

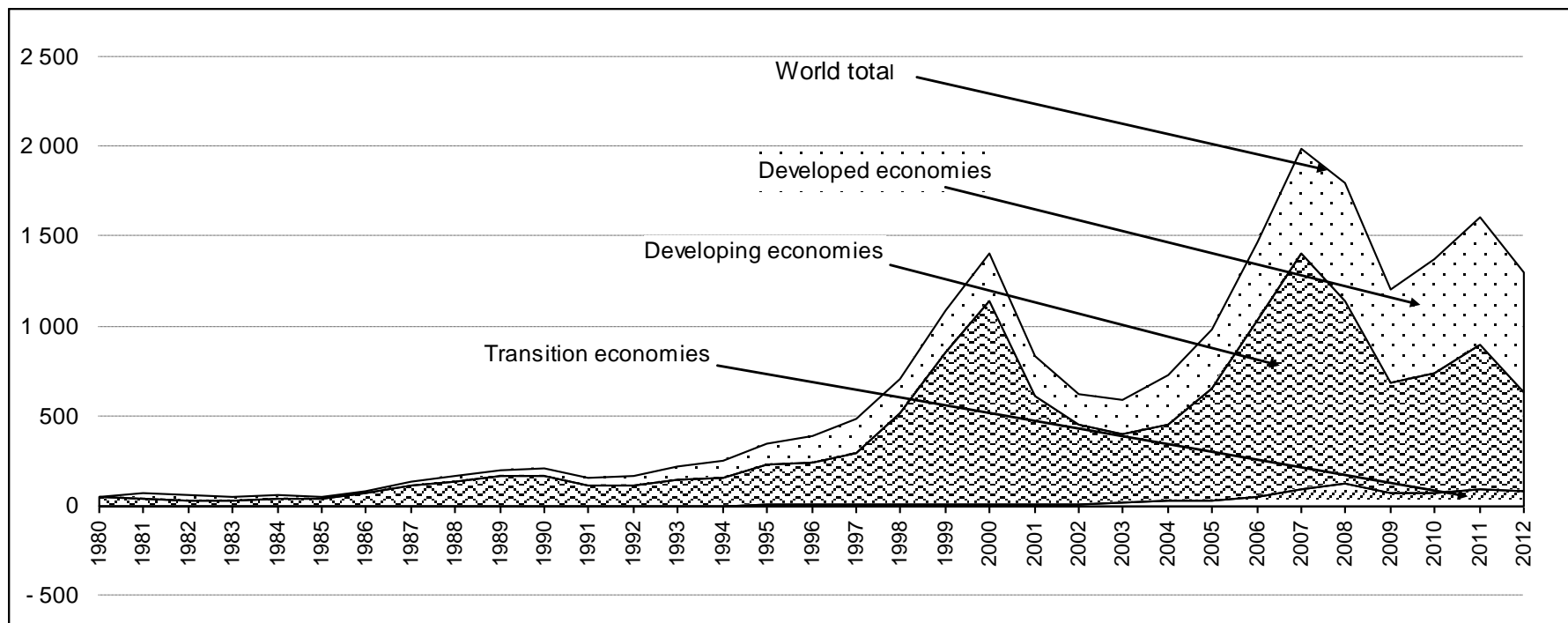
UNCTAD's Track Record in FDI Promotion

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FDI inflows, global and by group of economies, 1980-2012

