

Fourth meeting of the OECD IPA Network

Better impact through better investment
promotion and facilitation

Summary Report

22 October 2019

OECD Conference Centre
Paris, France



SUMMARY OF THE WORKSHOP

On 22 October 2019, the OECD organised a workshop on **Better impact through better investment promotion and facilitation** at the OECD Headquarters in Paris, France. It was the fourth meeting of the OECD Investment Promotion Agency (IPA) Network.

The workshop featured over 150 participants from approximately 60 OECD and partner countries, including senior representatives from more than 40 national and sub-national IPAs as well as policymakers and representatives from the private sector, civil society and international organisations.¹

As in previous years, the workshop was divided into two main parts. In the morning, IPAs, policymakers and stakeholders from OECD and partner economies attended a plenary session to discuss investment facilitation and retention, and the impact of foreign direct investment (FDI) on host economies. In the afternoon, breakout sessions were held with IPA practitioners from specific regions or engaged in specific programmes of work. IPAs from OECD countries and selected Latin American countries engaged in discussions on policy advocacy and on monitoring and evaluation.

Highlights²

Investment facilitation and retention: high-level discussion and complementary perspectives

The first session of the IPA workshop was dedicated to investment facilitation and retention, an important and very timely topic widely discussed within governments as well as in international fora, in particular the World Trade Organization (WTO). Investment facilitation is recognised as a key engine for growth and development, but it is a broad notion that can be addressed through different angles – diverse perspectives were thus presented during the discussion on how investment facilitation can help countries attract more and better investment.

The Ambassador of Chile to the WTO, Coordinator of the WTO Structured Discussions on Investment Facilitation for Development, opened the session to present the WTO initiative. He explained to the audience where the initiative was coming from and what it could bring to participating countries. He explained how a multilateral framework could become a global benchmark and spur domestic reforms on investment facilitation to ultimately foster increased levels of investments across countries. He also explained that the initiative is currently driven by policymakers but that his participation in this workshop is also to listen to other stakeholders, such as IPAs, so as to make the multilateral framework more useful and more impactful for its potential end-users.

The representative from the Ministry of foreign relations of Brazil expressed his support to the WTO initiative and reiterated the importance that Brazil puts in investment facilitation. He explained how his country has changed its approach about a decade ago to put less emphasis on

¹ Participating IPAs in the plenary sessions included those from: Australia, Austria, Belarus, Brazil, Canada, Chile, Colombia, Costa Rica, Czech Republic, Denmark, Egypt, Estonia, Finland, Flanders, France, Germany, Hungary, Iceland, Ireland, Israel, Italy, Jordan, Kazakhstan, Korea, Latvia, Lebanon, Libya, Lithuania, Morocco, Netherlands, Palestinian Authority, Peru, Poland, Pomerania, Slovakia, Spain, Sweden, Switzerland, Tunisia, Turkey, Ukraine, United Kingdom and United States. Other countries were represented by their Investment Committee delegates. International organisations included the World Association of Investment Promotion Agencies, the World Economic Forum and the World Trade Organization.

² The discussions took place under Chatham House rules, therefore discussions reported here can be only general in nature and not attributed to any particular country or institution.

investor protection and more on better services for investors. As an illustration, Brazil put in place an ombudsman based on the Korean model. He explained why he believes the WTO initiative on investment facilitation is a game changer and why all countries, including developing countries, should join.

The Head of Invest in Finland, part of Business Finland, provided a hands-on, pragmatic perspective from an investment promotion agency on investment facilitation and the aftercare tools and services they provide to prospective and existing investors in Finland. He explained what the agency does to support incoming investors to establish in Finland, including with administrative procedures, encourage existing investors to stay in Finland and potentially expand (including through matchmaking services and cluster programmes), play a focal point role for investors and support domestic coordination. His presentation focused on three main pillars: 1) the need to provide high-level services to investors (value for what you promote); 2) the importance of a pro-business stance throughout government (including with transparent, predictable and stable rules and regulations); and 3) the necessity of a continuous collaboration within government (such as the creation of horizontal partnerships such as "Team Finland").

The representative of the private sector (United States Council for International Business) provided a business perspective on investment facilitation. She provided examples of the most common challenges that businesses face on the ground at the establishment phase or for expansions and reinvestments. She also mentioned individual measures that governments – notably IPAs – could put in place to facilitate the establishment of companies and to encourage them to stay in the home country while advising countries not to unreasonably block voluntary divestment. She also provided the business perspective on the WTO discussion and on how a multilateral framework on investment facilitation could support business-friendly reforms and help companies on the ground. She warned not to include any provisions on dispute resolution in the agreement.

