



Webinar report: Optimizing national and sub-national cooperation on investment facilitation for development

The webinar on “*Optimizing national and sub-national cooperation on investment facilitation for development*”, co-organized by the International Trade Centre (ITC), the German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE), the World Association of Investment Promotion Agencies (WAIPA), and the World Economic Forum (WEF), took place on 25 January 2022, from 15:00 to 16:00 Geneva time. The webinar hosted approximately 120 participants. The webinar was held in the framework of the Investment Facilitation for Development [project](#), jointly implemented by the ITC and DIE. This was the 9th webinar in a series meant to assist investment promotion agencies (IPAs) and policymakers strengthen their capacity to facilitate higher foreign direct investment (FDI) flows, especially investment flows that directly contribute to development.

Opening remarks were provided by Rajesh Aggarwal, Director (oic), Division for Market Development, ITC. The webinar was moderated by Karl P. Sauvant, Resident Senior Fellow, Columbia University, CCSI, and included the following speakers: Hania Kronfol, Private Sector Specialist, Investment Climate Unit, World Bank Group; Sebastian Reil, Senior FDI Consultant, FDI Center; Mohammed Baba, Deputy Director, Nigerian Investment Promotion Commission (NIPC), Nigeria; and Russell Curtis, Head, Invest Durban. Concluding remarks were provided by Matthew Stephenson, Head, Investment Policy and Practice, World Economic Forum.

The webinar’s programme is annexed to this report.

Summary of the main issues

The discussions focused on the following main points, elaborated further below.

- Mechanisms that ensure coordination among national and sub-national entities that facilitate FDI should be put in place. Institutional coordination, partnerships and the transparent exchange of information between the national and sub-national levels are important in order for governments to effectively service foreign investors.
- Areas for implementing best practices concerning the coordination of national and sub-national IPAs to maximise the development impact of FDI include: transparency and information sharing among the national and sub-national levels; a clear division of labour; mitigation of the risk of competition among sub-national IPAs; and providing capacity building for sub-national IPAs.
- The World Trade Organisation (WTO) Investment Facilitation for Development (IFD) Agreement should include examples for the establishment of institutional mechanisms of cooperation and coordination among all relevant stakeholders in the investment facilitation process, both at the national and sub-national levels. Cooperation mechanisms should ensure the flow of information between the national and sub-national levels. The IFD Agreement

should ensure that the sub-national level is given technical assistance and capacity building, where needed, to implement the provisions of the IFD Agreement.

I. The importance of national and sub-national coordination for investment facilitation

Many countries have FDI-competent institutions at both national and sub-national levels, working on promoting and facilitating FDI. National and sub-national collaboration and coordination in implementing investment facilitation measures are important to maximise the impact of investment facilitation activities. If coordination is done properly, both national and sub-national IPAs can play mutually reinforcing and complementary roles to attract, retain and grow investment. In addition, national and sub-national coordination enables the transparent exchange of information among government agencies on investment projects that can assist in optimising the value proposition of a country to prospective investors. This is especially relevant for reinvestments which are crucial, particularly in light of the COVID-19 pandemic. Accordingly, mechanisms that ensure coordination between national and sub-national entities that facilitate FDI should be put in place.

II. Best practices concerning the coordination of national and sub-national IPAs to maximise the development impact of FDI

Transparency and information sharing: Access to information regarding existing investors is important to ensure an effective and efficient work flow and to avoid duplication of services. For example, the Netherlands has a customer relationship management (CRM) system that is accessible to all national and sub-national IPAs. Transparency and information sharing are also important for the development of trust among different governmental agencies that is critical for ensuring good coordination between national and sub-national IPAs.

