



Investment Facilitation for Development

FIFD Workshop - Summary of talking points

Mr. Sean Doherty (World Economic Forum)



- Summary of business community insights obtained from two main sources:
 - Sustainable investment dialogue convened with ICTSD with the support of the Netherlands.
 - A set of practical trade facilitation projects advanced with ICC and CIPE, with support from Australia, Canada, Germany, UK & USA.
- Reason for facilitating investment is to encourage flow of finance and expertise to drive economic development.
- These flows come in many forms. Classic FDI is an important one, but we shouldn't forget JVs, contract manufacturing, licensing, franchising, portfolio finance.
- For export businesses, there are many innovative forms of trade finance, which by pooling risk for example cut capital requirements.
- Even basic trade facilitation cuts time to market and hence cuts working capital requirements for a business.
- Global Alliance for Trade Facilitation recently brought out a short paper showing the links between trade facilitation and manufacturing FDI.
- For portfolio flows some barriers stem from the home state rather than the destination market.
- Let's take advantage of interest in investment facilitation to ease a wide set of barriers - if any are a distraction, move on with those where there's agreement.
- Second basic point regards commonality. Well-designed systems can still suffer when the simple fact of being different is an impediment.
- A very basic analogy is language – difficulties in comprehension arise not from inherent difficulties, simply difference in languages.
- Adhering to common international approaches for welcoming investment is worthwhile, particularly to attract multinationals.
- Firms want staff and systems to be as interchangeable as possible – the cost of differences can be very high, however valid they are.
- Third obvious but important point is seamlessness. Business people rarely make the distinction between an investment process, an import or export process, a domestic service process and so-on. They're just trying to interact with the business and regulatory mechanisms in a country. So logically linked government portals and business service interfaces are preferred.



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- Basic requirements of investment facilitation:
 - Transparency & Information availability so people can figure out the rules.
 - Predictability & stability so businesses don't fear things are going to change unexpectedly.
 - Efficiency & effectiveness so the cost and effort of setting up the investment are minimal.
- Nice-to-have attributes:
 - Access to friendly advice, help and handholding can improve the investment experience and improve chance of success. One great channel sometimes bypassed is the embassy of the home state in the host state – these are sometimes the first place people turn for help, so educating guest diplomats is worth while.
 - There's a great opportunity at the investment stage to provide neutral introductions, possibly improving local procurement links.
 - Even further, getting beyond the realm of facilitation a little, for some projects governments may want to get involved in project identification and co-funding, as long as this is done in a fair manner.
- Brand and communications matter – giving people confidence helps them invest.
- 10 points summary:
 - Broad view of investment
 - Commonality
 - Seamlessness
 - Transparency
 - Predictability
 - Efficiency
 - Advice
 - Introductions
 - Involvement
 - Communication