

Day 1: Wednesday, June 3, 2009

Module 1: What Investors Need and Expect

9:30-10:15

**Presentation on changing FDI context:
Effects of the recession**

Robert Whyte

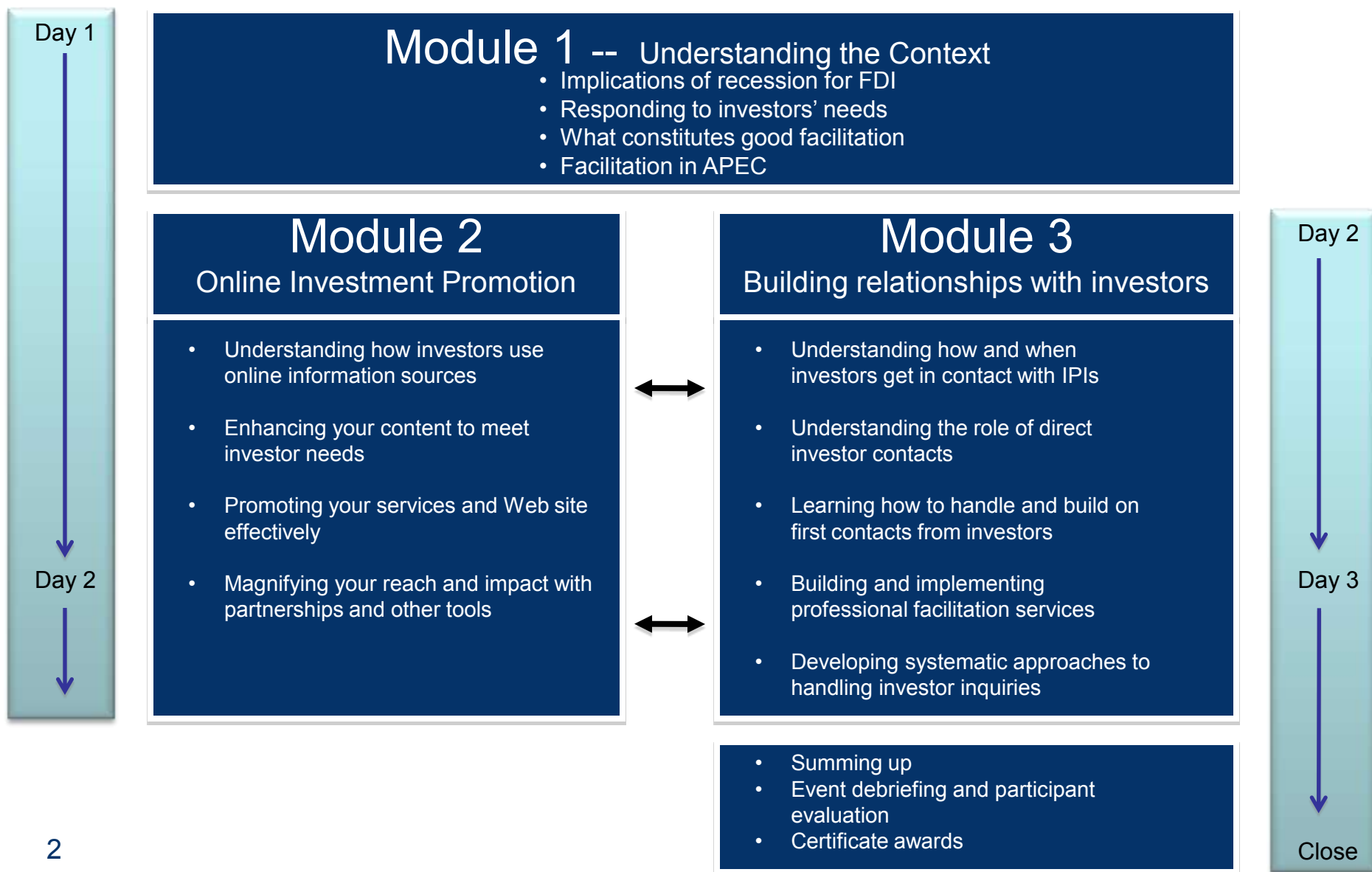
A CHANGING FDI CONTEXT

FACILITATING NEW INVESTMENT IN DIFFICULT MARKET CIRCUMSTANCES

Robert Whyte
Bangkok, Thailand

June, 2009

Understanding the changing nature of FDI and the importance of investor facilitation

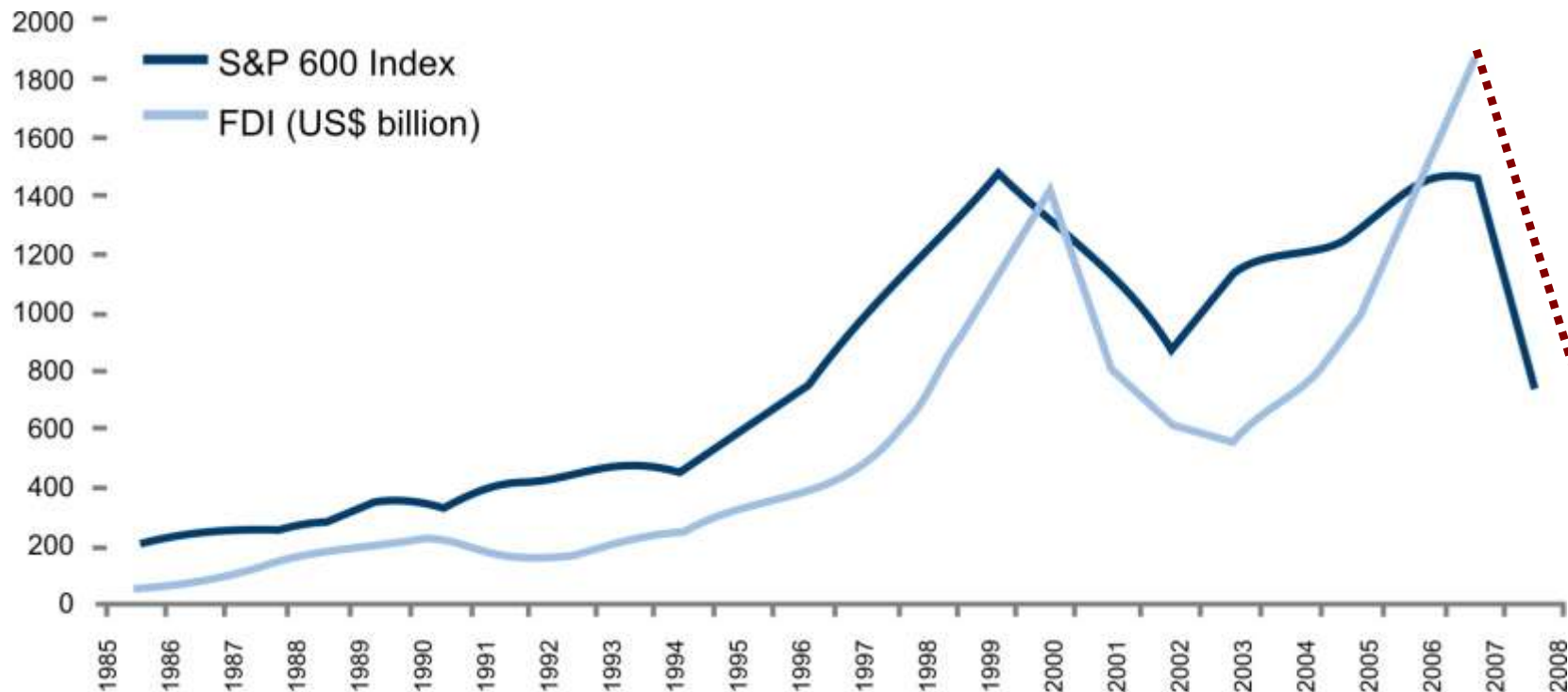


FDI in the Current Economic Recession

What we already know:

- Significant decrease in access to credit
- Corporate debt in emerging markets coming up for re-financing is near \$1.5 trillion (late 2008 estimate)
- Re-capitalization of banks is taking place in many countries
- Lower corporate profits
- Significant decrease in FDI flows likely - 40%+ drop in global FDI flows between 2008 and 2009 is not an unlikely scenario
- Companies will be restructuring to deal with crisis
 - Investment plans frozen or discarded
 - De-locations and outright plant closures
- Leading site selection firms have already seen a slowdown and postponement of investment projects.

FDI in the Current Economic Recession



How
far
will
it
fall?

FDI in the Current Economic Recession

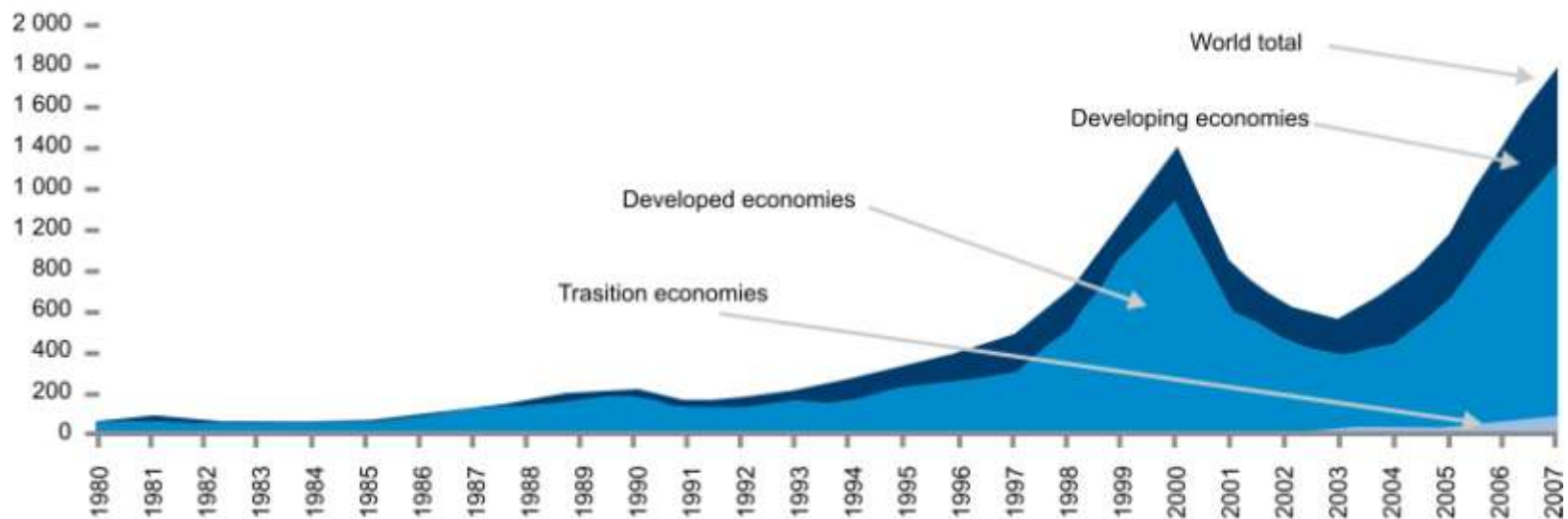
What we don't know yet:

- The actual extent of FDI decline
- The relative impact between green field and M&A investment
- The geographical impact by region and country
- How long this crisis will last or how deep it will be?
- The extent to which the crisis will affect different sectors?

The FDI data we have -- Investment flows – 2007 [latest available WIR data]

- Global FDI at \$1.8 trillion [Green field and M&A]
 - 4th consecutive year of growth
 - \$ 400 billion more than 2000 record levels
 - Share of developing countries rising to \$500 billion

Figure I.1. FDI inflows: global and by groups of economies, 1980-2007
(Billions of dollars)



Source: UNCTAD FDI/TNC database (www.untad.org/fdistatistics) and annex table B.1.

The FDI data we have -- Investment flows – 2007 [latest available WIR data]

- Inflows into developing economies
 - \$283 billion in 2004
 - \$500 billion in 2007, record level (21% increase over 2006)
- Developing countries received 27% of global FDI
 - Relative decline from 38% in 2004 – mainly because developing countries fared relatively better in last recession
- LDC: \$13 billion in 2007 (a record high)

The FDI data we have -- Investment flows – 2007 [latest available WIR data]

- Other recent trends:
 - South-South FDI flows: TNCs from developing and transition economies, mainly from Asia
 - Reinvested profits: 30% of FDI
- High FDI concentration:
 - 75% is concentrated in top 10 countries
- FDI is cyclical:
 - 2001-2003: decline
 - 2004-2007: growth

So what has happened to FDI in 2008 and early 2009?