Clear division of labour: In order to avoid duplicating work, which is costly and may confuse investors, and in order to maximise the impact of investment facilitation activities, it is important to have a clear division of labour between national and sub-national IPAs. A useful framework for the division of labour categorises IPA tasks according to the different stages of the investment lifecycle, which include attraction, entry, establishment, retention, expansion, linkages and spill-over effects of investments on the local economy. The division of roles between the national and sub-national levels should depend on the proximity to the investment transaction. Usually, national IPAs determine the national investment facilitation strategy and are therefore better positioned to address tasks at the earlier stages of the investment lifecycle. National IPAs, for example, can leverage their overseas presence to promote the attractiveness of a location. They are also well positioned to play the role of policy advocacy, in other words, to promote policy reforms to create a better investment climate for FDI. Complementing this role, the sub-national level can better provide onsite services, because it has the local knowledge and local networks, both in the public and private sectors. Sub-national IPAs are therefore better positioned to support investors in the establishment of their operations and expansion. Sub-national IPAs are also usually better positioned to work with existing investors on maximising the development contribution of FDI projects and to foster linkages and spill-over effects into specific regions. At the institutional level, it is important to establish a formal coordination framework with clear roles and responsibilities for IPAs at both the national and sub-national levels. The framework should include a memorandum of understanding, terms of reference, requirement for regular meetings, and the designation of committees or teams.

Mitigating the risk of competition among sub-national IPAs: When coordinating between sub-national levels, it is important to develop a well-defined strategy that addresses the value propositions for investment for each IPA jurisdiction, based on comparative advantages. This means that each sub-national region should focus on its particular competitive strengths and niches. In addition, sub-national IPAs should not lead their investment promotion strategies by offering incentives, but should develop a compelling value proposition. Only temporary merit-based incentives that are focused on sub-national priorities and based on a sound cost-benefit analysis should be provided. These measures can mitigate the risk of competition among sub-national IPAs that can lead to fiscal wars. For example, Brazil suffered from fiscal wars due to a lack of coordination between the national and sub-national levels, the absence of technical review mechanisms at the central government level to regulate the competition among sub-national entities, and no limit to the concession of incentives, which led to what could be called a race to the bottom. In order to end the fiscal wars, Brazil put in place tools that ensured targeted incentives with periodical review; strong economic reviews to guide the concession of incentives, preferably tied to long-term policies; and executive oversight of the entire incentive cycle. In general, sub-national IPAs should also have the capacity to monitor and to assess the effectiveness of the incentives that are provided.

Capacity building for sub-national IPAs: In most countries, national IPAs receive the largest budget. However, as indicated above, the local level has an important role to play in facilitating FDI. Accordingly, national IPAs should assist sub-national IPAs in capacity building and avoid centralising all the facilitation work at the national level. For example, Invest in Canada had a programme that included working with sub-national IPAs to improve capacity of subnational IPAs. Another example is Invest India that assists in upgrading sub-national IPAs by providing a plug-in system for digital facilitation mechanisms, such as single window systems, and by providing templates for FDI facilitation strategies that can be used at the sub-national level. It was emphasised that capacity building at the sub-national level requires adequate funding. It also requires that national IPAs spend the time and resources to understand the services and value propositions at the sub-national level in order to provide adequate technical assistance and capacity building, as well as showcase opportunities. It was noted that political will and commitment to national-subnational collaboration was also important, in addition to technical assistance and capacity building. Sub-national IPAs play an important role and should be given the opportunity to be heard at the national level in order to make known their capacity limitations and needs.

III. The role of national and sub-national IPAs in the WTO IFD Agreement

The importance of coordination between the national and sub-national levels to advance investment facilitation is addressed in the current IFD draft, including sections that are aimed at encouraging domestic coordination and regulatory coherence among the relevant authorities. In addition, the scope of the IFD text mentions that the obligations under the Agreement apply to measures adapted or maintained by central, regional or local governments.

During the meeting, a number of measures were mentioned as ones that should be included in the IFD Agreement. It was emphasised that institutional mechanisms of cooperation and coordination need to exist among all relevant stakeholders in the investment facilitation process, both at the national and sub-national levels. It is also important to create a clear division of labour between the national and sub-national levels on investment facilitation measures. However, given the different governmental structures that exist, the IFD provisions should allow for different

combinations of roles and coordination mechanisms among and between national and sub-national FDI-competent authorities.

The IFD Agreement should also include cooperation mechanisms that will ensure transparency and the flow of information among national and sub-national levels, which can be done (among other arrangements) through shared CRM systems, which could be encouraged by the IFD Agreement.

