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# REGIONAL PARTNERSHIP TO PROMOTE TRADE AND INVESTMENT IN SUB-SAHARAN AFRICA

*in partnership with*
**The Millennium Cities of Kumasi, Ghana; Mekelle, Ethiopia; and Tabora, Tanzania**

## FINAL NARRATIVE REPORT

AUGUST 2014

World Agroforestry Centre
TRANSFORMING LIVES AND LANDSCAPES

The MDG Centre
WEST & CENTRAL AFRICA

COLUMBIA GLOBAL CENTERS | AFRICA NAIROBI

VALE COLUMBIA CENTER ON SUSTAINABLE INTERNATIONAL INVESTMENT
The Earth Institute AT COLUMBIA UNIVERSITY
Columbia Law School

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# REGIONAL PARTNERSHIP TO PROMOTE TRADE AND INVESTMENT IN SUB-SAHARAN AFRICA

FINAL NARRATIVE REPORT
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Municipality of Tabora, Tanzania (Tabora)
Ministry of Foreign Affairs, Government of Finland (MoFA)

| | |
|---|---|
| CGC | Columbia Global Center (formerly the MDG Center, Nairobi) |
| CNHDE | Center for National Health Development in Ethiopia (Addis Ababa) |
| CU | Columbia University (New York) |
| EI | Earth Institute (New York) |
| EIA | Ethiopian Investment Authority |
| FDI | Foreign Direct Investment |
| GIPC | Ghana Investment Promotion Centre |
| ICRAF | World Agro-Forestry Center (Nairobi) |
| KCIPU | Kumasi City Investment Promotion Unit |
| KNUST | Kwame Nkrumah University for Science and Technology (Kumasi) |
| KPMG | KPMG Consulting |
| MDG Centers | Millennium Development Goals Centers (Dakar [formerly Bamako], Nairobi) |
| MCI | Millennium Cities Initiative (New York) |
| MIPP | Mekelle Investment Promotion Process |
| MP | Millennium Promise (New York) |
| MVP | Millennium Villages Project |
| NEPAD | New Partnership for Africa's Development (Johannesburg) |
| OECD | Organisation for Economic Co-operation and Development (Paris) |
| PPD | Public Private Dialogue |
| TIC | Tanzania Investment Center |
| TIPO | Tigray Investment Promotion Office |
| UNCTAD | United Nations Conference on Trade and Development (Geneva) |
| UNIDO | United Nations Industrial Development Organization (Vienna) |
| VCC | Vale Columbia Center on Sustainable Investment (now the Columbia Center on Sustainable Investment, in New York) |

## I. Project Description and Background

The Regional Partnership to Promote Trade and Investment in Sub-Saharan Africa (Regional Partnership) was launched at the Permanent Mission of Finland to the United Nations in New York in April 2011. In attendance were representatives of the Government of Finland as well as the Mayors (or their representatives) of the three cities targeted under the project: Kumasi, Ghana; Mekelle, Ethiopia; Tabora, Tanzania. Also in attendance were representatives of the Millennium Cities Initiative (MCI), The Vale-Columbia Center on Sustainable International Investment (VCC) and the MDG Center in Nairobi.

The Regional Partnership was designed to enhance the capacity of the three participating "Millennium Cities" to attract new private sector investment and to expand opportunities for trading particularly in these second-tier cities, where commercially viable investment opportunities can help jumpstart regional development on a continent where most investment has been headquartered in and around the national capitals.

The Regional Partnership project was a natural outgrowth of MCI's efforts to support 11 Millennium Cities across Sub-Saharan Africa in their goal of developing integrated city development strategies to target achievement of the Millennium Development Goals (MDGs). Private sector development has been integral to MCI since its inception, both with the aim of helping to strengthen backward linkages to MCI's sister integrated rural development initiative, the Millennium Villages Project (MVP), and those forward linkages to domestic, regional and international markets that can help strengthen regional growth poles capable of sustaining healthful, fulfilled populations in secondary cities with vibrant private and public sectors. The Regional Partnership built on this foundation, deepening considerably the work accomplished previously by MCI's investment team in Kumasi and Mekelle and developing a new, comprehensive program for Tabora.

Implicit in this integrated concept is that local and foreign private enterprise can and frequently do provide a range and stream of benefits, particularly where they operate under sound laws and regulations. Taxes, fees and licenses paid by the private sector enhance revenues available at the city level to finance social sector activities. Wage earners have increased disposable income with which to generate demand for goods and services locally, thus supporting the growth of medium, small and micro-businesses to cater to that demand. Moreover, the opportunity for gainful employment has been shown to be a significant motivator for parents to send their children to school and for the students themselves to master the knowledge and skills that will make them more viable in the job market.

The overall goals of the Regional Partnership project were expressed in the original documents as follows:

- to assist secondary cities/regions in generating more investment (both local and foreign) through building up their capacity and their ability to trade, which would, in turn, contribute to them achieving the MDGs;
- to contribute to the global dialog [sic] on the importance of increasing sustainable investment and action at the subnational (cities/region) level.

Key Objectives and Deliverables:

- A minimum of 5 identified viable investment opportunities in and around each of the three selected cities;
- Materials for promoting and targeting these and other opportunities;
- Dissemination of these materials by mail and through local events and one
- international investment event;
- Strengthened capacity for investment promotion and facilitation, as well as trade, at the city/regional level, including also an established public-private sector dialog mechanism;
- A strategy paper as a methodology tool for cities/regions to formulate their own strategies to attract sustainable local and foreign investment;
- A guidance paper on attracting sustainable FDI for the cities/regions at the subnational level;
- A substantial contribution to the international work on FDI, e.g., at the OECD/NEPAD regional investment dialog and UNCTAD's work on international investment.

This report covers the Regional Partnership's administration, implementation, activities, outputs, outcomes and lessons learned in the three cities, funded under a grant in the amount of Euros 1.2 million from the Ministry of Foreign Affairs (MoFA) of the Government of Finland during the period April 2011 through June 2014. It should be noted that the original period of the grant was for 18 months, with an end date of December 2012; however, due to delays in the flow of funds at several points, the project was eventually extended to over twice the length of time originally envisaged, albeit with no additional funding.

## II. Project Administration

The grant agreement was concluded between the MoFA of Finland and the World Agroforestry Centre (ICRAF), with VCC, MCI and the MDG Center in Nairobi being the implementing agencies.[1] Essentially then, the administration and implementation of the project was between ICRAF and MCI, with the CGC playing a regional coordinating role for the East African venues.

The agreement with the MoFA named ICRAF as the executing agency, with financial management responsibility for the project; however, as MCI was providing overall guidance and implementation, it was soon agreed that it would make sense for ICRAF to transfer funds (in tranches) to MCI to be administered by Columbia University, as home to the Earth Institute, under which MCI was established as a research and urban development project. Under this agreement, MCI would provide periodic financial statements, with supporting documentation, to ICRAF, in order to secure the release of further funds. This agreement is memorialized in an MOU dated July 22, 2011, to be found in Appendix A.

As part of the transition to this arrangement between MCI and ICRAF, the latter requested a full audit covering the first year of implementation to be conducted by PriceWaterhouseCoopers (PWC) teams in both Nairobi and in New York. The time required to complete these two audits and integrate them into one report was a period of more than eight months, contributing significantly to the delays in the flow of funds. While Columbia University permitted MCI to expend funds during this hiatus in funding, that permission was limited in amount and duration, which meant that only the absolutely necessary items were funded during that period.

VCC and MCI established an Advisory Group of knowledgeable professionals to provide advice in the structuring and implementation of the Regional Partnership. The first meeting of the Advisory Group took place in New York in April 2011, in conjunction with the launch of the project. A list of members of the Advisory Group is contained in Appendix D.

## III. Project Implementation

As noted, delays in receiving funds led to slower implementation than planned, stretching this phase of the project over more than three years, rather than the originally envisaged 18 months, with no additional funds. However, the longer implementation period had some positive effects, as many of the achievements of the project could not have been accomplished within the original timeframe. Moreover, the delays in receiving funds reduced the number of field trips planned by the team of experts and resulted in the team finding mechanisms for keeping the work in the cities moving in their absence. The approach thus adopted was one of intense coaching and mentoring from a distance, using constant exchange of drafts of documents under preparation and bi-weekly phone and Skype conferences to keep the field-based teams focused and engaged.

