

Options and Benchmarking for the Proposed Department of Investment Zones of the National Investment Commission

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Overview

- Institutional and Governance Framework
- Overall strategy and objectives
- Human Resources
- Functions and staffing of investment services departments
- Structure and Staffing of Investment Zones Department, NIC

Investment Promotion Agencies (IPA)

- Significant role of IPA in facilitating FDI inflows
- The effectiveness of an IPA depends on:
 - Clear strategy and objectives
 - Institutional structure
 - Human resources
- Success of the future Department of Investment Zones relies on its integration into the NIC mission and structure:
 - Advocacy and drafting of the country's national investment policy and guidelines
 - Monitoring their implementation

Investment Promotion Agencies (IPA)

- Singapore's Economic Development Board (EDB):
 - Promotion of investments
 - Leading role throughout Singapore's rapid economic modernization and diversification process
- CzechInvest:
 - Investment and Business Development Agency
 - Assistance for domestic and foreign investments
- Tunisia's Foreign Investment Promotion Agency:
 - Support to investors
 - Promotion of foreign investment in Tunisia



Institutional and Governance Framework

- Success factors of IPAs:
 - Clear legal status
 - Operational autonomy with defined functions
 - Powers necessary to carry out their mandates
 - Direct reporting to the highest levels of government
 - Integration with the private sector
- EDB:
 - Established under the Ministry of Industry
 - Board dominated by private sector representatives
 - International Advisory Council chaired by Prime Minister's Office with Presidents and CEOs from leading multinational corporations

Institutional and Governance Framework

- CzechInvest:
 - Operates under the Ministry of Industry
 - Steering Committee of 11 members (4 from the private sector) carefully chosen to promote consensus on the major role of FDI in the Czech Republic
- FIPA:
 - Reports to the Minister of Development and International Cooperation
 - Board of 11 members dominated by the public sector (7 out of 11)
 - FIPA benefits from a close working relationship with its parent ministry and the leadership of its minister

Overall Strategy and Objectives

- EDB:
 - Enhance Singapore's position as a global hub for business, investment and talent
 - Create sustainable economic growth through the expansion of business and job opportunities
 - Position Singapore as a strategic business location for global companies and Asian enterprises
- CzechInvest:
 - Initial orientation towards multinational greenfield manufacturing projects
 - Repositioning by enhancing competitiveness, innovation and exports
 - Major programs: network of regional offices and overseas offices, investor incentives, industrial zones, property development, and supplier development

Overall Strategy and Objectives

- FIPA:
 - Objectives:
 - Define the Tunisia location as a product
 - Differentiate Tunisia from its competition
 - Focus the operation on serving an expanded potential client base of European and EU market-focused investors
 - Target specific industries and companies and design an investment promotion plan for each targeted sector
 - Launch studies to examine the cost structures of targeted products in a number of countries that competed with Tunisia for FDI
 - Creation of a customer-focused operation

Human Resources

- EDB:
 - Selection of potential candidates at high school graduation and funding through university
 - Hiring of more senior specialized skills direct from the labor market
 - Salaries often higher than those offered by the civil service
- CzechInvest:
 - 150 staff
 - Selection of self-motivated, multilingual young staff backed by experienced foreign advisors
 - Newly hired staff are delegated significant responsibility in terms of project management and product development

Human Resources

- FIPA:
 - 66 employees in Tunis and 12 abroad
 - Evaluation conducted every 3 months on work discipline, punctuality, efficiency, use of initiative, and communication skills
 - Training on an individual basis on languages and computer skills
 - Participation in training missions abroad and international development networks