- WIR to be published soon – 2008 data
- UNCTAD preliminary estimates:
 - FDI down by 20% or more in 2008 – from \$1.8 trillion to an estimated \$1.4 trillion
 - Further decline in 2009 – may be steeper.
 - Most severe recession since 1929
 - Trans-nationals revising global investment plans
 - Cross-border projects being cancelled or postponed
 - Wide spread by sector and geography

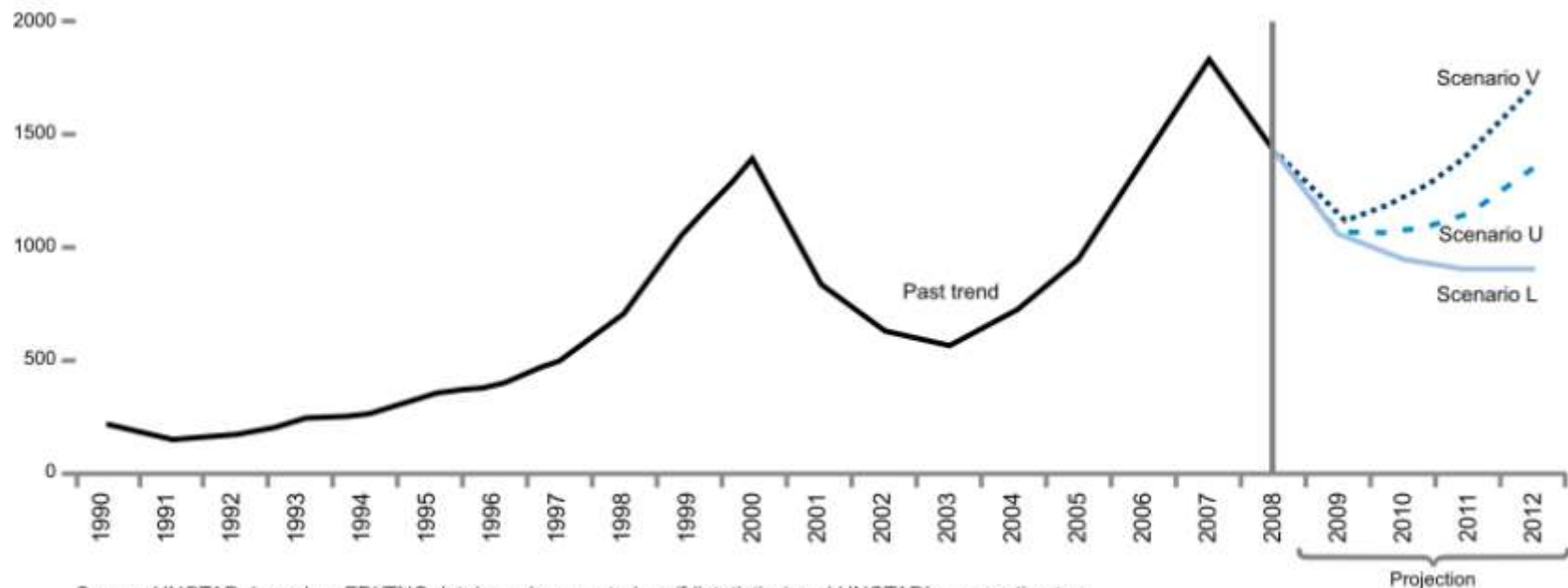
Impact of recession on FDI?

- FDI Inflows to developed countries look likely to be most impacted
 - Greater dependency of financial institutions
- Decline particularly serious in France, Germany, UK, Italy – drops of 33% or more anticipated in 2008
- However for developing and transition countries, the worst may be yet to come
 - FDI growth in 2008 might have remained positive
 - Decline in developed markets will adversely impact FDI inflows in 2009 and beyond

UNCTAD scenarios for FDI: 2009 - 2012

- For illustration only – wide variation in possible outcomes
- Dependent on:
 - Financial sector liquidity and willingness to fund new projects
 - Government response policies – e.g. extent of protectionism

Global FDI inflows, 1990-2008, and three scenarios for the period 2009-2012

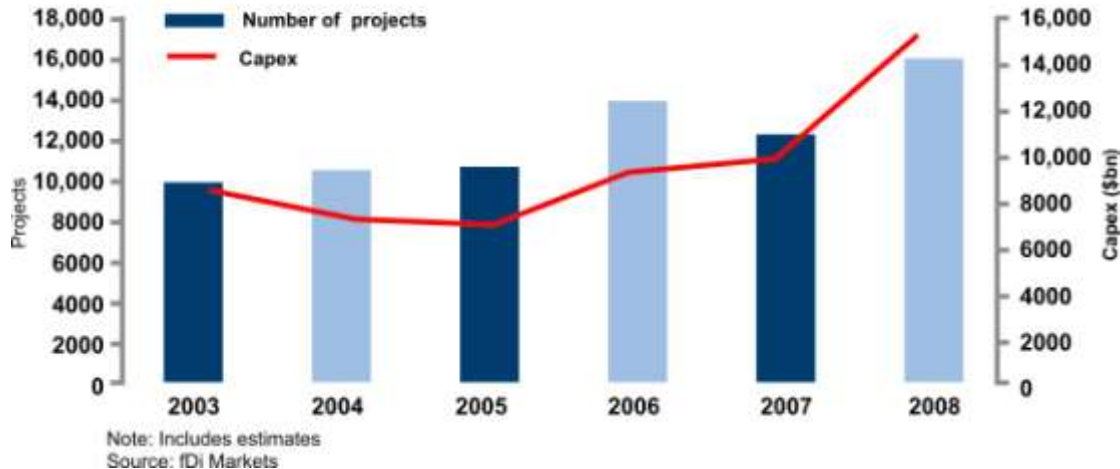


Source: UNCTAD, based on FDI/TNC database (www.unctad.org/fdistatistics) and UNCTAD's own estimates.

Note: The shapes of V, U and L scenarios are for illustrative purposes only and not based on any statistical methods.

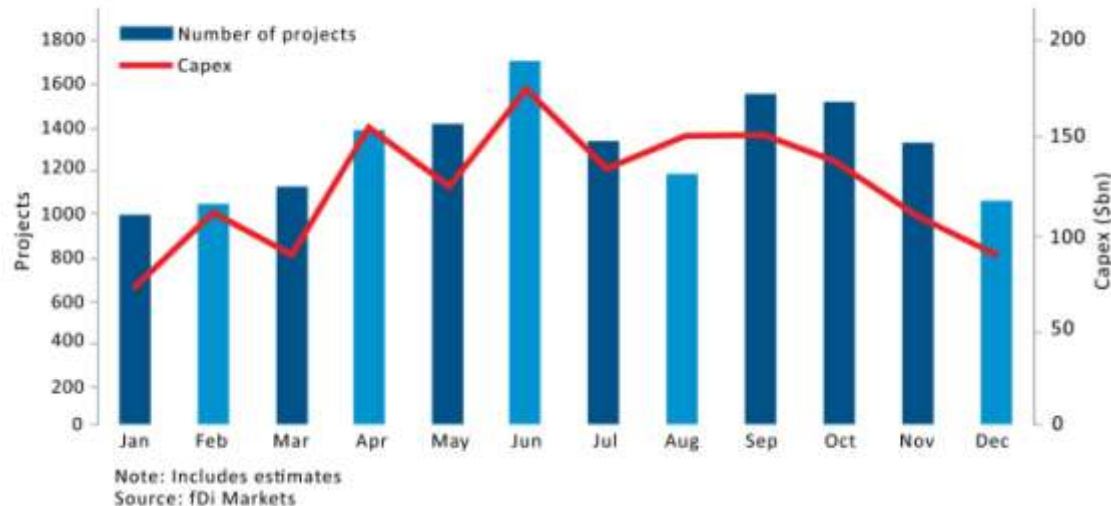
Green field v. M & A

GLOBAL FDI BY NUMBER OF PROJECTS AND CAPEX, 2003-2008



- Data based on project FDI announcements
- Green field FDI appears to be holding up better

GLOBAL FDI BY NUMBER OF PROJECTS AND CAPEX, 2008



Source: FdiMarkets,
Financial Times

Green field v. M & A

- Greenfield FDI funded more from earned profits and internals funding sources
- Thus in short term less affected by external liquidity crunch
- Impact on greenfield FDI may lag - as corporate profits fall so will FDI requirements
- But search for lower cost solutions will keep greenfield FDI moving – but some winners and some losers.

What impact on Sectors?

Impact of Recession and Financial Crisis on FDI Sectors, 2009 Forecast

RESILIENT SECTORS

Renewable energy
Healthcare
Food and beverages
Aerospace
Professional services
Coal, oil, natural gas
Headquarters

DECLINING SECTORS

Automotive
Chemicals
Electronics
Textiles
Communications
Real estate
Plastics and rubber

Driven by :

- Growth/contraction in demand
- Extent and source of capitalization

Source: fDi Markets

What will drive FDI in the recession and subsequent recovery?

- Drive to lower cost and more flexible solutions:
 - Outsourcing to lower cost locations
 - Rationalisation and consolidation of existing operations
 - Search for government support and funding
 - Shift to flexible work patterns
- Drive to greater market relevance and growth
 - Regionalisation and globalisation rather than localisation
 - Search for growing markets

Which locations will do better?

- Lower costs but balanced by need for lower risks
- Low taxes
- Access to incentives
- Flexible labour markets
- More conducive investment climate – e.g. ease of establishing and running a business
- Logistics, infrastructure & accessibility
- Language skills

Implications for attracting FDI

- Holding on to the FDI you already have:
 - Aftercare – especially investors in declining sectors – and to win consolidation projects – servicing existing investor needs
- Re-examining your investment climate – now is the time to take stock and make improvements
- Greater competition for fewer projects - countries need to differentiate their location in a buyers market
- Focus on securing whatever opportunities that come your way
 - Information and facilitation
 - Reduces investor location costs and signals lower risks

Implications for attracting FDI

- Responsiveness to investors needs will be critical
 - During location and start up phases
 - Ongoing operational support
- Investors seeking:
 - Good professional information and facilitation services
 - Responsiveness and understanding of business needs
- Information and facilitation is a low cost function for IPIs
- For promotion, greater emphasis is needed on the new location determinants
- Targets need to be re-aligned around growth sectors and source countries, where the location is competitive

Thank you.

Questions

Day 1: Wednesday, June 3, 2009

Module 1: What Investors Need and Expect

10:30-11:00

**Understanding Investor Decision-Making:
Overview of the investor's site selection process**

Robert Whyte

Understanding Investor Decision-Making: Overview of the Site Selection Process

Celia Ortega
Bangkok, Thailand
June 2009

Understanding the changing nature of FDI and the importance of investor facilitation

Day 1

Workshop: Session 1 -- Understanding the Context

- Implications of recession for FDI
- Responding to investors' needs
- What constitutes good facilitation
- Facilitation in APEC

Workshop: Session 2 Online Investment Promotion

- Understanding how investors use online information sources
- Enhancing your content to meet investor needs
- Promoting your services and Web site effectively
- Magnifying your reach and impact with partnerships and other tools
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- How and when investors get in contact with IPIs
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- Summing up
- Event debriefing and participant evaluation
- Certificate awards

Day 2

Day 2

Day 3

Close

Drivers of Location Decisions

Most important factors influencing location of companies in 2007-2009 (% of TNC responses)

- 1. Size of market (21%)**
- 2. Growth of local market (20%)**
- 3. Access to international/regional market (10%)**
- 4. Stable investment environment (10%)**
- 5. Availability of skilled labor force (9%)**

Source: UNCTAD World Investment Prospects Survey 2007-09

Overall performance (out of 100%)

What Investors Expect?

Economic reasons/motivations to invest

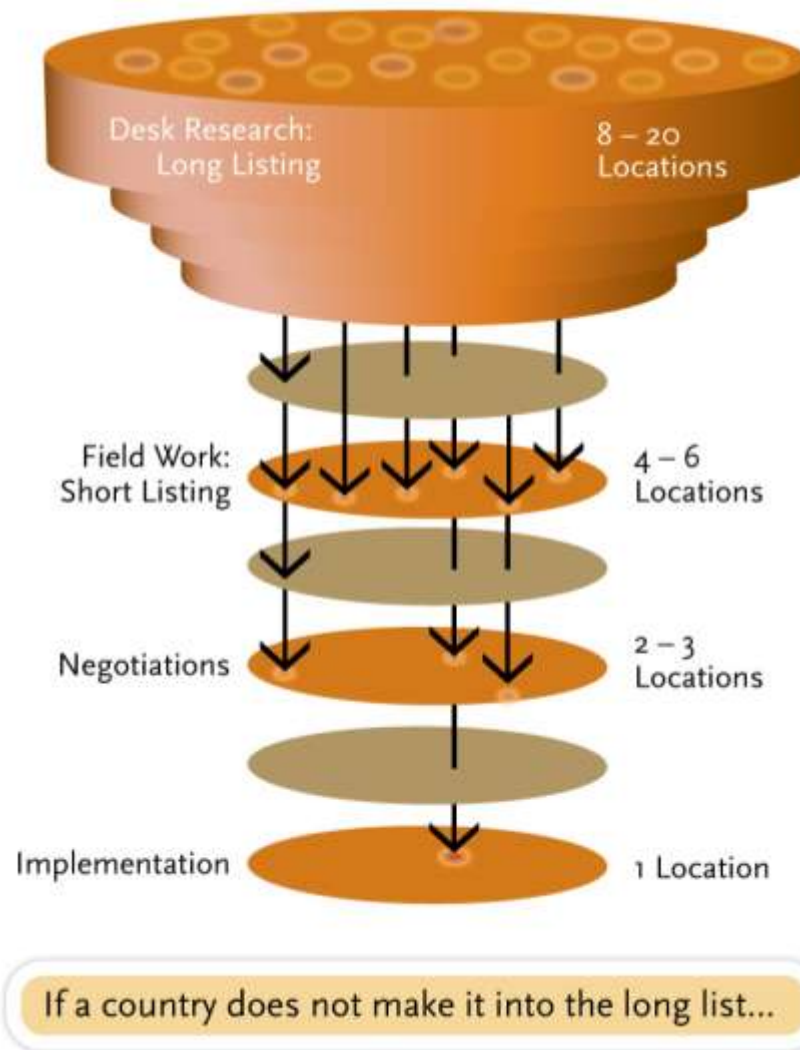
- 1. Market**
- 2. Resources**
- 3. Efficiencies**
- 4. Strategic assets**

Good business climate for FDI and....Business facilitation

Screening Criteria



The Site Selection Process



What is the Long-Listing Process Like?

Define projects needs...

- **Select long list of countries**
- **Broad data comparison >>> Labor Cost, Taxation, Infrastructure**
- **Research without moving (Desk Research) >>> Number of locations too long to visit, too expensive!!**
- **2-3 weeks to gather information and move to short list >>> If information not available location will most likely to fall out the list**
- **Very often long-listing is outsourced to site location consultants >>> with few exceptions some few specialized consultants manage long listings and sometimes they also do short-listing too**
- **Information sources are mostly online >>> often site location consultants use their own existing data from other projects**
- **Limited contact (telephone/email) with IPI >>> only when specific information needed**

The Site Selection Process: It's all about Information

Long listing

- Project drivers
- Success factors
- Project specifications
- Search Area
- Countries/regions
- Fatal flaw analysis
- Compare costs and conditions

IPI provides country and sector information

Short listing

- Field investigations
- Verify screening and process-drill down
- Identify specific opportunities and risks

IPI provides detailed information and field logistics support (site visit)

Negotiations

- Risk analysis
- Real estate
- Incentives
- Permitting

IPI provides quality contacts, prepares development packages and ensures permits are granted speedily

Implementation

- Transition planning
- Facilities plan
- Vendor selection
- Construction ramp-up

IPI services investor to fast-track project implementation

Who Makes Decisions?