MCI was assisted in the implementation by the MDG Centers in East and West Africa. Both the Millennium Villages Project (MVP) and the New York-based non-profit Millennium Promise (MP), which finances and operates the MVP, were helpful in assisting with transferring funds to the cities, and the MVP was also productively involved in the work, given the many potential farm-to-market linkages. The Center for National Health Development in Ethiopia (CNHDE) in Addis Ababa was supportive in helping both with the flow of funds for the Mekelle portion of the project and by providing office space and equipment to the consultant responsible for the Mekelle Investment Day held in Addis Ababa on October 3, 2013.

Partners that made strong pro bono contributions to the Regional Partnership project include MCI's longtime global partner KPMG, which carried out in-depth research (both desk-based research and on-the-ground validation) on sectors with potential to attract investment. These findings were published by KPMG in a highly professional, glossy format for each of the three locations.

The United Nations Industrial Development Organization (UNIDO), another longtime MCI partner, carried out research of firm-level opportunities in Kumasi and Mekelle, thus providing valuable information on enterprises seeking partners that could bring capital, know-how and access to markets.

The MCI also engaged the national investment promotion agencies in working with the cities within their respective countries. The Ghana Investment Promotion Center (GIPC) has established a local office in Kumasi, but it was also involved from the head office in Accra.

[1] The VCC recently changed its name to the Columbia Center of Sustainable Investment; the MDG Center has also changed its name.

## III. Project Implementation *(cont'd.)*

The Tanzania Investment Center (TIC) was very supportive of the Tabora team and seconded a staff member to work with Tabora to prepare the investment day held in Dar es Salaam. Staff from GIPC and TIC also took part in the training provided by MCI under the Regional Partnership. In the case of Ethiopia, the Ethiopian Investment Authority (EIA) made a presentation at the investment day in Addis Ababa but was not otherwise involved in either the preparation of the event or in any of the trainings. The EIA was nevertheless favorably impressed by what Mekelle had put together in terms of promotional materials and also by the fact that Mekelle was the first city in Ethiopia to stage its own investment promotion event, leading EIA to say it would consider using Mekelle as a model for the promotion of other cities in Ethiopia.

In each location, there was also dialogue with entrepreneurs as well as with those associations representing them, such as associations of industry, chambers of commerce and small-scale producers.

## IV. Project Outputs

Based on the key deliverables targeted under the Regional Partnership, the following outputs were achieved:

***Key Deliverable 1:*** *A minimum of 5 identified viable investment opportunities in and around each of the three selected cities.*

In identifying the viable investment opportunities, the starting point was the research carried out by KPMG in each of the three cities, captured in reports on opportunities in key sectors that, at MCI's invitation, were produced in 2008 for Kumasi, 2010 for Mekelle and 2011 for Tabora. MCI, too, had produced an investment guide for Kumasi prior to the start of the Regional Partnership that was updated under the Partnership[2] and had undertaken significant investment-related research in Mekelle and Tabora that fed directly into this effort. The work carried out by UNIDO on firm-level opportunities in Mekelle and Kumasi also served as an input. Work by the MCI team built upon all this research to develop in-depth profiles for each of the investment opportunities.

During the first six months of the Regional Partnership, a stakeholder meeting was held in each city, involving public and private sector players, as well as educational institutions, to discuss and agree as to which of the sectors already identified as having potential was best aligned with the priorities of each city and, indeed, whether there were other sectors of interest. In the cases of Kumasi and Mekelle, these stakeholder discussions were held in the broader context of a City Development Strategy that included the social sectors, specifically, health, gender, education, water and sanitation, in addition to private sector development. As Tabora was not part of MCI's social sector work, the stakeholder dialogue revolved purely around the private sector development agenda.

For the particular sectors and opportunities prioritized by each city administration and the other key stakeholders in each location, the MCI team worked with international and local teams to research and develop detailed investment profiles that could be presented to potential investors.[3] Below is the list of profiles created during the project for presentation at the investment days and for dissemination via the cities' individual websites:

- 7 profiles for Kumasi, for oil palm cultivation, bamboo products, real estate development (multi-storey parking, faculty and student housing) and fruit processing;
- 6 profiles for Tabora, for bee-keeping and honey processing, tropical fruit processing, edible oil (sunflower and groundnut), meat processing, dairy processing and tourism;
- 4 profiles for Mekelle, for bee-keeping and honey processing, pharmaceuticals, animal feedstuff production and essential oils.

All detailed investment profiles can be found at: http://mci.ei.columbia.edu/initiatives/private-sector-development/regional-partnership-to-promote-trade-investment/

[2] MCI's original investment guide to Kumasi, Invest in Ghana: Focus KUMASI, can be accessed at: http://mci.ei.columbia.edu/files/2014/05/Kumasi-Investment-Guide.pdf

[3] Additional investment opportunities were also identified but were not written up as formal investment profiles at the time.

## IV. Project Outputs *(cont'd.)*

***Key Deliverable 2:*** *Materials for promoting and targeting these and other opportunities*

MCI staff and consultants, in cooperation with local teams, developed the following comprehensive Investment Guides, detailing national and local laws, regulations and conditions for investment, as well as key sector opportunities:

- Invest in Tanzania: Focus Tabora (published May 2013)
- Invest in Ethiopia: Focus Mekelle (published December 2013)
- Kumasi Investment Guide 2013 (published September 2013)

In addition, small-format, six-panel, glossy promotional brochures were developed by each city, with guidance and assistance from the MCI team. All publications can be found here: http://mci.ei.columbia.edu/research-publications

In Kumasi and Tabora, to support development of the new websites, MCI provided templates, guidance on content and terms of reference for the cities to hire developers and conclude hosting agreements. In the case of Mekelle, there was less interest in developing a website for two reasons: (i) the City of Mekelle's investment promotion office does not yet have Internet access, so there is no culture of utilizing the web as an outreach mechanism; and (ii) the Tigray Investment Promotion Office (TIPO) already has a website that includes information on investment opportunities in Mekelle.

***Key Deliverable 3:*** *Dissemination of these materials by mail and through local events and one international investment event*

The MCI team guided and supported each city in planning and executing an investment promotion day held in the respective national capitals, targeting approximately 300 domestic and international companies per city. This included assisting each city with researching and identifying potential investors to target, as well as helping it to develop a detailed database of such investors, by sector and with key contact information. Once identified, these investors received letters from the cities (from the Mayors of Kumasi and Mekelle, and from the Regional Commissioner in Tabora), briefly stating the investment opportunities and inviting them to attend an investment promotion day. The letters also included links to the websites (in the case of Tabora and Kumasi) where additional information could be located, thus ensuring that even those companies unable to attend the investment day could still find out more about the opportunities available in these locations.

The investment days for the cities took place as follows:

- For Tabora (held in Dar es Salaam) on July 19, 2013, with approximately 150 attendees;
- For Mekelle (held in Addis Ababa) on October 3, 2013, with around 67 attendees;
- For Kumasi (held in Accra) on October 8, 2013, with around 104 attendees.

Local and national government officials attended, presented and officiated as part of each program. The MoFA was represented at the Tabora and Mekelle events by officials from the Embassy of Finland. As Finland does not have an Embassy in Ghana, the MCI team presented the MoFA's views and motivations for funding the project. MCI management, staff and consultants attended and presented at each event and advised the local teams on follow-up actions to develop leads developed during the events.

The materials were also disseminated via the newly developed websites:

- www.investinkumasi.com
- www.investintabora.com

MCI provided each city administration with draft text for a press release that it could amend to suit its own purposes and translate into local language, where necessary, in order to reach press outlets within each country. MCI also issued its own press releases to its international contacts, describing each event. All publications have been posted on the MCI website at: http://mci.ei.columbia.edu/research-publications/

The MoFA informed MCI that the planned 'Helsinki Day' event originally stipulated in the grant agreement, which had been intended to serve as an international promotional forum for all three cities to showcase their opportunities, probably did not make a great deal of sense, given that Finnish firms were less likely to be investors in the participating cities or countries at that point.

Consequently, MCI and MoFA agreed to substitute a Capstone Seminar to (i) provide an opportunity for the participating cities to share their experiences among themselves and give feedback to MCI; (ii) for both the cities and MCI to present to the MoFA and members of the Advisory Group the key outcomes and lessons from the project.

