World Association of Investment Promotion Agencies

22nd WAIPA World Investment Conference 2017

27-28 November 2017
Dubai, UAE

Executive Summary

The 22nd annual WAIPA World Investment Conference (#WIC17) was held at the Dubai InterContinental Festival City in Dubai, UAE, on November 27-28, 2017. The annual meeting brought together Investment Promotion Agencies (IPAs) from all around the world; other government officials, development sector leaders, private sector representatives and academics relevant to FDI policy and strategy.

At last year's WIC in Istanbul (2016), it was emphasized that WAIPA has the crucial role as an informative intermediary between IPAs and governments to help increase the FDI score for countries, and between private sector businesses and IPAs to address key economic challenges and create a Global Investment Policy Narrative to enhance and promote inclusive investments. These sustainable investments should create decent jobs and should help the technology transfer. The fight against investments that are exploitative or inequitable cannot be won singlehandedly by IPAs alone, but collectively as a global community.

That is why WAIPA continued to put full effort on empowerment of IPAs and their corporate development with the support of other international bodies and global community and created this year together with its Consultative Committee Members programs and projects to enhance IPAs capacities, for them to use FDI as a driving force for sustainable development, our overarching theme for this conference. It guided the discussions in the different sessions of#WIC17.

WAIPA #WIC17 Dubai debate sessions focused on the following topics:

- Empowering IPAs in developing countries and LDCs and the creation of a positive investment environment to achieve the SDGs
- Global Value Chain: Growth and Entrepreneurship through Linkages
- Corporate Investment Drivers, Challenges and the Future of FDI

The conference included a best practices workshop conducted by Andreas Dressler, FDI Advisor; David Evans, Head of Data and Insight, CNBC; Ian Bowen-Morris, Director of the Invest GREAT campaign, Department for Trade and Industry DTI (United Kingdom); Tomohiro Takashima, Director General, Invest Japan Department, Japan External Trade Organization – JETRO and M. Onur Partal, Senior Expert, Invest in Istanbul.

Conference Opening

The conference opening accented on the rationale of the event FDI as a driving force and sustainable development. Foreign direct investments are vital to maintain and strengthen economic growth. FDI boost technological innovation, know-how transfer, contributes to job creation and adds productive capacity to the global economy. In recent years, we witnessed an ever-growing flow of FDI from developed into developing countries. However, also FDI from developing economies to developing ones grows steadily, creating thus beneficial spillovers through FDI all around the world contributing directly to welfare and prosperity.

While global FDI is still under pre-crisis level it is expected to grow steadily in the next years and there is a huge demand of investments due to the development investment gap, the productive capacity gap, and the demand for trade creation. There is however a strong political will to mobilize resources for the United Nation's Sustainable Development Goals (SDGs), digital economies, and the industrial revolution 4.0., in short to invest into the future. This enhances the role of IPAs and investment promotion in general to contribute decisively in achieving these goals.

As investments outlive governments the formulation of policies and the creation of a framework and discourse that will accelerate us towards achieving the SDGs through sustainable investments will be essential in the upcoming years. While the global community of policy makers have shown a growing interest in linking international investment schemes to the UN SDGs there is an enormous gap to be filled with investments in order to achieve the SDGs by 2030.

WAIPA believes in cooperation and partnership. With its extensive ties WAIPA, as an active voice for IPAs around the world, aims to bring together government officials, and representatives from the private sector and academia to contribute collectively and continuously towards a common FDI policy and strategy. Closely working together with international organizations enables WAIPA to be able to create even more linkages and be an active voice for investment promotion with a particular focus on sustainable development.

Arda Ermut, President of WAIPA and of the Investment Support and Promotion Agency of Turkey (ISPAT) welcomed the participants on behalf of WAIPA and delivered opening remarks on the second day of the conference. He underlined the fact that WAIPA envisions structural integration and alignment of global FDI flows with UN's Sustainable Development Goals. To achieve these goals, it is essential to make the best use of this event in promoting global FDI linked with international investment schemes to achieve SDGs. And furthermore, concluded that "our growth must have a positive and sustainable effect on the environment."

Host of the WIC17 Fahal Al Gergawi, CEO of Dubai FDI, Vice President of WAIPA also welcomed the members and partners of WAIPA. He shed light on the benefit that is handed to the members created by WAIPAs expanding knowledge hub, which is essential to shape the future of FDI and its positive effects. He concluded that Dubai Expo's theme "Connecting minds and creating the future" is very much in line with WAIPA ideas.