Initiate Need

- 1) Vice President
- 2) Operations Manager
- 3) Director of Corporate Real Estate
- 4) President
- 5) COO

Suggest Locations (Long List)

- 1) Director of Corporate Real Estate
- 2) Consultant
- 3) Operations Manager
- 4) Vice President
- 5) Logistics

Evaluate Locations (Short List)

- 1) Director of Corporate Real Estate
- 2) CFO
- 3) Vice President
- 4) Engineering
- 5) Logistics

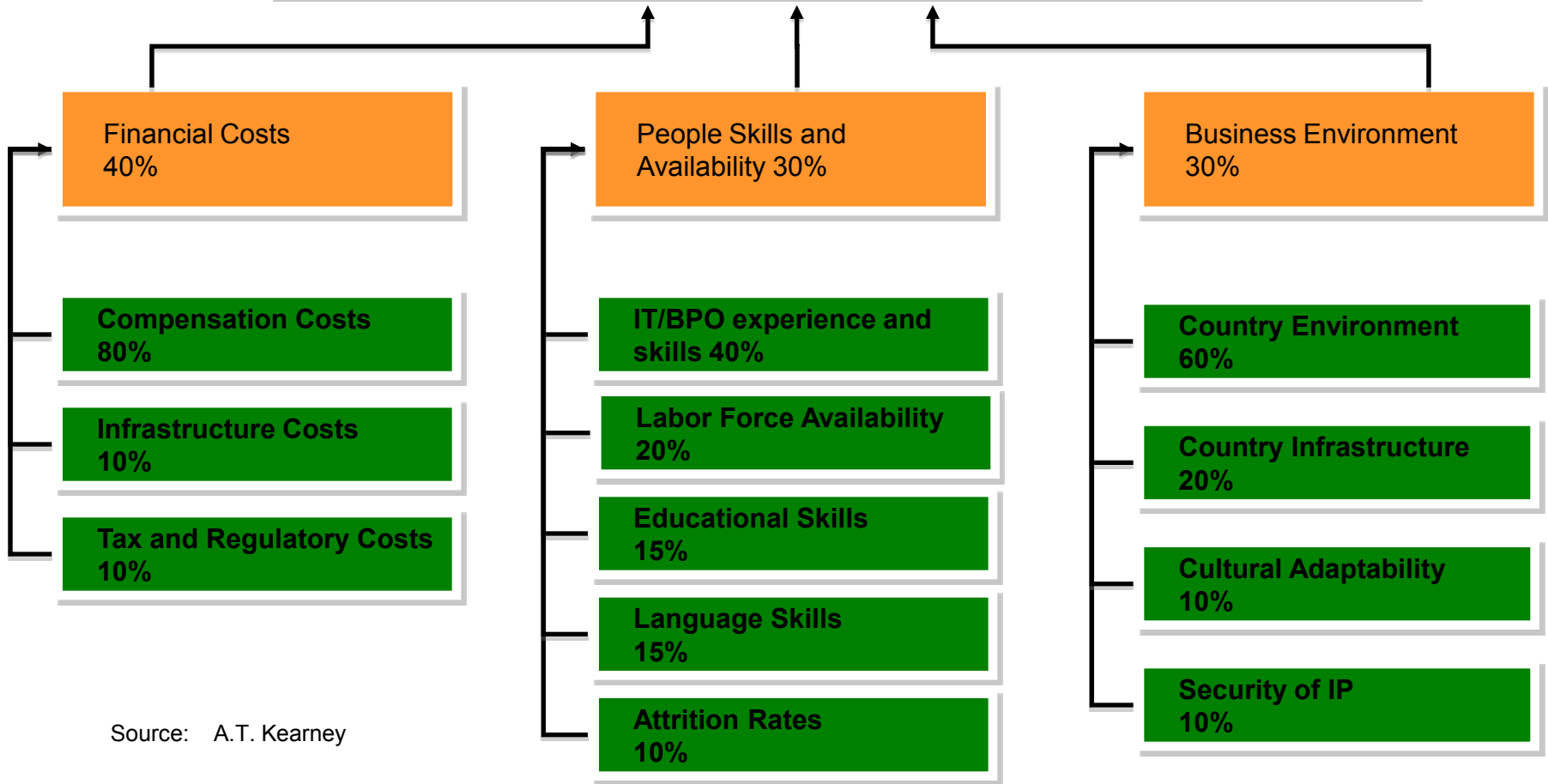
Make Decision

- 1) President
- 2) CEO
- 3) Chairman
- 4) COO
- 5) CFO

From the 1997 Fortune Magazine / Fantus Consulting Survey

Business Outsourcing Long-Listing Process: Costs, People, and Business Environment

A T Kearney Global Services Location Index score

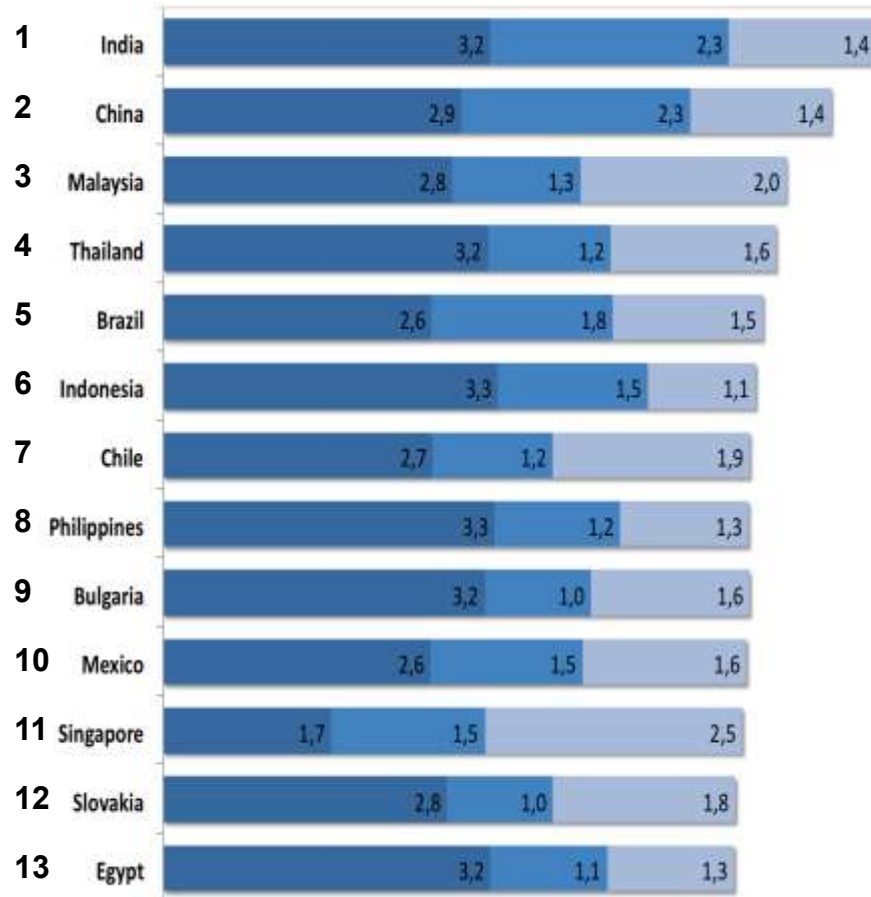


Source: A.T. Kearney

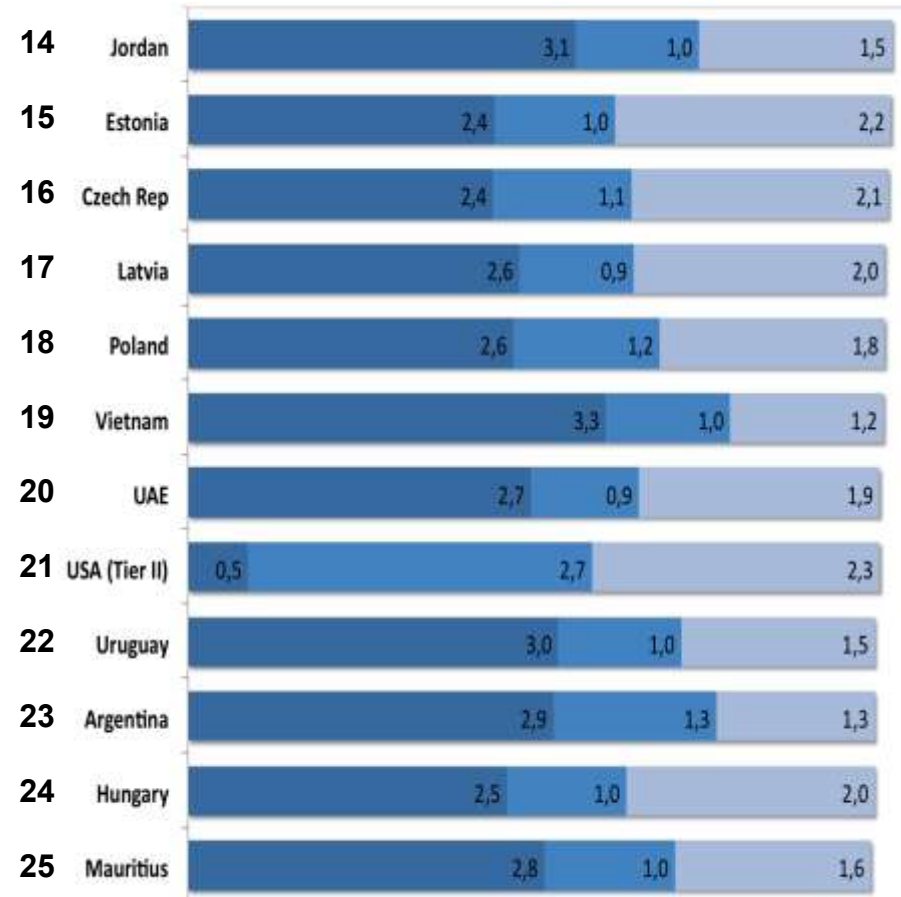
The Long List for Business Outsourcing...

A.T. Kearney Global Services Location Index 2007

Ranks 1-13



Ranks 14-25



Country score: **Financial** **People** **Environment**

Source: A.T. Kearney Global Services Location Index 2007

What can the IPI do to Influence Investors?

Make it into The Long List!!

- Understand companies motivations in each sector
- Target only those sectors where country is able to compete (benchmark your location again and again)
- Have quality information available to meet company needs at long-listing stage
- Be able to source more detailed information for the company at the short-listing stage
- Provide international business standards of customer service
- Understand who makes decisions
- Multipliers (site location consultants) are an IPI best friend!

Thank You!

Day 1: Wednesday, June 3, 2009

Module 1: What Investors Need and Expect

11:00-11:45

**Australia: “The Importance of strategic partnerships
for Investment Facilitation”**

Maurine Lam, Austrade, Senior Trade Commissioner, Bangkok



Australian Government
Australian Trade Commission



Maurine Lam
Senior Trade and Investment Commissioner
Austrade Bangkok

Integration of Trade and Investment

- Prior to 2008
 - Austrade – export & outward investment facilitation
 - Invest Australia – Inward investment attraction
- November 2007 – change of Government in Australia
- 1 July 2008 – integration of trade and inward investment



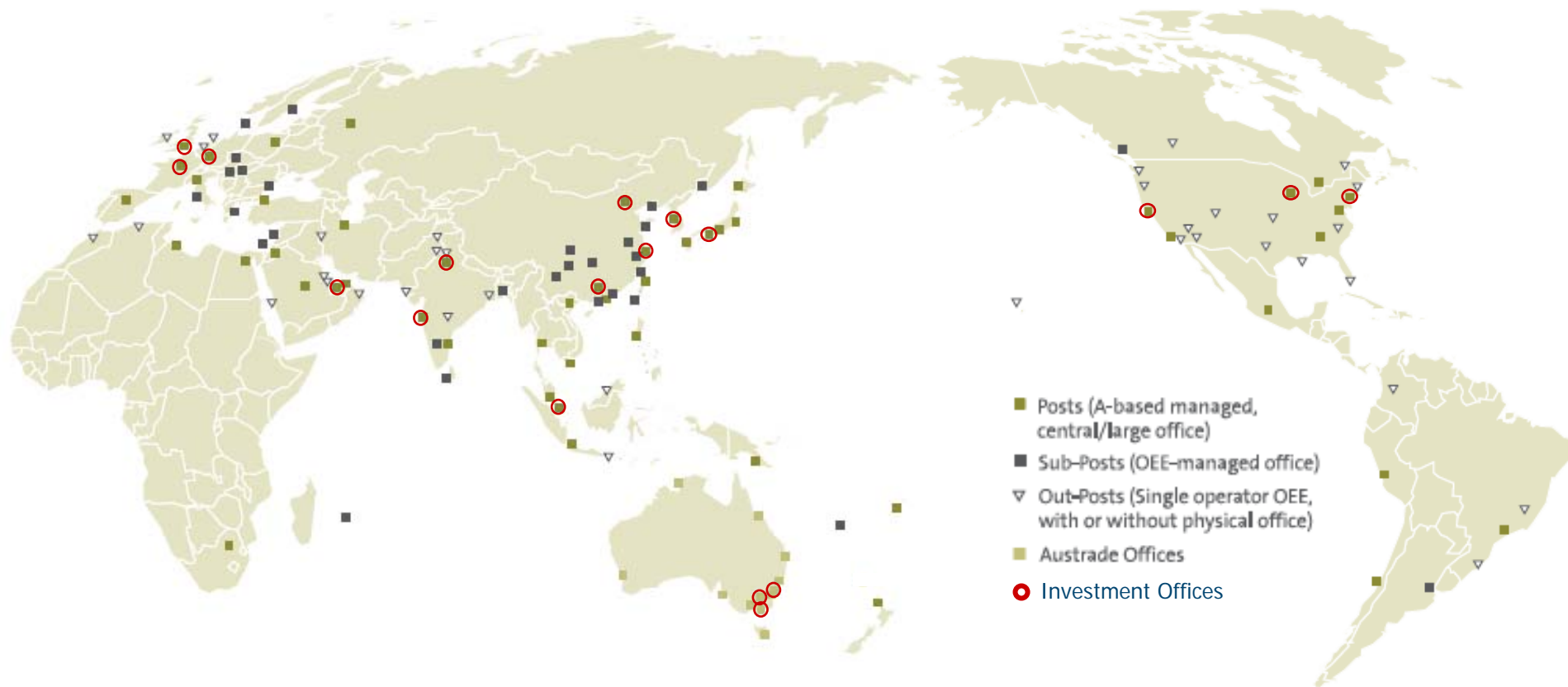
Rationale for Integration

1. To exploit synergies between trade and investment
2. To leverage existing resources and networks



Leveraging existing resources

AUSTRADE'S OVERSEAS AND DOMESTIC NETWORK



Measures taken - Building investment capability

- Comprehensive training
- Updated industry capability information
- Refreshed website
- Global Investment Network
- Corporate Partnership program
- National Investment Advisory Board
- Priority sectors



Australia's major FDI target sectors

Knowledge intensive industries

Financial Services, ICT, Biotech,
Business Services, R&D



Clean technology
renewable energy,
low carbon, energy
efficiency, water,
waste management

Asset deficit sectors

Infrastructure (transport,
social, utilities),
Agribusiness (food security)



Resources

Minerals, oil & gas,
mining equipment &
services



Key success factors

- Leadership commitment – from Minister down
- Comprehensive training
- Shared IT platform
- Marketing materials
- Re-designed website



GIPB feedback – what are we good at?