Given the important role that sub-national IPAs play in helping investors navigate through the investment process, it is important to ensure that the facilitation measures under the IFD Agreement are implemented at the sub-national level. This requires having a well-articulated national-level investment facilitation strategy that includes the sub-national level and ensures that the national level can support the sub-national level and provide technical assistance and capacity building where needed, given that the sub-national level is usually under resourced. It was mentioned that capacity building could be provided through the established and support of appropriate mechanisms bringing together FDI-competent institutions at the national and sub-national levels. These forums would also assist in building relationships among the national and sub-national levels that would facilitate better cooperation and collaboration.

Annex 1: Invitation



Webinar invitation: Optimizing national and sub-national cooperation on investment facilitation for development

25 January 2022

Dear Colleagues,

On behalf of the International Trade Centre (ITC), the German Development Institute/ Deutsches Institut für Entwicklungspolitik (DIE), the World Association of Investment Promotion Agencies (WAIPA), and the World Economic Forum (WEF), we cordially invite you to a webinar on:

Optimizing national and sub-national cooperation on investment facilitation for development

The webinar will take place on 25 January 2022, from 15:00 to 16:00 Geneva time (Central European Time), 09:00 to 10:00 Eastern Standard Time.

The webinar is being held in the framework of the Investment Facilitation for Development [project](#), jointly implemented by the ITC and DIE.

This is the 9th webinar in a series meant to assist investment promotion agencies and policymakers strengthen their capacity to facilitate higher FDI flows, especially investment flows that directly contribute to development; it will also provide an opportunity to exchange experiences regarding investment facilitation, including with investors.

The 9th webinar will focus on **optimizing national and sub-national cooperation and coordination on investment facilitation for development**. The number of IPAs operating at the national and sub-national levels has proliferated over the past two decades; they play a key role in attracting, retaining and growing FDI. National and sub-national collaboration and coordination in implementing investment facilitation measures, as well as a clear distribution of the functions and roles at different stages of the investment life-cycle, are important to maximize the impact of investment facilitation activities. These efforts may also involve institutions other than IPAs, both at the national and sub-national levels.

The webinar will focus on key issues regarding the relationship between national and sub-national IPAs, as well as best practices and practical lessons and, in particular, measures regarding how national and sub-national IPAs can cooperate and coordinate to facilitate FDI, including in regard to legal frameworks, institutional mechanisms, the division of labor, guidelines and protocols, and information and communications technology tools.

The webinar aims to identify concrete measures that can be taken in the context of investment facilitation, especially in the context of the WTO negotiations of an Investment Facilitation for Development (IFD) Agreement.

The discussions will be informed by “*Investment Facilitation for Development: A Toolkit for Policymakers*”, [available here](#).

Please feel free to share this invitation with officials dealing with FDI, as well as representatives of the private sector who might be interested in this subject.

The webinar will be conducted in an interactive manner and allow for questions by participants.

Participation in the webinar is free of charge. However, it is necessary to register for the event (please [click here](#)), to receive the meeting link details.

The webinar will feature the following speakers:

Opening remarks: Rajesh Aggarwal, Director (oic), Division for Market Development, ITC

Moderator: Karl P. Sauvant, Resident Senior Fellow, Columbia University, CCSI

Experts and practitioners:

Hania Kronfol, Private Sector Specialist, Investment Climate Unit, World Bank Group — *“Responsibilities of national and sub-national IPAs: dividing the work properly regarding investment facilitation”*

Sebastian Reil, Senior FDI Consultant, FDI Center — *“Best practices concerning the coordination of national and sub-national IPAs to maximize the development impact of FDI”*

Mohammed Baba, Deputy Director, Nigerian Investment Promotion Commission (NIPC), Nigeria — *“The relationship between national and sub-national IPAs: Practical lessons regarding how national and sub-national IPAs can cooperate and coordinate to facilitate sustainable FDI”*

Russell Curtis, Head, Invest Durban — *“The perspective of a sub-national IPA”*

Concluding remarks: Matthew Stephenson, Head, Investment Policy and Practice, World Economic Forum

The webinar will be delivered through Zoom.

We are looking forward to welcoming you at the webinar!

Best regards,

Rajesh Aggarwal, ITC; Axel Berger, DIE; Ismail Ersahin, WAIPA; Karl P. Sauvant, Columbia University/CCSI; Matthew Stephenson, WEF

Background material

ITC-DIE project on [Investment Facilitation for Development](#).

