

Millennium Cities Initiative

EARTH INSTITUTE | COLUMBIA UNIVERSITY

City Investment Promotion Models



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City Investment Promotion: Variety of Structures and Functions

- The examples we are presenting are from South America and Africa.
- We highlight structures and functions of agencies as well how they are funded.
- These are not intended as ‘prescriptions’ for how your city might organize its investment promotion function.
- The idea is to provide some examples that may stimulate your thinking about what might work best in your own environment.

Examples

- Invest in Bogota, Colombia
Presented by Karin Millett
- Kimberley, South Africa
Presented by Rene Samek
- Durban, South Africa
Presented by Joerg Simon

The Invest in Bogota Model

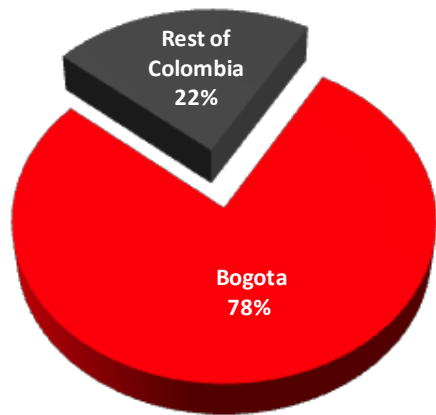
- A Public-Private Partnership between Office of the Mayor and Bogota Chamber of Commerce, created in 2006.
- Initially funded 50-50 by each party.
- Framework Agreement developed for partnership and Articles of Association
- Very successful at promoting Bogota and bringing in new investment.

Main Functions

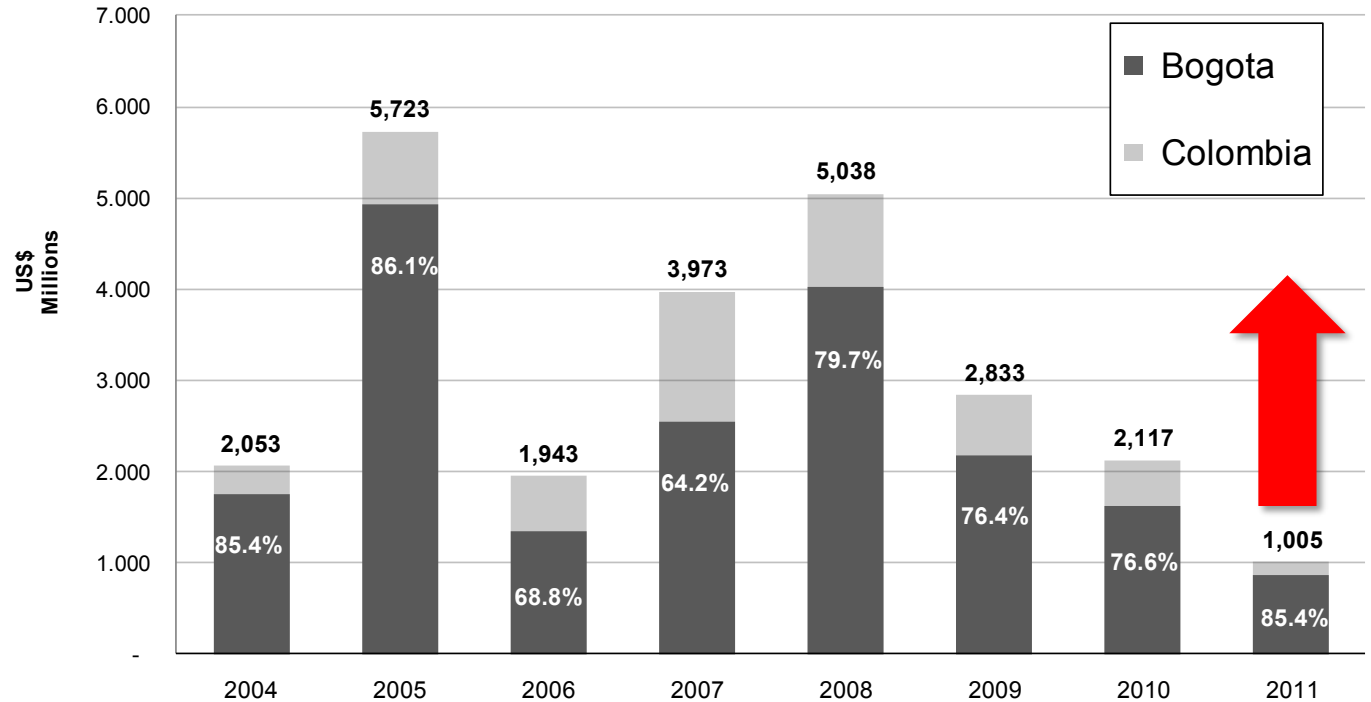
Main functions of Invest in Bogota:

- Investment Promotion and Facilitation.
- City Marketing
- Improving the investment climate– through working with investors during and after set-up of operations, identifying issues that need to be addressed at city and at national level, engaging in advocacy to improve regulations and remove impediments to sustainable investment.