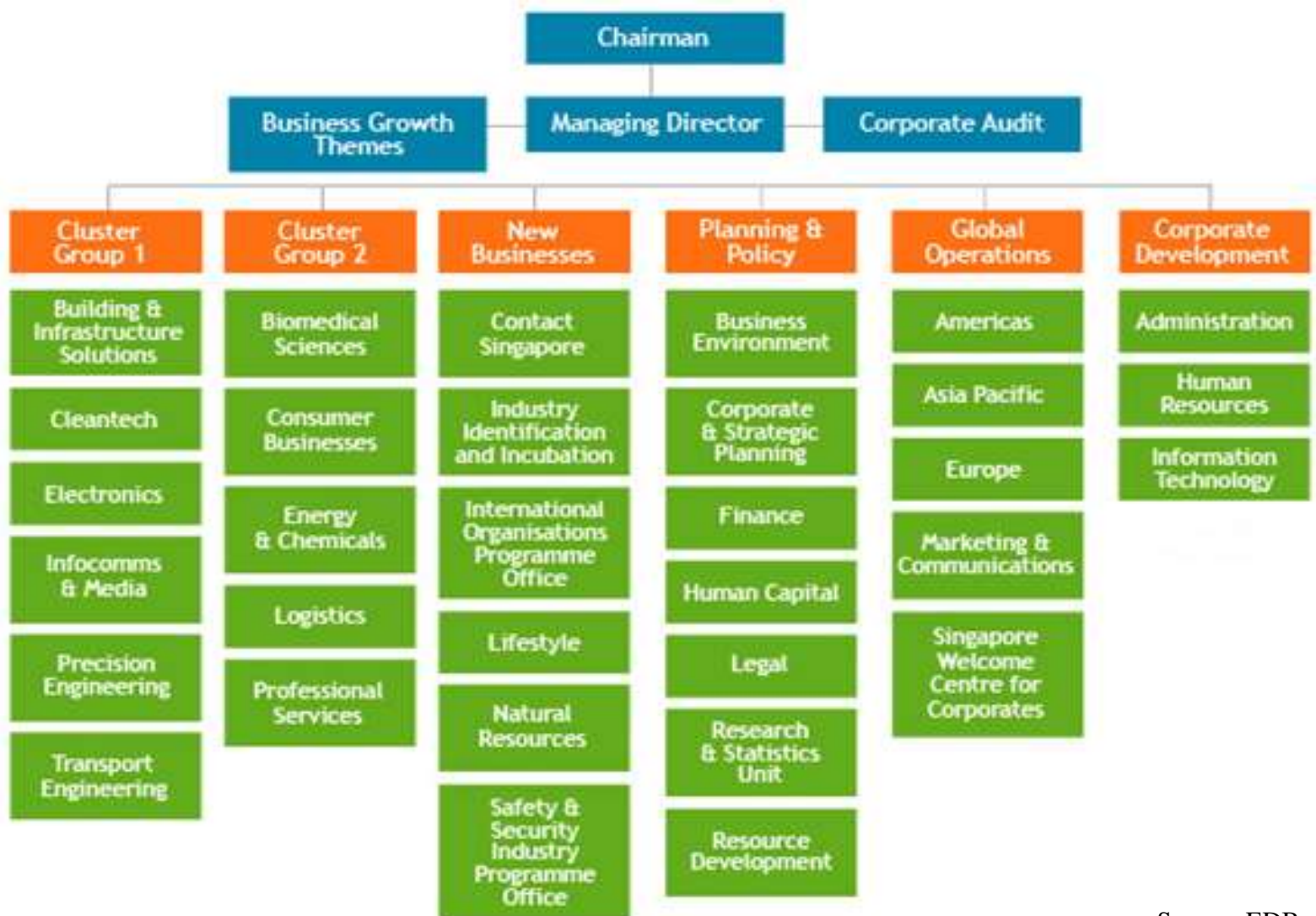
Functions and staffing of investment services departments

