Fifth meeting of the OECD Investment Promotion Agency Network

Investment promotion for a sustainable and resilient COVID-19 recovery

Summary Report

20-22 October 2020
OECD virtual meeting
SUMMARY OF THE WORKSHOP

On 20-22 October 2020, the OECD organised a virtual workshop on Investment promotion for a sustainable and resilient COVID-19 recovery. It was the fifth meeting of the OECD Investment Promotion Agency (IPA) Network. The workshop featured over 130 participants from approximately 50 OECD and partner countries, including senior representatives from 50 to 60 national and sub-national IPAs as well as policymakers and representatives from the private sector, civil society, academia and international organisations.¹

Context

The COVID-19 pandemic is without precedent in living memory, causing a severe health, social and economic crisis. The OECD has projected the global economy to contract by 4.2% in 2020. Global FDI flows fell by 50% in the first half of 2020 compared to the second half of 2019 and they are expected to drop by at least 40% in 2020 compared to 2019.² The recovery will also be slow and occur in a very uncertain period. This shattering economic disruption can be mitigated by appropriate policies and government interventions. Investment attraction and retention are part of the response to the crisis, and IPAs are an integral part of that solution. Their flexibility, innovative mind-set and unique role at the intersection of government and business makes them key players in the response to the COVID-19 crisis.

In this context, international cooperation is more crucial than ever, including when discussing IPA initiatives and reforms. In crisis times, short term responses require quick adaptation and medium-term responses can have a long-lasting impact. The OECD IPA Network supports peer-learning and evidence-based dialogue for informed and coordinated responses (see Box 1 for more information on the Network).

Highlights

The meeting was chaired by Jeroen Nijland, Commissioner of the Netherlands Foreign Investment Agency, elected Chair of the OECD IPA Network at last year’s edition of the workshop. Due to the exceptional health circumstances, the workshop was fully virtual and spread across three days. On the first day, IPAs – both national and subnational – and policymakers from OECD and partner economies as well as representatives from the private sector, civil society, academia and international organisations attended a plenary session to discuss the impact of the COVID-19 crisis on investment promotion and facilitation and future prospects. The following days, IPA practitioners from a smaller group of countries engaged in discussions on monitoring and evaluation and on strategic foresight.

¹ Participating IPAs in the first session included those from OECD countries as well as agencies from Latin America and the Caribbean, the Middle East and North Africa, Eurasia and Southeast Asia. Some countries were also represented by their Investment Committee delegates. International organisations included the World Association of Investment Promotion Agencies, the World Bank Group, the World Economic Forum, the World Trade Organization and the United Nations Industrial Development Organization.

² See the OECD Economic Outlook, December 2020, the OECD note on Foreign direct investment flows in the time of COVID-19 (May 2020) and the latest FDI in Figures report (October 2020).
Session 1: the impact of the COVID-19 crisis on investment promotion and facilitation: lessons learned and future perspectives

As the dramatic economic contraction, the drop in FDI and the social crisis generated by the COVID-19 pandemic pose major challenges to IPAs and policymakers, the first day of the workshop was dedicated to discussing the investment community’s responses to the crisis and its future prospects on the role of investment promotion and facilitation in the recovery, the evolving role of IPAs and their interactions with other players. Participants discussed lessons learned since the webinar held in April 2020 with OECD IPAs and the policy note Investment Promotion Agencies in the time of COVID-19 released shortly thereafter. The wide range of participants brought perspectives from different regions and contexts. Participants shared their experience on supporting the creation of resilient supply chains, mitigating the risk of divestments and declining FDI projects, adapting to new ways of working with rapid digitisation, adjusting prioritisation efforts towards increased sustainability, and focusing on investment climate improvements through policy advocacy.

The session started with introductory remarks by the Chair of the OECD IPA Network and Ana Novik, Head of the OECD Investment Division, stressing the importance of experience sharing in crisis times and the role of the OECD in supporting multilateral cooperation. The first guest speaker, Winand Quaedvlieg, Chair of the Business at OECD (BIAC) Committee on International Investment and Responsible Business Conduct, started by reiterating the worrying tendency of declining FDI flows and the disruption of value chains prompted by the pandemic. He insisted on the need for more investments to support the recovery, as opposed to the austerity policies pursued after the last crisis. In a context where the two main challenges are climate change and digitalisation, investors are expected to contribute to societal benefits in the midst of increasingly challenging environments with rising protectionism and security concerns. Mr. Quaedvlieg stated that a valuable part of the OECD work in the field of investment is covered by the OECD IPA Network. According to him, IPAs play an important role because they are centres of expertise and market intelligence, service-minded and can provide objective policy observations. He highlighted that the mission of IPAs is evolving to become more urgent, more focused and more alert. In closing, he indicated that IPAs can contribute to perfect the investment climate, which in turn will make it easier for business to better perform the contributions society expects from it.