The Capstone Seminar was thus convened in New York City on October 28 and 29, 2013. Day One was set aside for a dialogue between MCI and the delegations from each of the cities. The city delegations made presentations to each other and to MCI staff and consultants on the lessons they had learned and on what they felt they had achieved under the Regional Partnership. An external facilitator, an expert in international investment, moderated a discussion among the attendees to tease out key issues and suggestions, which fed into the presentations made by the cities on Day Two, to a broader audience that included MoFA representative Antti Piispanen, Commercial Counsellor, and several members of the Advisory Group. Those sessions were moderated by Sari Laaksonen, formerly of the MoFA (now a private consultant), because of her earlier involvement with the project and, thus, her deep knowledge of the Regional Partnership and her familiarity with all of the participating cities.

***Key Deliverable 4:*** *Strengthened capacity for investment promotion and facilitation, as well as trade, at the city/regional level, including also an established public-private sector dialog mechanism*

Strengthening the capacity of the participating cities and their local teams to be able to prepare compelling investment profiles and to proactively promote and win new investment was at the heart of the project, constituting a consistent thread and focus throughout its duration.

Early in the project's rollout phase, two rounds of hands-on training seminars, each several days long, spaced several months apart, were conducted by MCI experts in each city for the benefit of local staff and other key stakeholders. Participants in each location included the Investment Promotion Specialist hired under the Regional Partnership, as well as representatives of the national investment promotion agencies of each country or region, i.e., the Ghana Investment Promotion Center (GIPC), Tanzania Investment Center (TIC), and Mekelle Investment Promotion Process (MIPP) and Tigray Investment Promotion Office (TIPO).

In Kumasi and Tabora, some of the staff from the Millennium Villages Project (MVP) also participated. In the case of Mekelle, the Koraro Millennium Villages cluster is at quite a distance, over difficult roads, which meant that no one from there was able to attend the trainings. Training topics covered included:

- Understanding drivers of investment decisions
- How to conduct a SWOT analysis
- How to research and develop compelling investment profiles
- How to develop and implement a strategy for identifying and targeting potential investors
- How to prepare and organize investment promotion events
- How to follow up on investor interest and facilitate site visits
- How to put in place an effective aftercare system for supporting investors once they have operations in place
- How to use electronic means to reach out to potential investors
- How to initiate and sustain a Public-Private Dialogue mechanism

MCI has placed on its website "Tools, Techniques and Resources for Investment Promotion," which includes all of the training materials utilized in the course of the project. This resource also provides links to the Handbook on Investment Promotion in Medium-Size, Low-Budget Cities in Emerging Markets (Handbook),[4] which was developed by MCI and funded by the Government of Finland under a separate grant, and the World Bank Group's Investment Generation Toolkit. The intent is to make the materials accessible for future reference by the cities participating in the Regional Partnership and to allow other cities not participating in a formal project or program to download and use the materials. Complementary to and reinforcing of the training was an ongoing process of coaching and mentoring of the city-level teams as they worked on developing well-researched but concise investment proposals, following a template provided by MCI for that purpose. A systematic review mechanism was put in place to provide substantive written feedback on each sector investment profile under development by each city team. Bi-weekly Skype and phone conferences ensured regular communication among the teams in the field and the MCI staff and consultants.

[4] MCI's Handbook on Investment Promotion in Medium-Size, Low-Budget Cities in Emerging Markets can be accessed at: http://mci.ei.columbia.edu/files/2012/12/MCI-City-Investment-Promotion-Handbook2.pdf

The local teams also provided important input to these investment guides and, when the primary researcher developing the guide visited the locations, organized and facilitated review meetings with key stakeholders, to obtain feedback from public and private sectors players on the accuracy of the content. With guidance from MCI, the local teams were also involved in preparing and printing the promotional brochures that carried key information in abbreviated form about the cities and opportunities to be found there. Of the three participating cities, only Mekelle has institutionalized a Public-Private Dialogue (PPD) that now takes place four times per year. The city administration has described this systematic opportunity for engagement with the private sector as a valuable vehicle for identifying and removing obstacles to the smooth functioning of business operations in the city.

***Key Deliverable 5:*** *A strategy paper as a methodology tool for cities/regions to formulate their own strategies to attract sustainable local and foreign investment*

While a paper of this nature was originally planned, MCI had already produced and shared with the participating cities our Handbook on Investment Promotion in Medium-Size, Low-Budget Cities in Emerging Markets, which addresses strategic issues, as well as the World Bank's Investment Generation Toolkit, which the World Bank Group has given MCI permission to link to online. Given these resources, MCI determined that, at this point in the project, a more specific, tailored approach aimed at supporting each city administration in developing its own strategy and operational plan could be more useful, particularly if it could reflect the local realities, in terms of capacity and available funding. Thus, as part of winding down the project and transitioning to full city ownership, MCI prepared a template to guide each city in developing its own three-year strategy and operational plan, as well as an Excel-sheet template to assist them with budget preparation. In conjunction with these tools, MCI offered expert advice and feedback as the cities developed their respective strategies.

***Key Deliverable 6:*** *A guidance paper on attracting sustainable FDI for the cities/regions at the subnational level*

While the Regional Partnership project focused on both domestic and foreign investment, the project proposal included special mention of foreign direct investment (FDI), proposing to provide guidance to cities and countries on how to maximize the positive societal impact of FDI on the host city and country.

The Guidance Paper on Evaluating Sustainable FDI (Guidance Paper) was commissioned by MCI from an external consultant, Professor John Kline of Georgetown University. The purpose of the paper is to provide decision-makers with a tool to help them evaluate the potential impact of a proposed FDI project in relation to the host country's development priorities. "The focus is on the practical process and decision-making, rather than policy and regulation." (author John Kline).

There were three levels of review of this paper before it was finalized. The initial review was of the overall thrust of the paper as presented by Professor Kline at the first meeting of the Advisory Group, which was held in tandem with the launch of the Regional Partnership project in New York in April 2011. Suggestions regarding specific aspects of the proposed content and methodology were made by the representatives of the participating cities, as well as by the members of the Advisory Group. The second level of review was from an external panel of knowledgeable experts in the investment promotion field, including senior staff of the national investment promotion agencies of Austria, Kenya and Uganda, as well as by the Durban Investment Promotion Center in South Africa. The Guidance Paper is a tool in the form of a weighted matrix for gauging the societal impact of a proposed project across economic, environmental, social and governance indicators. The Guidance Paper on Evaluating Sustainable FDI may be found at: http://mci.ei.columbia.edu/research-publications/

***Key Deliverable 7:*** *A substantial contribution to the international work on FDI, e.g. at the OECD/NEPAD regional investment dialog and UNCTAD's work on international investment*

The Guidance Paper on Evaluating Sustainable FDI is potentially a very useful tool for governments interested in filtering proposed FDI projects against their development priorities and their desire to attract sustainable FDI. The paper was shared with each of the participating cities in the project; however, as sub-national entities do not generally have the authority to give final approval or to veto a particular FDI project, it is primarily a tool to be utilized at the national level. The paper has been widely disseminated by VCC/CCSI to an extensive international audience and is posted as well on the MCI website. It is hoped that this paper will find use within countries seeking to make informed decisions about FDI, and will be employed as well as a tool by such organizations as OECD, NEPAD, UNCTAD and others.

## V. Project Outcomes

### *Kumasi*

Under the Regional Partnership, Kumasi created the Kumasi City Investment Promotion Unit (KCIPU), which it plans to continue to host and fund. The Kumasi Metropolitan Assembly (KMA) has developed a draft strategic plan for the next three years and a one-year operational plan, and the Mayor of Kumasi has clearly stated his commitment to continuing the focus on attracting new, productive private sector investment to the city.

*Ghanian women sort palms, part of the process in cultivating oil palm - a promising sector poised for investment, as identified through the PSD project.*

In addition to the capacity developed under the training program described above, additional mentoring and coaching of the KMA Technical Team appointed by the Mayor of Kumasi to develop and write up the three-year strategy and the one-year operational plan also resulted in creating awareness of private sector development and investment promotion issues on the part of these civil servants not previously involved with either the Regional Partnership or the KCIPU.

The Investment Roadshow held in Accra on October 8, 2013, resulted in several inquiries on the part of interested potential investors, three of whom subsequently visited Kumasi to explore the projects in greater depth. One investor (Ghanaian/Turkish) has submitted to the KMA a formal, written expression of interest in several of the city's proposed real estate projects, including a multi-storey car park, student and faculty housing at KNUST, a Do It Yourself (DIY) shop and possibly also a three-star hotel and mall. Consultants have been hired by the investor to carry out feasibility studies on four of these projects. A second investor is interested in a luxury hotel and mall complex and is apparently undertaking due diligence on the documentation for the available sites. The third is an agribusiness firm that has submitted a formal, written expression of interest in putting in place a 5,000-acre oil palm plantation and a processing plant. This latter investor is planning to visit Kumasi in September 2014 to meet with stakeholders and discuss project implementation.