Investor's Investment Phase	IPA Function/Objective	Key Activities and Services
Identify potential investment locations	Image Building Create the perception of the country as an attractive investment location	<ul style="list-style-type: none"> • Advertising and branding • PR events • Marketing campaigns /road shows • Investor forums, trade shows • Hosting inward investment missions • Outreach to journalists and business partners • Web site and campaigns
Narrow down potential locations to a high-potential location for investment	Investment Generation Generate investment leads in targeted sectors	<ul style="list-style-type: none"> • Identification of target sectors • Identification of target investors, companies • Direct mailing, telephone and web campaigns • Company visits, direct selling • Seminars for targeted investors
Make an investment decision and implement investment	Investment Facilitation Convert an investment lead into an actual investment	<ul style="list-style-type: none"> • Information provision • Sector analyses; cost and other data • Coordination of site visits • Identification of local partners, suppliers • Identification of potential sites • Assistance with government approvals; troubleshooting
Operate and expand business	Post-Investment Services (Aftercare) Ensure that investors are operating successfully, facilitating future reinvestments/expansions and helping attract new investors	<ul style="list-style-type: none"> • Assistance with obtaining all registrations, permits, licenses required to obtain site, facilities and begin operations • Troubleshooting investor problems and issues • Ombudsman function • Policy advocacy to enhance investment climate

Functions and staffing of investment services departments

- EDB:
 - Organizational structure is industry based to provide end-to-end services to investors
 - 6 departments oriented towards the development of innovation-intensive and corporate support activities, and structured on a sectoral basis
 - Services offered:
 - Provision of sector-specific information
 - One-stop-shop (OSS)
 - Investment facilitation (including assistance with registration and permits, infrastructure and human resources)
 - Facilitation of linkages with the local business community

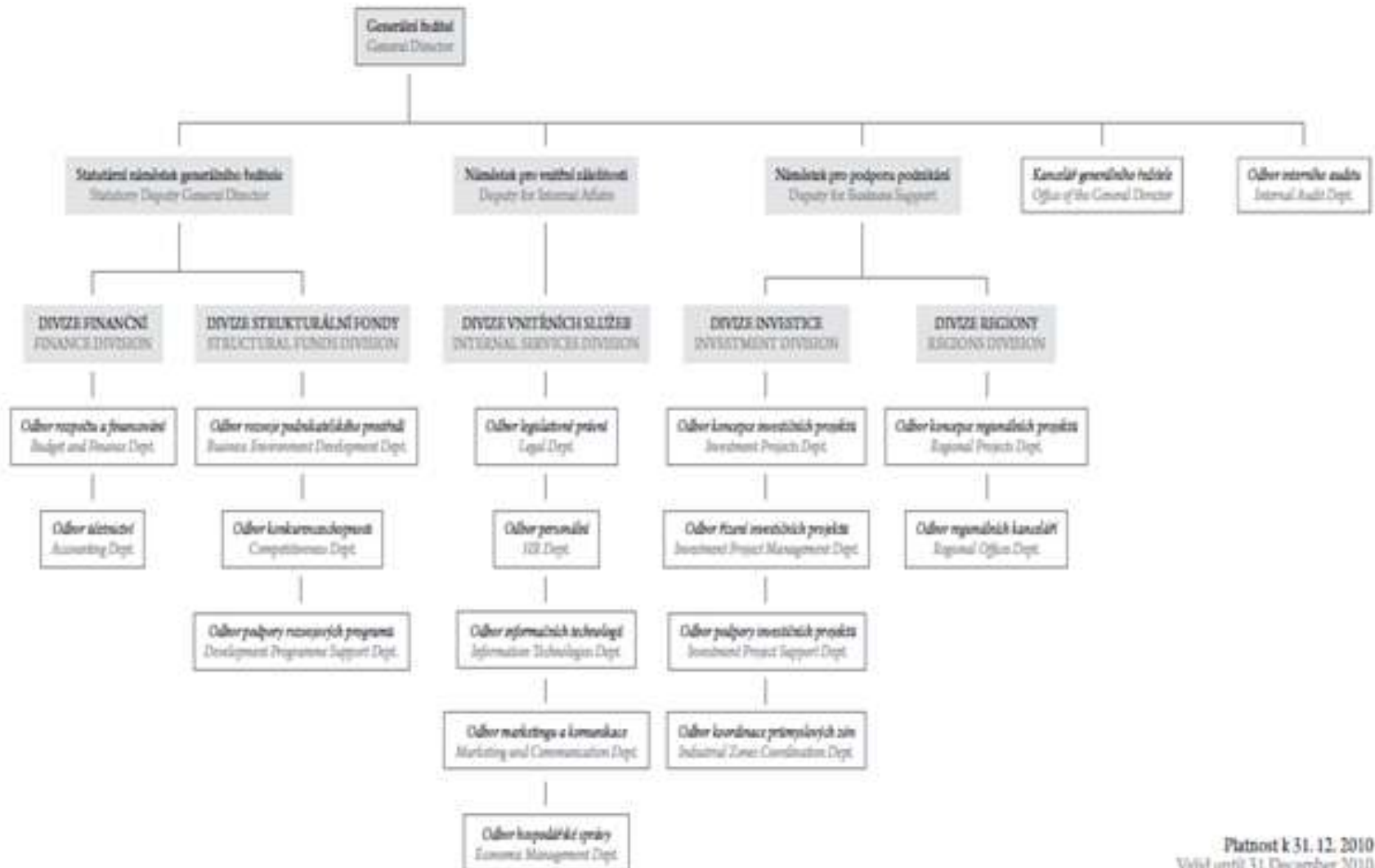
Functions and staffing of investment services departments