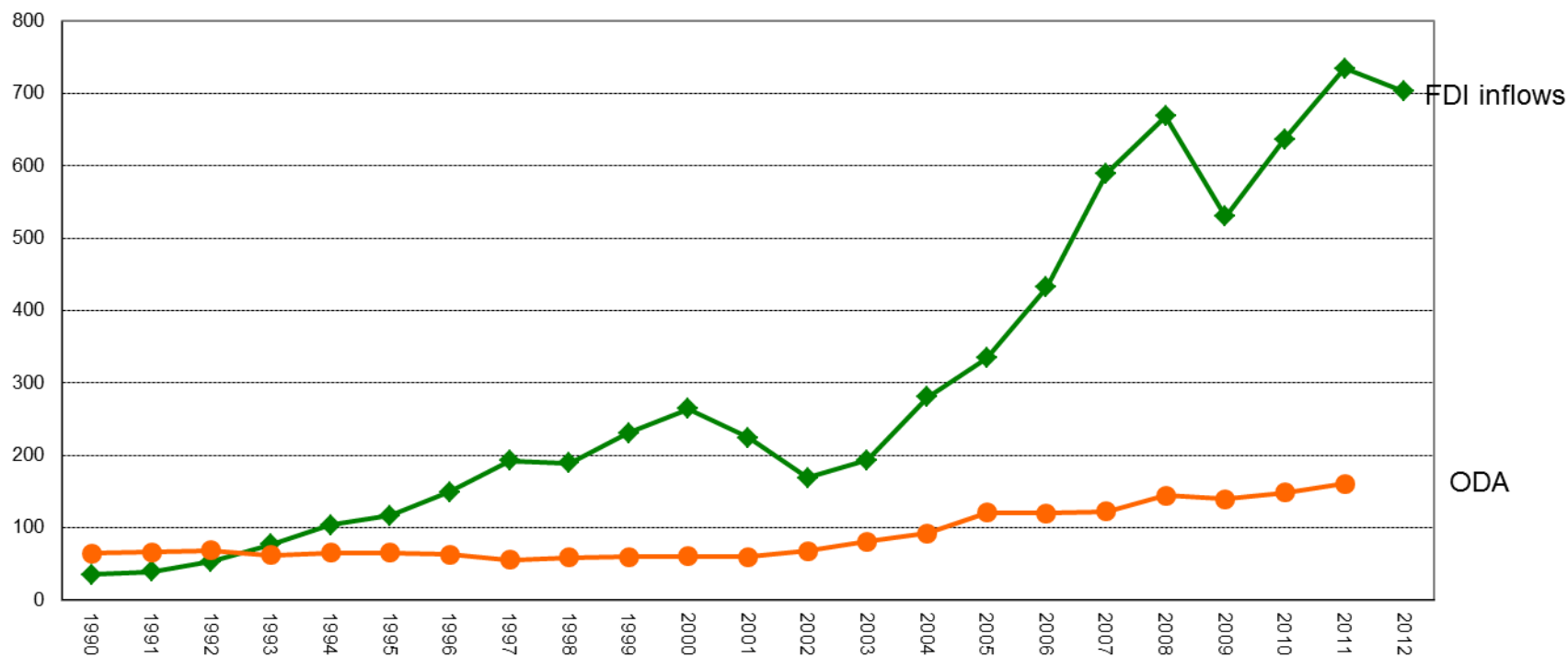
(Billions of dollars)



Source: UNCTAD

Developing countries: FDI inflows and Official Development Assistance (ODA), 1990-2011

(Billions of dollars)



Source: UNCTAD, based on OECD (for ODA) and UNCTAD (for FDI inflows).

Note: The OECD's classification on developing countries is different from that of UNCTAD.

UNCTAD's track record on investment and enterprise

- Flagship products as the annual World Investment Report and the biennial World Investment Forum.
- Several decades of technical assistance to over 150 countries.
- Operates an interactive World Investment Network of over 9,000 members to disseminate and promote UNCTAD's work on investment and enterprise.
- Instrumental in establishing international organizations and networks that promote investment and enterprise development, including WAIPA and EMPRETEC.

UNCTAD's Division on Investment and Enterprise (DIAE) is therefore recognized as a global centre of excellence on issues related to investment and enterprise development.