- Accessibility
- Business orientation
- Credibility



The Strategic Partnership Approach

1. Understand investor's underlying business objectives
2. Understand key decision points and information requirements
3. Understand and articulate Austrade's value proposition
4. Deliver that value
5. Leverage the initial investment – what is next on the investor's agenda?



Investment Activity Offshore

Reactive activities

- Respond to enquiries
- Qualify companies

Proactive targeting

- Research to identify potential investors
- Networking to find right contacts
- Develop Australian value proposition
- Make initial investment pitch

Managing Investor Relations

- Develop investor relationship to influence investment decision



Role of Industry Teams Onshore


- Develop inward investment strategy for target sectors
- Develop Industry Capability Reports
- Provide content for Austrade website
- Coordinate information for investment leads
- Support site visits in conjunction with states
- Respond to onshore re-investment inquiries
- Respond to Australian investment opportunities



Refreshing our Web interface

Austrade - Australian Trade Commission - Helping Australians succeed in export - Microsoft Internet Explorer

File Edit View Favorites Tools Help Address <http://www.austrade.gov.au/default.aspx> Go

 **Australian Government**
Austrade

Find your nearest Austrade office
Please select...

Australian Businesses Global Markets

Export from Australia

- Export markets
- Grants and assistance
- Expanding your business outside Australia

[Export from Australia](#)

Buy from Australia

- Finding a supplier or product
- Australian industry capabilities
- Austrade services for international buyers


[Buy from Australia](#)

Invest in Australia

- Opportunities in Australia
- Doing business in Australia
- Austrade services for international investors

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Budget 2009-10

Are these the first signs of The Great Recovery?

ASEAN-Australia-NZ Trade Area (AANZFTA)

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Industries and Sectors Market Opportunities and Capability

<http://www.austrade.gov.au/default.aspx> Internet

 **Australian Government**
Australian Trade Commission

[Home](#)[Opportunities by Sector](#)[Why Australia](#)[Doing Business](#)[Our Investment Specialists](#)You are here: [Home](#) | [Invest](#) | [Opportunities by Sector](#)

Opportunities by Sector

As a sophisticated, modern economy, Australia offers overseas investors diverse business opportunities across a broad range of world-class industry sectors. Avenues for investment range from traditional industries – such as agribusiness and mining, where Australia's

competitive advantages are well established – to fast-evolving technology and service sectors. Select any of the links below to view some of the Australian economy's key sectors, where vitality and innovation have created a fertile domain for foreign investment.

Financial Services

A sophisticated hub for the Asia-Pacific



Clean Energy

A wealth of renewable energy resources



Advanced Manufacturing

Bringing innovation and originality to global supply chains



Biotechnology

A powerhouse for science and innovation



Infrastructure

High levels of infrastructure activity



Agribusiness

Diversity on Asia's doorstep



Contact an Austrade Investment Specialist



Investor Update



Australian researchers develop Parkinson's wristwatch monitor

Australian scientists use nanotechnology to boost DVD storage

Australian scientists develop new HIV test

Integrated logistics operator continues expansion in Australia

US Data Recovery provider invests in Australia



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Why Australia

Australia offers a wealth of opportunity for businesses to succeed. Businesses can expect a stable and efficient regulatory environment, a highly skilled and multi-lingual workforce and a culture of innovation. Our unparalleled economic record, world-class industry

capabilities and unique cultural and geographic advantages in the world's fastest growing region all form part of Australia's impressive reputation as an investment destination. For more information about Australia's advantages, select any of the links below.

Growing foreign investment



Strong economic credentials



Strategic location



Democratic and politically stable



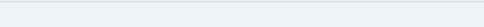
Business friendly regulatory environment



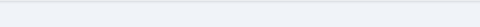
Highly skilled and multilingual workforce



Cost competitive location



Innovative culture with excellent



Contact an Austrade Investment Specialist



Investor Update



Australian researchers develop Parkinson's wristwatch monitor

Australian scientists use nanotechnology to boost DVD storage

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Doing business in Australia



Fact Sheets

Australia is a globally competitive location for business. Strong institutions, flexible markets and effective and well-targeted economic policies provide a solid platform for business and political stability and a sound regulatory climate strongly support business growth.

Download our informative fact sheets (PDFs) covering specific aspects of Australia's business environment:

▶ [Regulation of foreign investment](#) (PDF)

▶ [Corporate regulation in Australia](#) (PDF)

▶ [Taxation](#) (PDF)

▶ [Commerical property in Australia](#) (PDF)

Investor updates

Regions of Australia



Under Australia's federal system, power is divided between the federal, or Commonwealth, government, and the six state and two territory governments:

[Australian Capital Territory \(ACT\)](#)

[New South Wales \(NSW\)](#)

[Northern Territory \(NT\)](#)

[Queensland \(QLD\)](#)

[South Australia \(SA\)](#)

[Tasmania \(TAS\)](#)

[Victoria \(VIC\)](#)

[Western Australia \(WA\)](#)

Investor



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How Austrade can help

The Australian Trade Commission (Austrade) is responsible for the facilitation of foreign direct investment into Australia and for the promotion of Australia as an internationally competitive place to do business.

Austrade helps international companies establish and build their business in Australia. We are the first national point-of-contact for all investment inquiries and offer free, comprehensive and confidential assistance.

Austrade understands the challenges of investing. We seek to provide the information required to make a good investment decision and to provide a coordinated approach that saves investors time and money.

We have investment advisory specialists in locations around the world including New York, San Francisco, Chicago, London, Paris, Frankfurt, Singapore, Tokyo, Shanghai, Beijing, Guangzhou, Seoul, Mumbai, New Delhi, Dubai, Canberra, Sydney and Melbourne.

What we provide:

- **Information on the business environment:** covering issues such as business costs, the taxation regime, investment regulations, skills availability and immigration.
- **Market intelligence reports/Executive briefs:** specific information on Australia's capabilities across a wide range of industry sectors.
- **Site visits:** assistance to identify the most suitable location and potential partners in Australia for your business, in conjunction with relevant State and Territory investment agencies and industry groups.
- **Australian Government programs:** advice on the Government's industry development programs that may be applicable to your business, including support for research, development, innovation and export activities.
- **Government approval processes:** advice on government approvals required for your business and help to streamline the relevant processes.

Contact an Austrade Investment Specialist



Investor Update



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Australian Government
Australian Trade Commission

Questions?



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Module 1: What Investors Need and Expect

11:45-12:30

**Overview of Global Investment Promotion
Benchmarking 2009 Report**

Celia Ortega

Global Investment Promotion Benchmarking 2009 (GIPB)

A Survey of Countries' Effectiveness in Facilitating FDI

Celia Ortega
Bangkok, Thailand
June 2009

Understanding the changing nature of FDI and the importance of investor facilitation

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Day 3

Close

GIPB Overview

Results

Challenges Ahead

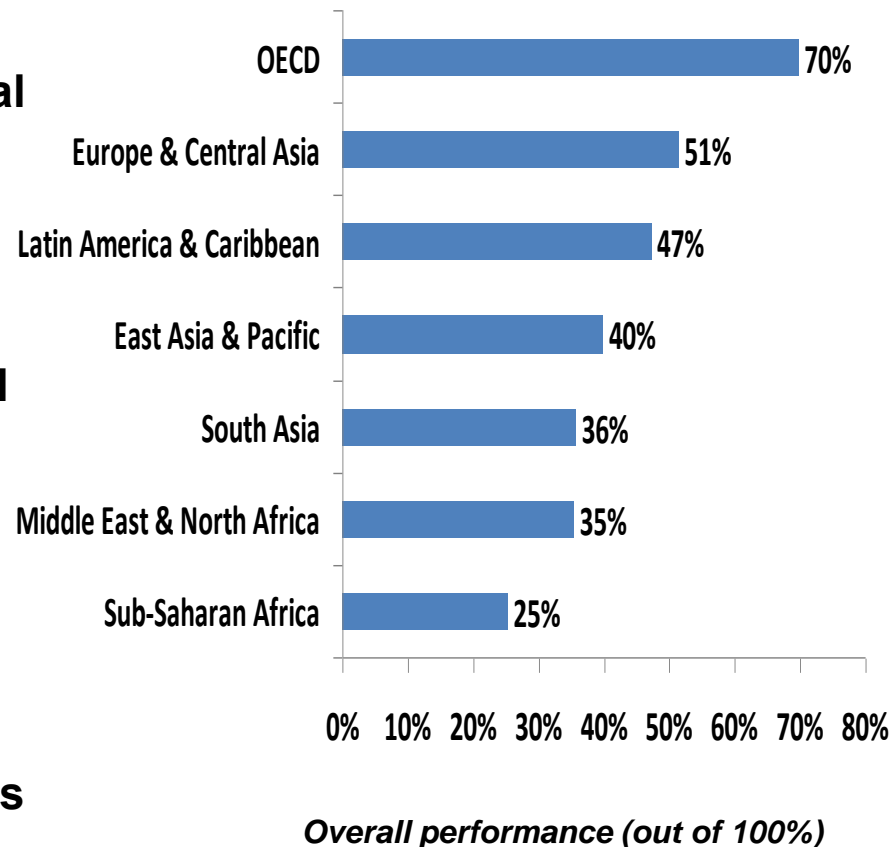
What is GIPB?

What does GIPB measure?

- How does **your country's promotional effort rank** versus competitors?
- How **competitive** is your country in **promoting foreign investment**?
- Is your country **achieving its potential** to attract investment?

What does GIPB NOT measure?

- Countries' overall **FDI competitiveness**
- Countries' **business climates**
- IPIs' **effectiveness in other functions**



GIPB Mirrors Companies' Site Selection Process

- Stepping in the shoes of two companies (manufacturing and software) a site location consultant assessed:
 - **IPI Websites**-- The extent to which IPIs offer country and sector information suitable to assist potential investors in their location search.
 - **Inquiry handling** -- A mystery shopper approach tested each IPI's ability to interact with and manage two distinct investment inquiries, provide relevant information and make a business case for investment.

A recent survey of 3,600 US large companies (\$25m+) conducted by *DCI Consulting* reveals that:

- **64% of respondents would use the IPI website** in their next location search.
- **Only 8% of respondents say they would not contact the IPI** during the investment decision process
- **Site location consultants are more likely to use the IPI services** for information in the screening process.

Why IPIs Should Bridge the Corporate Information Gap?

- Information markets do not work perfectly. As a result, **companies often limit options** to those locations they are familiar with.

>>> IPIs' effective marketing can **encourage companies to look at new countries and open new opportunities.**

- Current financial instability may **make companies more cautious** about their medium-term foreign expansions.

>>> Making investment-relevant information easily available **lessens investors' risk perceptions.**

- Provision of relevant, accurate and up-to-date information **diminishes companies' transaction costs** during the site selection process.