Finally, the representative of the European Commission provided the perspective of the European Union on investment facilitation. He mentioned the need to bring three policy communities around investment facilitation: the trade and investment negotiators; the investment promotion agencies; and the development cooperation community. He provided his views on what are the key elements of investment facilitation that governments should take into consideration and implement, and why it is important to discuss it at plurilateral or multilateral level. He highlighted also that increasing the volume of investments should not be seen as the sole objective of investment facilitation and that there was a responsibility for both States and investors to ensure that responsible business practices are duly implemented.

The general discussion highlighted the utility of analytical exercises that permit policymakers, IPA experts and investors understand what kind of services (including incentives) are available to firms in different countries as one of ways to aim to bridge existing information asymmetries. Similarly, it was stressed that, thus-far, little comparative information is available on the design of single windows for investment or other relevant mechanisms available to investors (e.g. ombudsman) to facilitate their establishment and operations in different countries and that such exercises could support the ongoing reflection and discussions in regional and international fora. Participants also made the link with policy advocacy, a complementary core function where IPAs can play a key role in policymaking and business climate improvements.

FDI impact on host economies

Recognising that benefits of FDI in terms of inclusive and sustainable development are neither guarantees nor automatic, in the second session participants discussed ways to ensure that the positive outcomes of FDI are maximised and potential costs minimised.

The discussion started with a presentation by the Chief Economist of IDA Ireland based on the results of a report prepared with the OECD on the impact of FDI on the economy over the past decade. The findings showed positive outcomes on productivity, research & development, participation in global value chains, skills upgrading and linkages with the domestic economy. The Chief Economist valued the opportunity to have an evidence-based, external and objective study validate and corroborate these elements. She also explained how the agency plans to use these results in the agency's upcoming investment promotion strategy.

Other participants, including a policymaker from the Netherlands and IPA representatives from Chile, Israel and Ukraine, shared their views and experience on how to further benefit from FDI in their countries. They highlighted that their promotion strategies and investor targeting efforts need to be adapted accordingly, focusing on those investments that can support their development objectives. Discussions demonstrated that IPAs and policymakers are on equal footing on their quest to attract investments that will respond to the economic, social and environmental needs and challenges of their host countries. Reference was also made to the OECD FDI Qualities work and the related *FDI Qualities Report: Investment for Inclusive and Sustainable Growth* that was formally launched on the following day at the high-level *Roundtable on Investment and Sustainable Development* opened by the OECD Secretary-General. Mention was also made of the need to properly measure FDI and hence enhance FDI statistics to be able to evaluate their impact on host economies.

The general discussion highlighted the key value of, and challenge in obtaining, relevant and high-quality data for purposes of monitoring and evaluating the impact of FDI in the local economy. In particular, several IPAs highlighted the difficulty in getting access to official national statistics relevant for the analysis of activities of multinational activities in the economy as well as intrinsic challenges related to business surveys. Several stakeholders pointed out that several ongoing initiatives and studies show that, while difficult, obtaining such data is nevertheless possible and partnerships with international organisations and academia can play a useful role in this regard.

High-level launch event

During a lunch buffet, the *Mapping of Investment Promotion Agencies in the Middle East and North Africa* was officially launched by the Deputy Secretary-General of the OECD and the Ambassador to the European Union, who praised the quality of the report and the efforts conducted by IPAs from the MENA region to carry out this work jointly with the OECD. The latter highlighted how this mapping exercise has been a useful exercise to guide strategic thinking and shape reforms in their own institutions and in the broader investment climate. This report follows up on similar reports conducted for OECD and Latin America and the Caribbean.³

Breakout session on policy advocacy

In the afternoon, the first breakout session was dedicated to policy advocacy: trends, practices and lessons learned from IPAs. To kick-off the discussions, participants benefitted from the presentations of:

³ Expanding the series, a similar mapping report is currently being prepared by the OECD for the IPAs of the EURASIA region, which dedicated a full breakout session discussing its preliminary results.

1. Austrade's Senior Trade and Investment Commissioner in Paris to present the agency's case on policy advocacy, including feedback mechanisms and coordination with other government agencies and departments to make reform happen;
2. The Head of the Estonia Investment Agency to share the experience of the agency's coordination mechanism and ways to coordinate and influence policymaking;
3. The Chief Project Director of the Turkish Investment Office, who provided the example of the Coordination Council for the Improvement of the Investment Climate as an effective way to advocate for friendlier investment policies in Turkey;
4. The Paris-based Economic Counsellor from the Latvian IPA presented the practice of the Latvian agency and insights from its multi-stakeholder system aiming to collect and channel relevant feedback to policymakers.

