Objectives, MCI’s Approach, City Investment Promotion

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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.
5. What does it take to undertake city investment promotion
First of all, what is the importance of private investment?

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<thead>
<tr>
<th>Benefit</th>
<th>FDI</th>
<th>Domestic investment</th>
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<tbody>
<tr>
<td>Job creation</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Skill transfer</td>
<td>✓</td>
<td>✓</td>
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<td>Technology transfer</td>
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<tr>
<td>Spillover effects on local economy</td>
<td>✓</td>
<td>✓</td>
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<td>Infrastructure development</td>
<td>✓</td>
<td>✓</td>
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<td>Access to international marketing networks</td>
<td>✓</td>
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<tr>
<td>Source of external finance</td>
<td>✓</td>
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<tr>
<td>Balance of payments</td>
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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

- Policy Advocacy
- Investment Climate
- Image Building
- Targeting Strategy
- Investment Generation
- Investor Facilitation
- Investor Servicing
- Investor Aftercare
- Re-Investment projects
- Inquiries
- Leads
Investment Promotion Roles—the City and the National IPI (EIA)