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HARNESSING ICT FOR FDI AND DEVELOPMENT

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Breakfast Session 1: New frontiers in investment promotion

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Harnessing ICT for FDI and Development

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Abstract:

There is a growing recognition of the enabling role that information and communication technology (ICT) plays in promoting development, especially where it can “improve the performance of businesses and the efficiency of markets, empower citizens and communities, increase their access to knowledge, and help to strengthen and redefine governance at all institutional levels.”¹ This paper aims to examine a specific aspect of the relationship between ICT and development via its impact on foreign direct investment (FDI), looking specifically at how ICT can be leveraged to promote the more development-enhancing aspects of such investment.

1. The Global Ascendancy of ICT and FDI

The ascendancy of information and communication technologies (ICT),² especially the Internet and Internet-based technologies and services, has been an important development shaping international production over the past decade. As of December 2007, Internet usage was over 1.3 billion people (Figure 1), compared with 360 million people in 2000.

However, this tremendous growth masks the fact that only 20 percent of the world’s population is currently using the Internet. Internet penetration varies considerably across regions, ranging from 5 percent in Africa to 71 percent in North America. Asia leads in terms of number of Internet users, followed by Europe and North America.³ In China alone, the China Internet Network Information Center reports 162 million users as of June 2007, an Internet penetration of 12.3 percent. The Middle East, followed by Africa and Latin America and the Caribbean, leads the way in terms of Internet growth.⁴

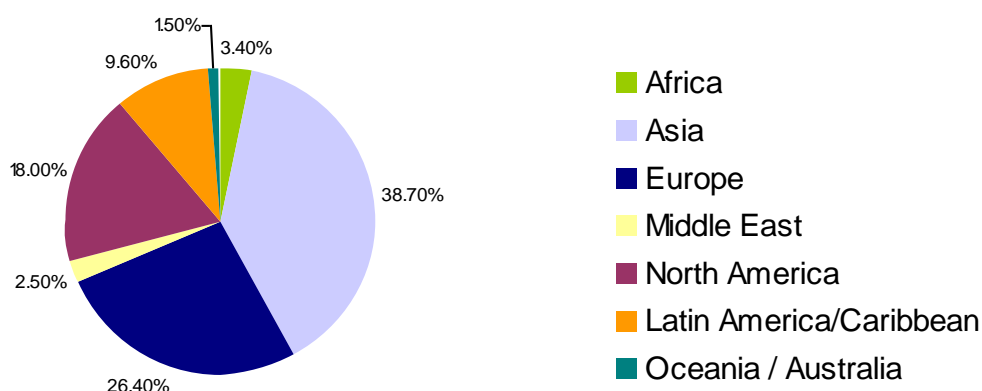
¹ UN Global Alliance for ICT and Development (2006).

² ICT is an umbrella term that includes devices and technologies, such as radio, television, cellular phones, desktop and laptop computers, software, peripherals and connections to the Internet, as well as services and applications associated with them, all intended to fulfill information processing and communications functions.

³ www.internetworldstats.com.

⁴ Ibid.

Figure 1: World Internet Users, December 2007



Source: www.internetworldstats.com

The globalization of production is taking place in parallel with the growth of ICT.⁵ Foreign direct investment (FDI) has been growing over the past decade, with flows reaching a record level of US\$1.5 trillion in 2007 and stocks in excess of US\$12 trillion.⁶ Global sales of foreign affiliates are over US\$25 trillion and exports of foreign affiliates are around US\$5 trillion.⁷ As in the case of ICT, most FDI is concentrated in industrialized countries, which are also home to the overwhelming majority of the world's top 100 multinationals.⁸

Facilitated by the ongoing trend of liberalization of national regulatory regimes and proliferation of international investment agreements, around US\$500 billion in FDI flows went into developing countries in 2007.⁹ FDI into -- as well as from -- these countries has grown rapidly over the past decade. Countries perceived as the most attractive by foreign investors (according to A.T. Kearney's FDI Confidence Index) also score relatively high in different measures of ICT, such as the Networked Readiness Index¹⁰ compiled by the World Economic Forum (Table 1).

⁵ UNCTAD (2008). Information Economy Report 2007-2008.

⁶ UNCTAD, World Investment Report 2007 and press release of January 8, 2008.

⁷ UNCTAD, World Investment Report 2007.

⁸ Ibid.

