



# 24<sup>th</sup> WAIPA World Investment Conference 2019

7-8 October 2019  
Warsaw, Poland

## Executive Summary

The 24<sup>th</sup> annual WAIPA World Investment Conference (#WIC19) was held in Warsaw, Poland, from 7-8 October 2019. This annual meeting brought together leading investment promotion agencies (IPAs) from all around the world, international organization's leaders, heads of financial institutions, leading political figures, private sector representatives, prominent economists and researchers to discuss the current trends as well as on the best investment promotion strategies and skills.

At last year's WIC in Xiamen (2018), it was emphasized that IPAs have an important role not only to facilitate investments, but they also may function as idea provider on how to improve their investment climates as they are in direct contact with investors.

Held under the theme "***The future of FDI: Prospects, challenges and role of IPAs***" the WIC19 aimed to underline the importance of IPAs regarding the current stage of the global economy. The first day of the conference was dedicated to WAIPA member IPAs. A leadership workshop with contributions from UNIDO, OECD, ILO, IEDC, and the World Bank as well as the UK Department of International Trade was followed by the General Assembly, at which the member agencies also voted for a new Steering Committee of the Association. The Presidency of WAIPA was handed from the Presidency of the Republic of Turkey Investment Office, which successfully held the position for two terms, to the Dubai Investment Development Agency (Dubai FDI).

On the second day of the conference participants had an opportunity to listen not only world-renowned leaders and academicians, but also successful entrepreneurs and VC funds representatives, discussing the future of the FDI, impact of digitalization on the FDI flow and new models of executing investments.

WAIPA #WIC19 Warsaw debate sessions focused on the following topics:

- Rebounding the slide of FDI: Key factors, policy concerns and opportunities
- FDI in the digitalized world
- New Types of Investments

Furthermore, the MoU with the Annual Investment Meeting was signed and extended during the WIC19.

## Conference Opening

The World Investment Conference 2019 was officially opened by the newly elected WAIPA President Fahad Al Gergawi, CEO of Dubai FDI, that said "WAIPA's work is crucial, not only as a forum for capacity building, knowledge sharing and cooperation, but also as a platform that fosters regional and global partnerships to achieve sustainable and inclusive economic growth, and we are noticing a growing interest in WAIPA's work". Mr. Al Gergawi expressed his appreciation to WAIPA members and Steering Committee over his

new assignment and hailed the role of the 24<sup>th</sup> World Investment Conference in shedding the light on challenges, opportunities and the realities that will shape the FDI world moving forward. "While every government, industry and business have their share of challenges, difficulties and uncertainties, Investment Promotion Agencies understand the new realities better and will play a crucial role in facilitating FDI flows into sustainable development" he concluded.

The conference featured a notable line-up of panelists, including special address by Poland's Undersecretary of State in the Ministry of Finance Tadeusz Kościński and the WIC19 host, PAIH, respectively its Executive Vice-President Krzysztof Senger. Undersecretary of State in the Ministry of Finance mentioned the current priorities for Polish government being high-tech, research and development, life-long learning, growth of foreign investments and Polish companies which are supported by Polish Investment Zone incentives, seed funds and expansion assistance.

Krzysztof Senger made remarks on the current worldwide changes and posed a question on how FDI agencies can help and what role they should play at the moment to address the changes. He raised further questions too like how to reshape and reorganize goals of IPAs in order to attract multinational companies. The PAIH Executive Vice-President also proudly announced that the Agency represents a client driven approach and attracts not only greenfield investments offering new type of assets like IoT and Industry 4.0.

The speech by the host was followed by the keynote speeches. The first keynote speech was given by Ratnakar Adhikari, Executive Director of the Enhanced Integrated Framework Executive Secretariat - World Trade Organization, who stressed new role of AFT mechanisms and global partnerships to address market failures to attract FDI to LDCs for sustainable development.

Syed Husain Quadri, Manager of Country Strategy and Market Integration - Islamic Development Bank referred in his keynote speech to the urgent need for a paradigm shift in development and to mobilize the capital to keep the promise to the world and achieve the 2030 Agenda.

This speech was followed by the Grzegorz Zielinski, Regional Head of Central Europe - European Bank for Reconstruction and Development, who spoke about the regional FDI outlook, highlighting opportunities and recommendations for investment attraction and facilitation in the European region and what role IPAs can play.

All keynote speakers stressed the need of the FDI community to adapt to the new challenges in the global economy.

