this persuasion was public and private fora, such as Jamaica's Competitiveness Council. She explained the instruments used in Jamaica to bring about change, and the challenges faced in improving competitiveness. With respect to the operations of an IPA, she said that tools developed by international organizations, such as the ITC Investment Map, could help IPAs to analyse FDI and trade data in a cost-effective manner. She concluded by saying that successful exporters gave a good signal to potential investor, and in developing countries trade and investment promotion could be carried out effectively under one umbrella because of their inherent synergies.
7. Along the same lines, other experts stressed that policy advocacy work could be successful when it was based on comprehensive long-term strategies which contained various measures aimed at the improvement of the investment climate and whose elaboration and implementation involved all stakeholders from the private and public sectors. Long-term goals set in these strategies should not be affected by political change. It was noted that public/private partnerships played a key role in economic development planning, in

enhancing competitiveness factors and in improving the business environment and institutional framework.

8. At the same time, experts pointed out that, while business required rapid change with tangible results, the process of creating a conducive environment for business, e.g. improved infrastructure, education, legislation, protection of IP rights, law enforcement, employment regulation, prevention and control of corruption, improvement of the tax regime, eased restrictions on FDI, fair competition, a level and transparent playing field, reduction of bureaucracy and business impediments, etc., might take a long time.

9. New investors needed effective channels of communication to ask for help, express concerns and make recommendations to improve their business environment. Joining forces with other investors within national or sectoral business groups could increase the chances of success in making oneself heard. It was felt that “dividing to rule” was not an effective approach to private sector dialogue. Well-designed structures with formal processes could help establish a fruitful dialogue with the private sector, in particular with foreign investors. In this respect, the Vietnam Business Forum was discussed as an example of such a structure facilitating cooperation between different stakeholders in attracting FDI and improving the investment environment, with a particularly active role being played by the national IPA. Assisting in the creation of business linkages was pointed to as a natural extension of an IPA’s mission to provide after-sales service to new foreign investors.

10. Experts agreed that civil society could play an important role in policy advocacy work. It was noted that a number of factors in the investment environment were of particular sensitivity for civil society, including credibility, transparency, a friendly regulatory regime, anticorruption policy, the maintenance of core labour standards, investor compliance with environmental standards, and attention to displaced people and environmentally fragile areas.

11. A large number of tools were, however, available to IPAs for policy advocacy, including investor surveys, aftercare services, public-private sector forums and foreign investor councils. Several speakers emphasized the importance of work carried out by international organizations to assess the investment environment. In this context, mention was made of the UNCTAD Investment Policy Reviews and the World Bank Doing Business Project for benchmarking purposes. UNCTAD's e-regulations system (a component of the Investment Gateway), an e-government tool presenting national investment procedures online, was praised as a tool for transparency and good government. It provided a useful platform for the international exchange of best practices and for supporting IPAs’ advocacy efforts in favour of simpler and more efficient procedures. The policy advocacy process was also given a lot of attention, especially the importance of identifying and ranking needs, developing a work plan to solve problems, and setting milestones to measure results.

12. A number of experts made suggestions, including the following:

- For an IPA to be successful in policy advocacy, it should have adequate resources and the legitimacy that comes with a clear mandate of its own and recognition from the Government in terms of the value of policy advocacy. Interesting structural alternatives that had worked for some countries included making the IPA semi-governmental in order to be close to both government and the private sector without being too close to either, and maintaining the IPA as a governmental entity to guide FDI towards government-prioritized sectors and regions. The major challenges for IPAs included striking the right balance of interests on a diversity of issues – from taxes and infrastructure to labour and the environment – and adapting in a competitive and fast-changing environment.

- Long-term private/public sector strategies promoted a country's competitiveness, which in turn fostered not only FDI but also local SME development; this certainly helped increase the level of receptiveness to IPA policy advocacy efforts.
 - There was no universal template for the organization of an IPA for effective policy advocacy. Rather it depended on an IPA's service area, mandates, resources, goals and specific obstacles, as well as on the country's institutional framework, policy process, stakeholders and investor expectations. The Republic of Korea's Office of the Investment Ombudsman, a branch of that country's IPA, was discussed as one example of an IPA successfully organizing itself for effective policy advocacy.
 - There were many national-level obstacles that a country must overcome in order to benefit fully from FDI, and policy advocacy could contribute to overcoming them. These obstacles included inadequate capacity to absorb FDI, a lack of coordination between export promotion and FDI promotion, a lack of policy coherence throughout the Government, and weak or inconsistent political leadership.
 - Policy advocacy could be an effective tool for improving governance in investment promotion.
 - Policy advocacy was most effective when the message to government was consistent, when it came from many different directions, especially in cooperation with partners, and when it was repeated frequently.
 - IPAs that were very close to the highest levels of government might find that proximity to be a double-edged sword by which they had a good level of influence but at the same time a perceived decrease in their awareness of other stakeholders' interests. Whichever form it took, an IPA's proximity to government would be valued according to the extent to which its policy advocacy role was legitimized and its effectiveness recognized by all stakeholders.
13. A number of recommendations were made for follow-up work between IPAs and international partners such as UNCTAD:
- Capacity-building workshops should be held to train IPAs in establishing, implementing and evaluating a full range of tools for policy advocacy. They could be held at the subnational, national or regional level.
 - IPAs should tap partners like UNCTAD, FIAS and MIGA of the World Bank Group, OECD and UNIDO for assistance in developing specific tools for policy advocacy, including business forums and public/private partnerships generally.
 - Investment policy reviews should be conducted, followed by policy advocacy plans of action and implementation reviews.
 - The Investment Gateway and other tools for policy advocacy should be adopted.
 - IPAs should collaborate with research organizations like UNCTAD, FIAS and MIGA of the World Bank Group, OECD, and UNIDO to investigate policy issues of importance to them.