⁹ UNCTAD press release of January 8, 2008.

¹⁰ The Index is composed of three component indexes which assess (a) the environment for ICT offered by a country; (b) the readiness of the country's key stakeholders (individuals, business and governments); and (c) usage of ICT among these stakeholders.

Table 1: Top developing countries ranked according to A.T. Kearney's FDI Confidence Index 2007 and the corresponding Networked Readiness Index 2006-07

| Country Ranking | Country | FDI Confidence Index | Networked Readiness Index |
|-----------------|----------------|----------------------|---------------------------|
| 1 | China | 2.21 | 3.7 |
| 2 | India | 2.09 | 4.1 |
| 3 | Hong Kong | 1.78 | 5.4 |
| 4 | Brazil | 1.78 | 3.8 |
| 5 | Russia | 1.7 | 3.5 |
| 6 | Vietnam | 1.67 | 3.4 |
| 7 | Malaysia | 1.63 | 4.7 |
| 8 | South Africa | 1.61 | 4.0 |
| 9 | Mexico | 1.59 | 3.9 |
| 10 | Turkey | 1.59 | 3.9 |
| 11 | Indonesia | 1.58 | 3.6 |
| 12 | Poland | 1.58 | 3.7 |
| 13 | South Korea | 1.57 | 5.1 |
| 14 | Czech Republic | 1.56 | 4.3 |

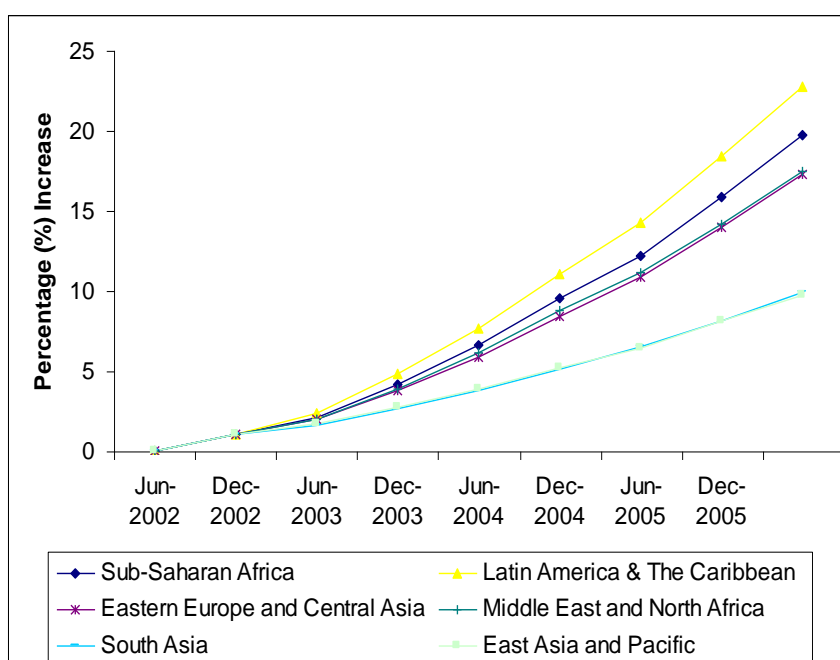
Source: A.T. Kearney, New Concerns in an Uncertain World 2007; World Economic Forum Networked Readiness Index 2006-2007.

MIGA's own experience in the area of generation and dissemination of investment related information illustrates the case of how progress in ICT on the one-hand side, and intensified competition to attract FDI amongst countries on the other, has changed the FDI marketplace. Through its online services,¹¹ MIGA supplies over 15,000 investment related information resources on emerging markets to potential investors. An analysis of users of these services by region undertaken in 2006 (Figure 2) showed a twenty-fold increase (between June 2002 and December 2005) in the number of registered users based in East, South-East and South Asia who had selected Sub-Saharan Africa as a region of interest for investment. The growing attention to Sub-Saharan Africa by potential investors from Asia was also reflected in the upward trend in FDI flows between those regions.¹²

¹¹ MIGA's online services for foreign investors comprised IPAnet, Privatization-Link, and FDI Xchange. When MIGA launched IPAnet in 1995, it was considered a pioneer in the use of the Internet for disseminating information on investment opportunities and the business environment in developing countries. Subsequently, MIGA diversified its information services by launching PrivatizationLink (1998), FDI Xchange (2002), and the FDI Promotion Center (2004), and later integrated the first two into FDI.net (2006) and launched PRI-Center (2006).

