

Exchanging Best Practices in Foreign Investment Promotion

WAIPA - The World Association of Investment Promotion Agencies

In 2001, Kenya became the European Union's main flower supplier. The 70 top Kenyan growers employed more than 50,000 people, and exports to the European Union alone were worth \$110 million. As in other areas of the Kenyan horticultural industry, foreign companies control close to 90 per cent of Kenya's flower production.

The Kenyan flower industry is not an isolated case. The same pattern is reproduced worldwide in many sectors, and in most cases there is a definite correlation between the increase in foreign direct investment (FDI) and the export growth of the foreign affiliates of transnational corporations (TNCs).

To help attract foreign investors, many countries started to set up investment promotion agencies (IPAs) in the early 1990s. Today, there are over 500 agencies worldwide, and the number is increasing steadily. In 1995, to facilitate the exchange of successful country experiences in promoting foreign investment, UNCTAD launched a network of IPAs - the World Association of Investment Promotion Agencies (WAIPA). Before long, WAIPA was acting as a permanent forum, providing networking opportunities and encouraging the exchange of best practices among IPAs.

In the last two years, WAIPA membership has soared from 112 to 161, in a total of 139 countries.¹ These now include a number of OECD² countries that have realized the benefits of working with their peers in developing countries. A number of international organizations have also joined: the Foreign Investment Advisory Services (FIAS) and Multilateral Investment Guarantee Agency (MIGA) of the World Bank Group, the OECD and the United Nations Industrial Development Organization (UNIDO).

With the recent world economic slowdown and the drastic decline in FDI, today's challenge for IPAs is to identify their countries' comparative advantages and brand their products accordingly. The skills of IPA staff should be adapted through training and hands-on experience. Both are areas in which WAIPA can play a major role.

¹ 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, Cyprus, Czech Republic, Democratic Republic of the 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, Swaziland, Sweden, Tajikistan, Thailand, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukraine, United Republic of Tanzania, United Arab Emirates, United Kingdom, Uzbekistan, Vanuatu, Venezuela, Yemen, Yugoslavia, Zambia and Zimbabwe.

² Organisation for Economic Co-operation and Development



How does WAIPA assist IPAs?

The association's role is:

- To develop cooperation and understanding among IPAs
- To improve information collection and exchange among IPAs
- To share experiences on how to attract investment
- To help IPAs acquire training and technical assistance
- To assist IPAs in advising their Governments on appropriate investment promotion policies and strategies.

Every year, WAIPA members adopt a work programme based on the IPAs' information and training needs. The programme's training component consists of a series of regional training workshops and study tours. In 2003, WAIPA organized five training sessions for junior and senior IPA staff on strategic marketing; FDI and cluster creation; investor servicing and aftercare; and event management. All five sessions were organized with the help of the private sector. The study tours offer the staff of WAIPA member agencies the opportunity to work two weeks at IPAs with successful track records in investment promotion and generation.

In January 2003, close to 300 members from 90 countries attended WAIPA's Eighth Annual Conference. The participants included the most influential investment strategists, leading policy-makers and top researchers from developed and developing countries. All realize that FDI attraction is no zero-sum game and that there is a lot to learn from the more successful IPAs.

The dual roles of business and government in promoting investment were the main focus of this year's WAIPA executive meeting (Geneva, Switzerland , 28 - 29 January). Key speaker, Mr. Demian Fiocca, Brazilian Secretary of International Affairs at the Planning Ministry, presented the infrastructure projects and public-private partnerships his government is setting up to improve the country's investment climate.

At a related event on investment, President Luiz Inácio Lula da Silva of Brazil and seven Brazilian ministers met at UNCTAD with more than 200 executives of foreign companies interested in investing in Brazil. Discussions focused on Brazil's macroeconomic environment and the need to include social considerations into investment policies if they are to be successful. "If you want to invest in Brazil the rules are well defined", said Mr. Lula da Silva.

WAIPA's Ninth Annual Conference will be held on 14 - 16 June 2004 in São Paulo, Brazil, in parallel with UNCTAD's eleventh ministerial conference. UNCTAD and WAIPA will hold two joint events on "Building competitive export capacity of developing country firms" and "Leveraging FDI for export competitiveness". A number of side events will also take place.

For further information, please visit the WAIPA website (<http://www.waipa.org>) or contact Celia Ortega at UNCTAD (Celia.Ortega@unctad.org).