The welcome words of President Ermut and Vice-President Al Gergawi were followed by the keynote speeches. The first of the key note speeches was given by Oussama A. Kaissi, CEO of ICIEC and representative of the Islamic Development Bank Group, with which organization WAIPA signed a Memorandum of Understanding at last years' World Investment Conference in Istanbul. Mr. Kaissi stressed the following points that economic transformation happens first with a healthy competition which spurs advanced technology, then an enabling regulatory environment, followed by domestic resource activation by promotion of PPPs for financing as well as mitigation tools to bring certainty for businesses. He also pointed out that there is low information in OIC on credit suppresses growth and that countries like Turkey, UAE, and Malaysia have implemented solutions (essential reforms) and furthermore concluded that “business intelligence as a tool is considered very crucial for economic growth and sustainability as well.”

Vic Van Vuuren, Director of the Enterprises Department of the International Labour Organisation (ILO), Consultative Committee Member of WAIPA, referred in his key note speech to two scenarios in current world: social deficit and environmental challenge. To create solutions to these challenges, the right kind of FDI is needed and he hence also highlighted ILO’s “The future of work” program. Furthermore, he underlined the crucial fact that it is essential to think outside the box and that there are two pressing scenarios in the current world: social deficit and environmental challenge.

Michael Langley, IECD Chairman, Consultative Committee Member of WAIPA stressed that spillover effects are incredibly important. Saying this however, the benefits have not been experienced equally. Thus, it is a broad job and development must happen and it is hence essential to maintain intergenerational opportunities.

First Plenary Session

Empowering IPAs in developing countries and LDCs and the creation of a positive investment environment to achieve the SDGs

Moderator: Felipe Sandoval, Senior Advisor, Trade Law and Negotiations, International Centre for Trade and Sustainable Development

Panelists:

- Athena Yu, Co-Founder and COO, Made in Africa Initiative
- Anne Chappaz, Chief, Trade and Investment Support Institutions, International Trade Center
- Thouraya Triki, Principal Economist and Division Manager, African Development Bank
- Mahmoud Al Burai, Deputy Chair and MENA Representative, UN Global Compact Local Network Advisory Group (LNAG)

Led by moderator Felipe Sandoval, Senior Advisor, Trade Law and Negotiations, International Centre for Trade and Sustainable Development the panel discussed the following rationale: WAIPA advocates the empowerment of IPAs as often the legal status and institutional anchoring for some IPAs is still inadequate. Particularly developing and least developed countries could greatly benefit by empowered IPAs attracting quality FDI and thus contributing to prosperity and growth. Given the great potential of the 48 Sub-Saharan countries with a total population of more than one billion with a GDP of 1,573 billion USD in 2015 and acknowledging the fact that often there is an improving infrastructure and good governance as well as significant improvement in the business environment in a relatively short time and with an admirable dynamism, some countries perform considerably better than others in reaching their capacities to create a positive investment environment to create growth and to achieve the SDGs. This panel discussed factors how empowered IPAs, particularly in developing and least developed countries could attract more quality FDI and what countries could do to improve the business climate and provide a transparent regulatory environment. And the further questions where discussed in detail, e.g. what Africa can do to improve investments? How we can encourage the Private Sector to achieve the SDGs? And what the current and common challenges are that are faced by IPAs in Africa.

Thouraya Triki, Principal Economist and Division Manager, African Development Bank, mentioned that there is need to scale up past country level for Africa to regional integration and improvement of business environment. In some countries, investment remains in the resource (extractive) sector, but there are positive trends. The number of projects goes down but the size is up, while also the share of resource rich investment is going down. These are signs of a structural change. Africa has a large labor force that should be invested in (through education). IPA should "put themselves in the shoes of an investor." What investors want are good data, good resources for investors, reduction in bureaucracy, good governance, to source locally, access to inputs, operate properly, be reactive, be able to repatriate profits (example: problems experienced in Egypt 2011-2012), firms want macroeconomic fundamentals. What is the most pressing in her eyes were: 1. Resources for the IPA, 2. lack of measurement (no incentive to go the extra mile for staff), 3. multiplicity of IPAs under different ministries, and a lack of coordination, 4. how to deal with a firm looking to invest in a sector controlled by a powerful person.

Anne Chappaz, Chief, Trade and Investment Support Institutions, International Trade Center, explained that it is about the people affected but its also about the people employed in IPAs. For an IPA to deliver on the SDGs, the first thing to do is make sure the IPAs are the best that they can be. Hence firstly, there is a need to have credibility which often comes from a private sector background, secondly an organization that is future focused, one that builds into its own purpose, its own culture the ideals of the SDGs., thirdly report linkages and values, not just dollar values in evaluations Furthermore, she shed light on whether TPOs and IPAs should be merged, which in her eyes does not matter as long as they coordinate and talk with each other. Furthermore, connectedness to local chambers, local TPOS are close. IPAs cannot be all things to all people but must be selective Furthermore, she stressed that not every investor needs a tax break. Find out why an investor is coming and deliver with a selective offer. Look for key investors for whom CSR is critical. Make the case that doing good business is good for business.

