



# Promoting and Retaining Investment in Times of Economic Crisis

## Regional Workshop for Africa

1-3 April 2009  
**Hotel Kunduchi**  
Dar es Salaam, Tanzania

## Report



**This workshop was jointly organized by the United Nations Conference on Trade and Development (UNCTAD) and the World Association of Investment Promotion Agencies (WAIPA) in partnership with the Tanzania Investment Center (TIC) and fDi Intelligence. The Swedish International Development Cooperation Agency (SIDA) provided financial support.**

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# Overview

The year 2008 marked the end of a growth cycle in international investment that started in 2004 and saw world foreign direct investment (FDI) flows reach a historic record of \$1.9 trillion in 2007. Due to the impact of the on-going worldwide financial and economic crisis, FDI flows are estimated to have declined by 15% in 2008. A further decrease in FDI flows can be expected in 2009, as the full consequences of the crisis on transnational corporations' (TNCs) investment expenditures will continue to unfold.

The fall in global FDI in 2008-2009 is the result of two major factors affecting domestic as well as international investment. First, the capability of firms to invest has been reduced by a fall in access to financial resources, both internally – due to a decline in corporate profits – and externally – due to lower availability and higher cost of finance. Second, the propensity to invest has been affected negatively by economic prospects, especially in developed countries that are hit by a severe recession. The impact of both factors is compounded by the fact that, as of early 2009, a very high level of risk perception is leading companies to extensively curtail their costs and investment programmes in order to become more resilient to any further deterioration of their business environment. All of the three major types of FDI (market-seeking, efficiency-seeking, and resources-seeking) are impacted by these factors, though with different magnitudes and consequences on location patterns.<sup>1</sup>

In this context, UNCTAD, WAIPA and the fDi Intelligence division of the Financial Times Ltd, provided investment promotion agency (IPA) officials with insights on the global and regional trends of FDI and effective investment promotion techniques. Practitioners were familiarized with tools and practices to devise new strategies to attract and retain FDI during the current crisis and how to prepare for the economic rebound. The workshop also included a site visit to BIDCO Oil and Soap Ltd.

During the workshop, an *effective investor aftercare strategy* was emphasized as a highly relevant tool to reducing the possibilities of FDI leaving a country or region and assist TNCs to stay competitive in a location. It would help to soften the blow of the economic slowdown and help companies adjust to the new realities, make use of new investment opportunities when they occur and prepare for economic recovery. Since not all industries are affected by the crisis in the same way, IPAs would also need to *carefully identify and target investors based on sector prospects and investment motives* and look for less conventional sources such as TNCs from emerging economies.

One module of the workshop was devoted to policy advocacy by IPAs to continue improvements in the business environment and prepare for the resurgence of FDI. IPAs would need to address problems that investors are facing due to the crisis, such as liquidity

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<sup>1</sup> Assessing the impact of the current financial and economic crisis on global FDI flows. Study by the UNCTAD Secretariat, April 2009.

constraints, slow market growth and declining exports. They will also have to aim to strengthen the long-term competitiveness of the location through improved infrastructure, education, R&D and public health.

To ensure the overall positive impact of investment promotion in the region, two important issues were also discussed: enhancement of productive capacities in food production, for which FDI could play an important role and; enhancement of the regional market through more cooperation between countries to eliminate obstacles to intra-regional trade such as lack of infrastructure and excess bureaucracy.

Finally, the workshop reinforced the need for IPAs to develop strategic scenarios and emphasize their value to investors, as well as review their performance in terms of the effectiveness of their operations. IPAs should *increase efficiency*, especially in times of crisis, by directing resources to areas where they make the most difference, by upgrading staff skills and conducting regular evaluations of their operations.