## First Plenary Session

**"Rebounding the slide of FDI: Key factors, policy concerns and opportunities."**

**Moderator:** Courtney Fingar, Editor in Chief, fDi Magazine

**Panelists:**

- Robin Roberts Krieger, Past Chair, Fellow Member and Honorary Life Member, International Economic Development Council (IEDC)
- Vic van Vuuren, Director of the Enterprise Department, ILO
- Mike Pfister, Senior Advisor, Sustainable Investment, OECD
- Bernardo Calzadilla-Sarmiento, Director, Department of Trade, Investment and Innovation, UNIDO
- Ivan Nimac, Global Lead, Investment Policy and Promotion, World Bank Group

Led by moderator Courtney Fingar, Editor in Chief - fDi Magazine the panel discussed the following rationale, that UNCTAD estimated global FDI flows were \$1.3 trillion in 2018, which is 13% decline compared to the last year. This is the third consecutive drop in FDI flows and lowest since the global financial crisis. FDI slide is mainly concentrated in developed economies that experienced staggering 40% decline in FDI inflows. Key drivers behind these trends are policy and economic factors in addition with the structural changes in the way international business is conducted, i.e. rise of the digital economy and shift towards intangibles. Implications of negative FDI trends are important concern for policymakers as FDI is an essential element in countries' efforts to stimulate and enhance economic development. Especially it is significant for the developing world and transition economies due to their need of capital to stimulate industrialization. This panel discussed main factors behind the slow-down in overseas investments, role of IPAs and attempted to find solutions.

The panelists discussed such issues as declining FDI and its contribution to GDP, increased trade protectionism, FDI flows being a great challenge, need for investing in confidence and improved competitiveness and importance of digital economy and green jobs. Consequently, they agreed that strong regional cooperation, retaining talent and the FDI contribution into different dimensions of an economic growth and adaption to the digital era are key factors of rebounding of the slide of FDI.

Robin Roberts Krieger, Past Chair and Fellow Member and Honorary Life Member - International Economic Development Council (IEDC), highlighted that the key drivers behind FDI slide are policy and economic factors in addition with the structural changes in the way international business is conducted, i.e. rise of the digital economy and shift towards intangibles. She also stressed that IPAs and respective countries have several ways on how to drive investments in today's world.

Vic van Vuuren, Director of the Enterprise Department – ILO mentioned that to the emerging technologies within the 4<sup>th</sup> industrial revolution, such as developments in

genetics, artificial intelligence, robotics, nanotechnology, 3D printing and biotechnology, etc., there is also an immense demand for the talent. He referred to the fact that nowadays, talent is fundamental for driving investments to locations.

Mike Pfister, Senior Advisor, Sustainable Investment – OECD spoke that IPAs need to work closely with governments to adjust education system to fit for current and future skills demand. This indicates importance of policy advocacy, which should be the key function of successful investment promotion. IPAs need to take active role in development of national development policies.

Bernardo Calzadilla-Sarmiento, Director, Department of Trade, Investment and Innovation – UNIDO on the other hand mentioned that one of the biggest challenges of developing countries is retaining the talent. Due to its shortage, there is a fierce competition among developed countries to attract talented workforce coming from developing countries. Another important point for IPAs and countries in general, is data management. Having quality data regarding investments trends and related indicators can help IPAs in constructing effective promotion strategies.

Ivan Nimac, Ivan Nimac, Global Lead, Investment Policy and Promotion - World Bank Group highlighted that we should value more “small” investors and start-ups that can bring innovation. FDI is not only about “big guys”, i.e. MNCs. He also mentioned that there is increasing importance of subnational IPAs, especially at the city level. In many countries they tend to be more efficient than single national IPA. This is the case with countries that has large territories.

The panelists all agreed that strong regional cooperation, retaining talent and the FDI contribution into different dimensions of an economic growth and adaptation to the digital era are the key factors of rebounding the slide of FDI.

## Second Plenary Session

### “FDI in the digitalized world”

**Moderator:** Andreas Dressler, Managing Director, FDI Center

#### **Panelists:**

- Darius Kurek, Senior Officer, Trade Strategy and Competitiveness, ITC
- Wissam Kadi, Global Director, SAP Next-Gen Labs
- Krzysztof Senger, Executive Vice President, PAIH
- Stan Just, Board Member, European Game Developers Federation & Board Member, Polish Games Association

Under the moderation of Andreas Dressler, Managing Director, FDI Center, this panel explored the digital revolution and its profound impact on the overall global economy.

The recent statistics show that half of the world's population is online, while internet industry has significant contribution to the GDPs of countries. These trends have significant implications on FDI. They shaped the way international business is conducted producing the new investment patterns with different impacts on host countries. Furthermore, digital technologies enabled higher efficiency and provided new development opportunities. Reaping the benefits of digitalization remain a big challenge for countries all over the world as it requires adjustment of their development policies. This session gathered experts to discuss solutions for overcoming barriers that impede the development of digital economy. It addressed the main impacts of digitalization and technology on the current investment outlook, labor market, and how IPAs can utilize digitalization for determining potential projects and predict which companies are more likely to commit to an investment project.

Darius Kurek, Senior Officer, Trade Strategy and Competitiveness – ITC stated that digitalization is globalizing economies and makes economic relationships borderless. Often location decisions are driven by market or resource access. However, in today's digital economy intangibles are very important.

