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**Monitoring Progress in
Investment Facilitation**

**Best practice in Investment Promotion
and Facilitation of Investment**

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What this presentation will cover

- some institutional and organisational issues associated with successful investment promotion
- some comments on the importance of investor facilitation and changes in the approach to providing it
- a few thoughts on the relevance of international best practice to the developing member countries of ASEAN

Institutional and organisational issues

- separation of regulatory and promotional responsibilities
 - why this is important
 - how it affects one stop shops
- the four basic promotional functions
 - characteristics
 - choices to be made

Separation of responsibilities

- regulatory inputs are always required
 - even when the investment environment has been made investor-friendly
- most IPAs focus on investor servicing and facilitation
 - this is incompatible with the “policeman” role which a regulator must necessarily adopt

One Stop Shops

- a greatly abused and misunderstood term
 - few who use it define what they mean
- three different levels
 - information
 - information and facilitation
 - authority to issue licences and permits
- two formats
 - one window
 - one roof

One Stop Shops: Problems

- with third (authority) level
 - line ministries generally unwilling to either
 - delegate authority for (one window), or
 - locate relevant staff (for one roof)
- negative impact on investors' perceptions when they don't work
 - better to do something less ambitious well
 - eg, one window for information and facilitation

The basic functions of an IPA

- IPA's have four possible generic functions
 - assuming that they have no regulatory responsibilities
 - image building
 - investment generation
 - investor servicing
 - at various phases of the project cycle
 - policy advocacy
- an IPA's overall strategy is determined by the choices made in these four areas

Investor servicing (facilitation)

- four possible phases

- pre-decision
 - from the point at which an investor first indicates interest to the point at which a decision is made regarding whether to invest
- approval process
 - from the end of the previous phase to when all approvals are in hand and start up begins
- start up
 - to the point at which production commences
- operational (investor aftercare)
 - from the start of production forward (doesn't end)

What happens when there is no investor servicing?

negative effects at every stage

- opportunities missed for getting investors to the decision point
- some investors apply for permits and licences but give up
- some get necessary approvals but don't get to operational stage
- some who start operating disinvest
 - or fail to reinvest when they might have

Aftercare: Why do it?

It costs 7 – 10 times as much to get a new customer as to keep an old one

- UK expansion projects 2004/05:
 - over 50% of total projects
 - over 50% of new jobs
 - over 100,000 jobs created/safeguarded
- UK expansion projects 2007/08:
 - 70% of all new jobs

The relevance of best practice

IPA success is made up of many aspects, eg:

- mandate
- governance
- resources available to the IPA
 - human
 - budgetary
- investment regime
- level of governance
- etc

Choosing models to follow

- there is a need to understand the specific circumstances of the IPA in question
 - do the conditions under which it operates exist in your location?
 - could they be created?
- always better to be less ambitious and do a limited number of things well
 - than promise a great deal which cannot be delivered

Thank you