>>> thereby making **destinations more competitive.**

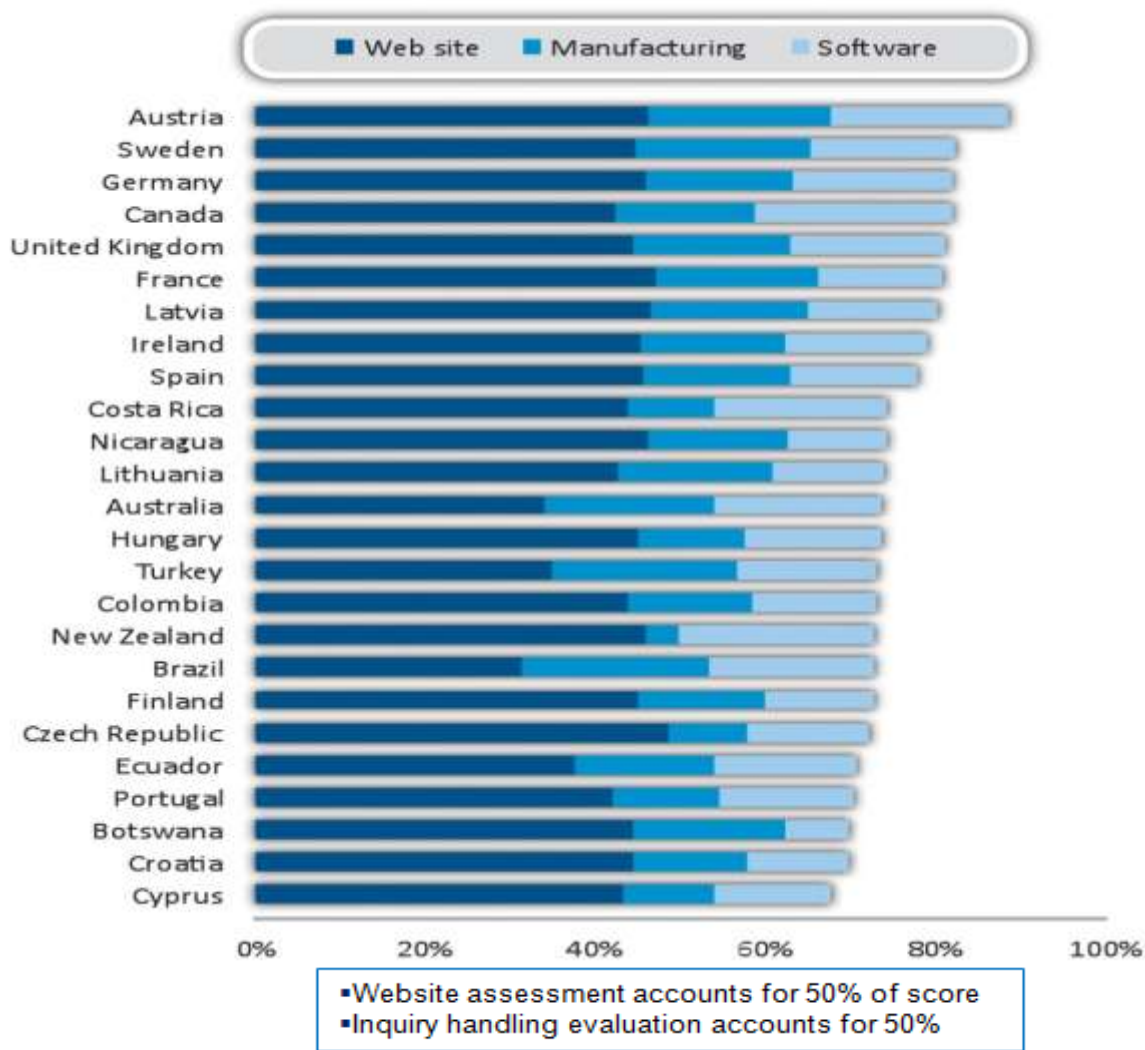
GIPB Overview

Results

Challenges Ahead

GIPB 2008: Global Top Performers

■ **OECD countries still dominate the top of the Investment Promotion Intermediary (IPI) performance league table, but their dominance is now being more closely challenged by Latin America (LAC) and Eastern Europe and Central Asia (ECA).**



IPIs have mastered the basics but fail to deliver what investors need

Good news...

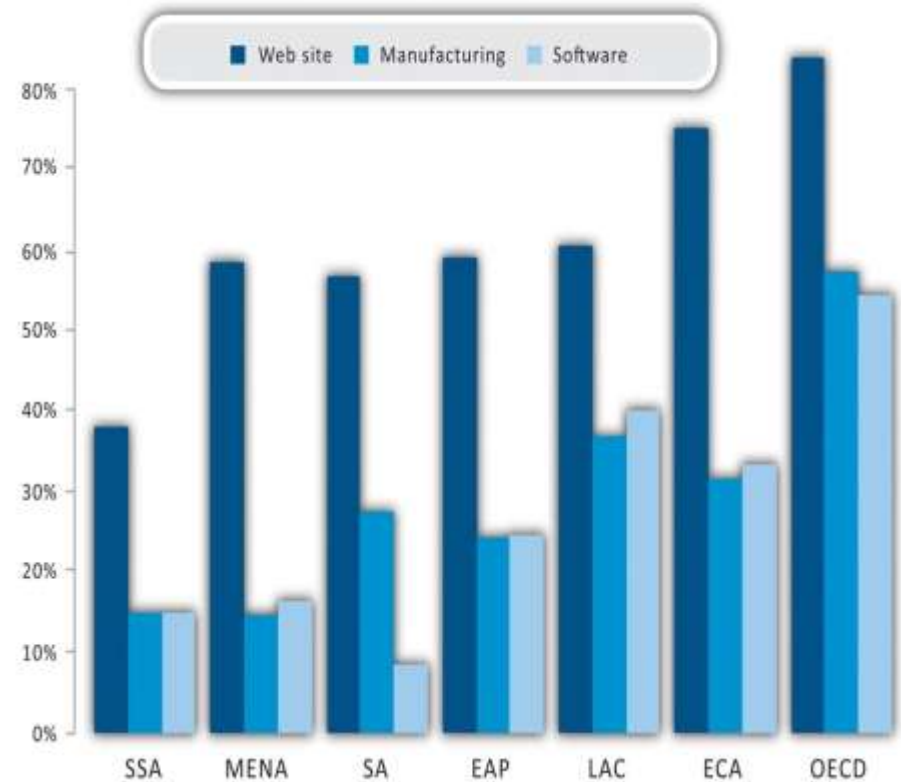
Virtually every country has an agency mandated to promote FDI and facilitate investors' entry.

Good news...

You can find virtually every IPI online and contact them.

Not so Good News...

IPIs do not consider important, or don't have the skills to develop the kind of information that investors need.

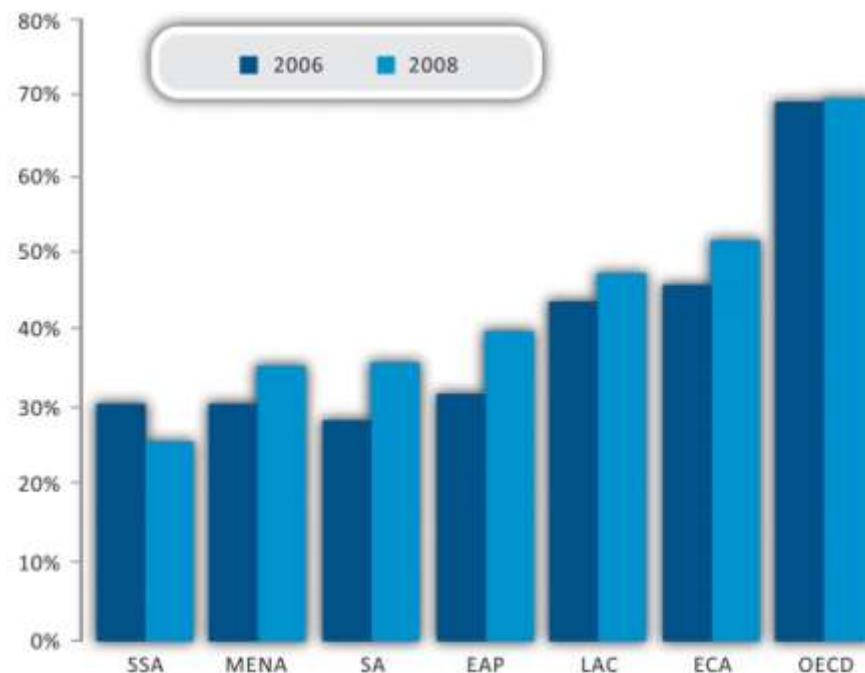


Regional performance in each GIPB assessment category
(Scores for each category calculated over 100%)

Trends 2006-2008

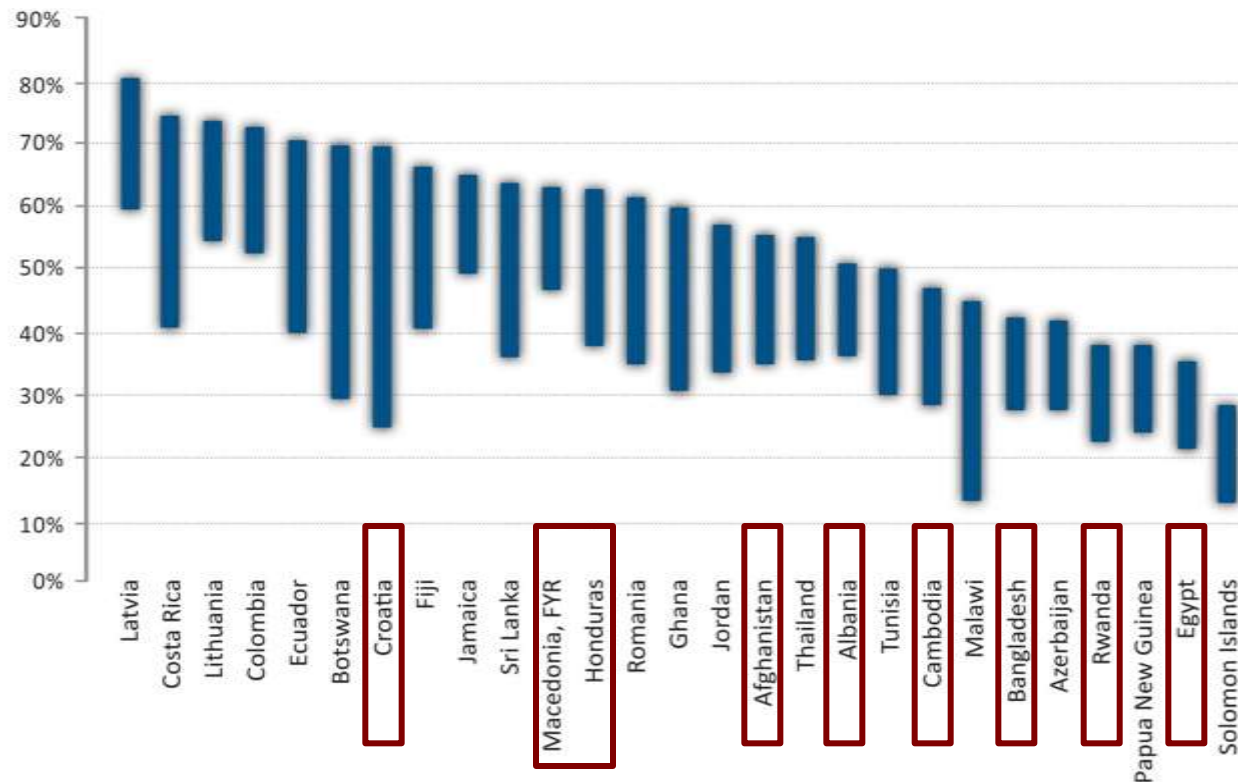
- IPIs have improved since 2006 but this is down to the '**shop window**'- the websites. There is no real change in the investor assistance on the '**shop floor**'- improvements in inquiry handling have been moderate at best and in most cases the levels of service remain very low.
- Improvements are recorded for most regions. However, in the region **where according to Doing Business it is most difficult to operate, Africa**, it seems that investors can expect less help from the IPIs to navigate the system.

Regional comparison between 2006 and 2008



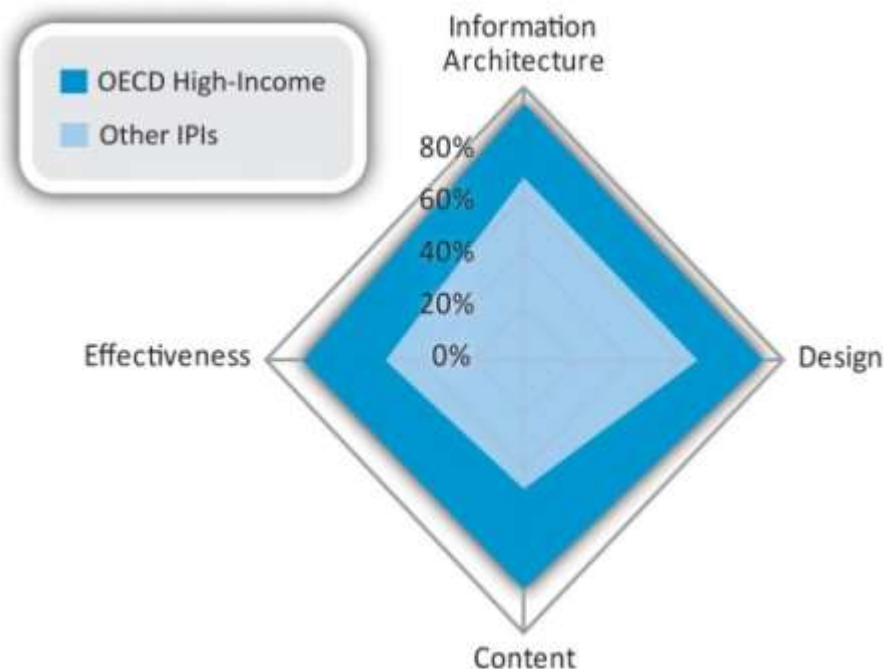
Major Improvers since 2006

- Out of the top 25 improvers, 9 have been our clients over the last two years.



Website Assessment

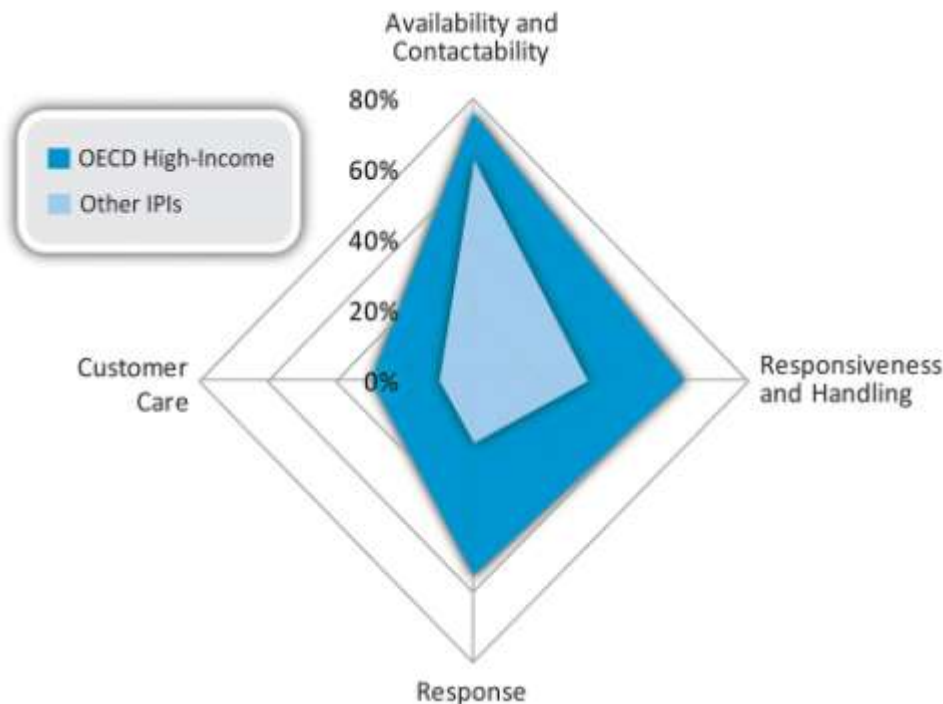
IPI websites were assessed against 4 key dimensions



- Almost all regions had at least one IPI in the Top 25, yet a **substantial performance gap remains between OECD and other regions.**
- This gap is most striking with respect to **the country and sector information offered in websites.**
- Since 2006, there has been a **worldwide improvement of 22%.** IPIs seem to understand the **importance of promoting online.** However IPIs **don't maximize their web site investment...**

Investor Inquiry Handling

Inquiry handling capability was assessed against 4 key dimensions:



- World performance was weak.
- OECD IPIs achieved an average score of 53%.
- Most regions **suffered a decline** in inquiry handling scores since 2006.
- Some best performers:
 - Austria in the OECD with 85%
 - Brazil in Latin America and the Caribbean with 83%
 - Turkey in Europe and Central Asia with 77%

Most IPIs **struggle** to respond to investors' information needs, and 'win' projects.