The Chair then gave the floor to Seung-Hoon Shin, Director-General of Invest Korea in the Korean Trade and Investment Promotion Agency (KOTRA). After a brief background on the organisation, Mr. Shin explained how Invest Korea managed its activities in the era of COVID-19. He explained how the IPA replaced its traditional ways of promotion to embrace a digitalisation process, including with the production of broadcasting content and promotional videos that discuss the investment environment as well as an extensive use of overseas offices. He then highlighted how Invest Korea intensified its attraction function on high-tech industries and industries that can enhance Korea’s industrial competitiveness. Mr. Shin mentioned his agency’s matchmaking services, linking promising Korean companies with global investors thanks to online investment sessions. He stressed how Invest Korea strengthened its support to existing companies, particularly those suffering from the COVID-19 crisis. He finished his presentation by highlighting the role for the OECD to support openness and cooperation as
well as knowledge sharing and the promotion of corporate social responsibility in view of achieving the sustainable development goals (SDGs).

**Jorge Sequeira**, Managing Director of CINDE Costa Rica then described his agency’s internal response and that of the ‘foreign trade operational team COVID-19’ it is part of, together with the Ministry of Foreign Trade (COMEX) and PROCOMER, the export promotion agency. He explained how CINDE’s client support in the COVID-19 era is focusing on supply chain continuity, human talent and improving the investment climate through policy advocacy. He mentioned that talent was a key driver of the COVID-19 recovery and he provided the example of an online platform created to link people out of jobs due to the crisis with companies in need of new skills. Mr. Sequeira explained that, looking ahead, Costa Rica is embracing a strategic vision to be a leader in sustainable productivity, where FDI is the driver of a knowledge economy. He highlighted that this vision – summarised by the slogan “Invest with purpose” – encompasses increased productivity, enhanced environmental performance and greater socioeconomic development with the 3Ps – prosperity, people and planet – at the centre of it. As multinational companies are seeking to transform their business in a post-COVID world, Costa Rica seeks to establish itself as the right solution to achieve comprehensive, sustainable growth, creating value with purpose to support the SDGs.

**Sefano Nigro**, Director for Investment attraction coordination at the Italian Trade-Investment Agency (ITA), explained the situation of the agency – a recently reformed IPA – when facing the lockdown. Activities abroad had to be adapted from marketing to team development. ITA has also been refocusing its sectors and developing digital tools to accommodate hybrid events (physical-virtual) with a high degree of flexibility needed in the decision-making of planned activities. ITA identifies several opportunities stemming from the COVID-19 crisis, notably the push for investment climate reforms amongst policymakers and the development of new technologies, becoming an integral part of the activities, instead of simple supporting tools. ITA will also increase its presence abroad with specialised experts, to continue its work with less travel and the continuation of hybrid events. Sectors for FDI attraction will need to be carefully identified and so will be the supply chains investment opportunities, with the emergence of potential reshoring tendencies.