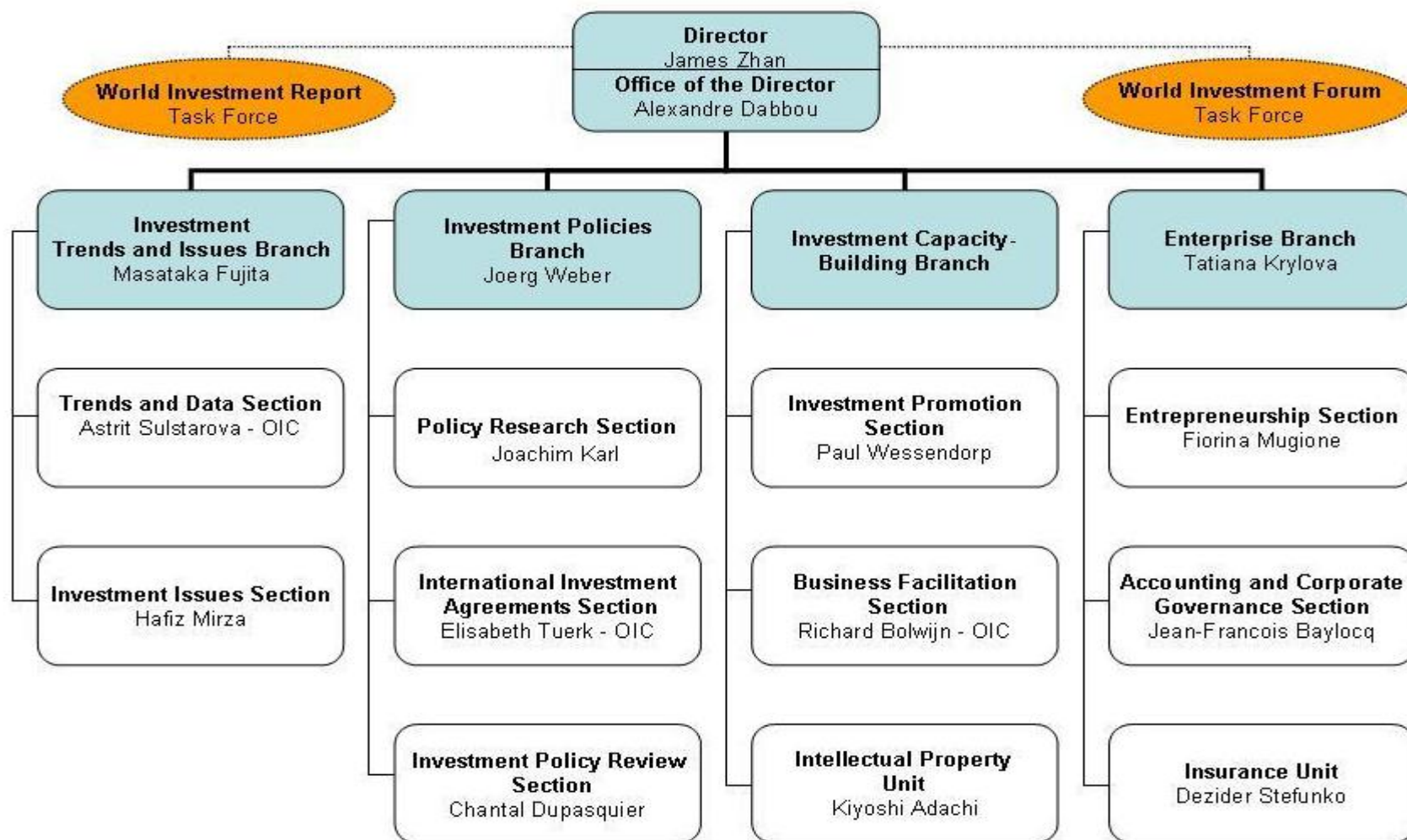
Supporting governments in attracting FDI for sustainable development

UNCTAD areas of work and intervention

- National Investment Policies
- International Investment Agreements
- Collection and dissemination of national and international data on FDI trends and policies
- FDI promotion and facilitation
- On TNCs - international accounting standards, insurance, intellectual property and corporate social responsibility
- Entrepreneurship/enterprise development and the promotion of business linkages between TNCs and domestic companies

...reflected in DIAE's structure....