This means that IPIs **cannot provide companies with the basic data they need** to make an informed location decision. IPIs are **unable to influence** the decision in their favor.

GIPB & Subnational Investment Promotion

Overall Score



- Sub national IPIs have proved that when it comes to investment promotion, small is beautiful.
- Many of the world's most innovative and customer focused IPIs are sub national IPIs.
- Sub nationals excel because they are in a position to generate uniquely detailed knowledge of their local area: its assets and advantages.
- Also most subnationals are a recent creation, with good resources and staff, and shaped around the consultancy type of business.

GIPB Overview

Results

Challenges Ahead

Implications for investment promotion & challenges ahead

- Investors seeking information online in non-OECD countries and contacting IPIs for assistance may be frustrated with the official sources.
- Global improvement since 2006, and centers of excellence are emerging in all regions.
- Most developing country IPIs have functional websites but most fail to maximize the use of their online window for investment promotion.
- Many IPIs fail to deliver relevant answers to investors' questions.
- In short, a majority of IPIs offer an attractive **shop window** but service levels **inside the store** are seriously lacking. Investors may look but are unlikely to 'buy'... and IPIs will miss out on FDI knocking on their doors.

Thank You!

Full GIPB report downloadable from
www.fias.net

Questions? fias@ifc.org

Day 1: Wednesday, June 3, 2009

Module 1: What Investors Need and Expect

13:30-14:15

GIPB results for APEC member YWbca JYg

Robert Whyte



Global Investment Promotion Benchmarking (GIPB 2009): Implications for APEC

Robert Whyte
June 2009

Contents

2009 APEC Results vs World

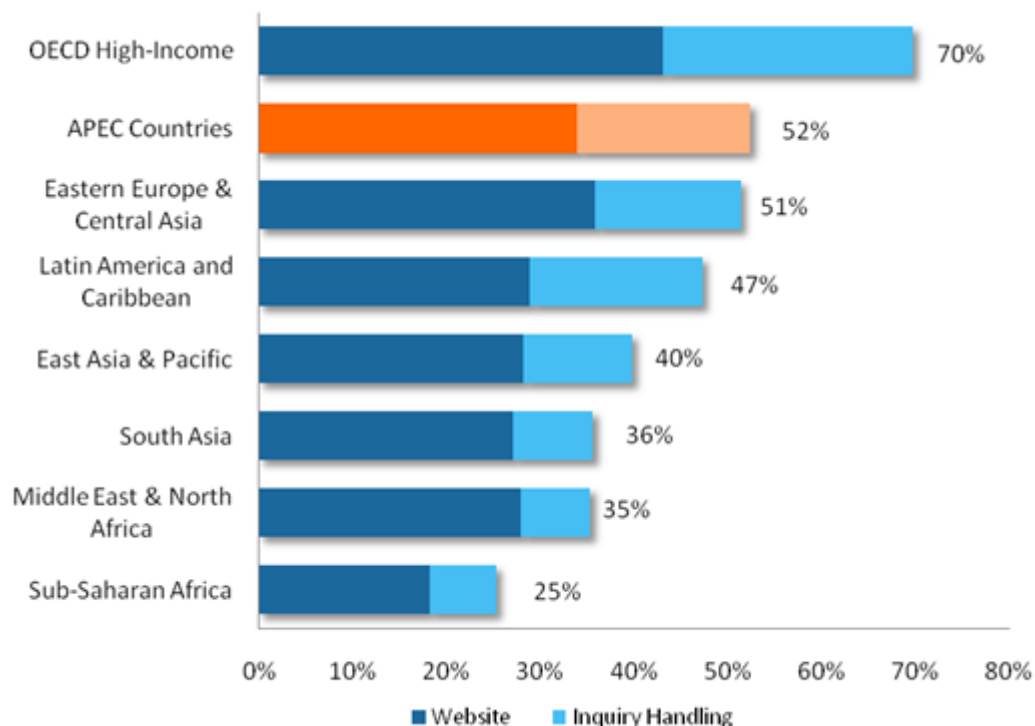
2009 APEC Results in Detail

2009 APEC Results: Some Implications

GIPB 2009 Findings: Countries are Missing Investment Projects and Jobs

When foreign companies knock on the door IPIs often do not respond...

World Results 2009



IPIs have mastered the basics but fail to deliver what investors need

PEC economies still do relatively well in comparison to other countries:

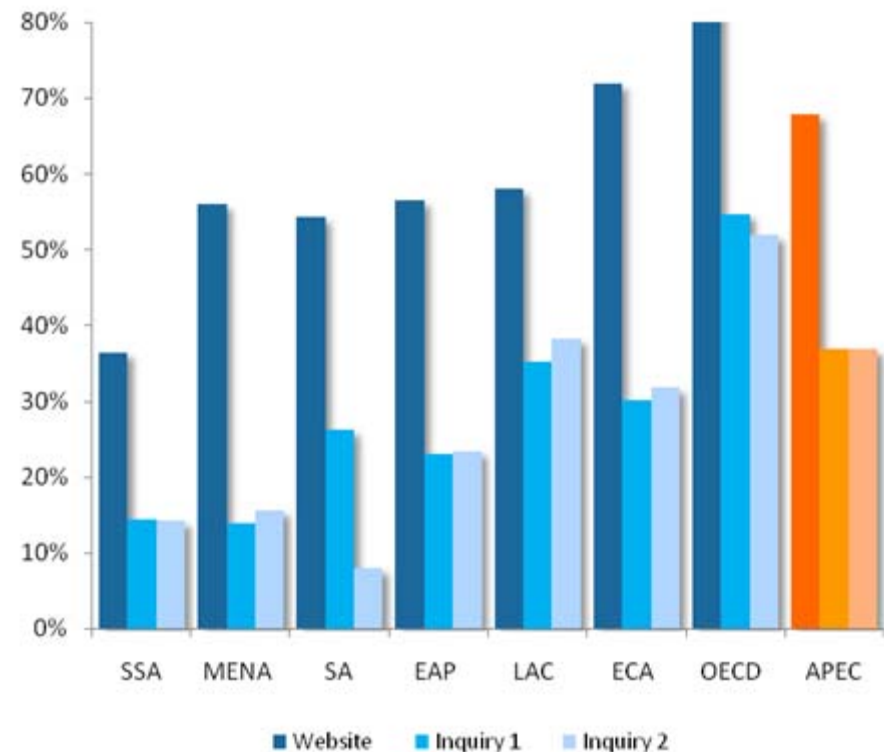
- > Websites (#3 after OECD and Europe and Central Asia)
- > and Inquiry handling (#3 after OECD and Latin America)

Best Improvers 2006 – 2009:

- > Thailand by 20%
- > PNG by 14%

Mainly due to the improvement of their Web sites

Regional performance in each GIPB assessment category (Scores for each category calculated over 100%)



Contents

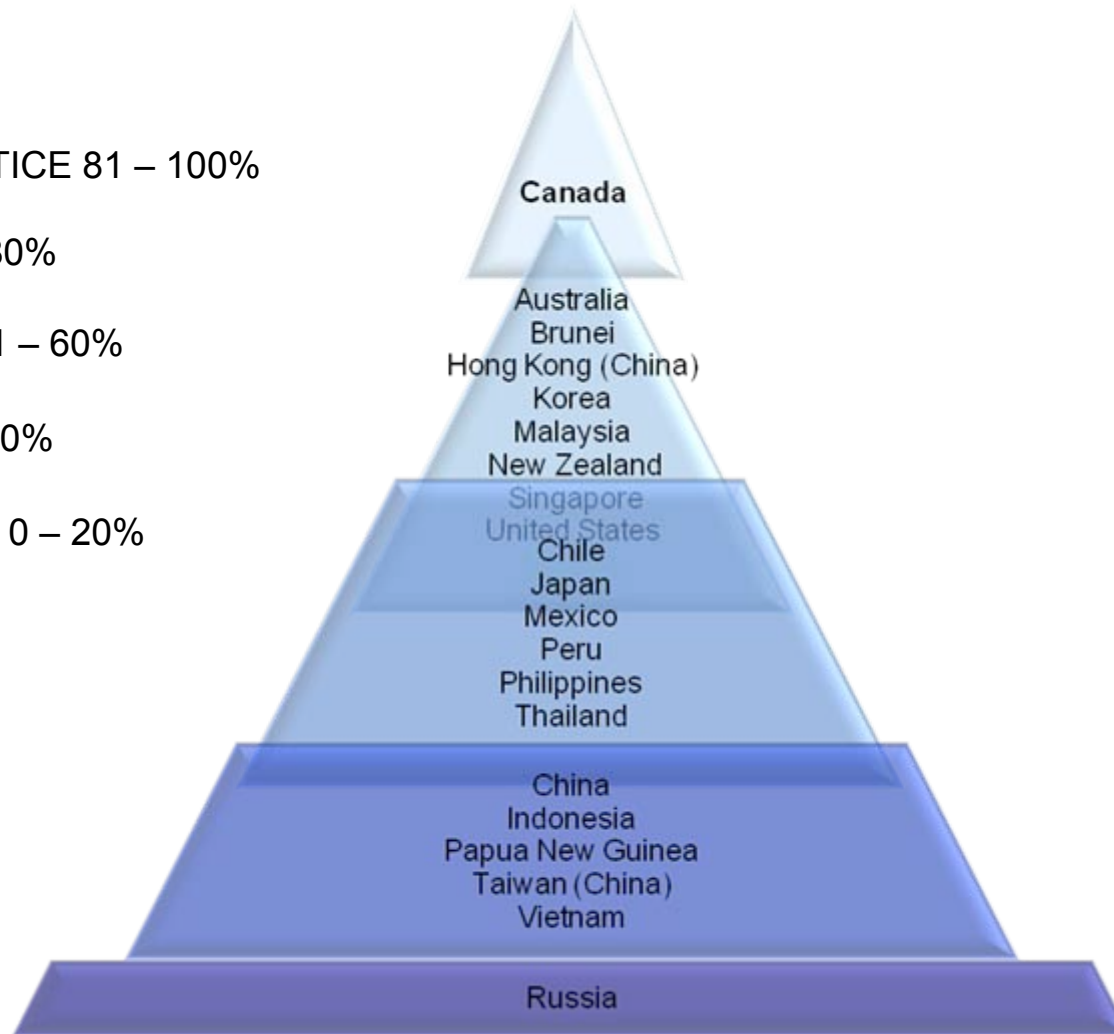
2009 APEC Results vs World

2009 APEC Results in Detail

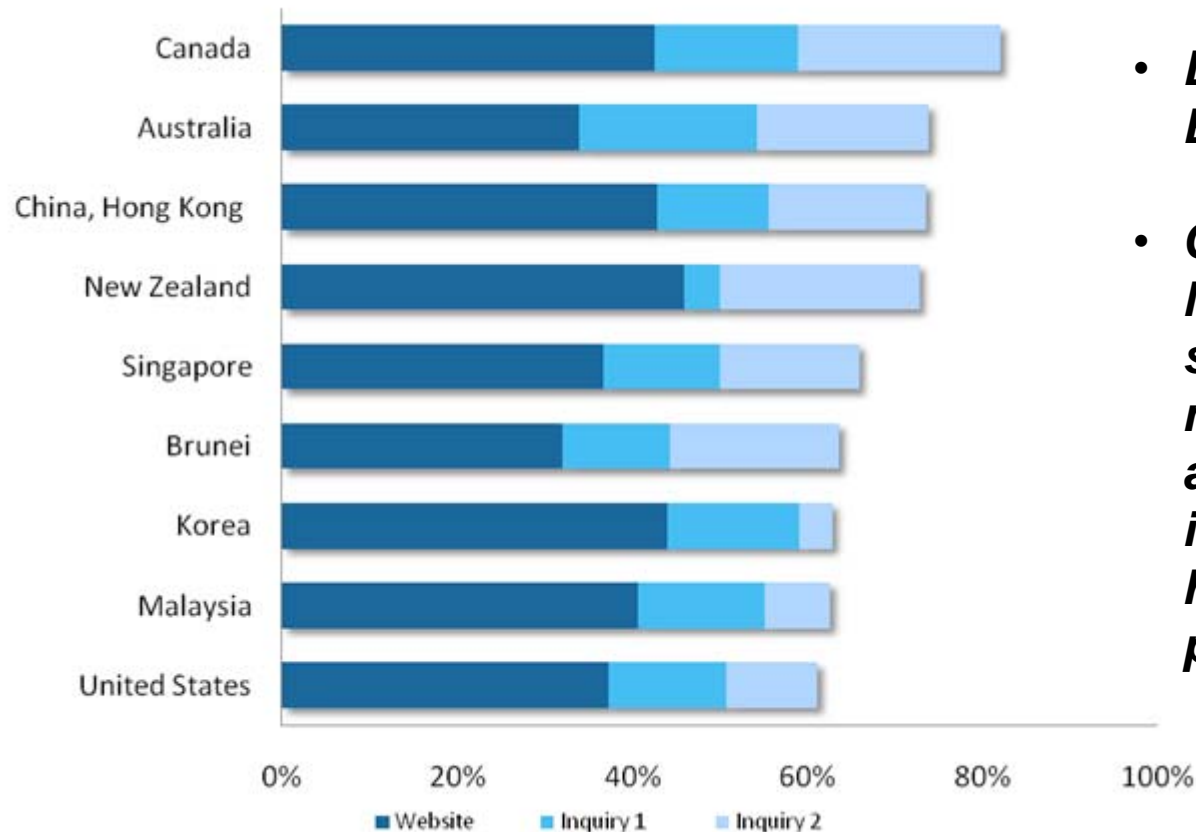
2009 APEC Results: Some Implications

GIPB 2009: APEC Spread of performance (by tier)