The workshop was conducted by Mr. Paul Wessendorp and Mrs. Natalia Guerra from UNCTAD, and Mr. David East from fDi Intelligence. In total, 34 officials from 17 IPAs and 11 countries participated. UNCTAD had asked participants to complete an evaluation form. In the 22 responses received, participants indicated satisfaction with the organization and substance of the workshop and replied that they substantially (10) or sufficiently (12) benefited from the training. More detailed results can be found on page 7 of this report.

The regional workshop in Tanzania is part of a series of training sessions which are being organized by UNCTAD in partnership with the World Association of Investment Promotion Agencies (WAIPA). The workshop was hosted by the Tanzania Investment Centre (TIC). UNCTAD takes the opportunity to thank TIC and the Swedish International Development Cooperation Agency (SIDA) for sponsoring this event. The most recent workshops in this series were held in El Salvador, Ghana (during the First World Investment Forum), Mauritius and Trinidad & Tobago.

# Programme

Day One - 1/04/09
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**08:30 – 09:00** Registration

**09:00 – 09:30** Opening Statements  
*H.E. Mr. Fanuel E. Mbonde,*  
*Permanent Secretary of the Prime Minister's Office*  
*Mr. Paul Wessendorp,*  
*Chief, Investment Facilitation Section, UNCTAD*  
*Mr. D. Emmanuel Ole-Naiko,*  
*Executive Director of the Tanzania Investment Center*  
*and Vice-President of WAIPA*

**Module 1: Market and Policy Context**

**09:30 – 10:15** Investment Promotion in Times of Economic Crisis:  
Policy Implications for IPAs  
*Paul Wessendorp UNCTAD*

**10:15 – 10:45** *Coffee break*

**10:45 – 11:45** Investment opportunities for Africa  
*fDi Intelligence*

**11:45 – 12:30** Best practices in investment promotion and retention  
*fDi Intelligence*

**12:30 - 14:00** *Lunch*

**Module 2: Investor targeting**

**14:00 – 15:00** How to identify and target investors  
*fDi Intelligence*

**15:00 - 15:30** *Tea break*

**15:30- 16:30** Exercise: Developing an investment proposal  
*fDi Intelligence*

**16:30 – 17:30** Exercise: Preparing a site visit for investors  
*fDi Intelligence*

**18:30** *Welcome Cocktail*

**Day Two - 2/04/09**

**Module 3: Investor Aftercare**

**09:00 – 10:00** The role of aftercare in investment promotion and retention  
*Natalia Guerra, Investment Facilitation Section, UNCTAD*

**10:00 – 10:30** *Coffee break*

**10:30 – 11:30** IPA client relations management: key account management  
*fDi Intelligence*

**11:30 – 12:30** Embedding TNCs through the promotion of business linkages.  
*Julie Kamuzze-Musoke, Investment Executive, Uganda Investment Authority (UIA)*

**12:30 - 14:00** *Lunch*

**Module 4: IPAs as policy advocates**

**14:00 – 15:00** Policy advocacy as an investment retention tool.  
*Natalia Guerra, UNCTAD*

**15:00 - 15:30** *Tea break*

**15:30 – 16:30** Exercise: Preparing an investor survey  
*fDi Intelligence*

**16:30 – 17:30** Presentation by a private sector representative:  
*Mr. R. Srinivasa Rao, Chief Operating Officer  
BIDCO OIL & SOAP LTD*

**17:00** *Dinner with guest of Honor, Mr. Omari Issa,  
Executive Director of the Investment Climate Facility for  
Africa*

**Day Three - 3/04/09**

**Module 5: Evaluating IPAs**

**09:00 – 10:00** Evaluating IPA performance in times of crisis  
*Paul Wessendorp, UNCTAD*

**10:00 – 10:30** *Coffee Break*

**Module 6: South- South investment flows and cooperation**

**10:30 – 11:00** Regional cooperation in investment promotion  
*Frederick Owiti, Principal Economist (Investment promotion  
and private sector development)  
East African Community*