The general discussion has showed the usefulness of various tools at the disposal of agencies to undertake effective policy advocacy. It has been stressed that partnerships – with other government bodies, regional agencies and other stakeholders – are critical; as are dedicated and experienced IPA teams that can navigate both the public and private sector to provide satisfactory solutions to investors within a broader regulatory framework of a country. Institutional mechanisms seem to be increasingly favoured by IPAs and can also help dissociate their activities from lobbying.

Breakout session on monitoring & evaluation

The second breakout session focused on monitoring and evaluation of IPAs: how to improve monitoring and evaluation tools to measure IPA activities. To kick-off the discussions, participants benefitted from the presentations of:

1. Business France's Senior Economist presenting the agency's internal data system used for the production of annual reports on FDI and the role of multinational enterprises in the local economy, including rich information on the regional distribution of FDI;
2. CINDE Costa Rica's Director-General provided a panorama of the various tools used for monitoring and evaluation in the agency and shared his insights on how to facilitate organizational change and inculcate the culture of monitoring and evaluation in an IPA;
3. OECD Investment Division's Senior Economist provided an overview of useful statistics on FDI and activities of multinational enterprises and shared early insights from the FDI in Figures with the latest FDI data;
4. ICEX-Spain's Evaluation Expert shared his experience in evaluating agency's programmes and integrating the feedback obtained into operations, including by using business survey results to segment clients and communicate more effectively on the IPA's value proposition.

The general discussion has shown the agencies' keen and growing interest in the issue of effective monitoring and evaluation, not least because of the prerogative of public scrutiny and ensuring a good use of public resources. Several of the challenges are shared among the IPAs including the design (and enforcement) of appropriate use of the agency's customer relationship management (CRM) system, getting access to relevant public and private data sources, conducting meaningful surveys and verification exercises, and engaging in partnerships with external stakeholders to improve M&E systems and undertake impact evaluations.

Main outcomes and next steps

Participants provided positive feedback about the fourth edition of the IPA workshop and the 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 knowledge and evidence-based analyses to support the discussions and push forward the understanding of specific challenges and solutions available to IPAs in specific fields (e.g. monitoring and evaluation) was particularly appreciated.

At the end of the workshop, the OECD Secretariat presented ideas of activities and topics to be further explored next year – as agreed in the 2019-2020 Work Programme presented last year. Participants were asked to provide feedback and ideas for topics and potential future work in the context of the annual meeting of the OECD IPA Network. Participants also discussed the governance of the OECD IPA Network.

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 breakout groups – on areas of common interest. They encouraged the OECD to sustain the OECD IPA Network and commended the OECD for organising a related event on the following day (*Roundtable on Investment and Sustainable Development*), which was perceived as a way to mainstream OECD knowledge in the broader IPA Network meeting.
- Participants agreed to nominate Jeroen Nijland, Commissioner of the Netherlands Foreign Investment Agency, as the Chair of the OECD IPA Network. He will act as such for a period of two years renewable. This will allow better institutionalising the Network, establishing its legitimacy and increasing its influence within members and throughout the world. The Chair's role will be to represent the Network in the investment promotion world and to become an institutionalised link between Network participants and the OECD Secretariat.
- To further strengthen the governance of the Network, it was also agreed to establish a Bureau. The role of Bureau Members will be to take a more proactive role in defining the work of the OECD IPA Network. As such, it will consist in providing inputs, feedback and guidance to the OECD Secretariat on the work of the Network. Members will represent a national-level IPA from an OECD Member State or a country undergoing the accession process – they will not formally represent their country, but exchange with the Secretariat from the angle of an expert and practitioner. The process to establish the Bureau is expected to be completed before the end of 2019.
- In terms of future work, the OECD Secretariat and IPA participants discussed ideas to address in future editions of the OECD IPA workshop, including:
 - Continuing the work and discussions on monitoring and evaluation
 - Discussing trends and good practices on new topics (e.g. coordination with sub-national agencies, prioritisation strategies, etc.);
 - Mainstreaming OECD areas of expertise in the workshop discussions (e.g. climate change, economic foresight, digital economy, etc.).
- Participants valued the idea of conducting new research projects – either through the form of policy notes, as was the case this year, or under the form of more in-depth projects (undertaken by individual IPAs or a group of agencies with particular interest

and data capacities) – but this will depend on the financial support and data they provide. They also highlighted the need to mark some continuity with the existing benchmarking and to connect additional research with the findings of the mappings.

- 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 2019 Work Plan was supported financially by Costa Rica, Israel, the Netherlands, Switzerland and the United Kingdom. Countries interested to support the 2020 Work Plan are invited to contact the OECD Secretariat.