Athena Yu, Co-Founder and COO, Made in Africa Initiative, on the subject said that UNDP in China led to the Made in Africa initiative. The only countries to move from low to high income in the last century have been South Korea and Taiwan. We must keep this in mind as we are working toward the goals of the SDGs. We can see that industrialization is the starting point for countries to achieve the SDGs. The way this was achieved was firstly China has identified the right development path, secondly it found success in blending national industrial policy with market opportunities. Currently moving to capital intensive sectors. This perhaps leads to job creation in South East Asia, but there is limited population and costs of labor are increasing, On the other hand there will be 1-3 billion people in Africa and a majority are young. Yet mentioning this Africa will not follow the same path as China, in terms of pollution etc. She gave an example: when confronted with a Tiger, the West will measure how big the Tiger is, how much it weighs, etc. but a Chinese person would jump on without hesitating and ride the Tiger. This is meant to illustrate how Chinese investors jump into African markets with the idea to be flexible without over analyzing the risk or the plan of investment. The three most important words she emphasized where "Implementation, implementation, implementation."

Mahmoud Al Burai, Deputy Chair and MENA Representative, UN Global Compact Local Network Advisory Group (LNAG), underlined the points of systems thinking. Governments cannot act alone. What is needed is not incremental innovation what is needed radical innovation and that is where government comes in. The three pillars are economics, social and environmental sustainability. Visionary leadership is the key to success to achieve sustainability in competitiveness, must link it to higher goals. He underlines the need to link sustainability to something tangible and highlighted that building trust is essential to attract investors.

Second Plenary Session

Topic "Global Value Chain: Growth and Entrepreneurship through Linkages"

Moderator: Wim Douw, Trade and Competitiveness Global Practice, Investment Climate, at World Bank Group
Panelists:

- Sean Doherty, Head, International Trade & Investment, Member of the Executive Committee, World Economic Forum
- Simon Bell, CEO, Armillary Ventures
- Baybars Altuntas, Chairman, World Business Angels Investment Forum (WBAF), Vice-President, European Trade Association for Business Angels, Seed Funds and Early Stage Market Players (EBAN)
- David East, Head of FDI & Economic Products, Bureau van Dijk

Under the moderation of Wim Douw from the Trade and Competitiveness Global Practice Investment Climate of the World Bank Group the second panel of the day looked at the following rationale: In our globalized world products are often manufactured and assembled in more than one country. This also means that know-how is shared, creating beneficial added value. Therefore, the global value chain also can generate higher productivity through linkages. In this sense FDI can be instrumental to bring access to the GVC. While in some developing countries this system is fully functioning, in others it is not. So, generally what can be the right strategies and policies for a country to embrace the GVC and create the most positive effect regarding skills and technology transfer, job creation and growth? And what role, among other parts, do investments play in the GVC? The panel discussed also the following questions, e.g. what are helpful policies for either attracting or plugging in local suppliers? And turned also around not just ownership but the discussion of connecting foreign ideas with local ideas.

Sean Doherty, Head, International Trade & Investment, Member of the Executive Committee, World Economic Forum, underlined the facts that welcoming investment, attracting new companies, integrating suppliers, personalizing local content, absorbing spillovers, all things that WAIPA is trying to do. There multiple small opportunities are more nimble and dynamic.

Simon Bell, CEO, Armillary Ventures, stressed services in the discussion of GVCs. IPAs are focused on manufacturing but 70% of GDP globally is generated by the services sector. Thanks to IT there are no location disadvantages, more transportable. Not a problem to finance capital with low fixed costs. Challenges are high value parts which SMEs have trouble capturing. Skills are the challenge in this scenario as GVC have been in existence from beginning of time. The real question is how do we capture the value in the value chain? The coordination of foreign and local investors essential. Joint ventures can be lucrative. How do you get the local community involved or feeling like they have an ownership stake in foreign investments? Ownership of foreign investment is not an impediment to investment, and it is more sustainable. Joint ventures, cooperative ownership may be most beneficial

Baybars Altuntas, Chairman, World Business Angels Investment Forum (WBAF), Vice-President, European Trade Association for Business Angels, Seed Funds and Early Stage Market Players (EBAN), highlighted that the key to entrepreneurs turning invention into innovation is access to finance. Can gain the know-how and skills from GVCs but, are we killing entrepreneurial development from SMEs? Matchmaking and incentivizing the development of suppliers More practical training (tangible, immediate understanding) and simplifying the language around supply chains.