The website www.InvestinKumasi.com has also generated inquiries about projects available for investment in Kumasi and serves as well as a first "port of call" for companies at the long-listing stage that are carrying out desk research on suitable locations for potential undertakings.

A key constituency likely to play a critical role in Kumasi's private sector development are the traditional authorities, i.e., the King of Ashanti, the Asantehene and his adherents, particularly in light of the fact that access to land lies in their hands.

MCI had several meetings in the course of the project with the Adontenhene, Nana Adu Gyamfi, Advisor to the King on private sector matters. He and other partners have been a strong force in moving forward to attract new projects to Kumasi. On June 6, 2014, a groundbreaking ceremony took place in Kumasi for an approximately 29,000-square-meter shopping mall that will have Shoprite and Game as anchor tenants.

The Asantehene, Otumfuo Osei Tutu II, officiated at the groundbreaking. In addition, MCI had discussions with the Adontenhene Adu Gyamfi, who, in collaboration with others, is looking into the feasibility of developing an industrial zone in Kumasi. The MCI team shared with the Adontenhene and his colleagues some material on industrial zone models developed in cities elsewhere.

*The MCI-Kumasi Investment Team at work.*

*Left to right: Abenaa Akuamoa-Boateng, MCI Regional Coordinator for West and Central Africa; Joshua Tettah, KMA Planning Officer, seconded to MCI; Bennet Elvis Niboi, MCI's Investment Promotion Specialist for Kumasi*

## *Mekelle*

As noted above, Mekelle already had a city investment promotion office (MIPP) at the outset of this project, and there was also a Tigray Investment Promotion Office (TIPO), handling investment at the regional level. Thus, neither the creation of the MIPP nor its eight staff can be attributed to the Regional Partnership project; however, the training provided to the staff of MIPP and TIPO has contributed significantly to their awareness of investment drivers and has sharpened their tools and skills to be more proactive in targeting investment.

The TIPO was quite impressed by the template and methodology used by MCI for developing well-researched, clearly articulated investment profiles and has decided to adopt this approach to use in future profiles, rather than retain its previous approach of creating more generalized, less substantive documents.

The City of Mekelle reports that in this year, 246 companies have registered with the MIPP, of which about 16 have invested thus far. Only three of these are international firms, one is Indian (garment sector), one Bangladeshi (also garment sector) and one Italian (a shoe factory).

The city has already provided 100 hectares of land for the Indian investor and has promised around 11 hectares for the other foreign investors. A marble quarry, with three domestic investors, has already commenced operations. Another investment that the city believes likely to come to fruition in the near future is a soft drinks producer. It is important to note, however, that we cannot claim direct attribution to the Regional Partnership for these investments.

The Mayor of Mekelle indicated that the feedback and visibility achieved through the first investment promotion day conducted under the Regional Partnership in Addis encouraged the city to become involved in putting on two additional promotional events in Mekelle itself. The EIA was favorably impressed both by the promotional materials developed under the project and by the city's ability to organize an investment day, and it regards Mekelle as a model that could be emulated by other cities in Ethiopia.

As mentioned above, Mekelle has also instituted a systematic Public-Private Dialogue (PPD) that is convened four times per year by the Mayor. The city utilizes these forums both to share with enterprises information or plans affecting the private sector and to hear firsthand from companies regarding the issues the city could address to improve business operation, including infrastructure. A follow-up process ensures that the participants in the PPD are provided with feedback about actions taken.

*MCI's Lorian Viola, Moges Mesfin, Karin Millett, Aberash Abay, Susan Blaustein and Rene Samek participate in Investment Day in Mekelle.*

*MCI investment specialist Rene Samek tours Mekelle facility.*

*Former Mekelle Mayor Nigusse Gebre visits honey shopkeeper.*

## V. Project Outcomes *(cont'd.)*

### *Tabora*

Immediately following the investment day in Dar es Salaam in July 2013, interest was expressed by a number of investors in several of the sectors Tabora was promoting, including bee-keeping and honey. Seven potential investors, including a large Chinese delegation, visited Tabora after the investment event to explore a number of opportunities in agro-processing, including honey and edible oils, meat processing, real estate and transportation. Dialogue is continuing with those investors who visited Tabora, and contact is being maintained with those who have expressed an interest but not yet visited.

In December 2013, the very supportive Municipal Director, Mr. Alfred Luanda, was promoted to the position of Regional Administrative Secretary for the district of Mtwara, and during the following several months, an Acting Municipal Director was in place who was not familiar with the project and did not feel in a position to make any decisions.


*Tabora Regional Commissioner Honorable Fatma Mwasa presents at the Tabora Investment Forum in Dar es Salaam.*

By the time the appointment of the new Municipal Director, Mr. Augustino Kalinga, was confirmed in the second quarter of 2014, the Regional Partnership project was nearly over, and despite email contact and a briefing by the Investment Promotion Specialist hired under the project, Mr. Kalinga was forced to cancel a final wrap-up meeting in June 2014 because President Kikwete had called him to Dar es Salaam to meet with a Chinese delegation led by Vice Prime Minister Lin Yuanchaou to explore trade and investment opportunities. It is hoped that some positive outcomes will emerge for Tabora from those meetings.

The Municipal Director of Tabora has indicated that he intends to continue supporting the investment promotion desk to facilitate and promote inward investment. Given the limited budgetary resources of the Municipality, it is likely that this will be more of a reactive than proactive function; however, as the Investment Promotion Specialist hired under the Regional Partnership project is now employed by the Municipality, there is a knowledgeable, well-trained person in place to carry forward the work.

## VI. Lessons Learned

***Administrative:*** Implementing a project for which MCI was not the primary grantee added a layer of complexity to the administration and to the process of receiving and distributing funds to the field locations. The MoU with ICRAF helped alleviate some of the difficulties, but there have nevertheless been many delays in transferring and receiving funds. In future projects, MCI would either need to be the direct grantee or be able to put in place at the outset arrangements to facilitate the smooth administration and implementation of the project.

***Implementation:*** The delays in receiving funds resulted in fewer trips to each location than originally intended, with both positive and less positive consequences. On the positive side, the need to keep the local teams focused and working on producing well-researched investment profiles led the MCI team to devise alternatives to personal visits to keep the project work moving forward. Arguably, the kind of intense coaching and mentoring, via email document exchanges with regular written feedback, punctuated by bi-weekly teleconferences and Skype calls, was a more effective way of building capacity and sustaining interest than a few intermittent visits would have been.

Instead of international consultants doing the research and writing profiles, web content and brochures, the MCI team provided templates and guidance, but placed the onus on local teams to do this work, to which the MCI team provided regular systematic, substantive and stylistic feedback. The same applied to the investment days in each country: the MCI team provided guidance, but the local teams were responsible for venue selection, negotiations with the hotels and all logistical arrangements.

On the less positive side, the lack of availability of funds for travel to the field meant less frequent and direct interaction between the MCI team and local counterparts at the level of the city administration. Closer personal contact might have kept these constituencies more engaged and fostered a sense of ownership that could have led to deeper and broader commitments to continuing with proactive investment promotion once the project came to a close. In addition, creating and maintaining relationships with a wide array of local and national players would likely have been instrumental in raising the profile not only of these regional capitals, but also of the Regional Partnership itself, which might possibly have led to bringing on board an increased number of champions and partners.

***Selection of project sites:*** Two of the three cities, Mekelle and Kumasi, were very good candidates for this project. Despite its small size (with a current population of roughly 360,000), as mentioned above, Mekelle already had a city investment promotion office (MIPP) prior to the start of the project, and a regional investment authority already existed, in the Tigray Investment Office (TIPO). Mekelle also had an industrial zone prior to the start of the project, with serviced land to offer to companies and, indeed, quite a few companies had already established themselves in the zone. Mekelle also has an airport with a cold storage facility, and several flights a day connect the city to Addis Ababa. The road from Mekelle to Djibouti is currently being repaved, which will speed up travel time and reduce the costs of transporting goods both in and out of Mekelle.

Kumasi, with its daytime population of over two million (around 1.8 million residents), had no structures in place for investment promotion at the city level. Its size, however, is sufficiently large and its natural endowments sufficiently abundant that the city is nevertheless an attractive venue for new private sector investment. It has a large, prestigious university, KNUST, which opened its doors in 1952 and enjoys a strong reputation for sound academic programs and advanced professional degrees, and the city itself can rightly boast reasonably good and improving infrastructure. City leaders and the KMA have cited one of the benefits of the Regional Partnership as being their increased understanding and sensitivity to private sector issues and needs.