In recent years, Bogota has received significant FDI inflows...

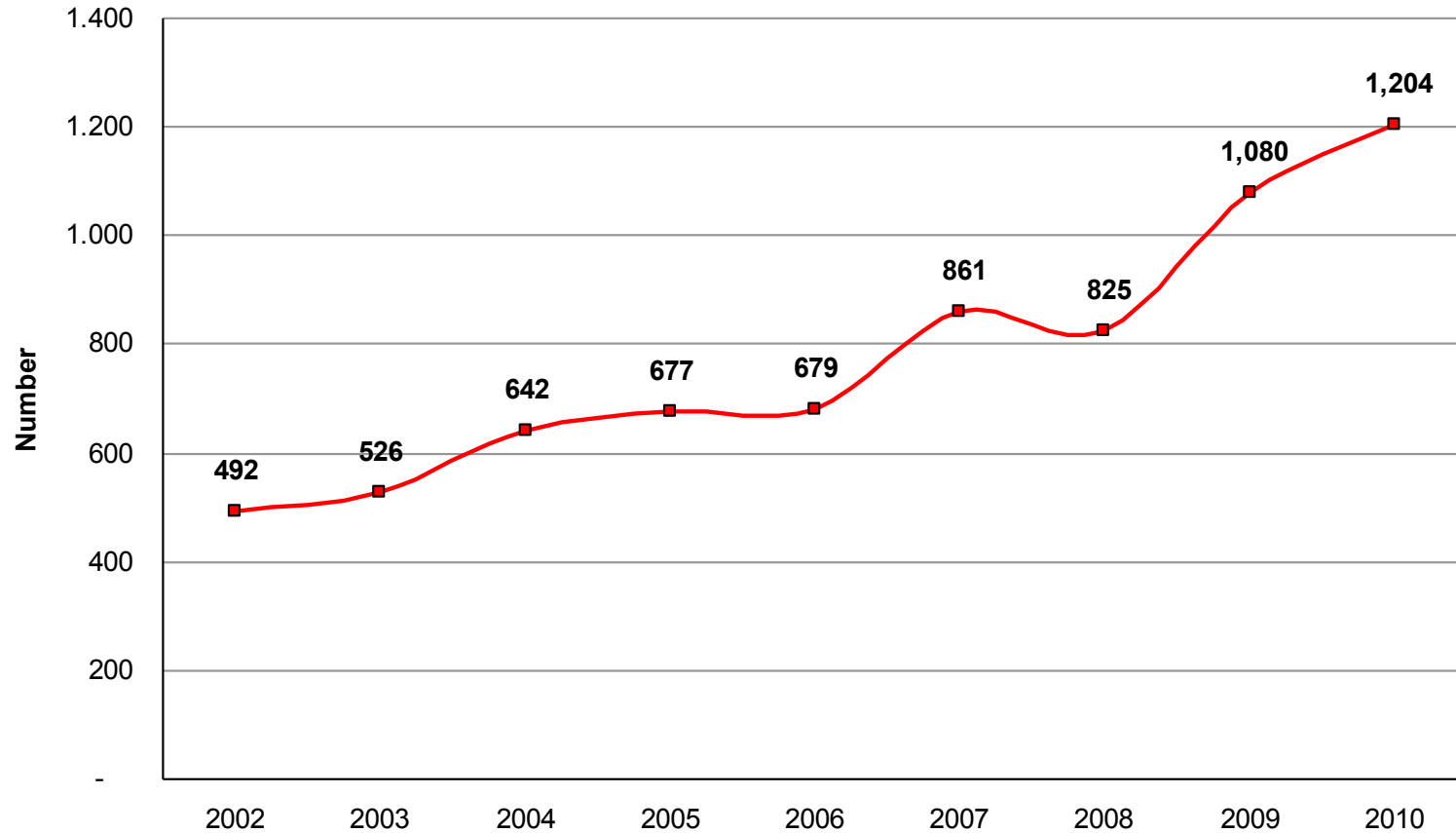


Annual FDI* Inflows (2004-2011**)



