



Government of Republic of Indonesia
Investment Coordinating Board



**INVESTMENT FOR ASIAN DEVELOPMENT:
Lessons so far, Challenges for the Future**

*Conference organised under the auspices of OECD Investment Committee
In co-operation with UNESCAP and the Asian Development Bank (ADB)
Hosted by the Government of Republic of Indonesia*

**Jakarta, Indonesia
Hotel MULIA Senayan, Jakarta
5 – 6 July 2005**

Co-chairs: Mr. Chris LEGG, General Manager, Treasury, Australia; and Mr. M.M. Azhar LUBIS, Head of Information and Planning Bureau, Investment Coordinating Board (BKPM).

5 July, Tuesday

08:30-09:30 Registration

09:30-09:50 Welcoming Speech by H.E. Muhammad LUTFI, Chairman of the Investment Coordinating Board.

09:50-10:30 Opening remarks by:

- Mr. Kiyotaka AKASAKA, Deputy Secretary-General of OECD.
- H.E. Aburizal BAKRIE, Coordinating Minister for Economic Affairs, Government of Republic of Indonesia.

10:30-11:00 Coffee break

11:00-13:00 Session 1: Investment for Development – Implementing the Monterrey Consensus

The Monterrey Consensus represents commonly shared policy views and implementation guidance on how best to reach UN's Millennium Development Goals. A remarkable feature of the Consensus is a strong endorsement of private investment, foreign as well as domestic, as a main factor in financing development objectives. The Monterrey Consensus states that “[p]rivate international capital flows, particularly foreign direct investment, along with international financial stability, are vital complements to national and international development efforts.” Foreign direct investment (FDI) is “especially important for its

potential to transfer knowledge and technology, create jobs, boost overall productivity, enhance competitiveness and entrepreneurship, and ultimately eradicate poverty through economic growth and development.”

Countries have taken steps to encourage more and better investment. International organisations have developed programmes and strategies to assist them. This session will present some of the foremost initiatives by international organisations and give host countries and business representatives an opportunity to assess them against perceived needs “on the ground”.

- The benefit of private investment for Asian development: Mr. K. KESAVAPANY, Director, Institute of Southeast Asian Studies.
- “The OECD Initiative on Investment for Development”, Mr. Pierre PORET, Head of Investment Division, OECD.
- “A role of UNESCAP”, Mr. Marinus W. SIKKEL, Chief, Investment and Enterprise Development Section, UNESCAP.
- “Working with the international organisations: successes so far, needs for improvement”, Mr. Efren V. LEANO, Executive Director, Philippines Board of Investments.
- General discussion

13.00-14.30 Lunch

14:30-16:00 Session 2: Improving the investment climate – but how?
--

There’s not much disagreement within the investment policy community on what constitutes a good enabling environment for investment – international as well as domestic. Researcher and policy institutions commonly consider that a number of key elements need to be in place if a country wishes to lure investors, including: healthy public governance including transparency, rule of law, non-discrimination and efforts to curb corruption; a buoyant home market and/or access to engage freely in international trade; good and affordable infrastructure; and an abundant and well skilled labour force. Countries at all levels of economic development are constantly engaged in policies to upgrade these performance parameters.

However, in poorer countries many aspects of the investment climate tend to fall short of what investors, and authorities, would ideally want. This creates a need to prioritise scarce funds and focus attention on remedying those shortcomings that are most acutely felt by would-be investors. This session invites participants, not least private businesses and investment promoters, to work toward a shortlist of particularly pertinent shortfalls in the investment climates of Asian countries.

- Keynote 1: “Why are some Asian countries more in favour with investors than others?”, Mr. James CASTLE, First Vice President, American Chamber of Commerce in Indonesia.
- Keynote 2: “Investment environment of Indonesia: Perspectives and approaches of Japanese business”, Mr. Yasuo ICHIMURA, Chief Officer for Indonesia Bloc of ITOCHU Corporation, Chairman of P.T. ITOCHU INDONESIA, Chairman of Jakarta Japan Club.
- Commentary 1: “Challenges and constraints: what policy makers should do, can do and cannot do about the investment climate”, Mr. NGUYEN Van Cuong, Senior Officer, Foreign Economic

Relations Department, Ministry of Planning and Investment (MPI) and Mr. NGUYEN Huy Hoang, Expert, Foreign Investment Agency, MPI.

