



World Association of  
Investment Promotion  
Agencies

# WAIPA WORLD INVESTMENT CONFERENCE 2016

ISTANBUL

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## Executive Summary:

The World Investment Conference (WIC) is WAIPA's flagship conference where Investment Promotion Agencies (IPAs) gather to ascertain FDI trends, policies and what cutting-edge investment promotion practices are trending. The 2016 conference brought together investment experts, financial gurus and academic researchers to discuss what is in hold for the future. It was attended by local and international political leaders.

Held on 13<sup>th</sup> and 14<sup>th</sup> of October in Ciragan Palace in Istanbul, the 21<sup>st</sup> WIC conference called for new strategies to channel global FDI into sustainable projects.

The agenda focused on Inclusive Investments and a Sustainable Future as the future goal of Foreign Direct Investments (FDIs) i.e. utilizing FDIs to achieve the United Nation's Sustainable Development Goals (SDGs).

Arda Ermut, President of WAIPA and Invest in Turkey (ISPAT), focused on WAIPA's vision for sustainable development and the protection of vulnerable communities through inclusive investments with a specific emphasis on achievement of the United Nation's SDGs.

Central to achieving this goal, he emphasized WAIPA's role as an informative intermediary between IPAs and governments to help increase the FDI score for countries, and between private sector businesses and IPAs to address key economic challenges, and create a Global Investment Policy Narrative to enhance and promote inclusive Investments.

In perspective of FDI for sustainability, WAIPA hosted three debate sessions, with focus on the following topics:

- How Inclusive investments for sustainable development matters for IPA's;
- Technology and its role in Investment Promotion and Foreign Direct Investment (FDI);
- Factors that drive private sector investment into markets.

The conference also included a number of workshops conducted by United Nation's Conference on Trade and Development (UNCTAD), Organization for Economic Co-operation and Development (OECD), United Nation's Industrial Development Organization (UNIDO), World Bank and International Labor Organization (ILO). Participants offered insights on opportunities and tools for mobilizing investment in support of the Sustainable Development Goals (SDGs).

## Conference Opening:

The opening session of the conference accented on how FDIs can be used for sustainable development, and the investment opportunities that exist in such arena. The key speakers of the opening session were;

Mehmet Şimşek, Deputy Prime Minister of Turkey,

Arda Ermut, President, WAIPA and Invest in Turkey (ISPAT),

Celestin Monga, Chief Economist and Vice President of African Development Bank,

Oussama Kaisi, CEO of the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC),

James Zhan, Director of the Division on Investment and Enterprise, UNCTAD and Chief Strategic Advisor, WAIPA

The speeches centered on FDI strategies and opportunities that optimize sustainable development.

Arda Ermut in his speech emphasized that for a successful future of Foreign Direct Investment, the development done by WAIPA has to be encompassing and should be upheld for the future. Hence, the international investment community seeks sustainable investment across the world. His vision for WAIPA entails structural integration and alignment of FDIs with UN's Sustainable Development Goals to address economic challenges in global arena.

He provided guidelines to IPAs on how WAIPA can provide the platform to achieve sustainable development through inclusive Investment and help meet global challenges. He pointed out that this can be done by acting as an informative intermediary between IPAs and Governments, by forming linkages between private sector and IPAs, and by contributing to the development of a global sustainable development investment policy.

Celestin Monga, Vice President of African Development Bank extrapolated on problems faced by developing countries to achieve sustainable development, and reasoned them out due to bad macro policies, lack of political courage, and low global aggregate demand. He emphasized that excess capital should be channeled from developed countries to developing countries creating opportunities for both sides. His solution to this problem included creating new financial instruments, developing labor intensive industries and monitoring of activities to ensure delivery.

Oussama Kaissi, CEO of the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), appreciated the efforts taken up for sustainable development and highlighted three main investment sectors that can help achieve the goal, namely, energy sector: to promote renewable energy usage; agriculture: leveraging member countries to meet increasing global demand for food; and manufacturing industry: to move production units near raw materials to save time and minimize pollution.