Over 1,200 multinational corporations have decided to locate in Bogota

Multinational Corporations in Bogota (2002 – 2010)



- Invest in Bogota engages with a group of public and private local partners to promote the city internationally, e.g.,
 - The City's Convention Center
 - The District Tourism Institute
 - The Bogota Department of Foreign Affairs
- Invest in Bogota has facilitated well in excess of 100 new, large investments since its founding,
- However, important to realize that Bogota was already a well-known city with a strategic location in Latin America, good infrastructure, and a strong industrial base.

- More detail as well as Annual Reports detailing performance can be found at:

<http://en.investinbogota.org>

Kimberley's Investment Promotion Strategy

Five key components of municipal investment promotion strategy:

- Organization of investment promotion
- Public relations / relations with the government
- Marketing campaign(s)
- Retention of existing business
- Support of potential investors

A) Organization of investment promotion

| | Q 1 | Q 2 | Q 3 | Q 4 | Q 1 | Q 2 | Q 3 | Q 4 | Q 1 | Q 2 | Q 3 | Q 4 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Appoint an investment promotion officer / establish an investment promotion unit | X | | | | | | | | | | | |
| Train investment promotion staff | X | X | X | X | | | X | | | | X | |
| Develop guidelines / product manual for investment promotion staff | X | X | X | X | | | | | | | | |
| Establish working group at local government level to involve all departments/units concerned | | X | | | | | | | | | | |
| Establish dialogue with existing businesses / establish investment promotion forum | | X | | | | | | | | | | |

B) Public relations, relations with government

| | Q 1 | Q 2 | Q 3 | Q 4 | Q 1 | Q 2 | Q 3 | Q 4 | Q 1 | Q 2 | Q 3 | Q 4 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Quarterly forums to discuss progress in investment promotion, obstacles, how to remove them | | X | X | X | X | X | X | X | X | X | X | X |
| Promote benefits of investment to local population, provide information on activities | | | X | | X | | X | | X | | X | |
| Maintain contact with relevant national / regional authorities | X | X | X | X | X | X | X | X | X | X | X | X |
| Lobby the relevant national/regional authorities to improve the business/investmen climate | X | X | X | X | X | X | X | X | X | X | X | X |
| Maintain contacts with other cities to push national/regional government into action | X | X | X | X | X | X | X | X | X | X | X | X |

C) Marketing campaign(s)

| | Q 1 | Q 2 | Q 3 | Q 4 | Q 1 | Q 2 | Q 3 | Q 4 | Q 1 | Q 2 | Q 3 | Q 4 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Develop promotional materials, e.g. brochures / CD | X | X | X | | | | | | | | | |
| Develop investment promotion website | X | X | X | | | | | | | | | |
| Update investment promotion tools regularly | | | | | X | | X | | X | | X | |
| Carry out your own marketing activities | | | | X | | X | | X | | X | | X |
| Join marketing activities organised by other players | | | | | X | | X | | X | | X | |

D) Existing business retention

| | Q 1 | Q 2 | Q 3 | Q 4 | Q 1 | Q 2 | Q 3 | Q 4 | Q 1 | Q 2 | Q 3 | Q 4 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Carry out business/investment climate survey | | | X | X | | | | | | | | |
| Take actions to remove obstacles the existing businesses are facing | | | | X | X | X | X | X | X | X | X | X |
| Develop a list/database/directory of local suppliers a) for construction phase, b) for production phase | | | | X | X | | | | | | | |
| Develop skills register | | X | X | X | | | | | | | | |
| Assist existing companies with recruitment of staff and suppliers | | | | X | X | X | X | X | X | X | X | X |

E) Support of potential investors

| | Q 1 | Q 2 | Q 3 | Q 4 | Q 1 | Q 2 | Q 3 | Q 4 | Q 1 | Q 2 | Q 3 | Q 4 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Survey of procedures needed when an investor is making an investment | | X | X | | | | | | | | | |
| Survey of municipal land / buildings which can be offered to potential investors | | | X | X | | | | | | | | |
| Plan further actions to secure land / buildings for new investors | | | | | | | | X | X | | | |
| Plan for expansion of infrastructure (transport, power, water, sewage) | | | | | | | | X | X | | | |
| Lobbying for funding of investment promotion activities | X | X | X | X | X | X | X | X | X | X | X | X |