The third city, Tabora,[5] has a population of only around 250,000 and is located to the west of the center of Tanzania. Poor roads and a somewhat dilapidated railway mean that transporting goods to and from Tabora is relatively expensive. Some roads are being paved at this time, however, and plans are in the works to upgrade the railway. At the outset of the project, flight service between Dar es Salaam and Tabora was intermittent; however, over the past year, reliable service has been introduced several days per week. With a modest city budget, one can at best expect that Tabora will be reactive to investor inquiries but is unlikely to be able to muster the funds to be proactive.

***Co-Financing Commitment:*** Each city signed a commitment letter at the outset of the project, promising to commit local funds to the project, in an amount equal to 15-20 percent of the project funding. In practice, it was a challenge to get the cities to contribute the promised funds, and most of what was delivered came 'in kind,' e.g., providing office space and the like. In the case of Tabora, the Regional Commissioner was able to mobilize around $35,000 to support the investment day in Dar es Salaam, which provided a significant boost to the quality of the program.

***Numerous Changes of Personnel:*** There were changes of key personnel in the MoFA, the New York team and in the participating cities.

Six months after the project launch, in October 2011, Dr. Karl P. Sauvant retired as MCI Co-Director/VCC Director, leaving Dr. Susan M. Blaustein as MCI Director and MCI as the project's lone implementer. In June 2012, Project Manager Joerg Simon retired. Although none of these changes had an adverse impact on the implementation of the project, they were nonetheless mildly disruptive.

In August 2013, Ms. Sari Laaksonen, the MoFA counterpart for the project, left the Ministry and was replaced in this role by Mr. Antti Piispanen. Fortunately, as Mr. Piispanen had been involved from the earliest stages of project design and preparation, an entirely smooth transition ensued.

MCI's initial design for the project required a significant level of commitment from the leadership of participating cities, signified by a promise of ongoing cooperation as well as a specified financial commitment confirmed in a MoU. In the course of the extended life of the project, however, between its inauguration in 2011 and its ending in June 2014, significant changes took place in the leadership in all three participating Millennium Cities.

[5]According to the definitions used in Tanzania, Tabora is actually considered to be a "municipality," rather than as a "city" per se.

A new Mayor of Kumasi came into office in spring 2013, a new Mayor of Mekelle in June 2013 and the Municipal Director in Tabora changed twice, first in spring of 2013 and again in December of that year. Fortunately, in Tabora, the Regional Commissioner took a very strong interest in the project and mobilized support at the highest levels of national and regional government for the investment day held in Dar es Salaam in July 2013.

While the MCI New York team was in email contact with all of the new city leaders, and the local project staff certainly met with them repeatedly to brief them, it would, as noted above, have been desirable for the New York-based MCI team to have met early on with each new city mayor or municipal director in person, to discuss the project, reiterating the importance and implications of its closing dates and to help them think through individual strategies for transitioning from the project support to local ownership and funding. Due to the administrative delays in transferring funds, however, such timely visits were not possible.

In the cases of Kumasi and Mekelle, the new mayors have committed repeatedly to continuing with the private sector development and investment promotion agenda well beyond the project's close, and there has already been extended follow-up with the most serious prospective investors, whose awareness of the local opportunities was aroused and developed under the project.

In the case of the Municipality of Tabora, it appears less likely that this will happen, as the new Municipal Director has not yet demonstrated a deep appreciation of the need for proactive investment promotion; nor has MCI seen much evidence that the city would have sufficient budget to support the continuation of the investment promotion activities. However, the new and sustained interest by potential Chinese investors, in which the national government has clearly taken a very energetic lead, might certainly bring some investment to Tabora, most likely in the areas of honey- and other agro-processing,[6] and it is clear that the Tabora authorities are fully prepared and eager to advocate for their region, heralding its competitive advantages.

***Advisory Group:*** The Advisory Group, while expressing strong interest in the project, was hard to sustain as a group for the duration of the longer-than-anticipated project, given that only three meetings had been scheduled, an appropriate number for a project intended to last 18 months. Advisory Group members, all renowned experts hailing from a variety of locations on three continents, maintained fairly busy schedules involving a good deal of travel. Consequently MCI made a strong effort to keep the Advisory Group informed and engaged through written updates and consultations, but attendance at actual meetings was never robust. The first meeting, held in conjunction with the launch, attracted about half of the members. The second meeting, which took place one year after the launch in Mekelle, included only a couple of attendees, and the third and final meeting, last October 29, during the final Capstone Seminar in New York, attracted only three members. It is presumably the profile of the Advisory Group members, and perhaps the extension of the project beyond these busy professionals' expressed commitment, that made it difficult to get them physically together in one place. Perhaps a smaller group of experts with less onerous travel schedules might have been appropriate.

## VII. CONCLUSIONS

The Regional Partnership to Promote Trade and Investment in Sub-Saharan Africa was an innovative approach to seeking to enhance the capacity of second-tier cities to make themselves visible to potential investors and to help them put in place structures, systems, procedures and trained personnel that could effectively target and hopefully win new, productive, private sector investment.

Given the length of time that it typically takes to convert a lead in an investment to an operating factory or service (typically around three years), the project cannot yet point to specific operations that are the result of its efforts. However, there are concrete leads in the pipeline for all three cities that are likely to result in operations soon starting, resulting in new jobs and know-how and opening up further markets within each country, the wider Sub-Saharan region and further afield.

The trained personnel under the project will clearly be instrumental in bringing these deals to closure, particularly in Kumasi and Mekelle, where there are structures in place and where there has been expressed commitment, both by the city leadership and by the respective city and regional government entities, to institutionalizing proactive investment promotion.

[6] The recent delegation of Chinese companies also showed keen interest in real estate and tourism development, meat-processing and infrastructure upgrades.

## VIII. Appendices

### Appendix A: Project Personnel

**MCI New York Team:**

Dr. Susan M. Blaustein, Millennium Cities Initiative (April 2011 – June 2014)
Dr. Karl P. Sauvant, Executive Director, Vale Columbia Center (VCC) (April 2011- October 2011)
Mr. Joerg Simon, Project Manager for Regional Partnership (April 2011 – June 2012)
Dr. Karin Millett, Senior Researcher/Advisor (April 2011- June 2014)
Mr. Paulo Cunha, MCI Program Manager (April 2011 - April 2013)
Ms. Lorian Viola, MCI Operations Manager (May 2013 – June 2014)
Mr. George Saldana, Investment Targeting Consultant (September 2011 – January 2012)
Mr. Rene Samek, Investment Targeting Expert (March 2012 – June 2014)

**Field Teams:**

Ms. Abenaa Akuamoa-Boateng, MCI Regional Coordinator,West Africa, Project Manager, Kumasi (April 2011 – June 2014)
Mr. Anthony Owusu, City Investment Promotion Expert, Kumasi (April 2011 – June 2012)
Mr. Bennet Elvis Niboi, Investment Promotion Specialist, Kumasi (July 2012 – June 2014)
Mr. Moges Mesfin, Investment Promotion Specialist, Mekelle (April 2011 – October 2013)
Mr. Nega Kebedom, Consultant, Investment Day Planning, Mekelle (April 2013 – October 2013)
Mr. Deo Msilu, Investment Promotion Specialist, Tabora (April 2011 – October 2013)
Ms. Joy Morabu, MCI Regional Coordinator for East and Southern Africa, CGC, Nairobi (April 2011 – October 2013)

**Advisory Group Members**[7]

| | | |
|---|---|---|
| Millennium Cities Initiative (MCI) | Susan Blaustein | *Ex-officio* member; MCI Director |
| Ministry of Foreign Affairs, Finland | Sari Laaksonen | Commercial Secretary |
| Ministry of Foreign Affairs, Finland | Kimmo Sinivuori | Commercial Counselor |
| KPMG International | Jane Smallman | Senior Manager, Corporate Citizenship & Diversity |
| Organisation for Economic Co-operation and Development (OECD) | Karim Dahou | Executive Manager, NEPAD-OECD Africa Investment Initiative |
| World Bank/IFC | David Bridgman | Regional Manager, Investment Climate Advisory Services in Africa, World Bank Group, Nairobi, Kenya |
| Ministry of Economy and Technology, Germany | Joachim Steffens | Head, Unit on International Investment, Finance and Debt Rescheduling |
| African Development Bank | Désiré Vencatachellum | Director, Research Department |
| Enhanced Integrated Framework | Dorothy Tembo | Executive Secretary |
| FINPRO | Markus Ranne | Project Manager, Africa Region |
| FINNFUND | Siv Alhberg | Programme Director |
| United Nations Conference on Trade and Development (UNCTAD) | James Zhan | Director, Division for International Investment |
| United Nations Industrial Development Organisation (UNIDO) | Mithat Kulur | Director |

[7] Members serving at the outset of the project, from April 2011.