James Zhan, Director of the Division on Investment and Enterprise, UNCTAD, focused on global investment challenges and the opportunities created by them. His speech emphasized the future of IPAs and what is required to make them successful. His speech entailed a transformation strategy that is very much needed. It included a new narrative to support collaboration and globalization, new strategies to go beyond foreign and form linkages between foreign and domestic investment groups, and new skills and infrastructure to focus internally on what is present, and outsource what is not.

Lastly H.E. Mehmet Simsek, Deputy Prime Minister of Turkey in the opening ceremony of the event emphasized that a liberal investment policy is required for long-term sustainable development. He said, "Protectionism is a major trap in preventing global growth" and emphasized the idea that free-trade is necessary for sustainability. In his speech, he focused on the topic of inclusiveness and talked about the sharing of investment benefits equally globally, so that no-one gets left behind in this phase of transformation. He proposed that countries make better policies, and introduce reforms, to make changes crucial for attracting FDIs in the country. He stated that the principles of democracy and rule of law should always be main axis of governments, as he mentioned that democracy and development go hand in hand. Also, discussing socio economic inequality, he said, "Global income is not equally distributed and negative effects will increase if no solution is found in the future." He wished WAIPA and all its members good luck for the excellent work they are doing and bring governments, businesses, organizations and communities together for achieving the SDGs.

## Plenary Session 1: Leader's Talk

### Steering towards sustainable FDI – FDI as a main driver to achieve SDGs

The first panel discussed how FDIs can help achieve sustainability, current opportunities and challenges that influence investment decisions and steps that must be taken to achieve Sustainable Development Goals. The speakers for the first panel moderated by Bostjan Skalar, WAIPA CEO included

Michael Gestrin, Senior Economist for Financial and Enterprise Affairs, OECD;

Bernardo Calzadilla Sarmiento, Director Department of Trade, Investment and Innovation, UNIDO;

Roberto Echandi, Global Investment Policy Lead, The World Bank;

Barry Matherly, Board Chair, International Economic Development Council;

Nicolle Graugnard, Senior Policy Manager Trade and Investment, International Chamber of Commerce;

Githa Roelans, Head of the Multinational Enterprises and Enterprise Engagement Unit of the ILO

James Zhan, Director of the Division on Investment and Enterprise, UNCTAD.

James Zhan, Director of the Division on Investment and Enterprise, UNCTAD, put forward 6 sets of actions for enabling SDGs through sustainable investment, namely: new generation of policy framework that includes sustainable development, need to mainstream sustainable development into the international and national investment policies, investment incentives linked to sustainable development in the future, Regional Collaboration – to enlarge market in developing countries, change the business mindset to include investment locations that are developing, and change the financial market incentives.

In reply to a question regarding the new narrative about IPAs, reflecting back to his keynote speech he said that investment retention is a challenge that most IPAs face. A large part of investment is foot loose as the companies and the countries are afraid they might get stuck in one niche in the global value chain, hence, they want to upgrade. Retention and upgrading are the dynamics that policy makers have to consider. IPAs will not only continue to provide first class services to the investors to solve their problems, but it will also upgrade the investors' position, or product in the value chain. The major challenge for IPAs that exist in such a scenario is the expectation of higher return with low level of resources. To tackle that, the IPAs would have to leverage investments with private business development agencies, with international organizations for training, with universities for fresh blood to empower people with the skills of investment promotion and close collaboration with ministries of education, agriculture, resource development and management.

Political backing of society is important for investments in the future. Roberto Echandi, Global Lead of The World Bank, said that the main cause for failure of investments is due to bad policy making at the political level. To achieve the SDGs, the World Bank has taken an innovative approach by creating a program for devising concrete reforms that governments should take, actions to take according to political cycles and measurement of the impact of things that have been done. These reforms or policies are based on three

main ideas, integrated investment policy and promotion, linked FDIs and domestic investments, and different investments for different industries, policies, economies and societies.