Functions and staffing of investment services departments

- CzechInvest:
 - Organized in 5 departments
 - Investment Projects Department is the principal arm responsible for facilitating investments
 - Services offered:
 - Provision of investment environment and sector information
 - Tailor-made visits to the Czech Republic
 - Handling of investment incentives
 - Business property identification, supplier and joint venture partner identification
 - Liaising with government and municipal bodies, investors
 - Aftercare activities: assistance with supplier selection, identification of location, mediation with government bodies

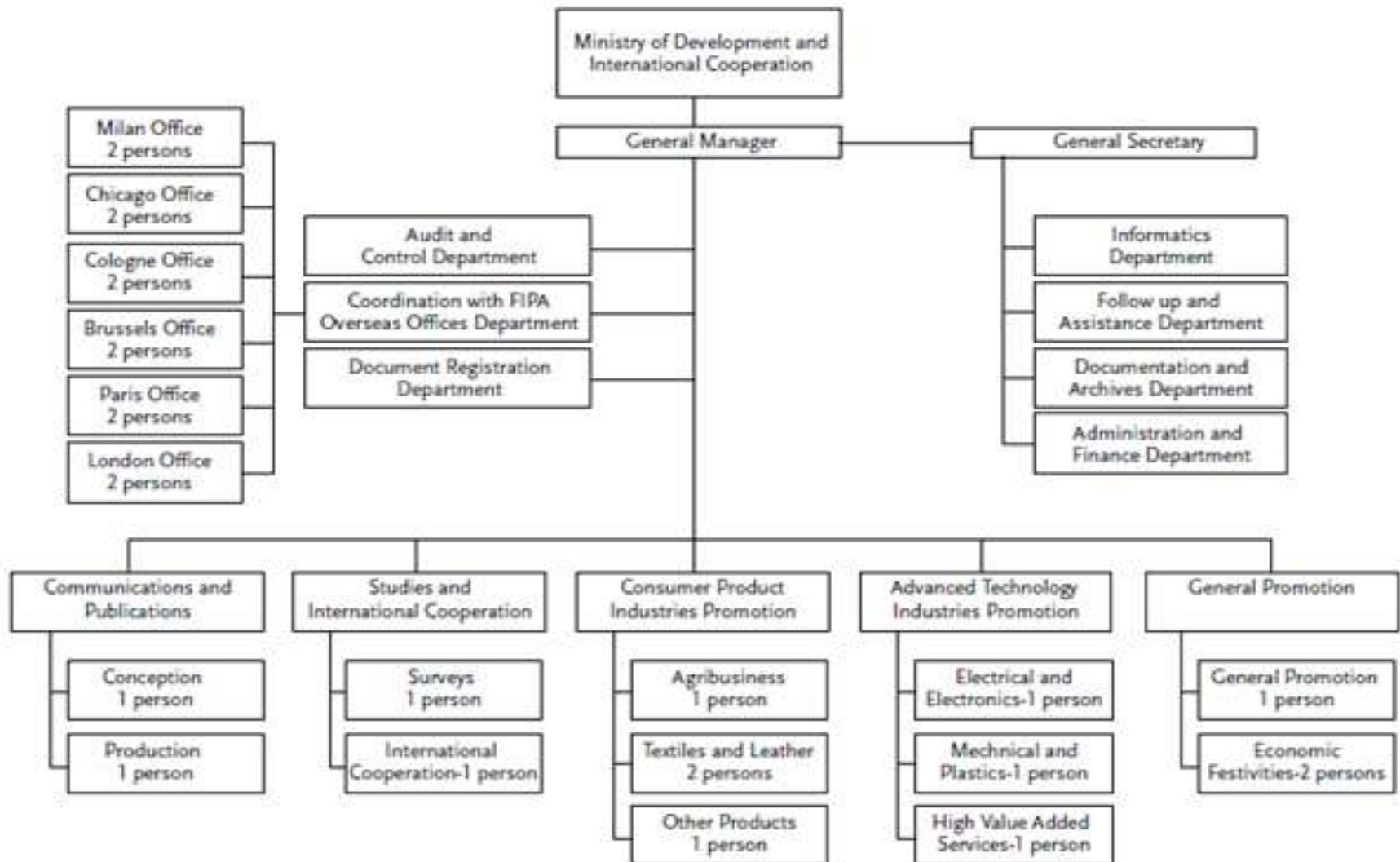
Functions and staffing of investment services departments



Functions and staffing of investment services departments

- FIPA:
 - Organizational structure comprises technical and administrative divisions
 - Transition from general promotion of Tunisia to sector-based targeting and outreach in 2000
 - Dedicated customer care by assigning single points of contact within the agency:
 - Investment officers assist investors until implementation of investment projects
 - Follow-up and Assistance Division interacts with other government agencies in resolving investor problems
 - Formal channels address installed investors' problems

Functions and staffing of investment services departments



Structure and Staffing of Investment Zones Department, NIC

- NIC:
 - Administrative oversight by the Council of Ministers
 - Led by a chairman nominated by the Council of Ministers for 5 years
 - Board of Directors composed of 9 members dominated by private sector representatives (6 out of 9)
 - Draft Iraqi investment zones regulation provides for the creation of a Department of Investment Zones (DIZ)

Structure and Staffing of Investment Zones Department, NIC

- Duties of the Department of Investment Zones:
 - Formulation and implementation of the Iraq investment zones strategy, including proposing sites for development in coordination with relevant authorities
 - Recommending to NIC Chairman that zone developer licenses be issued once applicant has met all requirements
 - Submission of periodic reports on investment zone activity to the Chairman of the NIC
 - Banning all activities within each zone that conflict with public order or intellectual property rights, or threaten the environment
 - Any other duties assigned by the Chairman of the NIC

Structure and Staffing of Investment Zones Department, NIC

- Points for clarification:
 - Human resources needed:
 - NIC employees: knowledge of the investment zones programme
 - Other ministries' personnel: network of contacts
 - Private sector staff: business perspective
 - Processes managed by the DIZ:
 - Different steps to be followed
 - Deadlines
 - Documents to furnish
 - Decision criteria and options for appeal
 - Automatic approval of certain filings or requests
 - Notification of rejection within a predetermined timeframe
 - On-line procedures