David East, Head of FDI & Economic Products, Bureau van Dijk, debated that data need is common failing example is a broken forklift and not being able to find a local supplier of the machine. High search and screen inputs for firms. He stressed that there is a need for supplier database which will contribute to location ecosystem. Further opportunities to identify gaps that fit into the value chain. Access to finance is huge, supplier database is attraction and after care. Opportunities supporting acquisitions to facilitation global value chains He concluded with two main points, firstly to get ministers involved in process (interacting with WAIPA), secondly data is key.

Third Plenary Session

Topic “Corporate Investment Drivers, Challenges and the Future of FDI”

Moderator: Lucia Cartini, Senior Industrial Development Officer and Coordinator for the UNIDO Investment and Technology Promotion Offices (ITPOs)

Panelists:

- Fahad Al Gergawi, CEO, Dubai FDI
- Michele Ziosi, Director Institutional Relations - Europe, Middle East, Africa & Asia Pacific; CNH Industrial
- Abdul Malek Al Jaber, President and Managing Partner of Peppers & Rogers Group
- Chris Knight, Global Commercial Director, fDi Intelligence

Under the moderation of Lucia Cartini, Senior Industrial Development Officer and Coordinator for the UNIDO Investment and Technology Promotion Offices (ITPOs)the following rationale was discussed in the last session. FDI driven by multinational enterprises may be one mean that can help to achieve inclusive and sustainable industrialization and growth as well as improvement of the overall investment climate. In fact, Paragraph 35 of the Addis Ababa outcome document states that “Private international capital flows, particularly foreign direct investment (FDI), along with a stable international financial system, are vital complements to national development efforts.”

Especially the focus on sustainable industrialization and the 4^{th} Industrial Revolution will challenge this and generations to come. The democratization of skills will become even more important. While for some negative aspects of Industry 4.0 and its challenges prevail, this could prove to be an enormous chance for developing countries to boost their level technologization.

Currently also one of the main drivers that helps to push FDI in some countries is Fintech. The financial technology industry is continuing to expand their markets and numerous countries are trying to establish a Fintech friendly eco-system to receive a share of this popular cake.

Fahal Al Gergawi, CEO, Dubai FDI shared the point of view of IPAs. Different planning necessary to see what type of investment we want. New forms such as industry 4.0 (3d printing, etc.) are defined. IPAs can detect and see what is needed and assist the governments with knowledge. He mentioned companies taking many forms in recent times, dividing to different locations this was not happening before. IPAs can be leading in this role here in identifying this. However, implementation is key. On this notes he refers to the fact that an Artificial Intelligence Minister has been appointed in Dubai recently. The strategy has to come from the governments to see that these are the new norms. Blockchain by 2020 implemented in the city all transaction. Internal development of the sector. Your ecosystem must allow them to come to you.

Abdul Malek Al Jaber, President and Managing Partner of Peppers & Rogers Group highlighted that involvement of stakeholders is essential in identification, focus in implementation crucial to make it successful. Some regions have missed the train, the Arab region saw great opportunity to be a producer, not just to be a consumer; brave, visionary and courageous leadership is needed. Dubai is an excellent example in terms of Blockchain and other developments

Michele Ziosi, Director Institutional Relations - Europe, Middle East, Africa & Asia Pacific; CNH Industrial shed light on how CNH Industrial decides on the decision-making process regarding investments. Key drivers and obstacles can be the same deepening on what side you look from at it. Products take a long time to be designed, produced etc. Hence advocating is essential. Harmonization is therefore of utmost importance in terms of regulations and regulatory frameworks. On what sectors that will benefit on 4.0 he stated how essential it already is in certain fields, such as at the process manufacturing level but also on the product side. Design and modelling through new technology; Leader in agriculture (autonomous tractors, reducing 25% fuel consumption), reduce time of cultivation (analyzing weather condition) etc.

Chris Knight, Global Commercial Director, fDi Intelligence reflected on what are companies saying on what drives them to invest into new markets, e.g. skilled workforce, growing regulations and trade barriers etc. only then it is cost and incentives, which are somewhat the cherry on the cake, he then also states that if an investor decides only on the basis of incentives these are not investments an IPA should want. Furthermore, he underlines that looking at value proposition is also essential. Next step is to make lead generation using AI, to automatically find out what companies are doing all around the world exactly when they announce it. More valuable, more up to date information. Instant full details hence possible.

Closing remarks

In his conclusive remarks WAIPA CEO Bostjan Skalar thanked all participants and speakers for joining the event. He concluded that collaborations of organizations and sharing knowledge among IPAs is the key to attract and promote our common efforts sustainably. He invited the members and partners to feel free to approach WAIPA with their ideas to work together to achieve our global goals.