¹² Africa's Silk Road: China and India's New Economic Frontier (2007), The World Bank, Annex 5A.

Table 2: Demand for FDI Information on Sub-Saharan Africa by Region



Source: MIGA (2007)

2. How Does ICT Promote FDI for Development?

There is a growing recognition that ICT can act as a catalyst for development, enabling change across all sectors, helping countries unleash their economic potential in terms of productivity and competitiveness (especially in combination with other growth-promoting policies); offering the opportunity to leapfrog stages of both technology and development; and increasing overall economic efficiency by allowing the flow of relevant information. It is only in recent years, however, that the link between ICT and FDI has been examined more systematically in the literature. The general body of literature looks at ICT as (i) a “location” factor for attracting FDI; and (ii) a factor that influences other determinants of FDI and hence indirectly has a positive impact on such investment.¹³

Based on MIGA’s past experience in the use of ICT on FDI promotion, this paper aims at examining the more practical aspects of how ICT can be used as an investment promotion tool to facilitate, but also to enhance, the ability of countries to attract such investment in general and development-promoting FDI more specifically.

(i) ICT as a Determinant of FDI

While several factors come into play in what determines a country’s attractiveness to FDI, there is growing literature on the role of ICT as a determinant of such investment, which is summarized below. Basically the evidence suggests that ICT encourages FDI either by reducing search time and related costs or through increases in efficiency and productivity.

¹³ A body of literature, presented later discusses how ICT influences other “location” determinants of FDI.

ICT and the diffusion of new ICT instruments (e.g. Internet hosts, mobile phones) are found to be significant “pull” factors for FDI by a recent study.¹⁴ Another study found a causal relationship between ICT and FDI in the case of developed countries, meaning that a higher level of ICT investment leads to an increase in the flow of FDI.¹⁵ That result, however, could not be replicated for developing countries, but there was partial evidence of the opposite causal relationship, namely, that the inflow of FDI causes further increases in ICT investment and production capacity.

Another study reported a direct correlation between the growth of Internet users or Internet hosts and FDI: a 10 percent increase in either of the former is correlated with a 2 percent increase in FDI flows.¹⁶ This works through the Internet helping to lower prices by reducing search costs for B2B, B2C, B2G and generally contributing to the efficient functioning of both domestic and export markets. Lower costs mean lower entry barriers and intensified competition, which can lead to higher productivity and more FDI. Another study supported the link between the Internet and FDI, finding that positive network externalities associated with Internet usage encourage FDI.¹⁷ That study provided strong evidence that the presence of negative network externalities in developing countries actually discourages inward FDI. All of these findings support on the correlation between Internet growth and international trade. A recent study has found that in recent years a 10 percentage point increase in the growth of Web hosts in a country leads to about a 0.2 percentage point increase in export growth.¹⁸

ICT can also increase productivity and FDI by cutting the cost of holding inventories through “just-in-time” inventory management by supporting a closer integration between demand and production. Just-in-time management can lead to significant reductions in production costs by permitting a direct link between the customers and producers.

(ii) ICT Effects on Other FDI Determinants

ICT influences FDI indirectly through its effects on other FDI determinants. For example:

- ICT exerts a positive influence on innovation and entrepreneurship, which are particularly important determinants of FDI, especially technologically intensive investments, FDI in R&D and technology intensive strategic alliances.
- A good ICT infrastructure also enhances the attractiveness of countries to export-oriented FDI. ICT provides the logistical support to facilitate exporting and that contributes to a country’s attractiveness to foreign investors seeking to establish a presence in order to serve regional or global markets.
- ICT (especially the extensive use of the Internet) can also improve transparency in host countries and reduce corruption, which acts as an impediment to FDI.¹⁹

¹⁴ Azmat Gani and Basu Sharma (2003). The Effects of Information Technology Achievement and Diffusion on Foreign Direct Investment, *Perspectives on Global Development and Technology*, Vol. 2, No. 2 (June), pp. 161-178.

¹⁵ Roghieh Gholami, Sang-Yong Tom Lee, Almas Heshmati (2006). The Causal Relationship Between Information and Communication Technology and Foreign Direct Investment, *The World Economy* 29 (1), pp. 43–62.

