



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

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### Investment Promotion: Helping clients proactively attract, retain and grow foreign investment

**The objective of T&C's investment promotion work is to help stimulate investment growth in developing economies by supporting clients to actively identify, attract, retain and grow foreign investment. Investment Promotion supports client countries to build direct contacts with foreign investors, most notably multinational companies, which provide a true gauge of the country's competitiveness in particular industries and value chains.**

#### Context

In the current competitive environment for FDI countries increasingly need to promote their investment "offer", in other words to define their value proposition as an attractive investment location and to proactively market to investors in sectors and sub-sectors with comparative advantages relative to competing locations. This is particularly important for countries with little track record in attracting FDI or which are perceived to be difficult places to invest.

#### What the World Bank Group Offers

T&C's investment policy and promotion team is part of the Investment Climate Solutions Area. The World Bank group has provided assistance to client governments for over 25 years on how to organize their investment promotion efforts to maximize FDI attraction. T&C advises on sector competitiveness for FDI, institutional policy, structures and capacity, and provides hands-on support to develop and build capacity in key implementation areas known as investor facilitation, sector targeting and investor outreach and investor aftercare.

Investment promotion support is offered at both national and sub-national levels; examples of the latter are our work in Turkey, Rajasthan province in India, and in Pernambuco state in Brazil.

T&C has four main entry points for investment promotion work with client governments:

1. **Strategic planning for investment promotion.** Helping governments design or upgrade their

strategies to attract, retain, grow investment, cascading from the national development strategy, to an FDI strategy, to the corporate strategy or plan of the location's IPA, to more specific outreach or aftercare strategies.

2. **Institutional framework development/strengthening.** Helping governments put in place or upgrade their institutional arrangements for investment promotion, including the legal charter to create or revamp the location's Investment Promotion Agency (IPA), institutional capacity building and institutional collaboration mechanisms.
3. **Improvement of investor services.** Guiding client IPAs and IPA functions within other entities to deliver effective marketing, information, assistance and advocacy services throughout the investment cycle. These are typically implemented under programs typically called Investor Facilitation, Sector Targeting and Outreach, Aftercare and (Policy) Advocacy. The work includes specific capacity building to establish systems and train staff on inquiry handling, site visit assistance, competitive value propositions, outreach campaigns, networking, aftercare and advocacy activities, investor follow up, and partnerships.

#### Tools for Investment Promotion

**Diagnostic tools.** Offering rapid diagnostics leading to practical recommendations and actions plans.

- a. **Institutional assessment framework.** Assessing the effectiveness and capacity of the client’s institutional framework for investment promotion, offering detailed recommendations for enhanced performance.
- b. **FDI Competiveness Sector Scans.** Providing investment promotion expertise combined with sector specialists to provide detailed sector “scans” with practical recommendations leading to the identification of target sectors for proactive FDI promotion, an action plan for promotion and list of improvements/reforms needed to increase sector attractiveness.

**Peer-to-peer learning.** T&C’s wide network of contacts across the world in terms of investment promotion intermediaries offers significant opportunities for peer-to-peer learning in the form of focused topic workshops and conferences, benchmark studies and learning visits.

**Implementation Support /Technical Assistance.** T&C provides assistance to client governments to establish and improve their investment promotion competitiveness in the three thematic areas described above.

**GIPB diagnostic and advisory support.** T&C offers GIPB diagnostic surveys of investor facilitation performance and hands-on advice on how to improve performance.

To support our facilitation work, T&C has published the **Global Investment Best Practices (GIPB)** flagship reports in 2006, 2009, and 2012. GIPB is the world’s most comprehensive survey of investment promotion performance, providing information at the global, regional and country level on how effective IPIs are in servicing the information needs of prospective investors.

**What is new?**

Targeted Investment Promotion. T&C has published three new investment promotion notes: A Guide to “Winning Tourism Investment”, An “Investor Targeting in Agribusiness” toolkit (available also in French), and a best practices note on “Promoting Foreign Investment in Fragile and Conflict-Affected Situations”.

T&C provides support for investment promotion in manufacturing, services, including IT-enabled services, agribusiness and tourism and our support has helped client countries to attract well over \$2 billion of new FDI over the last couple of years – see examples.

The team is currently working on a summary guide to international best practices in investment promotion, as well as new guides to investment promotion best practices specifically in the areas of monitoring and evaluation and investor relationship management systems.

**Project examples**

**Attracting FDI to Brazil’s Frontier States:** T&C supported APEX, Brazil’s national IPI, to attract FDI to the poorer Northern regions of the country. T&C’s investment promotion team helped build the capacity of APEX and two state IPIs in Para and Pernambuco to plan and implement targeted investor outreach. This led to the attraction of over \$1.3 billion of new investment to Brazil, of which some 70% went to the two frontier states in sectors such as renewable energy and agribusiness.

**Enhancing Sector Competitiveness for FDI in Rajasthan, India:** T&C supported the Government of Rajasthan to develop its investment competitiveness in four key sectors of the economy – automotive, IT enabled services, solar power manufacturing and tourism. Our support focused on defining Rajasthan’s competitive proposition for each sector, reforming the investment environment to make the sector more attractive to investors and undertaking targeted sector outreach. The project team subsequently facilitated site visits and meetings for investors with the Government of Rajasthan and, as a result, investments of approximately \$2 billion are currently in the pipeline in these sectors, with over \$300 million of new investment having been achieved so far.

**For further information:**

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