WEF [Global Investment Policy and Practice](#) initiative, including workstream on investment facilitation.

Axel Berger and Karl P. Sauvant, eds., *Investment Facilitation for Development: A Toolkit for Policymakers* (Geneva: ITC, 2021), [available here](#).

Bios:

Rajesh Aggarwal

Rajesh Aggarwal is Director (oic), Division for Market Development, ITC, Geneva. He is leading a program of assisting the private sector in developing countries to be the change agent for trade policy reform and engage in business advocacy with their governments in design and implementation of trade policies and negotiating positions that reflect the business interests. Before joining the ITC, he worked for the Indian Government and participated in WTO Doha Round of trade negotiations. He has published papers in the area of trade negotiations, including a paper titled “Dynamics of Agriculture Negotiations in WTO” in the Journal of World Trade.

Mohammed Baba

Mohammed Baba is Deputy Director of the Nigerian Investment Promotion Commission (NIPC). In his current position, he oversees representatives of different government ministries, departments and agencies under the One Stop Shop platform. He has over 22 years of working experience in areas covering investment facilitation, investment promotion, policy advocacy, public presentation, international diplomacy, inter-governmental relations, and client management. As part of his work at NIPC, he assisted in establishing the One Stop Investment Center (OSIC).

Russell Curtis

Russell Curtis has been running the Durban Investment Promotion Authority, Invest Durban, for 18 years. He is a NED of the Durban Chamber of Commerce, the Durban Auto Cluster and past Chair of the Institute of Directors. Previously, he was on the Mercury Editorial Board, Independent Newspapers; sat on the UN Investment Advisory Council 2008/9, 2016/17; served on the MCI/World Bank Expert Advisory Group on City Investment Promotion; co-authored publications; and was a UN WIF invited speaker. He holds a degree of Chartered Associate, Institute of Bankers SA, and a Post Grad Diploma in Business Administration from the University of Wales.

Hania Kronfol

Hania Kronfol is a Private Sector Specialist in the Investment Climate Unit of the World Bank Group, where she leads analytic, advisory and lending projects on investment policy and promotion. Her areas of expertise include FDI-led development, investment attraction and incentives, institutional strengthening, and trade and investment policy reforms. In her operational roles as the Unit’s technical lead on investment incentives and Africa regional coordinator, she has

supported over 30 client countries implement investment policy and promotion reforms. She holds a master's degree in public policy from Harvard University.

Sebastian Reil

Sebastian Reil is a Manager at FDI Center, a leading advisory firm in the field of foreign direct investment. He works with countries, regions, cities, special economic zones, and industrial parks from around the world to develop and implement successful strategies for attracting and retaining investment. Previously, he worked as a management consultant and as a researcher at a think tank on topics of industrial development. He holds Master's degrees from Peking University and the University of Groningen, as well as a Bachelor's degree from Heidelberg University.

Karl P. Sauvant

Karl P. Sauvant introduced the idea of an International Support Program for Sustainable Investment Facilitation in the E15 Task Force on Investment Policy in 2015. From there, the proposal was taken forward in the WTO. He has written extensively on this subject (see <https://ssrn.com/author=2461782>), participated in various events relating to it and currently assists the ITC and DIE on a project on Investment Facilitation for Development. He retired in 2005 as Director of UNCTAD's Investment Division and established, in 2006, what is now the Columbia Center on Sustainable Investment (CCSI). He stepped down as the Center's Executive Director in 2012, to focus his work, as a CCSI Resident Senior Fellow, on teaching, research and writing.

Matthew Stephenson

Matthew Stephenson is Head, Investment Policy and Practice at the World Economic Forum, where he manages the Global Investment Policy and Practice initiative. Previously, he worked at the IFC, where he led the workstream on outward FDI. He has also worked at the OECD on Africa and investment and served as a diplomat for the U.S. Department of State, leading the economic team on Afghanistan and managing economic programs in the Middle East. He is a member of the T20 Task Force on Trade and Investment. He has a PhD from the Graduate Institute in Geneva, a master's from the Harvard Kennedy School and a bachelor's from Oxford University.