**Michael Manocha**, Director of Investor Services at Invest in Canada, presented the country’s national investment attraction strategy currently being prepared. The strategy aims to attract FDI in support of inclusive and sustainable recovery from the COVID-19 crisis and to lay out a roadmap for the government of Canada. The strategy is taking into account Canada’s national security interests while also relying on the importance of open and predictable markets for its success. The strategy encompasses an internal component, outlining Canada’s FDI attraction performance and attractiveness framework as well as its economic goals in terms of trade, innovation and skills ecosystem as well as its global perception. The external component relates to the key policy levers that impact FDI, including the FDI metrics to maximise FDI goals, national security considerations, sector targeting and criteria as well as roles and responsibilities of federal partners. Mr. Manocha explained that the strategy is being designed with extensive consultations within the government as well as with provinces, municipalities and the private sector. The lessons learned include acknowledging that strategy design is a lengthy process, and that effective coordination and relying on hard data are key success factors.
Tanita Sirisup, Executive Director of International Affairs at the Thailand Board of Investment and Former Chair of the Coordinating Committee on Investment of the Association of Southeast Asian Nations (ASEAN), started by providing some background on FDI trends into ASEAN countries in the COVID-19 context. She explained that ASEAN members agreed to take a collective course of action to mitigate the economic impact of COVID-19 and resolved to remain open for trade and investment, strengthen regional and international coordination and cooperation, work closely with industry stakeholders, leverage on technologies and digital trade, and strengthen long-term supply chain resilience and sustainability. In the case of the Thailand Board of investment, Ms. Sirisup explained that the response to COVID-19 focused on disease prevention, digitisation of work process, continuous communication with investors and online promotion activities. The lessons learned for the IPA included the need to find and adopt the right industry mix for investment promotion, to work with an early warning system and business continuity plan, and to strike a balance between health and economic security.

The general discussion highlighted that the COVID-19 crisis is not only changing the work of IPAs, but also the expectations of investors and the behaviour of companies. Participants noted that IPAs need to focus their work on the challenges faced by companies in addition to their own practical challenges. Participants also insisted on the importance of investment retention and the concrete related actions to be taken by IPAs, as well as the shift from traditional FDI to other sorts of non-equity investments. Finally, questions and comments also focused on the importance of matchmaking activities and the best ways to achieve business partnerships between foreign investors and domestic firms.

Session 2: IPA monitoring and evaluation in the time of COVID-19

The discussions during the second day of the workshop followed the format of a break-out session among the practitioners. The session started with the opening remarks by Jeroen Nijland, the Chair of the OECD IPA, who highlighted that the topic has attracted strong interest from the OECD IPA Network since its inception, and had continuously featured in its work programme to satisfy demand. He also reminded the participants of the policy note on the topic prepared by the OECD Secretariat.

The session featured five presentations on monitoring and evaluation of IPAs and recent changes undertaken in response to the challenges presented by the COVID-19 pandemic. Niamh Roddy, Chief Economist at IDA Ireland, presented different sources of data available at the agency to monitor and evaluate the agency’s activities. Achim Hartig, Managing Director of the Germany Trade and Invest, presented the agency’s new approach to prioritising investment projects that aims to link the IPA’s activities with the political agenda and assist in resilient socio-economic recovery. Ron Hogenboom, Senior Economist at the Netherlands Foreign Investment Agency (NFIA), presented key insights and lessons learned from a recent impact evaluation of NFIA, undertaken with external researchers. Roberto Escoto, Manager at the Investment Department of APEX Brasil presented the IPA’s overall approach towards monitoring and evaluation, including insights from the recent and planned business surveys and results of econometric impact evaluation undertaken in collaboration with the Inter-American Development Bank (IDB). Christian Volpe Martincus, Principal Economist at the IDB, has shared with the participants insights from 12 recently completed econometric impact
evaluations of LAC IPAs. He has highlighted that impact was found in all twelve evaluations, confirming the value of agencies’ investment promotion and facilitation assistance.

The discussions following the presentations focused on details of different M&E approaches and challenges faced by IPAs in light of the pandemic. For example, several agencies highlighted the change in their strategic focus due to COVID-19 and the need to support these efforts with robust M&E systems. The role of digital tools and means of engaging with clients was also highlighted as an important aspect of future M&E efforts. With the possible changed nature of FDI going forward, there is also perceptibly increased interest in advanced predictive analytics. In concluding remarks, the Chair of the IPA Network highlighted again the importance of this topic, in general and in post-COVID-19 world, the progress made through continuous work and discussions as part of the OECD IPA Network, and the increasing focus on econometric analysis and quantitative intelligence.

Building on the discussions, a new policy note on this topic will be prepared by the Secretariat.

**Session 3: Strategic foresight for IPA practitioners**

During the last day of the workshop, an interactive session was organised by the OECD Strategic Foresight Unit for a small number of IPA practitioners. The session allowed to challenge IPA participants on their expectations about the future, and invite them to consider ways in which the future might be different. Strategic foresight is a discipline which uses multiple alternative ideas about what is plausible in the future to reframe and rethink our opportunities and challenges for action today. It does this by anticipating not only what is most probable, but what would be most surprising and significant from the organisations’ point of view.