Talking specifically about policies at political level, he said that 25% of investments stop expanding or investors leave the country due to the conduct of the government and lack of proper policies. For creating good policies, governments should keep in mind 4 stages of policy making. First stage is to attract investments into the country. Second, to create policies that will enable investor entry. Third, to devise policies that guarantee investments will stay and expand. Last, to link public and private sectors for sustainable development.

In response to a question about how the future might be, he said that the qualitative as well as the quantitative dimension of investment and sustainability should be discussed. In the past 200 years, the wealth gap between the rich and poor has increased 100 times, the planet has never had poorer people before. For the future to have a better return in terms of quality, we should educate more, and also increase the productivity of work. For that, the key is to integrate policies in a concrete way, and work with the private sector, government and civil society in understanding, investing and harnessing the potential of people. That requires to stop fighting globalization, but managing it.

To get companies attuned to SDGs, the partnership of private sector is important. Nicolle Graugnard, Senior Policy Manager Trade and Investment, International Chamber of Commerce, shed light on the existing progress for achievement of SDGs and said that an annual gap of 2.5 billion dollars in investment exists which is understated as it does not include the restructuring and rebuilding costs of the developed nations. She further elaborated that companies currently have 27 trillion in FDI holdings and 4.4 trillion in excess cash holdings, which if invested would help close this gap. It is a shared responsibility among all the policies, and businesses to help in sustainable development. To communicate the concept of sustainable Investments better for ICC has developed business charter for sustainable development in 2015 to help businesses (MNCs, and SMEs) develop sustainable strategies.

For FDI to work as a tool for sustainability, cooperation is essential. Githa Roelans, Head of the Multinational Enterprises and Enterprise Engagement Unit of the ILO, said that inclusive investment is necessary for sustainability— so that no one gets left behind. With a focus on job creation, Githa further elaborated how ILO is working to achieve the SDGs, specifically SDG 8: economic growth, productive environment, and decent work by working with governments to create jobs and the role of foreign, domestic, direct and indirect investment for facilitation of the job creation process for which policies promoting active labor market training, vocational skill development programs, basic and entrepreneurial education are to be devised. The challenges however, as she mentioned, are the barriers to linkages between companies, governments, and investment sectors. There exists a huge potential if SMEs and MNCs contribute to achieving SDGs.

Bernardo Calzadilla Sarmiento, Director Department of Trade, Investment and Innovation, UNIDO, said sustainable investment would help improve the quality of life and bring a prosperous future for the people and planet which would mean going beyond profits to include investments for the long-term. For that to be possible, he suggested that the public and private sectors co-ordinate and link-up for sustainable development. He said that UNIDO provides a platform for country partnerships, government ownership, alignment of development plans, and joint resource mobilization. In answer to a question about private sector's contribution in achieving SDGs, he talked about the concept of geography of production – the changes happening to the global value chain. The business concept of investment sectors is workable

today but it may not however be workable in the future. For investment to be sustainable it has to be socially responsible, being a good citizen is necessary, yet not enough. The developmental impact would only exist if the investment is inclusive of society and creates linkages to the local economy.

## Plenary Session 2: Tech Talk

### **Influence of technology in IPA service excellence**

The discussion that prevailed during the second panel was on the subject of technological advancement and how it creates opportunities and threats to FDIs in contributing to a sustainable environment. The diligent speakers for the second panel include

Bülent Hiçsönmez, Country Director of Turkey, Google

Mallikarjun Rao, Chief Technological Officer, Vodafone Turkey;

Lucia Cartini, Senior Industrial Development Officer and Coordinator for the UNIDO Investment and Technology Promotion Offices (ITPOs);

Uygar Doyuran, GE Digital Country Manager Turkey;

H.R.H. Princess Abze Djigma, CEO AbzeSolar;

Teresa Fogelberg, Deputy Chief Executive, GRI.