¹⁶ Changkyu Choi (2003). Does the Internet stimulate inward foreign direct investment? *Journal of Policy Modeling*, Vol. 25, Issue 4 (June), pp. 319-326.

¹⁷ Kwan Wai Ko (2007). Internet externalities and location of foreign direct investment: A comparison between developed and developing countries, *Information Economics and Policy*, Vol. 19, Issue 1 (March), pp. 1-23.

¹⁸ Caroline L. Freund and Diana Weinhold (2004). The effect of the Internet on international trade, *Journal of International Economics*, Vol. 62, Issue 1 (January), pp. 171-189.

¹⁹ H. D. Vinod (2005). Opening to the World: The Effect of Internet Access on Corruption. School of Information, University of Michigan.

(iii) ICT Reduces ‘Distance Effects’

Developments in ICT are helping to bridge time and distance, supporting new organizational forms in international production. Certainly ICT has played an important role in enabling multinational corporations organize and coordinate their production activities across borders in ways that allow them to raise profits, reduce costs and improve efficiency and competitiveness. ICT has been instrumental in lowering the coordination costs within the multinational corporate network, thus facilitating vertical and horizontal integration and the formation of global/regional production networks and alliances. Lower “staying connected” costs encourage multinational enterprises to expand internationally by reducing the cost of coordinating far flung operations. Specific ICT applications, such as workflow systems, groupware systems, e-mail, and data transfer through Internet and videoconferencing, have contributed to the vertical integration of firms' activities located across borders and to the growth of inter-firm alliances.²⁰

One example of the use of ICT is in the organization of teams that work together, but are physically separated in terms of both distance and time. Such “round-the-clock” work schedules are used by multinational enterprises to complete projects faster and cheaper. ICT also allows them to re-organize supply chains and the logistics of product design, production, delivery and back office activities. For example, off-shoring allows companies to carry out routine support functions in less expensive locations, thus reducing costs.

Another area in which ICT has played an important role in reducing distance effects is in the internationalization of R&D activity by multinational enterprises.²¹ Going beyond product adaptation to local environments, multinational enterprises are undertaking innovative R&D abroad to tap into local expertise, relatively inexpensive and highly skilled workforce and centers of innovation (“asset-seeking” FDI). Such activities are undertaken increasingly in developing countries in collaboration with the parent firm, other multinationals around the world (strategic alliances), or with the local private sector and public entities (universities, research centers), with important benefits for the host country in terms of linkages and spillovers. Nevertheless, while the incidence of the location of such R&D activities in intra-firm networks located in the developing world is increasing, it is a small number of countries (mostly in South East) with the appropriate ICT infrastructure that allows coordination across borders and the easy exchange and flow of information and knowledge.

(iv) ICT and FDI Spillovers and Linkages

The presence of an appropriate ICT infrastructure can help maximize the absorption of spillovers and linkages arising from FDI. This means that ICT can enhance the impact of employment, knowledge, skills, etc. that originate from the activities of foreign companies in host countries. As a country's ICT infrastructure proliferates or becomes more sophisticated, the country's ability to absorb and utilize more of these spillovers and linkages increases. As well, ICT increases the potential for different communities to connect to the economic activities most closely associated with FDI and reap benefits through linkages.

²⁰ P. M. Rao (2001). The ICT revolution, internationalization of technological activity, and the emerging economies: implications for global marketing, *International Business Review*, Vol. 10, Issue 5 (October), pp. 571-596.

²¹ Grazia D. Santangelo (2001). The impact of the information and communications technology revolution on the internationalisation of corporate technology, *International Business Review*, Vol. 10, Issue 6 (December 2001), pp. 701-726.

3. ICT and Investment Facilitation

ICT, especially the Internet and Internet-based technologies, has been one of the most important innovative tools used by investment promotion intermediaries (IPIs) in recent years in putting their plans into action. To-date, there are at least 450 IPIs (national and regional investment promotion agencies, privatization agencies, public-private partnership promotion agencies) with an online presence, compared with about half that number only at the beginning of this decade.²² Most of these IPIs have moved beyond using the Internet as an online window to feature their agency's promotional literature and basic country information to more sophisticated stages of developing their online presence. Typically, these stages entail a wide spectrum of ICT tools and activities beyond building and maintaining a Web presence. In this new paradigm, different facets of ICT are used to attract and retain FDI and achieve the maximum benefits from it. And as ICT becomes more widely available, its use evolves to better suit the changing needs of investment promotion professionals in implementing increasingly sophisticated investment promotion plans that target investors in development-contributing sectors (such as infrastructure, utilities or any other 'strategic' sector deemed as contributing to a country's development by policy makers).²³

