

# Millennium Cities Initiative

EARTH INSTITUTE | COLUMBIA UNIVERSITY

## Objectives, MCI's Approach, City Investment Promotion



**Joerg Simon**  
**Kumasi, Ghana**  
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## **2. Objectives and format of the Workshop**

### **2.1. Objectives**

To help staff responsible for investment promotion in Millennium City of Kumasi to:

- deepen their understanding of the investment promotion process;
- enhance their knowledge, skills, tools and techniques to support the work of attracting new private sector investment;
- develop a 'selling proposition' and investment proposals to present to investors;
- put in place a plan of action to identify and target potential investors.

## **2.2. Format of the Workshop**

- Present general topics of promoting investment sites
- Present the experience of an investment promoter
- Small group exercises to identify the strengths and weaknesses, opportunities and challenges for Kumasi as an investment location
- Develop 'value propositions' and 'investment proposals' to present to investors
- Carry out research on potential investors
- Lay the groundwork for an ambitious work program for the coming year

### **3.1. MCI's approach**

- Identifying commercially viable investment opportunities
- Developing promotional materials, e. g., investment potential guides, by sector and opportunities, and investor guides
- Disseminating these materials to potential investors
- Researching and developing databases of potential investors to target in identified sectors; assisting and advising on outreach to potential investors
- Strengthening the capacity of the city to attract new domestic and foreign direct investment (FDI)

## The Synergy between Social Sector and Private Sector Investment (1)

- Ideally, there is a virtuous feedback loop between social sector improvements and private sector investment in productive enterprises.
- Public sector investment in health, education, water and sanitation contributes to the well-being of citizens but also helps to create a well-educated, healthy workforce.
- Private enterprise contributes to the revenues of local government through fees, licenses, corporate taxes and taxes paid by employees...but it can make much greater contributions

## **The Synergy between Social Sector and Private Sector Investment (2)**

- Corporate social responsibility and corporate philanthropy can bring investments in social sectors and support community development efforts.
- Public-private partnerships can also be mobilized on management of utilities as even developing some kinds of infrastructure.
- Creating a meaningful, on-going mechanism for Public-Private Dialogue is key to engaging both sides in identifying issues and forging partnerships to improve the lives of citizens and achieve the MDGs.

## **3.2. Background and Activities to Date (1)**

- Agreement on the implementation of the Kumasi Investment Initiative was signed in 2010 by the Kumasi Metropolitan Authority and Columbia University (The Kumasi Metropolitan Authority initially committed to a contribution of \$100,000 in local currency.)
- Launch in April 2011 of the Regional Partnership to Promote Trade and Investment in sub-Saharan Africa, with a specific focus on Kumasi, as well as Mekelle (Ethiopia) and Tabora (Tanzania)
- KPMG (on behalf of MCI) carried out a study of the key sectors for investment that offer near, medium and long-term potential for Kumasi

## **3.2. Background and Activities to Date (2)**

- UNIDO (on behalf of MCI) profiled 25 small and medium-size companies offering business and investment opportunities
- A Kumasi Investors' Guide was prepared by MCI and launched in April 2008
- An investment promotion strategy was agreed in the integrated city development strategy for Kumasi (stakeholders workshop in October 2011)



## 3.2. Background and Activities to Date (3)

- KMA, in 2010, has agreed to establish a business/ investment desk which could serve as a one-stop shop for business people and investors
- A city website on the investment environment and opportunities is being developed
- Lately, MCI together with KMA has assisted in developing a private-public sector dialog

### **3.3. Regional Partnership to Promote Trade and Investment in Sub-Saharan Africa (1)**

- Supported by the Government of Finland
- To assist three secondary cities in sub-Saharan Africa to attract investment and increase trade
- The Regional Partnership was launched in April 2011 and fully started to implement activities in September 2011
- First regional meeting in Mekelle in May 2012

### **3.3. Regional Partnership to Promote Trade and Investment in Sub-Saharan Africa (2)**

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- Develop 'selling propositions' and 'investment proposals' to present to investors
- Put in place a plan of action to identify and target potential investors
- Capacity-building setting and setting up a unit for investment promotion at KMA
- Initiate public-private sector dialog
- Organize a local investment conference
- Participate in an international investment conference in Helsinki 2013

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## 5. What does it take to undertake city investment promotion