And moderated by, Alexander Meyer, Vice President SAP

The panel started with a keynote speech from Bülent Hiçsönmez, Country Director of Turkey, Google. He touched down on the shift in business processes, investments and regulatory policies due to change in technology, and differentiated the traditional and the digital facets of business in contributing to the local economy. He emphasized on the point that digital businesses are different in the way they do business, and communicate and view their major stakeholders. This is due to the fast pace and globalization of such businesses which calls for better regulatory policies.

After the keynote speech, the session was taken over by the moderator of the panel, Alexander Meyer, Vice President SAP. He pointed out the influence of technology in our lives and how technology's proliferation is aided by FDI before introducing the panel to the audience.

H.R.H. Princess Abze said that technology allows for the empowerment of people, and helps improve society through three main areas i.e. through inclusive financing techniques, through improving quality of healthcare and education, and through upgrading the role of a common person to contribute in developing the economy. In answer to a question about impact of technology on development, she highlighted several ways in which technology can help with that. Energy is needed for everything, and technology can help administer energy sources around the world. It can be used to place very skilled people at the right places to help achieve development goals. Technology would create ownership and good leadership that would employ methods for sustainable development. It would help secure Investment Promotion regulations across the globe. It would help in the adaption of new financial tools. It would help create a bottoms-up approach to analyze the needs and the problems at root level. It would create an inclusive environment where everyone contributes their part, shares and works together.

With specific focus on African continent and technological investment, she emphasized that the people have the potential and the creativity, and the IPAs and Investors should recognize that and invest for the education, and skill building of the people to train them to seek solutions themselves and also provide them at a global level.

Senior Industrial Development Officer at UNIDO, Lucia Cartini, debated the role of investment in innovative technology. She conversed on technological advancement through the lens of IPAs and their role in achieving SDGs. On the topic of fear of technological innovation and advancement, she said that in the past 20 years, the sector in which innovation has flourished is in Information Technology. On one hand where, automated processes have diminished jobs, it has created new jobs and job domains, so the fear that mostly exists is the interchange of job profiles which require new skills and training. Technology has also provided opportunities for attaining new skills, and also for people to work remotely at individual level. With a focus on technological investment, she said that IPAs need to address technology based investments in green technology and in resource efficient technology, possibly, along the value chain so that everyone gets benefited. FDI itself is not enough and would work better if complemented by technological advancement and diffusion.

Development of industrial internet with customers through co-creation can help improve the productivity according to Uygur Doyuran, GE Digital Country Manager Turkey. He said that full private sector participation and measurement techniques at government level are needed to achieve SDGs. A software solution program developed by GE in Pakistan decreased coal emissions by 20%. If integrated worldwide, a lot of environmental problems can be minimized. The only thing required now is the integration of technology on a global level for making efficient processes through better policy frameworks. He further said that this is a challenge as the tech innovators lack dialogues with IPAs & policy making agencies in many countries. He presented three guidelines for such policies to localize technology. First, localization should be a win-win scheme, flexible and not a forced one. Second, for localization, consideration of everything related to technology is important including skills, knowledge, people and trends etc. Third, companies and governments are not single entities, they have different departments and divisions that should follow trust based dialogues.

GRI, Deputy Chief Executive, Teresa Fogelberg, on the subject of technology for sustainability said that technology has enabled transparency through big data management, however this raises challenges for global, governmental, moral and social agendas especially in the perspective of achieving SDGs. It is crucial for IPAs and governments to monitor their contribution status. For this purpose, SDGs have to be made more tangible, material and measurable so that not only governments but also businesses can monitor them.

Mallikarjun Rao, Chief Technological Officer, Vodafone Turkey, said that technology is a means of serving people, enabling and empowering them. In this era of Industrialization, if technology is updated quickly without proper implementation, then its adaptation by general public might fail. For technology to be successful in the long run three things are important. One, mastering the technology must be made possible so that there are less error costs. Two, democratize technology to implement it better. Third, work on affordability of technology for better adaptation by public and private sectors.