Investors themselves are becoming more sophisticated users of ICT (the Internet in particular) in carrying out screening and due diligence for deciding on the best investment location. Online searching and information retrieval tends to be inexpensive, and competition among different locations works to investors' benefit by expanding the pool and quality of information and improving host government policy transparency. MIGA's past experience with investors embarking on a site selection process suggests that online tools and services are indeed a cheaper and quicker means of providing investors with the information they need to screen a location, including information on the location of rival firms and the existence of supplier networks. At least at the initial stages of research, investors may not even contact investment promotion agencies, preferring instead to carry out most of the first-hand search on their own.

Small and medium sized investors (SMEs) benefit particularly from Internet – based investment promotion because easy and cheap access allows them to reduce their search costs when evaluating projects in different locations. This includes SMEs based in developing countries seeking to expand production overseas. These companies are particularly hindered by a lack of information on investment opportunities and lack the means of obtaining it outside the cyberspace.

In 2006, MIGA's technical assistance group (now merged into the Foreign Investment Advisory Services, a multi-donor service of IFC, MIGA and the World Bank) published a report benchmarking the performance of national investment promotion agencies (IPAs) in providing information to investors engaged in their initial screening, or "long listing" of project locations. The report, titled Investment Promotion Agency Performance Review 2006, also reviewed the Web presence and inquiry-handling practices of 114 developing economy and 11 developed economy IPAs from an investor's perspective against a variety of different measures of quality. The results were benchmarked against a selection of the world's leading agencies in investor servicing.

The main finding of this report centered around the fact that IPAs performed better in Web site assessment than in inquiry handling assessment. This seems to suggest that while IPAs have invested in communication technologies, this has not always translated into successful support for investors because of

²² Based on listings in MIGA's FDI.net database.

²³ Over the past several years, MIGA has held a series of workshops focusing on the use of the Internet for Investment Facilitation, in conjunction with the World Association of Investment Promotion Agencies (WAIPA) and other partners, in the Caribbean, Central and Eastern Europe, East, Southern and West Africa, North Africa and Middle East and the South-Pacific Islands. Lessons-learned from these workshops are condensed into the main findings of this section.

existing deficiencies in organizational systems and client-interfacing skills. For the most part, IPAs suffered from weak or nonexistent systems for receiving, handling and responding to investor inquiries. This highlights the fact that while ICT is a necessary and important tool for IPAs in handling such inquiries, it is by no means sufficient for interfacing with investors, including those who are likely to have the biggest development impact on the domestic economy.

Even in IPA Web presence, the findings of the report indicate a need to develop information that better addresses location factors critical to the site selection process, as well as a need to present information that conveys to investors how a country's assets translate into advantages for them. Such content includes information on specific industries in which a country has a competitive advantage. From the perspective of maximizing the development impact of an investment, this is important because it helps attract FDI into those sectors that offer the most linkages, skills, upgrading potential etc.

In benchmarking the findings of the report, the results suggested that at least half of the developing-economy IPAs surveyed are not providing the levels of service and information that expected by investors. Most of these IPAs would benefit from improving both the systems and skills used in interfacing with investors, as well as the quantity and quality of information provided.

What follows next are some areas and examples in which ICT can play a role in investment promotion, bringing out the development impact where relevant.²⁴

(i) Marketing Through Cyberspace

IPIs are increasingly using their Web presence as a tool to market their location, advertise specific projects and to achieve face to face engagement with potential investors. As the Internet becomes a prominent tool for accessing information, negative investor perceptions can be dispelled by providing potential investors with access to adequate and appropriate information. This is particularly important for certain regions of the world (e.g. post-conflict countries), where there may be a lag between perception and reality of the true investment environment. A recent study shows that in the case of Sub-Saharan Africa, a region that is often said to suffer from negative perceptions, there is a direct relationship between high accessibility of government information and high inward FDI flows – and the Internet is certainly a tool facilitating access to such information.²⁵

Marketing using ICT adds a new dimension to any IPI's marketing plan. ICT, especially the Internet-based tools, can be harnessed to promote a country's competitive advantage in sectors that maximize development impact. This can be achieved through Internet advertising, search engine listings, e-newsletters, Webinars etc. Accessing user profiles and monitoring frequently the statistics on the results of such online marketing campaigns provides useful feedback on their success.