### First of all, what is the importance of private investment?

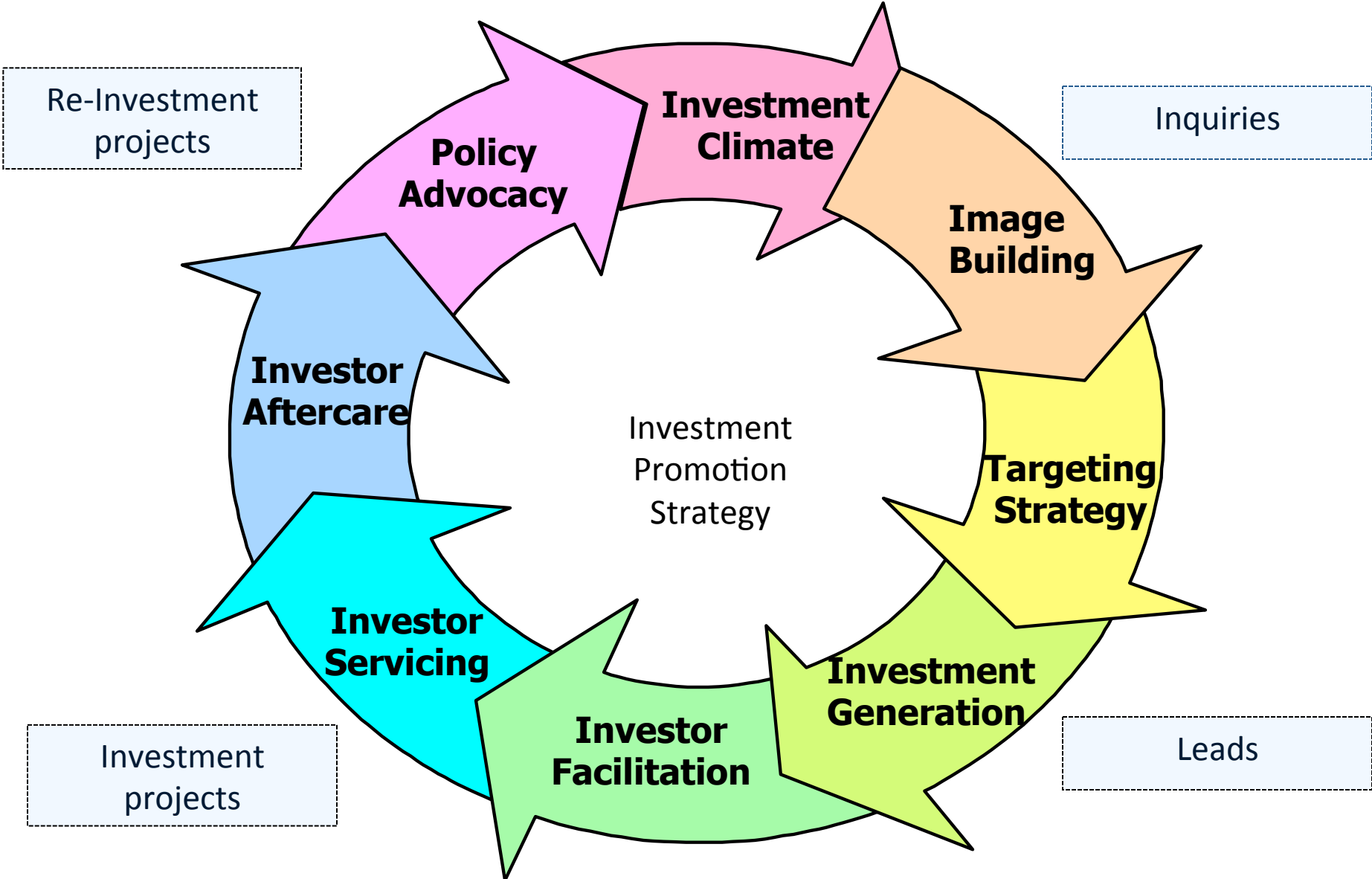
Benefit	FDI	Domestic investment
Job creation	✓	✓
Skill transfer	✓	✓
Technology transfer	✓	
Spillover effects on local economy	✓	✓
Infrastructure development	✓	✓
Access to international marketing networks	✓	?
Source of external finance	✓	
Balance of payments	✓	

**1 USD FDI generates 1 USD domestic investment**  
(IMF study, 58 developing countries)

## **Secondly, what is the Importance of Investment Promotion?**

- Investment promotion actively seeks to bring investment opportunities to the attention of potential investors
- To successfully promote investment, the city needs to select a small number of key sectors or sub-sectors where it has comparative or competitive advantage
- There needs to be a systematic, sustained effort, supported by competent and dedicated staff to target and win investment, domestic or FDI, and create a favorable environment for business and investment in the city, including also the infrastructure

# Full Investment Promotion Cycle



# Investment Promotion Roles—the City and the National IPI (EIA)