## Plenary Session 3; Business Panel

### Analyzing factors that determine private sector investments into markets

It had been a major portion of discussion of the previous panels as well as the keynote speeches that Private Sector – small and large businesses ought to play an active role in the achievement of SDGs through FDIs for a sustainable and better future. Building on that, the third plenary session's agenda was focused on the drivers of investment decisions in companies, and implications of those decisions on IPAs. The panelists for the second plenary session were Sarah Bauerle Danzman, Assistant Professor, Indiana University; Roberto Echandi, Global Lead, The World Bank; Cristian Rodriguez Chiffelle, Global Leadership Fellow and Lead for International Trade and Investment Policy at the World Economic Forum; Cenk Kivilcim, General Manager Cisco Turkey; and Marc Seiler, CFO Nestlé Turkey, moderated by Andreas Dressler, Managing Director, Conway.

The investment decisions that companies make depend on various factors, and differ company to company, country to country, and time to time. Marc Seiler, CFO Nestlé Turkey, talking about Nestle's investment decision said that Nestle bases its investment decisions on growth opportunity in a particular location which is usually due to traction with the consumers in the location. The size of a market and how much it has potential to grow are the major determinants of investments for Nestle. Cenk Kivilcim, General Manager CISCO Turkey, on the same topic said that CISCO determines its investment decisions based on the fact that the country's agenda matches with CISCO's agenda or not. The reason being that CISCO looks at the PEST (Political, Economic, Social, Technological) factors that would support CISCO's investment policy laser focused. In response to the same question, Sarah Bauerle Danzman, Assistant Professor, Indiana University, said that uncertainty of return is a big factor that influences any firms' decisions which is different in different industries. The investment decisions of firms need to be focused, and consider company and country size & growth for them to work in the long-term.

Roberto Echandi, Global Lead, The World Bank, said that the key drivers that companies have for FDIs are Natural Resources, Markets, New domains in the Global Value Chain, and Efficiency seeking Investments. Referring to the discussions in the previous panels, he said that Governments play an important role in that by drafting policies to create new market opportunities for companies and investors. While drafting these policies, governments should have a Bottom-up approach, and should make policies based on what investors need to expand, the skills they require, and the resources they need. On Workforce requirements and policies, the panelists were agreed that a companies' investment in universities to equip people with the skills required, in the form of training sessions and intern hiring, is crucial, as it would help close the skill gap between academic and professional life, and would be better in the future for both the company and the country.

Cristian Rodriguez Chiffelle, Global Leadership Fellow and Lead for International Trade and Investment Policy at the World Economic Forum, said that investments from the private sector require two main things on part of the governments i.e. clear agenda and clear rules. For any business to invest in another country, free trade laws are a pre-condition. Any country that doesn't have a market big enough to attract Private sector, requires FDIs for its development for which easy trade laws are required.

In response to a question by the moderator, about role of IPAs in shaping the products of the company, the panelists were in agreement that IPAs better understand the markets and the customers, and hence to communicate to the customers, companies need dialogues with their IPAs. Also, IPAs know the companies' domain in the Global Value Chain, and hence can improve shape the products and accelerate their return.

## Closing Remarks

Bostjan Skalar, WAIPA CEO

The CEO of WAIPA, Bostjan Skalar, in his concluding address said, that due to dynamic shift in the geopolitical situations globally, there is an increased need to promote FDIs, for which the Investment Promotion strategies should be restructured, and rebuilt. He said that WAIPA helps its members in achieving global goals by doing it together through global partners like, World Bank, OECD, UNCTAD, UNIDO, IEDC, ILO, ICC.

During his live broadcasted interview to TRT World (Media Sponsor of WAIPA), he said, “A sustainable investment should create decent jobs and should help the technology transfer. The fight against investments that are exploitative or inequitable cannot be won singlehandedly by IPAs alone, but collectively as a global community. WAIPA will continue putting full effort on empowerment of IPAs and their corporate development with the support of other international bodies and global community”