(ii) Tracking Investor Inquiries

Using ICT IPIs are putting in place increasingly sophisticated investor inquiry tracking tools to handle and process such inquiries. This allows them to shorten response time, better customize responses and generally follow best practice in this area.

²⁴ The role of ICT in investment promotion was first discussed in a series of MIGA workshops on "IT tools for Investment Promotion". For further details and related readings see FIAS' FDI Promotion Center (<http://www.f DIPROMOTION.COM>)

²⁵ Abraham A. Azubuike (2006). Accessibility of Government Information as a Determinant of Inward Foreign Direct Investment in Africa. Economic Commission for Africa.

(iii) Aftercare Programs

Likewise, ICT allows IPIs to put in place aftercare servicing tools to respond to the needs of existing investors. Aftercare management is important not only because it can help generate repeat investments, but also because it helps to ensure that the benefits and positive spillover of existing firms are realized and maximized, thus contributing to economic development.²⁶ As part of a broader aftercare program, ICT equips IPIs with the tools to help existing firms build a network of local suppliers and industry clusters so as to:

- Maximize linkages and positive spillovers at the firm level;
- Link with other government agencies e.g. to obtain the relevant permits for export promotion;
- Support R&D and new technologies through linking with a pool of local talent, university or research facility;
- Formulate clusters to benefit from agglomeration effects; or
- Simply facilitate additional investments by these firms.

All of these functions have important positive development effects, and ICT tools used by IPIs can help bring an aftercare program to fruition.

(iv) Developing Relevant Content

ICT allow IPIs to develop content relevant to investor requirements and package it in a format that is user friendly. IPIs are using ICT to develop and revamp content on their Web sites and to follow best practice in content management and updating. This means posting relevant content that is easy to locate, fast to download, well organized, contains comparative information, includes testimonials and case studies and is written in an investor friendly format.

The Internet serves as a vast library for IPIs where they can explore what is already available on their country/region in general or on the specific sector or type of investment they seek to promote. This provides useful information on content needs, namely: (a) what new content/information material IPIs need to develop from scratch; (b) what is already available that can be tapped easily (e.g. through links); (c) quality of existing content through comparisons with what is available elsewhere (e.g. similar content found in other IPI Web sites).

(v) Disseminating Information

Disseminating information is a key IPI function. ICT is a particularly useful medium for disseminating time-sensitive types of information (e.g. via e-newsletters and e-mail alerts), such as those that have deadlines (e.g. privatization opportunities, PPP tenders, investment projects), or those that change relatively frequently (e.g. amendments to relevant legislation, new incentives, taxation changes).

Recent years have witnessed the increasing availability of standardized location information (e.g., salaries, property costs) through services such as OCO Assess (a location benchmarking tool developed by OCO). While much standardized locational and market demographic information is available for the United States, firms such as OCO and the Economist Intelligence Unit now offer similar information for several emerging markets across several sectors.

²⁶ UNCTAD (2007). Aftercare: A Core Function in Investment Promotion.

(vi) Monitoring and Evaluating Investment Promotion Campaigns

ICT allows IPIs to receive feedback on the kind of information and content posted on their Web sites. Such feedback can come in the form of periodic reports on the popularity of different sections of an IPI's Web site, feedback emails, focus groups etc. In this way IPIs can assess the different steps in the implementation process of their investment promotion program.

IPIs can also utilize ICT as a channel for providing feedback to policy makers about the effectiveness of investment policies and the FDI regulatory framework in general. It also can serve as a tool to facilitate policy coordination, not only with other government agencies, but with regional IPAs, privatization agencies, PPP organizations chambers of commerce and business associations.

(vii) Contacting Relevant Agencies

Ease of contacting an IPI is imperative in investment promotion and ICT plays an important role in making sure that this happens effectively. Besides posting their full contact information on the Web (own site and sites of other related agencies), IPIs are becoming more adept at using ICT to respond speedily to investor inquiries, tract such responses and communicate effectively with prospective clients. Interactivity and dialogue with potential investors are important for finding the right kind of investment that suits the country's development objectives.