Wissam Kadi, Global Director - SAP Next-Gen Labs spoke that reaching global markets does not require investments that include heavy assets. International production is shifting towards intangibles, i.e. royalties and licensing fees, and light forms of assets. He stressed that overall, digital economy can provide a boost to competitiveness across all sectors, new opportunities for business and entrepreneurial activity, and new ways for accessing overseas markets. He also pointed out how technologies and innovation methodologies are driving the digital transformation of industries and how important it is to make sure that students and graduates have digital transformation knowledge and skills.

Krzysztof Senger, Executive Vice President – PAIH shared his view mentioning that IPAs should also be digital. Digital tools are enabling IPAs to communicate with investors, to target investors and to promote their services. IPAs need to be data driven.

Stan Just, Board Member, European Game Developers Federation & Board Member - Polish Games Association agreed with other panelists that the future of IPAs needs to be based on predictive analytics. He said that data seems to be taken for granted, however it shall be systematically collected for the things that matter (key sectors, investment trends, market data, etc.)

The panelists in this session concluded that nowadays digitalization not only affects the nature of FDI that become more and more talent- and technology-driven, but the way IPAs work as well. They pointed out that even the companies operating in traditional sectors such as agri-food need to master technology and so do the IPAs. Moreover, the debaters also argued the talent acquisition as crucial in terms of improving business processes and investment promotion. In addition, they stressed that governments can

help by facilitating contacts between the academic world and business, helping to tailor the skills on the market to their demand.

## Third Plenary Session

### “New Types of Investments”

**Moderator:** Henry Loewendahl, Group CEO, WAVTEQ

**Panelists:**

- David East, Director, Moody’s Analytics, Bureau van Dijk
- Gamze Cizreli, CEO, Big Chefs
- Paweł Borys, CEO, Polish Development Fund
- Borys Musielak, Partner, SMOK Ventures

Under the moderation of Henry Loewendahl, Group CEO - WAVTEQ the following rationale was discussed in the last session: new type of investments, such as Venture Capital (VC), Corporate Venture Capital (CVC), Sovereign Wealth Funds (SWF), family offices, and impact investments, are offering new opportunities for countries to boost their development. For example, concepts of financing emerging companies with high growth potential, i.e. startups, known as VC or CVC investments are at record levels despite negative global FDI trends. Global analysis of venture funding by KPMG reveals continues six-year straight growth of VC reaching \$254 billion in 2018. Additionally, corporate participation in VC deals, i.e. CVC, reached an all-time high, where corporations participated in 20% of all VC deals in 2018. Furthermore, although SWF are growing less rapidly than before they are still playing important role in global capital markets. Another emerging source of investments are family offices. According to the EY’ sources, there are more than 10,000 single family offices worldwide. Also, more and more investors are focusing on impact investments. These types of investments are following ethical principles in order to create positive social impact.

This panel gathered experts to discuss what are the main pros and cons of these new types of investments? How governments can create fertile environment for creation of startups and utilize opportunities that VC investing is offering? How startups can go about capturing the attention of CV and CVC investors? Which key factors are driving SWF and family offices to invest? What is the future of impact investments?

David East, Director, Moody’s Analytics - Bureau van Dijk stated that 39 % of the companies is doing M&As. As IPAs often tend to focus primarily on greenfield FDI it seems that large portion of investors is not served by IPAs.

Gamze Cizreli, CEO - Big Chefs mentioned New type of investments, such as Venture Capital (VC), Corporate Venture Capital (CVC), Sovereign Wealth Funds (SWF), family

offices, etc., are offering new opportunities for countries to boost their development. For example, concepts of financing emerging companies with high growth potential, i.e. startups, known as VC or CVC investments are at record levels despite negative global FDI trends.

Paweł Borys, CEO - Polish Development Fund stressed the fact that Global analysis of venture funding by KPMG reveals continues six-year straight growth of VC reaching \$254 billion in 2018. Venture capital is present in the key emerging sectors that can provide immense development opportunities.

Borys Musielak, Partner - SMOK Ventures referred to the fact that corporate participation in VC deals, i.e. CVC, reached an all-time high, where corporations participated in 20% of all VC deals in 2018. It is necessary that IPAs focus their efforts on these emerging new types of investments and reap the benefits that are coming with them.

The panelists found M&As more and more important with potential to surpass greenfield investments. They also highlighted the importance of start-up support programs and funding the foreign expansion of businesses adding that governments should create a friendly environment to invest and help obtain VC funding etc., rather than directly invest in a company. They concluded that the new types of investment create great business opportunities, but at the same time they challenge IPAs significantly.

## Closing remarks

In his conclusive remarks WAIPA Executive Director Bostjan Skalar thanked all participants and speakers for joining the event. He summarized main outcomes from the panels and related recommendations to IPAs. He pointed out that there are many things that challenge IPAs, but every challenge is an opportunity to learn. Hence the importance of these meetings to share ideas and best practices is crucial.