UNCTAD's Division on Investment and Enterprise



Different phases of investment promotion

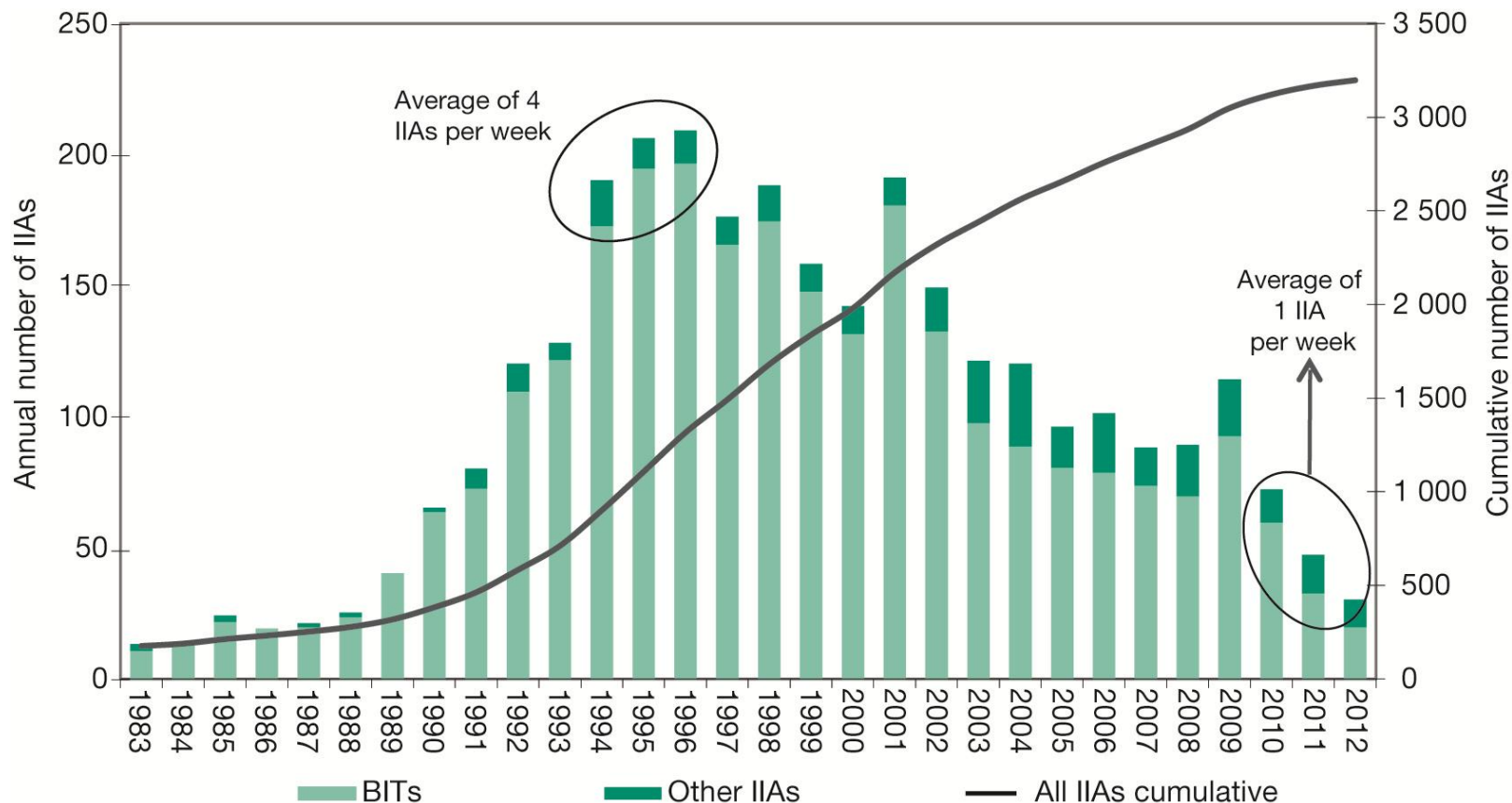
1. Liberalization of investment regimes
2. Marketing of countries
3. Investor targeting
4. Increased emphasis on the promotion of sustainable investment

1. Liberalization of FDI regimes

- *Reduction of barriers to FDI*
Opening up more sectors to foreign investment, lifting of ownership restrictions and employment of non-nationals, etc.
- *Strengthening of standards of treatment for foreign investors*
National treatment, legal protection to foreign investors, etc.
- *Enhancing the functioning of the market*
Competition rules, supervision of banking and financial services, protection of IPRs, consumer and environmental standards, effective systems of accounting and reporting, BITs, DTTs.