- Commentary 2: “Giving investors what they need – but not necessarily what they say they need”, Mr. Vittaya PRAISUWAN, Director, International Affairs Division, Thailand Board of Investment.
- General discussion

16.00-16.30 Coffee break

16.30-18.00 Session 3: How may the rest of the world assist? ODA/investment synergies

By supporting developing countries’ own efforts to provide an attractive environment for private investment, ODA can play an important catalytic role and help leverage additional private financing for development. This is particularly important at a time when ODA has reached its highest level ever and further increases are expected. Development assistance can also be more directly linked with investment projects. One example that has received much attention in recent years is public-private partnerships in the utilities sectors. When applying ODA to programmes for encouraging private investment, donors usually go beyond the provision of funds. They bring with them the expertise of the relevant policy communities in their home countries, which, insofar as this expertise is relevant to the particular problems a given developing country faces, can by far outstrip the value of mere financial assistance.

This session will, based on a few case examples, survey recent examples of ODA-backed efforts at encouraging investment in South Eastern Asia. A 2005 report by the OECD Development Assistance and Investment Committees on the policy lessons from past ODA/investment strategies will be tabled in support of the discussions.

- Case example 1: “Recent Indonesian experience”, H.E. Dr. Sri MULYANI Indrawati, Head of National Development Planning Agency (BAPPENAS), Government of Republic of Indonesia.
- Case example 2: “Vietnam's experience: ODA to improve the legal and regulatory environment for investment”, Dr. LE Thuc Duc, Center for Analyses and Forecasting, Vietnamese Academy of Social Sciences.
- Case example 3: “The Eastern Seaboard Project in Thailand”, Mr. Takeo MATSUZAWA, Director General, Development Assistance Department I, Japan Bank for International Cooperation.
- General Discussion

19.30 Dinner hosted by Government of Republic of Indonesia:

Remarks by H.E. Dr. N. Hassan WIRAJUDA, Minister of Foreign Affairs, Government of Republic of Indonesia.

6 July, Wednesday

09:30-13:00 Session 4: Getting the policy framework right – toward a structured approach
--

Notwithstanding the plethora of literature on factors that are important to the investment climate – and business climate scoreboards attempting to quantify them – surprisingly little effort has so far gone into synthesising this body of evidence into an operational tool for policy makers. The OECD Investment Committee is presently trying to do this, in the form of its nascent Policy Framework for Investment, a non-prescriptive checklist of issues for consideration by any interested governments engaged in domestic reform of its enabling environment. The conceptually most similar other international instrument of its kind is arguably APEC’s Non-Binding Investment Principles and their implementation guidance.

The Policy Framework on Investment is entering in the final phases of preparing a first comprehensive draft. The work in progress is monitored by a Task Force comprising OECD members and representatives of all interested non-member countries. In addition, regional consultations are carried out with policy makers and other stakeholders to ensure the Framework’s relevance in all parts of the world. This session will provide the forum for such a consultation.

9:30-11:00 : Assessing policies for investment:

- “Policy Framework and Non-binding Principles: of what value to policy makers?”, Dr. Chintan HUANG, Executive Secretary, Investment Commission, Ministry of Economic Affairs, Chinese Taipei.
- “OECD and ADB’s approaches to anti-corruption: ADB OECD Anti-Corruption Initiative for Asia-Pacific: Effect on encouraging private investment”, Mr. Ramesh SUBRAMANIAM, Principal Economist, Indonesia Resident Mission, Asian Development Bank.
- Draft Chapter of the Policy Framework for Investment on “Investment Policy”, Mr. Michael GESTRIN, Senior Economist, Investment Division, OECD.
- Draft Chapter of the Policy Framework for Investment on “Investment Promotion and Facilitation”, Ms. Kimberly EVANS, International Economist, Office of International Investment, Department of the Treasury, United States.
- General discussion.

11:00-11:30 Coffee break

11:30-13:00 Focus on investment incentives: Recent experiences from ASEAN and China:

- “Investment incentives: levelling the playing field or giving away gifts?”, Mr. Douglas H. BROOKS, Principal Economist, Economics and Research Department, Asian Development Bank.
- “Competition among ASEAN countries: pros and cons”, Mr. Noordin AZHARI, Director, Bureau for Economic Integration, ASEAN Secretariat.

- “The Chinese success story: implications for investment in South East Asia?”, Dr. Hank LIM, Director of Research, Singapore Institute of International Affairs (SIIA).
- General discussion

13:00-13:30 Concluding session

- Joint Summary by the Co-chairs
- Concluding Remarks by the host:
 - H.E. Dr. Marie Elka PANGESTU, Minister of Trade, Government of Republic of Indonesia.

13:30–15:00 Lunch

15:00 Press conference

7 July, Thursday

10.00-14.00 Site visit to Jababeka Industrial Estate, Bekasi.