



IMPROVED BUSINESS AND INVESTMENT CLIMATE IN WEST AFRICA PROJECT ECOWAS INVESTMENT POLICY AND PROMOTION (IPP) WORKSHOP

June 6-8, 2017, Lagos, Nigeria

Investment Policy and Promotion: Attracting, Retaining, Growing Foreign Investment, and Maximizing Impact for the Local Economy

The World Bank Group supports client countries in attracting, facilitating, and retaining different types of foreign direct investment (FDI), as well maximizing the positive spillovers of FDI for the local economy.

Context

Productive private sector investment is an important component of developing countries' competitiveness and growth strategies. Attracting foreign direct investment (FDI), in particular, helps to link a country's domestic economy to global value chains in key sectors. FDI brings not only investment and jobs, but also increased exports, supply chain spillovers, and new technologies and business practices. These potential benefits require clear and effective implementation of investment strategies and policies that respond to the realities and aspirations of a particular country.

Countries also increasingly need to define their value proposition as an attractive investment location and to proactively market investment opportunities to investors in sectors and sub-sectors with comparative advantages relative to competing locations. This is particularly important for countries with little track record of attracting FDI or a reputation as difficult places to invest.

What the World Bank Group Offers

Support is provided to client governments to improve the investment policy framework, and to maximize the effectiveness of investment promotion efforts. This includes:

Developing FDI Strategy and Investment Reform Map

- Provide client governments with a logical framework to enable them to visualize the different types of FDI flowing into their economies and the different policy mixes and regulatory approaches

required to maximize the potential benefits of each kind of investments;

- Set priorities to design coherent and concrete investment policy and promotion reform agendas, at economy and sector levels, leading to efficiently attract, facilitate, retain and link FDI with the domestic economy.

Improving the effectiveness of policies and efforts aimed at attracting and facilitating FDI, including

- Establishing enhanced investor entry regimes by helping countries adopt and implement non-discriminatory treatment of foreign and domestic investors, reducing sectoral restrictions and performance requirements;
- Streamlining investment procedures
- Enhancing investment promotion capacity, including targeted sector promotion to develop the competitive proposition for facilitating investment in key priority sectors and capacity building to undertake effective investor outreach and facilitation.

Promoting good practices in improving the effectiveness of investment incentives including helping clients to identify whether and how incentives contribute to FDI inflows and policy objectives such as employment generation, export promotion and sustainable development.

Strengthening investor confidence to help clients retain and expand FDI through:

- Upgrading and improving legal and regulatory frameworks to reduce investment risks by putting in

place measures addressing unlawful expropriation, protection against internationally recognized arbitrary actions or payment transfers, and currency convertibility.

- Increasing investment protection by promoting best practices in tracking and resolving key regulatory implementation issues as well as in investment grievance management.
- Designing and implementing investor aftercare programs that help clients build strong relationships with existing investors to facilitate company retention, expansion, and diversification, as well as deepening links with local suppliers.

Promoting good policies and practices in maximizing linkages and positive spillover effects of FDI for the local economy.

Implementing good practices to help clients participate in wider regional markets for investment through regional integration processes that promote greater FDI flows within and into a region.

Project examples

In **Turkey**, reform of FDI policy and legislation led to the removal of minimum investment requirements and elimination of screening for FDI approvals. A simple registration system was established instead. Three years after the reform FDI inflows have increased by a factor of 10.

In **Mongolia**, the development of a new investment law entailed the elimination of screening for FDI approvals. The introduction of good practices in investor protection boosted investor confidence, by protecting more than \$10 billion of existing FDI stock from being subject to expropriation.

In the **East African Community (EAC)**, a scorecard assessing compliance with regional obligations boosted national reform efforts. For example, in **Tanzania** it triggered the liberalization of regulations that had restricted the movement of capital.

Brazil Frontier States: The World Bank Group helped build the capacity of APEX (Brazil's investment promotion intermediary) and two state investment promotion intermediaries in Para and Pernambuco, northern frontier states, to undertake targeted investor

outreach. This led to the attraction of over \$1.3 billion of new investment, of which some 70 percent went to the two frontier states.

In Rajasthan, India the World Bank Group helped define Rajasthan's competitive proposition to attract FDI in the automotive, solar power manufacturing and IT enabled services sectors, reforming the investment environment to make each sector more attractive to investors and undertaking targeted sector outreach. This helped to create a pipeline of approximately \$2 billion in investment in these sectors.

Relevant publications

[Investment Policy Toolkit](#)

[FDI Investment Generation Toolkit](#)

[Promoting Foreign Investment in Fragile and Conflict-Affected Situations](#)

[East African Common Market Scorecard 2014](#)

[Providing Incentives for Investment: Advice for Policy Makers in Developing Countries](#)

[Investment Incentives: An introduction to the main concepts and challenges](#)

[Political Risk: The Missing Link in Understanding Investment Climate Reform?](#)

[Investment Regulation and Promotion: Can They Coexist in One Body?](#)

[Global Investment Promotion Best Practices \(GIPB\) reports and support resources](#)

[Agribusiness Investor Outreach Guide](#)

[Investment Promotion: Winning Tourism Investment Guide](#)

For further information:

Practice Manager, Investment Climate: Christine Zhenwei Qiang, cqiang@worldbank.org

Contact Point, Investment Policy: Roberto Echandi, rechandi@ifc.org

Contact Point, Investment Promotion: Robert Whyte, rwhyte@worldbank.org