- BEST PRACTICE 81 – 100%
- GOOD 61 – 80%
- AVERAGE 41 – 60%
- WEAK 21 – 40%
- VERY WEAK 0 – 20%

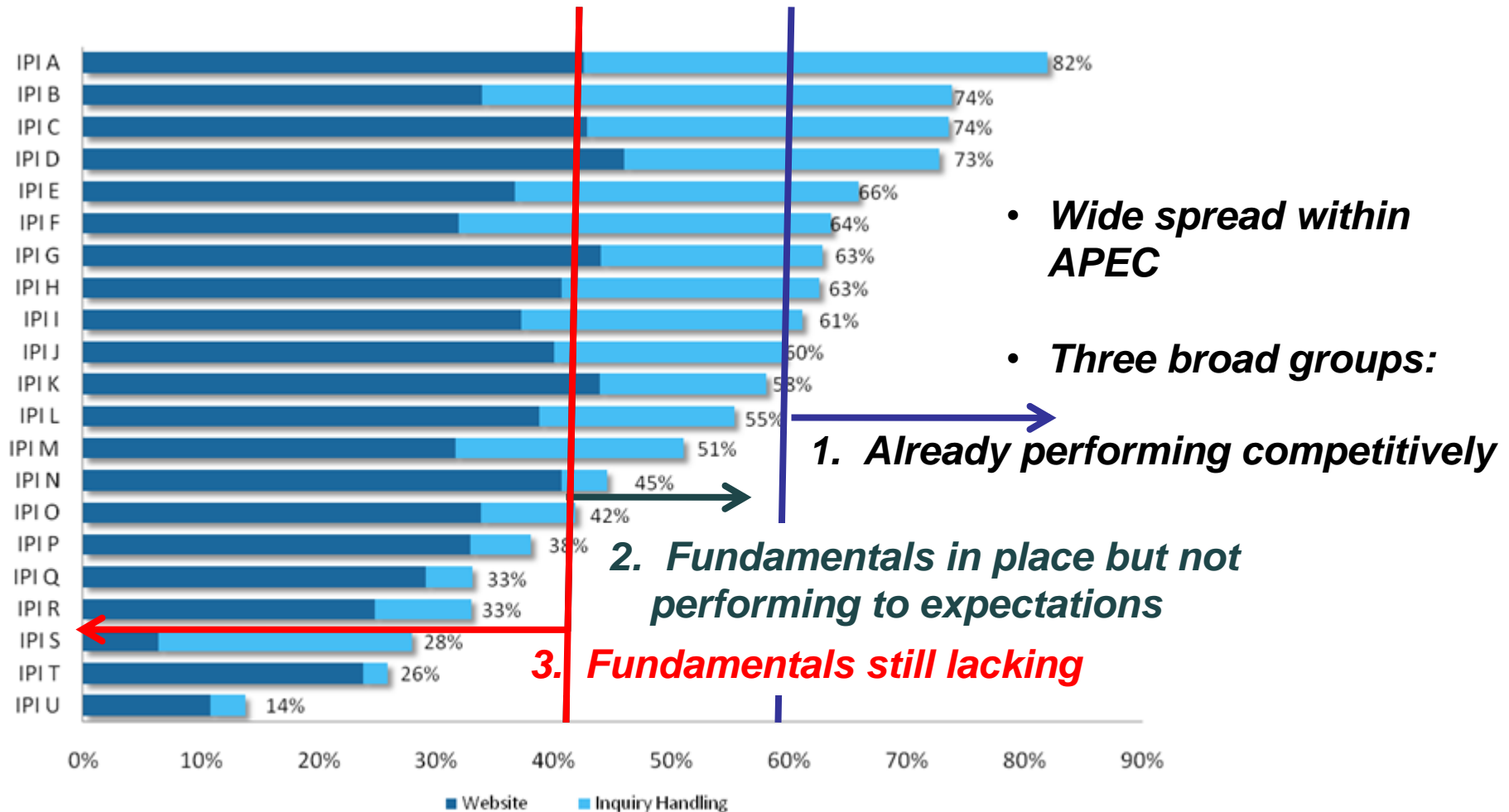


GIPB 2008: Top APEC Performers



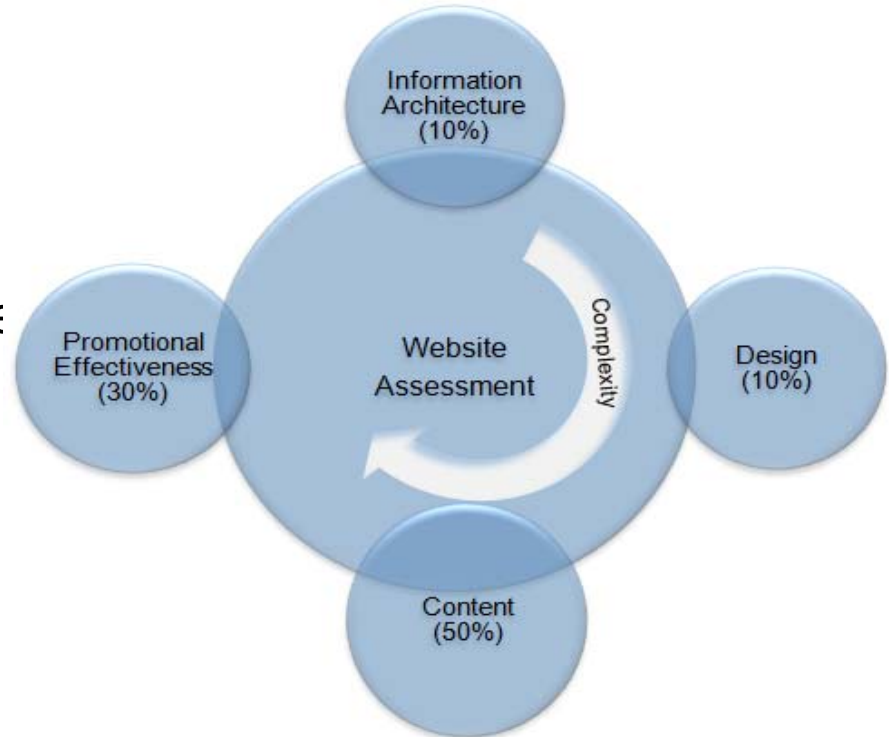
- ***Canada - best practice***
- ***Don't need to be big - Brunei***
- ***Consistency – e.g. if New Zealand had scored as well on their manufacturing inquiry as in their service inquiry they would have been in best practice group***

APEC Performance



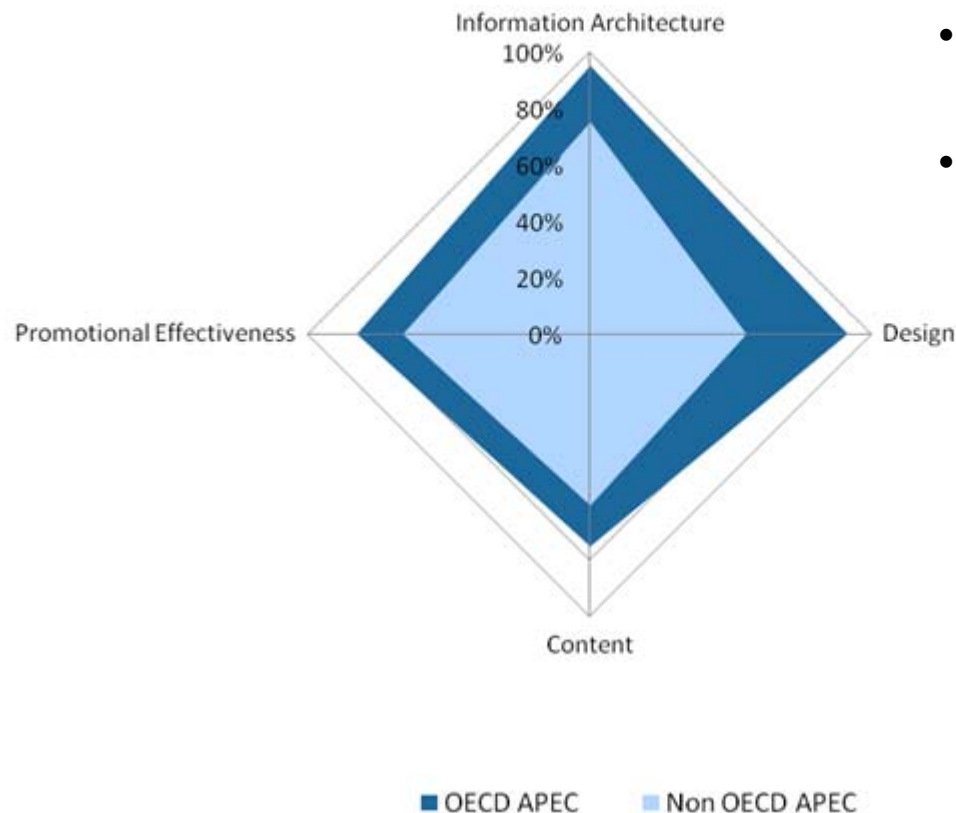
Website Assessment

- Overall, APEC as a group reached best practice in terms of Information Architecture and Design (82% respectively)
- Only 1 economy scores within the very weak range and 1 economy scored within the weak range
- 8 economies (New Zealand, Korea, Peru, China Hong Kong, Canada, Malaysia, Mexico, Japan) reached best practice in the Web site assessment



Website Assessment: OECD APEC vs. OECD Non-APEC

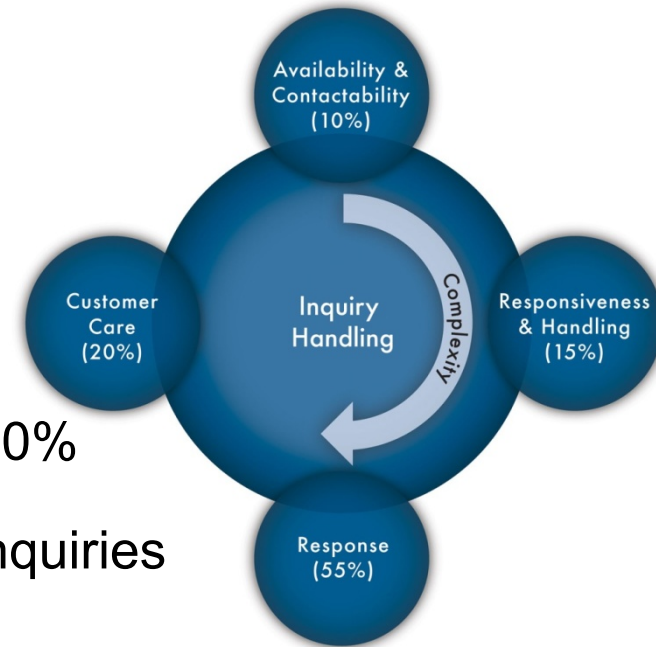
IPI websites assessed against 4 key dimensions



- Gaps in all four dimensions
- Biggest gaps in usability of websites
- Content still an issue

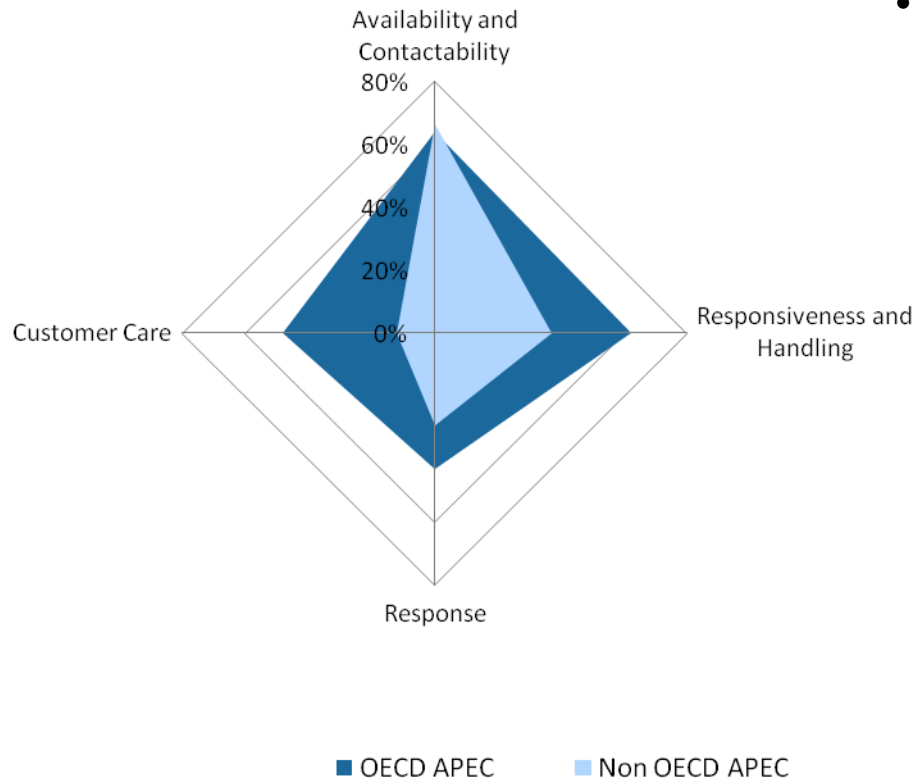
Investor Inquiry Handling: Response

- Out of 21 IPIs surveyed:
 - 7 IPIs did NOT respond to investors' manufacturing inquiry
 - 8 did not respond to the software inquiry
- Australia and Canada achieved a score above 80% in the response dimension to BOTH investors' inquiries which ranked them in the best performance tier
- 10 IPIs did not follow-up with investors interested in investing in the manufacturing sector achieving 0% score on customer care
- Similarly, 10 IPIs did not follow-up with investors interested in investing in software business



Inquiry Handling: : OECD APEC vs. OECD Non-APEC

Inquiry handling capability was assessed against 4 key dimensions:



- ***APEC as a group scored better than the World Average:***
 - ***Availability and Contactability: 66% vs 62%***
 - ***Responsiveness and Handling 46% vs 38%***
 - ***Response 34% vs 24%***
 - ***Customer care 24% vs 28%***
- ***Total: APEC 37% vs World 28%***

Contents

2009 APEC Results vs World

2009 APEC Results in Detail

2009 APEC Results: Some Implications

Get the Basics Right Facilitation, Facilitation, Facilitation

- IPIs underestimate what's needed
 - Without proper Facilitation no investment promotion effort will pay off
- The smaller the IPI budget the more sense Facilitation makes
 - Focus on the basics: Walk before you run
- Countries where doing business is more challenging
 - Bigger role for the IPI to inform and facilitate foreign investors
- Lesser known countries
 - Bridge the information gap through the work of the IPI to attract investment
- The Web allows all IPIs to promote cost-effectively

Thank you.