For More Information on Kimberley

- Kimberley has a very detailed document outlining its strategy and functions, which can be found at:
<http://www.francesbaard.gov.za/documents/2011/fbdm-marketing%20&%20investment%20strategy.pdf>

Durban Investment Promotion Agency (DIPA)

- Durban, South Africa's second largest City was not retaining Business well enough; not expanding fast enough; little FDI, etc.
- City Leadership & Business Leadership formed a Public Private Partnership in 1999
- Best Practice City Commission formed (BPCC), researched solutions and made recommendations to the City Council in 2000
- IPA was recommendation #1 & DIPA formed
- Fully funded by City Council, but lots of Business time, experience and effort invested

Best Practice City Commission (BPCC) Overview

- MESSAGE FROM THE COMMISSION:

“...recommendations are a ‘package of proposals’ that should be implemented holistically in terms of a concerted, co-ordinated, & comprehensive program. They should not be approached in a fragmented manner.”

- COMMISSION FINDINGS:

- “Promotion and Marketing to Investors (Improvement needed?)
- “Specific Investment Information (Lacking?)
- “Decision-Making Procedures & Policies (Improvement needed?)
- “Professionalism and Courtesy” (Attention desired?)

- COMMISSION RECOMMENDATIONS (LIST):

1. Investment Promotion Agency
2. Corporate Plan (for Municipality)
3. Development Facilitation Centre (for investors)
4. Policy and Legal Framework
5. Local Economic Development Zones
6. Attitudinal Changes

DIPA Mandate and Functions

- DIPA established in 2001 but in 2005 a leadership decision change resulted in full absorption by eThekweni Municipality
- DIPA Mandate (BPCC & now) - “*First Stop Shop*” for:
 - Proactive investment promotion & business marketing
 - Investor information provision
 - Relevant investment information for Government
 - Referral/Facilitation of investor enquiries
 - Provide first level advice
 - Attend to Needs of existing investors
 - An information management system
 - Provide City Councils with strategic advice
 - ‘Deal-making’ function

DIPA Mandate and Functions (2)

- DIPA is a FREE advisory, facilitation and promotion service of the City of Durban.
- Its objective is to retain and grow jobs, as well as generate new City revenue streams via promotion of investments into Durban, whilst growing existing investment base.
- It is a part of the eThekweni Municipality
- First City run IPA in South Africa
- Internationally recognized and benchmarked
- Formed out of BPCC

Staffing and Critical Skills

- Existing Staff: 10 (under capacity). Organogram specifies: 17
- “Under capacity”: always a reality!
- Critical Skills:
 - New investor liaison;
 - Key client management;
 - Foreign investor attraction & support;
 - Investment marketing & Marketing management;
 - Investment analysis & business development;
 - Project management;
 - Internal finance & admin support;
 - Information management;
 - Town Planning & property development;
 - Empowerment & finance support

DIPA Activities

- Promote the City - B2B, G2B and G2G
- Attract/Facilitate Medium - Larger Projects
 - 5 Core Areas: Agribusiness; Manufacturing; ICT&E; Tourism/Property; Maritime & Logistics
- Retain / Expand existing investors (BR&E)
- Facilitate Medium - Larger Business Events
 - WIB; CBC Africa Investment Forum; NEPAD/ African Renaissance; Sector B/fast & W/shops
- Grow / Support new PPP' s & Linkages (e.g. Call Centers, Film Office, Agribiz Forum, etc.)

DIPA Achievements in first 9 years

- Investment promotion of Durban: >250 Journals, Trade/Investment Publications, Business Newspapers, Sector Periodicals, + TV
- Led/participated in approx. 50 Business Missions focusing on investment & jobs
- Led/participated in approx. 35 conferences & exhibitions locally & abroad promoting Durban
- Facilitated more than Rand15Bn worth of new fixed capital business investment (which generates millions in City revenue)
- Created/retained in excess of 15 000 jobs
- Clean Audit Reports and always within budget
- Established and grew Kwa Zulu Natal KZNonSource; Durban Film Office; AgriBusiness Forum

DIPA's message of encouragement to others

*“If you think you are too small to be effective,
you have never been in bed with a mosquito”*

*-Anita Roddick
The Body Shop*

For more information on DIPA:

[http://www.durban.gov.za/City_Services/
Economic_Development/Investment_Promotion/
Pages/default.aspx](http://www.durban.gov.za/City_Services/Economic_Development/Investment_Promotion/Pages/default.aspx)