Chapter II

ORGANIZATIONAL MATTERS

A. Convening of the Expert Meeting

14. The Ad Hoc Expert Meeting on Advocacy for Investment Policies with Particular Reference to the Development Dimension was opened by Mr. Khalil Hamdani, Director of the UNCTAD Division on Investment, Technology and Enterprise Development.

B. Election of officers

15. At its opening meeting, the Expert Meeting elected the following officers to serve on its bureau:

Chairperson:	Mrs. Maggie Kigozi, Executive Director, Uganda Investment Authority
Vice-Chairperson-cum-Rapporteur:	Mr. Emmanuel Hess, Director of Investment Support Services, Costa Rican Investment Promotion Agency

C. Adoption of the Agenda

16. At the same meeting, the Expert Meeting adopted the provisional agenda circulated in document TD/B/COM.2/AHM.1/1. The agenda for the meeting was thus as follows:

1. Election of officers
2. Adoption of the agenda
3. Advocacy for investment policies with particular reference to the development dimension
4. Adoption of the report of the Meeting

D. Documentation

17. For its consideration of the substantive agenda item, the Ad Hoc Expert Meeting had before it a note by the UNCTAD secretariat entitled "Policy advocacy in investment promotion" (TD/B/COM.2/AHM.1/2).

E. Adoption of the report of the Meeting

18. At its closing meeting, the Expert Meeting authorized the Rapporteur to prepare the final report of the Meeting under the authority of the Chairperson.

Annex

ATTENDANCE¹

1. Experts from the following States members of UNCTAD attended the Meeting:

Algeria	Madagascar
Argentina	Malawi
Bangladesh	Malaysia
Brunei Darussalam	Mexico
China	Philippines
Czech Republic	Republic of Korea
Cuba	Romania
Egypt	Russian Federation
El Salvador	Rwanda
Dominican Republic	Saudi Arabia
Haiti	Senegal
Honduras	Sri Lanka
India	Syrian Arab Republic
Indonesia	Thailand
Iran (Islamic Republic of)	Timor-Leste
Italy	Trinidad and Tobago
Jordan	United Arab Emirates
Kenya	United States of America
Lao People's Democratic Republic	Yemen
Lesotho	Zimbabwe
Lithuania	

2. The following intergovernmental organizations were represented at the Meeting:

African Union
African, Caribbean and Pacific Group of States
Arab Authority for Agricultural Investment and Development
Common Market for Eastern and Southern Africa
Economic Community of West African States
League of Arab States
Pacific Island Forum Secretariat
South Centre

3. The following United Nations agencies were represented at the Meeting:

Economic Commission for Europe
International Trade Centre

¹ For the list of participants, see TD/B/COM.2/AHM.1/INF.1.

4. The following specialized agencies and related organizations were represented at the Meeting:

United Nations Industrial Development Organization
World Intellectual Property Organization
World Meteorological Organization
World Trade Organization

5. The following non-governmental organizations attended the Meeting:

General Category

BPW International
Engineers of the World
International Confederation of Free Trade Unions
World Economic Processing Zone Association

Special Category

World Association of Investment Promotion Agencies

6. The following panellists attended the Meeting:

Ms. Valérie Engammare, Regional Manager, Southeast Asia, Swiss Organization for Facilitating Investments (SOFI)
Mr. Ahn Choong Yong, Investment Ombudsman, Korea Trade-Investment Promotion Agency
Mr. Ricardo Martinez, Executive Director, Industrial Development Commission of Mexicali and WAIPA Director for Latin America and the Caribbean
Mr. Jacques Ferriere, former Chief Executive Officer, Turkey and Central Asia, Unilever
Mr. Nitya Nanda, Policy Analyst, Consumer Unity and Trust Society
Mr. Fabrice Hatem, Head, Study Centre on International Investment, Invest in France Agency
Ms. Maggie Kigozi, Chief Executive, Uganda Investment Authority
Mr. Choong Yong Ahn, Investment Ombudsman, Korea Trade-Investment Promotion Agency
Mr. Emmanuel Hess, General Manager, CINDE
Mr. Lakshman Watawala, Chairman and Director-General, Sri Lanka Board of Investment
Mr. Heerun Ghurburrun, Director, Investment Facilitation, InvestMauritius
Mr. Declan Murphy, former Director, Investment Compact for South East Europe, OECD, Adviser, MENA-OECD Investment Programme
Ms. Margo Thomas, Regional Program Coordinator South East Europe, Foreign Investment Advisory Services

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