Questions



Day 1: Wednesday, June 3, 2009

Module 1: What Investors Need and Expect

14:15-15:00

What Makes a Good Facilitator

Celia Ortega

What Makes a Good Facilitator?

Celia Ortega
Bangkok, Thailand
June 2009

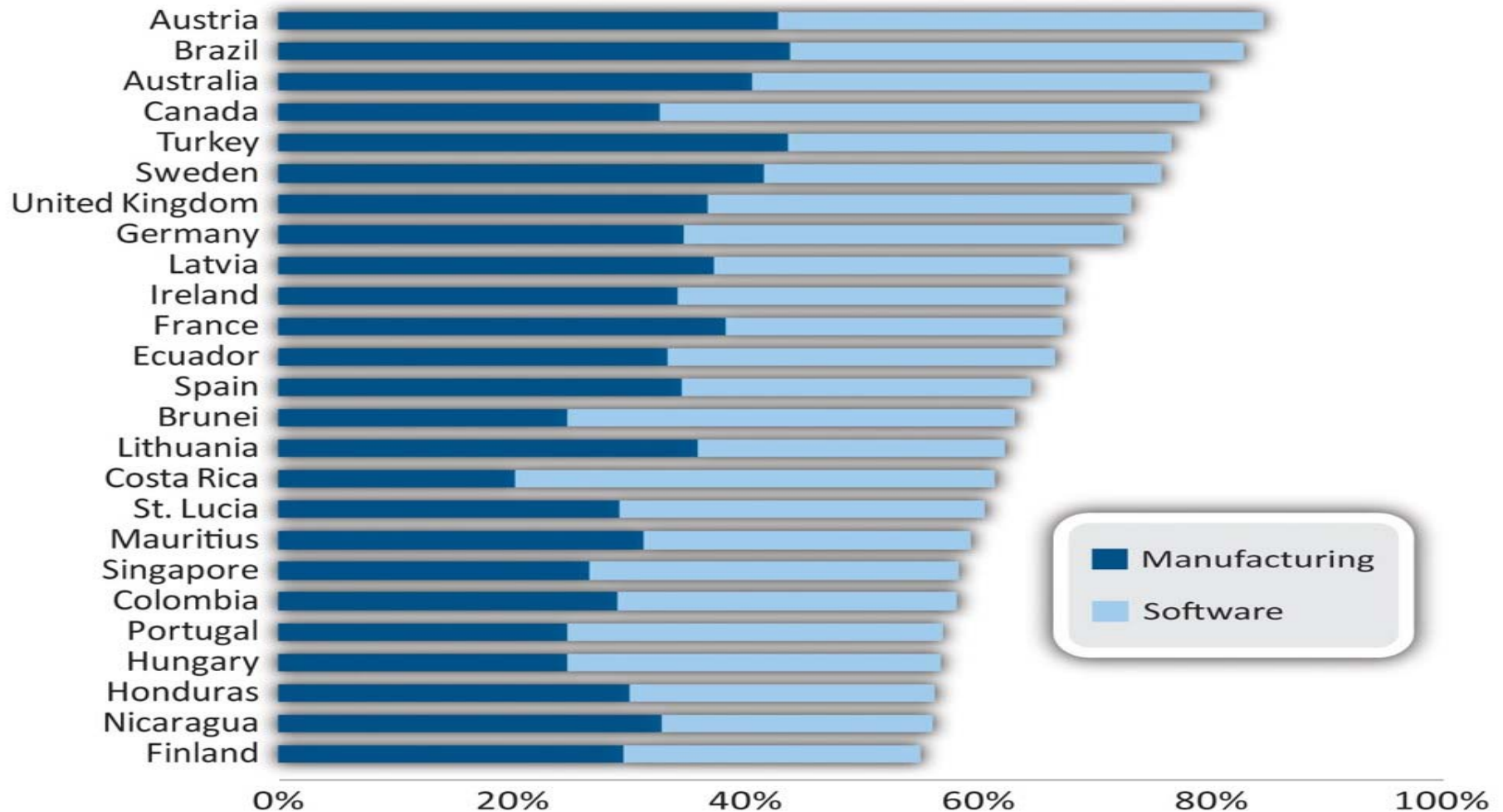
Ecuador Case Study: Facilitation as Strategy

Political instability and deteriorating country image led CORPEI to emphasize efforts to attract and hold on to potential investors knocking on their doors

- High-skilled but small 5-people team (400 enquiries/year)
- Generation of information became top priority
- Reporting directly to top management
- Staff with sector specialization
- Key account management (pre-investment and post-investment)

Results: Top 12 position worldwide

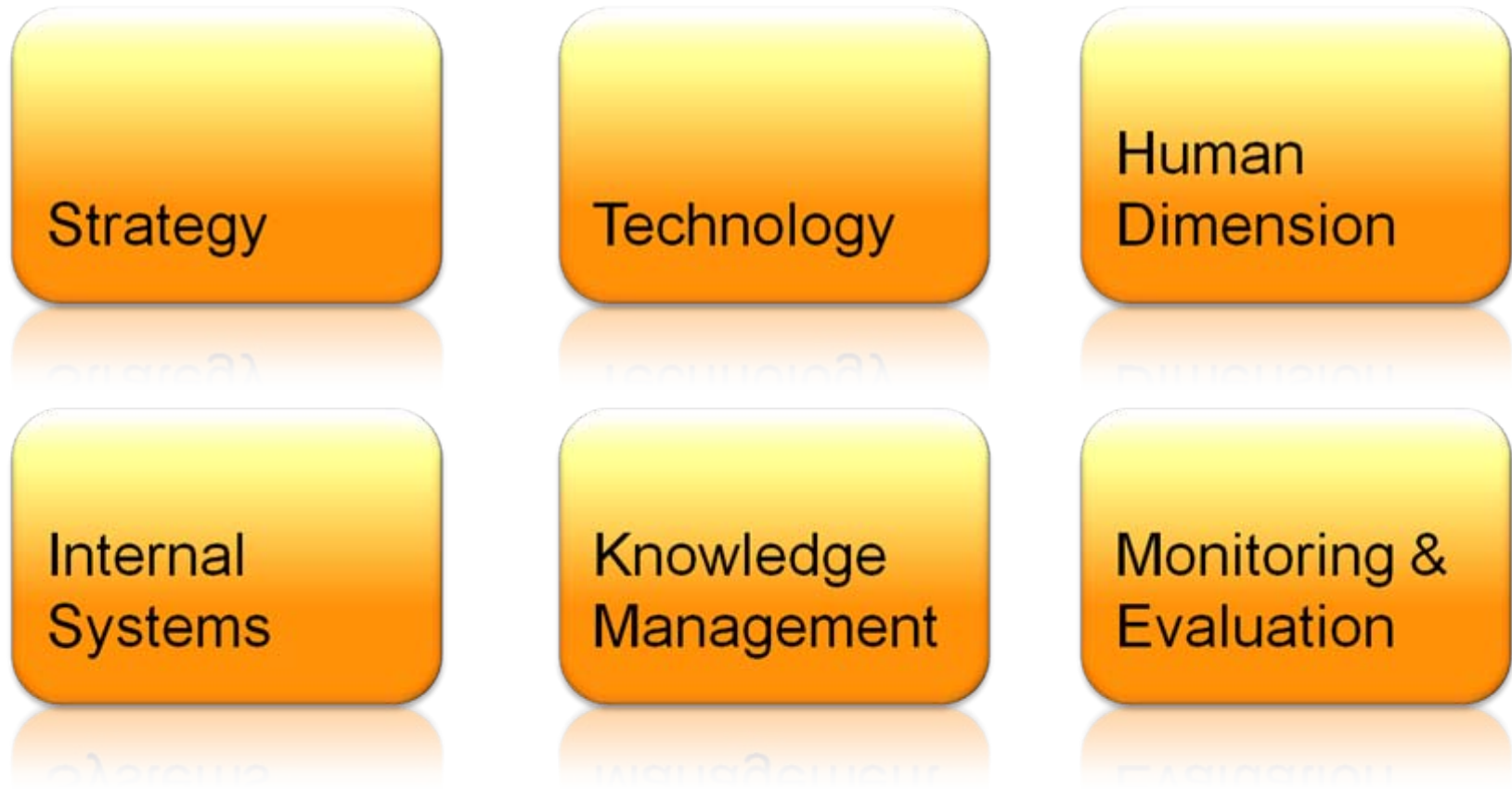
GIPB Top Performers in Inquiry Handling



What Do Top 25 Performers Have in Common?

1. Inquiries are taken very seriously
 - 79% have key account management: a single person to handle each lead
 - 86% screen and prioritize inquiries according to potential value of investment and sector priority
2. Internal systems are robust and processes are clear
 - 92% use Client Tracking Systems
 - 92% have written staff guidelines on how to respond to inquiries
 - 57% establish fixed time parameters for responding to inquiries
 - 86% have periodic staff meetings to update the pipeline
3. The right staff at the right pay
 - 76% of staff has private sector experience
 - 71% of successful IPIs pays staff at over public sector levels
 - 76% staff stays a maximum of 5 years on the job

What Does it Take to Become a Good Facilitator?



Strategy: Impact on Readiness to Reply and Influence Investors

- Benchmark your location and prioritize facilitation for those sectors where there is relative competitiveness
- Quality research as a key IPI activity: That is, create a devoted intelligence department and allocate resources
- Translate IPI strategy in a consistent organization structure
 - A. Generation of information (*Information Team*)
 - List and understand critical decision factors
 - Gather information, Analyze, Synthesize, and Update systematically
 - B. Delivery (*Facilitation/Promotion Team*)
 - Respond to inquiries with **sales skills**: promotional value, make business case and customer care

Human Dimension: Impact Inquiry Handling and Response with Added Value

Recruit the **right skills**:

- Bring in experience from priority sectors
- Private sector experience helps understand business standards and service expectations

Invest on-going in **staff training and soft skills**: sales skills, customer service, telephone techniques, e-mail netiquette, etc

Avoid bureaucratic mentality: What can I do for you today?

Reward performance and best practice to motivate staff

Cooperation between departments is key: flat structures

Knowledge Management: Timely, Reliable and Consistent Information

Put in place an **Investor Information System**:

- **General information** about your location (macroeconomic, trade, political, taxation, geographic and demographics...)
- **Comparative data** with your competitors
- **Sectoral information** (sectors, subsectors, segments)
- IPI services (**Client Chart**)

Prepare an **Inquiry Bank**: Ready-to-respond typical inquiries: FAQs, outlines, guides, saved inquiries, etc

Formalize **Internal Communications**: Information across departments to avoid inconsistencies and duplicities, with weekly team meetings, centralized networks, intranet and the internet

Internal Systems: Systematically Document Actions and Follow Up Steps...

No Investment Opportunity Should Fall **through the Cracks!**

Develop and enforce **Staff Guidelines** describing to-dos for each officer in the process: from inquiry entry point until inquiry is responded and followed up on. Who does what? When? Deadlines? Protocol? Reporting?

Prioritize workload with **Score Cards** and classify inquiries by sector, value, number of jobs, etc

Get into the habit of weekly updating **Leads Pipelines**:
Where do we stand? What the status of...?

Monitoring & Evaluation: What Gets Measured Gets done

- **Track the whole investment generation process:** Responding to inquiries is the entry point of the lead pipeline, the IPI as a whole should measure its effectiveness in generating investment from this point on until establishment.
- **Performance Targets for Staff:** converting X inquiries into Y actual leads (site visit) Objective: follow up to develop relationship with investor with a view to influencing the investment decision
- **Management Oversight** is important to ensure quality control
- **Survey client satisfaction** some weeks after inquiry reply submitted

Technology: Contactability, Response and Follow-Up

- Can investors easily find you and get in touch with the appropriate project manager at your IPI? **Web site** should display who does what and contact (email/telephone)
- Are you reachable? **Good phone system** (individual phones for officers with voice mail function are a MUST)
- **Client Tracking Systems** are **necessary**, low-tech or high-tech what matters is top management involvement
- Good **Internet Access/Email** is a basic investment. Faxes are from the past.
- **Computer Equipment** equals basic infrastructure

Take Away: What Does it Take to Become a Good Facilitator?

The **Will** to Become a Facilitator:

1. Facilitation is the **lowest-cost activity** in promotion, and the most **cost-effective!**
2. Budget is not an excuse: top IPI performers with small budget in low-income countries.
3. When opportunity knocks, make sure you open the door

Tools available to IPIs to implement a facilitation strategy

Visit FDI Center at www.fdipromotion.com

Questions