## Appendix B: List of Materials Produced under Project

- Invest in Tanzania: Focus Tabora (2013):
  http://mci.ei.columbia.edu/files/2012/12/MCI-Tabora-Investment-Guide.pdf

- Invest in Ethiopia: Focus Mekelle (2013): http://mci.ei.columbia.edu/files/2013/04/Mekel_English_web.pdf

- Abbreviated Guide to Investing in Kumasi (2013); http://mci.ei.columbia.edu/files/2014/05/Kumasi-Abbreviated-Investors-Guide.pdf

- Promotional brochures (small glossy six-panel brochures) for each city:
  - Kumasi, Ghana: Opportunities for Investors
  - Mekelle, Ethiopia: Opportunities for Investors
  - Invest in Tabora, Tanzania

- Website for Kumasi: www.investinkumasi.com

- Website for Tabora: www.investintabora.com

## Appendix C: Training Materials

***Tools, Techniques and Resources for Investment Promotion***

This overview of investment promotion arose out of an assistance project aimed at second-tier cities in three African countries. The project, the Regional Partnership to Promote Trade and Investment in Sub-Saharan Africa (Regional Partnership), was funded by the Government of Finland and implemented by the Millennium Cities Initiative, a program of the Earth Institute at Columbia University in New York.

The three cities (Kumasi, Ghana; Mekelle, Ethiopia; and Tabora, Tanzania) assisted under the Regional Partnership were a subset of the 11 cities in eight African countries designated as Millennium Cities. The Partnership worked with key public and private sector actors in each of these three cities to identify promising sectors and opportunities for investment in productive enterprises. It also offered assistance in the form of capacity building of local staff and advice on appropriate business support services, and has focused on developing strategies and executing campaigns to target and win new investment in productive private sector enterprises.

This overview captures key activities and reflects lessons learned in the course of this work. The project targets in particular small- and medium-sized cities in Africa and other emerging markets with limited resources and experience in attracting inward investment that are now establishing a municipal investment promotion function, e.g., an investment promotion center/office or desk, for the first time. Examples of promotional materials developed by the cities over the two years of the collaboration are also
given here.

***Several resources should be consulted in conjunction with this overview:***

- Guidance Paper on Evaluating Sustainable FDI
- Handbook for Promoting Foreign Direct Investment in Medium-Size, Low-Budget Cities in Emerging Markets
- World Bank Group Investment Generation Toolkit

***What is investment promotion?***

Investment promotion actively seeks to bring investment opportunities to the attention of potential investors, provides capital, jobs, skills, technology and exports, and increases productivity, innovation and wages in a city or country. Investment promotion is targeted to both domestic as well as foreign companies. To compete for foreign direct investment (FDI) on the world FDI market, cities must put in place a capacity to attract and retain investors and to benefit from their investments.

In building the capacity to attract investment, cities:

**STEP 1: DEVELOP A CITY INVESTMENT PROMOTION STRATEGY AND ACTION PLAN**

An investment promotion strategy provides mayors, city governments and other key decision-makers with a plan for attracting both domestic and foreign direct investment (FDI). It identifies important categories of key constituencies that should be involved in developing the strategy and the mechanisms for involving these key constituencies, and it takes into account the national and/or regional IPA's investment promotion strategy as well. Steps for developing a promotion strategy and action plan:

- Conduct a SWOT analysis using a SWOT matrix: Identify strengths and weaknesses, opportunities and threats for the city as an investment location.
- Identify viable investment opportunities.
- Develop a sector-based investment promotion strategy, identifying, evaluating, and prioritizing target sectors for attracting development.
- Develop investment profiles (see template and examples) to succinctly present the opportunity and location. The profile should be based on research of supply/demand factors, markets, competition, selected factor costs (including labor and infrastructure) and well-documented arguments on why this particular city/town would be the best location for this particular investment project.
- Set investment targets to monitor and evaluate success.

**STEP 2: COMPLETE A TEMPLATE TO GUIDE DEVELOPMENT OF INVESTMENT OPPORTUNITY PROFILES**

- Name of City and Country
- Name of the Product or Sector/Subsector

*See template format on following page.*

## Appendix C: Training Materials *(cont'd.)*
## Sample Template for Step 2

| |
|---|
| **Executive Summary**<br>3-5 sentences summarizing the particular opportunity. It is probably best to write this after the rest of the information has been gathered and written up. |
| **Introduction to City XXXX**<br>5-10 sentences on the city and the region, e.g., location within country, current population of the city, the size and growth of the market for this particular product, available infrastructure and any planned improvements. Whether the local government is open and committed to being supportive of private sector development. |
| **Market Opportunity**<br>Approximately 1-2 pages, including information such as:<br><br>**Current market for the product(s)** in city/region, country, neighboring countries and globally<br>- production (how much produced, where and by whom)<br>- consumption (how much demand is there for this product locally, regionally, in neighboring countries, globally (if applicable)<br>- export and import (from/to city, region, country)<br>**Growth of the market** over the past 5-10 years<br>- in city/region, country<br>- in country<br>- in the neighboring countries / globally<br>**Projected demand** in the next 5-10 years |
| **Why Produce This Product in City XXXX?**<br>Approximately 1-2 pages, highlighting advantages of producing the product in city xxx , e.g.,<br>- local availability of inputs for production<br>- selected factor costs, e.g., labor, utilities (water, power), transportation modes/costs<br>- potential to cut transportation costs (if this is the case) in comparison with importing from other parts of the country and/or abroad<br>- availability of skilled labor for this particular type of production, with data proving this<br>- existence of universities, colleges, specialized institutes, etc.<br>- potential to cut production costs (if this is indeed the case) in comparison with other parts of the country (e.g., in the capital of the country and/or abroad)<br>- possibility to export the product to other parts of the country and abroad |
| **Potential Locations in City XXX**<br>Approximately 5 sentences on locations, including conditions for accessing land, availability of water, electricity, and roads/rail/airport linkages. If there is an existing or planned industrial zone, this should be mentioned. |
| **Support Provided by City Administration, and Regional and National-Level Administration, If Applicable.**<br>List of support services offered by the city to investors, as well as regional and national-level administrations, e.g., assistance with registering a company, accessing permits and licenses, completing procedures for setting up operations, getting access to utilities, etc. If the city provides aftercare services for investors, these should also be mentioned here. |
| **Investment Incentives**<br>Short description of investment incentives and other grants that may be available from the city, regional and/or national governments. |
| **Further Information**<br>- List names, email addresses and phone numbers for contact persons. (Remember to update these whenever the information changes.)<br>- List of other relevant informational materials on the city, region and country that are available electronically and/or in print, and indicate how to request them or find them online. Give a website address if you have one. |
| **Last Updated.** (Always put the date the profile was created and updated.) |

**Appendix C: Training Materials** *(cont'd.)*

**STEP 3: BUILD A CITY INVESTMENT PROMOTION AGENCY**

A city investment promotion function (center, office or desk) plays a number of different roles as it works to attract investment.

It will:

- Develop an investment promotion strategy.
- Link to the national/regional IPA and other relevant bodies, e.g., relevant ministries, industrial zones, export-processing zones, etc.
- Provide guidance and information to investors.
- Forge alliances with the private sector, business associations and other partners.
- Market the opportunities available in the city and surrounding areas.
- Research and target potential investors.
- Facilitate investment.
- Provide aftercare services/support and policy advocacy.

In order to accomplish these goals, a city IPI needs a trained staff, a vision or mission, a budget, and networks:

- The staff must have a strong grasp of drivers of investment and the needs of business.
- The vision or mission must be clearly defined and be aligned with that of the national IPI.
- With regard to budget, the IPI may be an agency or a division or desk of the city government, but it must be adequately funded to carry out its mandate.
- The IPI must have networks to draw from in the city, the country, and overseas.