International investment policies

Trends in IIAs, 1983–2012



Source: UNCTAD

2. Marketing of countries

- *Investment promotion perceived by governments as a necessary public function.* The weakening impact of liberalization encouraged governments to do more to influence FDI location decisions.
- *Fast growing numbers of national, sub-national and local investment promotion agencies (IPAs)*
Over 165 national IPAs, many more sub-national agencies
- *Establishment of the World Association of Investment Promotion Agencies (WAIPA) in 1995 and Regional IPA Associations/Partnerships*
WAIPA has currently 169 member IPAs

Marketing of locations

Hong Kong is the number one business city in Asia. It is the perfect base for companies that want to do business in Mainland China and across the region.

InvestHK (www.investhk.gov.hk)

Copenhagen is a great place to do business – say the companies that have established in the region.

Copenhagen Capacity (www.copcap.com)

3. Investor targeting

- Governments follow national strategies to attract FDI in specific sectors to help them in furthering country development objectives
- Development of clusters and location brand names
- Use by IPAs of investor targeting strategies and techniques

Why investor targeting?

- Growing competition for foreign investment
- Helps to achieve strategic development goals
- Provides the opportunity to target companies with good corporate governance records
- Offers best prospects for success
- Improves efficient use of limited resources
- Enhances the understanding of corporate requirements by IPAs and governments

4. Emphasis on the promotion of sustainable investment

- Governments seek investment that can contribute to sustainable development
- Governments are encouraging low-carbon investment in the fight against climate change and to protect the local environment

Response by UNCTAD:

- Investment Policy Framework for Sustainable Development
- Green Investment Promotion Programme

Why do governments get involved in promoting FDI?

- Provide a service to foreign investors which is not or insufficiently offered by the private sector (e.g. bridge the information gap for countries where information is difficult to find)
- To maximize the benefits of FDI to the economy (e.g. creating jobs)
- Benefit from increased revenue (e.g. increasing the tax base)
- Government can be crucial to persuade firms to invest – especially smaller and less experienced firms, but also big TNCs

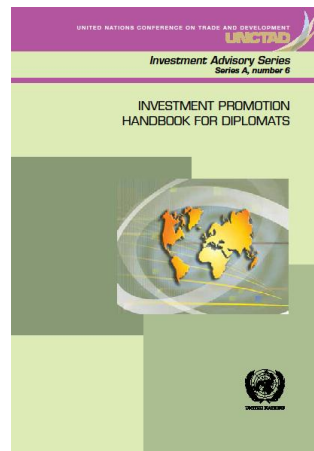
Examples of work carried out by UNCTAD in investment promotion

- High-level Investment Promotion Conference as part of the biennial World Investment Forum
- UNCTAD's annual Investment Promotion Awards
- Investment promotion guides and a monthly IPA newsflash
- Workshops on the role of IPAs in the promotion of green FDI
- Training of diplomats in investment promotion
- Presentations at the G20 Trade & Investment Promotion Summit
- A study on foreign investors' perceptions on Rwanda
- Support to the Caribbean Association of Investment Promotion Agencies
- An Investment Guide to the Silk Road
- Support to Myanmar in the field of investment promotion

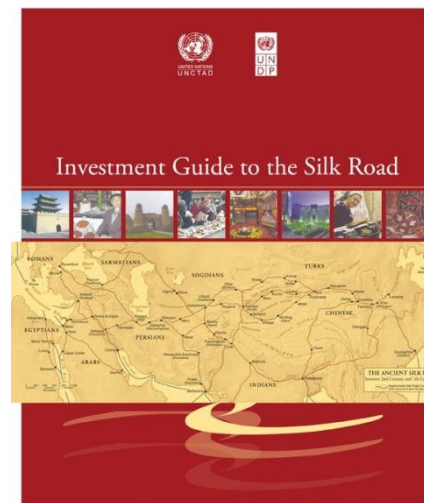
Selection of UNCTAD's investment promotion clients



Caribbean Association of Investment Promotion Agencies (CAIPA)



Diplomats



Silk road countries



KenInvest



Ethiopian Investment Agency

2012 Awards for IPA best practices



UNCTAD

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