Strategic foresight experts supported IPA participants to reframe and expand what is considered relevant for making resilient and flexible IPAs today, and identify options for new and different actions in the present. The discussions used three case studies of IPA investment promotion strategies and included practical exercises focusing on sustainability, digitalisation and the COVID-19 pandemic.


**Main outcomes and next steps**

Participants provided positive feedback about the fifth edition of the IPA workshop and very timely and rich discussions and exchanges held during all sessions. The role of the OECD to provide an appropriate platform, identify relevant speakers, facilitate exchanges as well as provide evidence-based analysis and links with other investment-related communities to support the discussions and push forward the understanding of specific challenges and solutions available to IPAs, especially during the current crisis, was particularly appreciated.

At the end of the workshop, the OECD Secretariat presented ideas of activities and topics to be further explored in 2021. Participants were asked to provide feedback and ideas for topics and potential future work in the context of the OECD IPA Network meetings.
Several outcomes and next steps emerged from the discussions:

- As in previous editions, participants valued the opportunity to exchange with peers – both in a plenary session and in smaller groups of practitioners – on areas of common interest. They encouraged the OECD to sustain the OECD IPA Network and commended the OECD for organising this event in the current challenging circumstances.

- IPAs also value the opportunity to participate in other related events organised by the OECD Investment Division and of interest to investment promotion practitioners, particularly the Webinar on FDI flows in time of COVID-19 Webinar (14 May 2020), the Webinar on Investment Screening in times of COVID-19 and beyond (25 June 2020), the FDI Qualities Network Roundtable (30 June 2020), the Roundtable on Investment and Sustainable Development (30 September – 1 October 2020), the Special Session on Tax Investment Incentives (14 October 2020) as well as regional events with ASEAN (19 June 2020), MENA (23 June and 16 November 2020), EURASIA (30 September 2020) and LAC (29 October 2020). These meetings were perceived as an effective way to mainstream OECD knowledge in the IPA Network and for further exchange opportunities on specific related topics.

- In terms of future work, the OECD Secretariat and IPA participants discussed ideas to address in future editions of the OECD IPA workshop, including:
  - Discussing trends and good practices on new topics;
  - Mainstreaming OECD areas of expertise in the workshop discussions; and
  - Continuing the work and discussions on monitoring and evaluation.

  After consultations with the Chair and the Steering Group of the Network, a more detailed Work Programme will be proposed to its members.

- As the work on investment promotion and facilitation at the OECD is financed by voluntary contributions, all participants have been invited to consider providing financial support to the activities of the OECD IPA Network. Such contributions would enable the OECD to sustain and enrich the work of the Network on a long-term basis, including its annual meetings and analytical work. The 2020 Work Plan was supported financially by the Netherlands, Germany, Ireland, Costa Rica, the United Kingdom and Israel.

  Countries interested to support the 2021 Work Plan are invited to contact the OECD Secretariat.
Box 1. The OECD IPA Network

The OECD contributes to global thinking and international co-operation on investment promotion and facilitation through analysis and experience sharing. In 2016, the OECD IPA Network was created under the auspices of the OECD Investment Committee and brings together senior investment promotion practitioners from OECD and partner countries to facilitate peer-learning on issues of common interest.

The Network’s main objectives are:

- To bring together a community of like-minded investment promotion practitioners willing to engage in discussions, exchanges and experience sharing;
- To benefit from OECD expertise to gather, build and use knowledge and evidence-based analysis on investment promotion and related topics; and
- To engage with policy makers and IPAs from other regions.

The OECD IPA Network is currently chaired by the Commissioner of the Netherlands Foreign Investment Agency and closely advised by a Steering Group composed of IPA representatives from Costa Rica, Denmark, France, Germany, Ireland, Israel, Sweden and the United Kingdom.

The OECD IPA Network has established itself as an important forum for exchange and networking among practitioners from IPAs across the OECD area. The Network provides tailored policy analysis and advice to IPAs in the OECD area and around the world. It forms an important cornerstone of the OECD’s work on international investment. The thematic discussions, which take place during annual meetings every October, advance collective understanding on issues of joint interest and facilitate exchanges on best practices.

More information can be found at www.oecd.org/investment/investment-promotion-and-facilitation.htm.