**STEP 4: BUILD AN IMAGE; MARKET CITY TO REGIONAL, NATIONAL & INTERNATIONAL INVESTORS**

Although a city IPI will have fewer resources to devote to its image, at least as it pertains to foreign direct investment, than a national IPI, it must give some thought to the points it wants to emphasize before producing promotional materials. The Handbook for Promoting Foreign Direct Investment in Medium-Size, Low-Budget Cities in Emerging Markets and the Investment Generation Toolkit explain in detail to what extent and how a low-budget, medium-size city might build its image, drawing from knowledge gathered while developing the business promotion strategy and action plan, and in particular through the SWOT analysis. With an understanding of the strengths and opportunities it wants to highlight, it can create promotional materials to convey its image to investors.

These materials might include:

- *Investment guides* with information on potential sectors, laws and regulations governing new investment, business registration and operating procedures.
  (Create hard copy, CD-ROM and online versions of the investment guide.)
- *Sector profiles.* (See sample profiles and use the sector profile template.)
- *Website.* (See InvestinKumasi.com and InvestinBlantyre.com, as well as MCI's guide to building an investment promotion website.)
- *Brochures.* (See a sample, featured right, and the Handbook for Promoting Foreign Direct Investment.)
- *Posters/banners* for investment promotion events.


*Sample Mekelle Investment Opportunity Brochure.*

These materials will be disseminated in a number of different ways:

- Investment forums and other events. See the "Guide to Preparing an investment Promotion Event."
- Press releases.
- Exhibition stands or posters at relevant events.
- Direct approach to high-potential target investors.
- Networks such as embassies, professional associations, etc.
- Incoming business missions.

**STEP 5: BUILD AN INVESTMENT PROMOTION WEBSITE AT THE SUB-NATIONAL LEVEL**

This guide to building an investment promotion website arose out of a technical assistance project aimed at second-tier cities, i.e., not the capitals, in three African countries. The project, the Regional Partnership to Promote Trade and Investment in Sub-Saharan Africa (Regional Partnership), was funded by the Government of Finland and implemented by the Millennium Cities Initiative (MCI), a program of the Earth Institute at Columbia University in New York.

The three cities (Kumasi, Ghana; Mekelle, Ethiopia; and Tabora, Tanzania) assisted under the Regional Partnership were a subset of the eleven cities in eight African countries designated as Millennium Cities.
An effective, professional website signals interested businesses that the Investment Promotion Intermediary (IPI) is interested in attracting new investment. In the case of a sub-national IPI, a professional website creates visibility for the region or city, and also signals that the local government is ready to support and facilitate efforts to establish and run a business.

In addition, the Internet levels the playing field for smaller IPIs. "As Web development tools become more affordable, even IPIs with limited resources can create well-designed Web sites that showcase content and services," notes the *World Bank's Global Investment Promotion Best Practices* (GIPB) 2012.

On the other hand, a poorly designed website without quality content will quickly turn a potential investor away from a city or region. So although a website can be created for a relatively small amount of money — the Millennium Cities sites built in 2012–2013 all cost under $1,000 — it does require some outlay of time and energy, especially in the beginning, but also in updating and maintaining the site.

This guide outlines the steps involved in building the site (see below), and also offers advice on maintaining a site after it has been built. These instructions reflect experience gained in providing advice and assistance on websites for three Millennium Cities: Blantyre, Malawi; Kumasi, Ghana; and Tabora, Tanzania. (Although Blantyre is not one of the Regional Partnership cities, it is one of the 11 Millennium Cities and so benefited from the experience gained under the Regional Partnership.)

***Building the Site: A Step-by-Step Guide***

The following steps will lead you through the process of producing a website with the help of a developer and maintaining it after it is built. All prices included are accurate as of 2013. WordPress.org was used by all three cities, and in fact is used for this site. It is easy both for developers and administrators to use, and it is affordable, with the main cost being the theme, or template, which runs around $40.

This guide assumes that you have already developed a city investment promotion strategy and action plan and have begun discussions about the city's image and marketing strategy. The website content should emerge from the larger initiative for promoting investment in the city.

***Building the Site***

**1. Review existing sites for best practices and examples**. Start by reviewing other IPI websites to get a sense of the typical format. The World Bank's GIPB reports offer examples of successful IPI sites from around the world along with analysis of what makes an effective investment promotion site. Note what features would work for your city and which would not. Compare what these sites have done with the recommendations in the Handbook for Promoting Foreign Direct Investment. Observe what kind of language and information is presented for each category and note what you like and do not like.

**2. Develop an outline (structure) of the site,** based on suggestions on pp. 70-73 of the Handbook for Promoting Foreign Direct Investment and the examples you've noted in your research. Use this IPI website template as a starting point. A good website cannot happen without advance planning. Being organized may also help you keep your development costs down.

3**. Write content and assemble photos, maps, graphs, and other materials.** According to GIPB 2012, "The primary deficiency of IPI Web sites is a lack of substantive content." If you don't supply the information investors expect to see on an IPI site, in an easily accessible form, you will lose their attention to another location — possibly one with less to offer.

Again, you will ideally have a city investment promotion strategy and action plan in place and have thoughts about the city's image and marketing strategy. Much of the website content may be culled from existing promotional materials, such as sector profile or brochures.

When adapting material for the web, keep in mind that writing for the web is different from writing for print. This is largely because 1) people read differently when they read online and 2) the text must also take into account the search engine — Google, Yahoo!, etc. — and how it evaluates a site. For more on writing for the Web, see "A Short Primer on Writing for the Web."

**4. Assign someone to maintain the site.** After you launch your site, someone must have the job of responding to inquiries and updating the site. It's best to consider this job early on, so that the site's continuance is assured. Not only does information need to be updated, but completely new content needs to be added periodically. When investors see that a site has not been updated in some time, it tells them that the city has not truly committed resources to investment. Likewise, search engines will rank sites that are updated regularly higher than those left untouched.

**5. Choose a web host.** The cost of hosting a website varies considerably depending on the quality of the hosting service, but cities with small budgets can find fairly reliable, user-friendly hosts for under $100/year. If possible, get recommendations. In evaluating a host, consider:

- Uptime rates, i.e., what percentage of time the site is up each year. It should be about 99 percent.
- Availability of customer service (this may mean taking into account where the hosting service is located).
- Who else is being hosted with you. If another site is sending email spam, for instance, it can disrupt service for all sites on that server.
- Compatibility with whatever platform you are using.
- For more information, see "9 Steps to a Happy Relationship with Your Hosting Provider" from Smashing Magazine. "A Few Good Web Hosting Providers" offers tips to nonprofits for selecting a host (though the service recommendations may now be outdated).

**6. Choose and register the domain name, or URL.** If it is available, choose something along the lines of "Investin[Your city name].com." This will ensure that you come up higher in search results for that phrase and make it easy for an investor to remember. Most web hosts will register your site as part of signing up with them. It should cost $11-12/year.

**7. Hire a developer.** The cost of a developer will vary depending on the country and the resources available to your IPI. In Kumasi, for example, the investment promotion specialist reached out to students at the University of Ghana who had already built two pop culture sites and were looking to expand their portfolio. They developed the city's WordPress site for free and continued to update it for the first year. If you are hiring a professional developer, try to interview and get quotes from around three people or firms. Find out what kind of software they would use: it should be affordable, user-friendly, and preferably open source, so that their knowledge will not be necessary to maintain the site. (In fact, the developer will hopefully be willing to train you and your staff to update the site yourselves.) Look at their portfolio and compare it with sites in the GIPB reports. Estimates should not include the cost of hardware or hosting. For additional considerations, see "Questions to Ask When Hiring a Developer."

**8. Proofread and fact check.** Before giving content to your developer to post, review it carefully and have others do the same. Double-check all facts and all proper names. If possible have someone proofread the content for spelling and grammar errors.

**9. Link strategically.** Well-positioned internal links, from one page of your site to another, help readers navigate the site and can help you come up higher in search rankings. Provide these to the developer along with the content.

In linking, keep in mind these best practices:

- Provide context for your links and link keyword terms when possible. For example, "Learn more about investment opportunities in Tabora" rather than "Learn more about investment opportunities here."
- Link off your site sparingly. You do not want to lose your readers by unnecessarily sending them to another site. Also, every link you add must be checked at least once a year, and preferably more often, to ensure that it is still "live." That said, if useful business information exists on other sites — especially, for instance, the national IPI site of the county — by all means, link to it.

For more about linking best practices, see "A Short Primer on Writing for the Web."