(viii) Researching on the Internet

More and more IPIs are becoming skilled in using the Internet to carry out research and put together information to meet specific investor requirements. Carrying out research using Web sources, either free or fee-based, requires a different set of skills and training and has a different cost structure than traditional research (e.g. use of search engines, database searches, data downloading).

Such research may help a country target the sort of companies or investment that is best suited to its own development goals. For example, for countries seeking to attract more sophisticated FDI as part of their development objective to upgrade through higher value added investment, the Internet can be a medium through which they can (a) come up with a target set of companies that is compatible with such an objective; (b) monitor information on these companies' expressed perspective investment plans; (c) evaluate specific investment opportunities that match their plans; and (d) find contact information to approach these companies.

As well, IPIs use the Internet to promote specific investment opportunities in line with their development objectives. Comprehensive and in-depth information on such opportunities, updates and deadlines are important in this regard.

(ix) Partners

Partnerships can leverage ICT to produce benefits for IPIs through e.g. cross Web listings and cross promotion/marketing in general, better search engine rankings etc. In addition, IPIs can leverage partnerships to disseminate relevant content/information; to reach out to new audiences and potential investor groups; to network; and to carry out market research.

ICT becomes particularly useful when seeking to establish a forum to share experiences on how to attract the 'right' kind of investment or on how to achieve the maximum benefits from FDI. Such an online forum can serve as a means to cooperate for mutual benefit, without precluding competition for FDI.

4. What Are IPAs Doing to Harness ICT for FDI and Development?

While more and more IPAs are using ICT in FDI promotion, there is a wide spectrum of performance when it comes to success in following global best practice. In 2006, MIGA published a study that benchmarks the performance of IPAs in providing information to investors, which evaluated the Web sites and inquiry-handling practices of 114 developing-economy and 11 developed-economy investment promotion agencies (IPAs) against multi-dimensional measures of quality.²⁷ The study found that while there were encouraging performances by some IPAs in nearly all developing regions, at least half of them were not yet providing the levels of service and information that investors expected. Investor inquiry handling was particularly weak. Most would benefit from a focus on improving both the systems and skills used in interfacing with investors and the quantity and quality of information provided.

Similarly, while the snapshot of investment information contained in MIGA's online services suggests that Sub-Saharan Africa overall is well represented²⁸, the "on-average" good picture of the continent hides significant asymmetries across countries in terms of investment information availability. Important gaps in the availability of information for many countries in Sub-Saharan Africa still exist. Moreover, the MIGA study also indicates the need to improve not only the quantity but also the quality of information resources focused on investor demands.

* * *

It is widely recognized that competition for FDI is becoming fierce, not only among countries, but also among different regions within a country. While the use of ICT in investment promotion has come a long way over the past decade, challenges still remain in using it to enhance an investment promotion campaign and to create an investment environment that minimizes the administrative costs of doing business. Below are some suggestions on using ICT to increase FDI and its development impact:

- Build a competitive ICT infrastructure (including connectivity); it is also an area where FDI can help: about US\$ 25 billion in FDI has been invested in African telecoms in the last 10 years.
- Use ICT effectively to organize and carry out IPI investment promotion activities productively in order to achieve the maximum "bang for your buck". Seek to utilize ICT to broaden market reach, create a worldwide presence and achieve multiplier ("viral") effects in marketing whatever sector, project or type of investment that is most suitable to your country's development objectives.
- Use ICT in processes, such as inquiry handling so as to minimize response time and customize follow up, all of which continue to be weaknesses for many IPAs. Use user-friendly inquiry forms and speedy and customized follow-up that takes advantage of time zone differences and helps cut response time.
- Use ICT to coordinate with other government agencies so as to better access and disseminate information about a broad range of policy changes that might have implications for foreign investors – both potential and existing ones.
- Use ICT to become more responsive to new or changing investor information requirements. This implies that IPAs need to be aware of what these may be in the first place, which places emphasis on investor feedback.
- Establish an online forum (e.g. an intranet in the World Association of Investment Promotion Agencies) through which registered IPAs can share ideas, knowledge, experiences and expertise privately, as well as post confidential information (emulating for e.g. the Berne Union Secretariat intranet).

²⁷ MIGA (2006). Investment Promotion Agency Performance Review 2006: Providing Information to Investors.

²⁸ See Africa's Silk Road: China and India's New Economic Frontier (2007), The World Bank, Annex 5A.