**11:00 - 11:30** South-South investment flows  
*Carlos Bronzatto, Chief Operation Officer, WAIPA*

**11:30 - 12:30** Wrap up, workshop evaluation questionnaires and certificates

**12:30 - 14:00** *Lunch*

**14:00 – 18:00** Site visit to BIDCO Oil and Soap Limited

## Evaluation questionnaire

### UNCTAD-WAIPA Regional Training Workshop for Africa 'Promoting and Retaining Investment in Times of Crisis' Dar es Salaam, Tanzania, 1-3 April 2009

#### Summary

From the results of 22 evaluation questionnaires, the overall objective of the workshop, which was to familiarize participants with investor tools and techniques in light of the current economic crisis, was met. Most participants found this workshop useful for their respective work.

#### 1. Different aspects related to the workshop:

5 = Excellent, 4 = Very good, 3 = Good, 2 = Poor, 1 = Very Poor, NA = Not Applicable

Organization: **4.14**                      Audio/video equipment: **3.38**                      Facilities: **3.81**

#### 2. If you have given a rating of 2 or less, please give a brief comment or the reasons for the rating.

Sound system quality was not good enough.

#### 3. Length of the workshop (please circle the appropriate answer):

Too long	Long enough to cover all issues	Too short
<b>0 (0%)</b>	<b>20 (95%)</b>	<b>1 (5%)</b>

#### 4. Evaluation of documentation distributed following scale in question 1:

Presentation: **4.14**                      Technical/analytical expertise:                      **3.91**

Clarity: **3.95**                      Usefulness:                      **4.32**

#### 5. Interventions:

Quality of presentations: **4.05**      Knowledge of subject:                      **4.09**      Experience:                      **3.91**

#### 6. Evaluation of subjects dealt with in the workshop (please use the scale in question 1):

Usefulness to your work:                      **4.59**

Time allocated:                      **3.73**

#### 7. Other subjects that should have been included:

Setting targets, using scientific methodology; the impact of FDI on local investors; activities of international organizations currently during the crisis, practical experience/case studies; regional integration issues; information on "one-stop shop" centres; investor registration; investment project pipelines; how to conduct sector



studies; promotion of non-FDI investment; CDM strategies; how to conduct background checks on potential investors.

- 8. *The objective of the workshop was to familiarize participants with investment promotion and retention in times of crisis. In your opinion were the objectives of the workshop achieved ? (please circle the appropriate answer)***

Yes	No
<b>21 (95%)</b>	<b>1 (5%)</b>

- 9. How much did you benefit from the workshop? (please circle the appropriate answer)**

Substantially	Sufficiently	Insufficiently
<b>10 (45%)</b>	<b>12 (55%)</b>	<b>0 (0%)</b>

- 10. Suggestion to improve future similar events:**

Provide background material to participants in advance; include a one day hands-on/interactive case study; more practical solutions/ experience-based lessons learnt; have workshops twice a year; provide DSA according to current prices- so as to cover hotel and other logistical costs for participants; more Q & A and time for participants to share their own experiences; more advanced notice on dates for future events / earlier advertisement of events; include successful presenters from the private sector; longer duration of the workshop; broader representation of countries; more materials on policy advocacy as well as case studies; provide next steps on how WAIPA can help and collaborate with local IPAs; the site visit should be to a different company than the one that provides a presentation in the workshop; enough time before events to allow participants to prepare more effectively.

**LIST OF PARTICIPANT IN THE AFRICA REGIONAL WORKSHOP ON INVESTMENT FOCUSING ON PROMOTING AND RETAINING INVESTMENT IN TIMES OF ECONOMIC CRISIS AT KUNDUCHI BEACH HOTEL**

**DAR ES SALAAM, TANZANIA 1 - 3 APRIL 2009**

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## Photo Gallery



Workshop participants



(From L to R): Mrs. Natalia Guerra de Arias, Mr. Emmanuel Ole-Naiko, Mr. Paul Wessendorp and Mr. Carlos A. Bronzatto at the workshop closing session.