**10. Double-check the developer's work.** Ideally, the developer will first build a password-protected site, not yet available to search engines, for you to review before making the site public. When reviewing the site:

- Look for consistency and neatness. The heads and subheads should be in the same font and the same font size, for example. Make sure the spacing between heads and text is consistent, as well as between paragraphs. All graphs and figures should be formatted the same way. Captions for images, if used, should all follow the same style. Are bullet points and other lists aligned properly?
- Check links. Do all of the existing links work? Did the developer link all of the terms you requested? As you navigate the site, are there places where you expect to link, but do not? Do pages refer to other pages, and if so, are those references linked?
- Check images. Are they distorted or pixilated? If so, you may have to replace them with higher resolution images.
- Is the site too cluttered? Developers sometimes want to use all the features at their disposal, but the trend in web design is toward clean, spare sites. As the GIPB 2012 report states, "Avoid gimmicky features that might confuse or frustrate visitors and use interactive features to help investors find desired information quickly and simply." Don't use flashing features or photo galleries that may be slow loading or may break. Include links to social media only if you have active accounts with them. For investment promotion sites, colors should be restrained. Avoid the use of music.

For longer, more formal checklists, see Box UK and Smashing Magazine.

**11. Quality assurance:** After you have reviewed the site and checked that all changes have been made, ask others to review it as well. Soliciting feedback will improve the site and also promote ownership within city councils, business committees, and other bodies that can further promote investment in your city.

**12. Drive traffic to your site.** There are many ways to market your site, even with limited resources. A few simple strategies include:

- Solicit links to your site. This gives users other ways to find you, and more importantly, tells the search engine that other sites value yours. If there's another investment promotion agency in your country, ask them to link to you. Reach out to other organizations you collaborate with and sites you link to, asking them to link back. Enlist others in the city and regional government in helping you identify organizations that might link to the site and otherwise spread the word.
- Include your URL on all marketing materials, including brochures, guides, and banners. Add the URL to your department's letterhead and email signature.
- Issue a press release announcing your new site.

***Maintaining the Site***

**1. Review metrics.** Periodically track how your website is performing. Review stats on how many people are visiting your site and how they are coming to it. Revisit pages to see if they are optimized correctly — so that the site is coming up for your search terms — and add new content as necessary. If the site is not performing as you would like, review SEO best practices and double-check that key pages are following them.

**2. Update content.** As much as possible, be sure content is up to date and fresh. If you have a News and Events page, in particular, be sure items are added at least once a month or every two months. At least twice a year review the site to make sure contact information, e.g., names of people, phone numbers, addresses, as well as statistics, articles, etc., are up to date and to check links. Again, out-of-date content sends a message to investors that the city government is not paying much attention to businesses.

### STEP 6: TARGET INVESTORS AND GENERATE LEADS

Specific investor targeting has a greater chance of success than other methods of attracting investment, especially where there is a good match between the needs of potential investors and the strengths of the city. For this reason, it's important to start by identifying target companies using resources like networks, existing businesses, brokers, the city's diaspora, databases, the Internet, and specialized journals and websites. Use these resources to develop databases or spreadsheets of potential investors to target in identified sectors. Then approach potential investors with a customized proposition. Do not get discouraged if the initial response rate is low — the potential investor might not be in the position to consider immediate investment for a variety of reasons but may come back in the future.

### STEP 7: PREPARE AN INVESTMENT PROMOTION EVENT

A well-organized investment promotion event allows the city to highlight its strengths and to present specific investment opportunities to potential domestic and foreign investors and to establish contact with investors and the most important intermediaries. For investors, it is a chance to learn more about the city's investment climate from city and regional officials, investment promotion specialists and businesses currently operating in the area.
The event may be held in the city or the capital, whichever will guarantee best attendance. If held in the capital, schedule a visit to the city the following day for any interested investors. The event should be free of charge.

**To organize the event:**

- Choose a date and create a timeline for action. At the very least, reserve three months to plan and execute a successful event; ideally start planning four to six months ahead of time. See a 13-week sample timeline for an idea of how event preparations might proceed.
- Select and book a venue, such as a hotel conference center, for the event.
- Invite appropriate speakers. These could include officials such as the mayor, regional officials, donors, the president of the chamber of commerce, representatives of the national IPI, and successful investors. See a sample investment forum program for more ideas and a sample invitation letter for speakers.
- Discuss presentations with speakers and agree on content.
- Build databases/spreadsheets of investors matching the profile of the city's potential opportunities. You will need at least 300–400 names.
- Prepare invitation, final program, cover letter and response form. Mail invitation letters, with program and response sheets, six to eight weeks prior to the event for foreign contacts and four weeks for domestic. See sample invitations and response sheets. Invitations and programs should be printed on better quality paper with a color printer; the response sheets may be printed in black and white on regular paper.
- Advertise the event on websites and in economic/business media four weeks before.
- Register participants; follow up with those who did not reply.
- Convey a professional image by hosting a well-organized event with name tags, folders and promotional materials, both in print and on CD.
- Follow up with attendees after the investment day using the guidelines and checklist found in Step 8: Follow up on Investment Promotion Events.
- Reflect on experiences and lessons learned from event.

### STEP 8: FOLLOW UP ON INVESTMENT PROMOTION EVENTS

This text summarizes the steps that should be taken by the organizers after an investment promotion event such as an Investment Day.  It should be remembered that an event does not really end with the last presentation and closing address of the chairperson. On the contrary, good follow-up on an event may yield further inquiries and visits by potential investors. Lack of follow-up, on the other hand, means that at least part of the effort invested in the event was wasted. Time flies really quickly and as soon as the event is over, other pressing matters require the attention of event participants. As a result, some of those who were really interested while at the event and were planning to contact the organizers to request further information will never do that. Good and timely follow-up by the organizers is therefore essential for the full realization of an event's potential.

***Steps to be taken after the event:***

1. Send a letter of thanks to all speakers.
2. Send a letter of thanks to others who provided support or assistance in organizing and/or publicizing the event, e.g., partners, sponsors.
3. Display information about the event and a few photos on your website. Say that the event was very successful, presentations were very interesting (and provide a link to the presentations on your website), discussions were lively, and the data provided were useful for potential investors. Include the total number of guests, rounded up. If possible, include a quote from one of the guests saying how interesting and useful the event was.
4. Send information on the event, a few photos and the quote to selected media such as newsletter of the Chamber of Commerce or a business weekly.
5. Send a personal email to all business participants, thanking them for their participation in the event and urging them to contact you should they need any further information or assistance. If you have promised to send them some additional information and you have it ready, include that information. If you do not have that information ready, state when you think you will be able to send it. Do not wait to communicate until you have found/received/collected that information as it might take some time!

| Action | Day 0 (Event) | Day 1 | Day 2 | Day 3 | Day 4 | Day 5 | Next Week |
|---|---|---|---|---|---|---|---|
| Letter of thanks to speakers | | | | | | | |
| Letter of thanks to co- organizers/sponsors/partners | | | | | | | |
| Information on the event displayed on the website | | | | | | | |
| Information on the event sent to selected media | | | | | | | |
| Personalized letter to business participants thanking them for participation + provision of information promised at the event | | | | | | | |
| Provision of further information promised at the event | | | | | | | |

**STEP 9: RESPOND TO INCOMING INVESTORS AND FACILITATE NEW INVESTMENT**

According to the Handbook for Promoting Foreign Direct Investment, up to 50 percent of all leads come from in-bound, or reactive, inquiries. For this reason, it is vital that a city IPI handle incoming investors in an efficient, professional way. The IPI's response may determine whether or not a company decides to invest.

The handbook explains in more detail how to handle investor inquiries, how to develop a proposal for an investor, how to conduct a successful site visit, and how to facilitate inward investment. For information on assessing potential investors, with sustainable FDI in mind — that is, FDI that will maximize the benefits and minimize the cost to your city — see the Guidance Paper on Evaluating Sustainable FDI.

**STEP 10: DEVELOP AFTERCARE AND POLICY ADVOCACY**

Aftercare programs retain investors and foster re-investment. They are a proven method of generating new investment in a cost-effective manner. Up to 70 percent of inward investment can come from existing investors: According to the Handbook for Promoting Foreign Direct Investment, "a satisfied investor is the most effective promotional tool possible."

Strategies for providing aftercare:

- Develop a system of services to existing investors.
- Keep in regular contact with existing investors.
- Coordinate with the national and regional IPIs.
- Encourage establishment of an investors' association to serve as a channel for investor input to decision makers at the city level. Develop a sustained policy advocacy function to the regional and national levels through appropriate channels.