

Webinar report: “Investment facilitation: promoting linkages and supplier databases”

The webinar “**Investment facilitation: promoting linkages and supplier databases**” took place on 13 April 2021, from 15:00 to 16:15 Geneva time (Central European Time). The webinar was co-organized by the International Trade Centre (ITC), the German Development Institute/ Deutsches Institut für Entwicklungspolitik (DIE), the World Association of Investment Promotion Agencies (WAIPA), and the World Economic Forum (WEF), in the framework of the Investment Facilitation for Development [project](#), jointly implemented by the ITC and DIE. The webinar hosted 130 participants.

This was the third webinar in a series meant to assist investment promotion agencies (IPAs) and policymakers strengthen their capacity to facilitate higher FDI flows, especially investment flows that directly contribute to development. The webinar focused on practical issues regarding promoting linkages and supplier databases.

Opening remarks were provided by Jean-Sébastien Roure, Senior Officer, Business and Trade Policy, ITC. The webinar was moderated by Matthew Stephenson, Policy and Community Lead, International Trade and Investment, World Economic Forum, and included the following speakers: Tommy Fanning, Head of Strategic Policy, IDA Ireland; Pilar Madrigal, Director, Investment Advisory Department, CINDE; Craig Burchell, Senior Vice President, Global Trade Affairs, Public Affairs & Communications Dept., Huawei Technologies Co., Ltd.; and Suon Sophal, Director, Public Relations and Promotion of Private Investment, Council for the Development, Cambodia. Concluding remarks were made by Karl P. Sauvart, Resident Senior Fellow, Columbia University, CCSI.

The webinar programme is annexed to this report.

Highlights

I. The importance of linkages between domestic firms and foreign investors

Supplier linkages provide direct benefits to contracting firms, while also dispersing the benefits of investment widely within the domestic economy, thereby enhancing the development dimension of investment. Through such linkages, domestic suppliers benefit from the tangible and intangible assets that foreign affiliates bring into the host country. Such linkages also help local firms integrate into global value chains. Importantly, having linkage-ready firms in host countries greatly facilitates foreign direct investment (FDI) by allowing foreign affiliates to source locally. Linkage-ready denotes firms that have the capacity to produce goods and services at the quality, cost and scale required by foreign affiliates. Covid-19 has accelerated the need of supporting strategic alliances between foreign investors and local suppliers given that these may be quite adapted to certain conditions. This may create new opportunities for both sides, in addition to more established and traditional forms of contracting. It was noted

that a large source of investment is reinvestment. IPAs can promote reinvestment by supporting linkages between foreign affiliates and local suppliers and assisting local suppliers to become linkage-ready. The potential for linkages should be introduced to investors from the beginning, the requirements for generating linkages identified early on and proactively addressed. In addition, IPAs should document success stories and showcase them for inspiration, replication, and scaling.

There are a few ways of encouraging partnerships between foreign affiliates and local suppliers that were mentioned during the webinar. Such partnerships can be facilitated by leveraging connections between different agencies within the government, for example, sister agencies dealing with local suppliers can introduce them to investors through IPAs. Another option that was mentioned was establishing partnerships between foreign affiliates and local universities or other bodies. An additional option that was discussed in detail was the creation of supplier databases (described in section II below).

II. Supplier databases

Host countries should aim to build and maintain a database of local enterprises to help new and established investors identify potential suppliers as part of their onboarding and aftercare activities. Online supplier databases provide a way for local suppliers to advertise themselves. Once a database is online it cuts the costs for all parties involved. It was stated that, for investors that are entering the market, supplier databases are an important first step and can save investors valuable time and money, which is particularly important for small and medium-sized enterprises (SMEs) having to navigate domestic and regional markets. During the webinar it was indicated that countries that have supplier databases have a competitive advantage compared with other countries and that such databases indeed help investors source more locally.

IPAs have an important role to play in creating online supplier databases, as they know the needs of the economy and are in contact with investors to understand their needs as well. IPAs should work with Chambers of Commerce to create supplier databases and make sure that all the information is updated regularly. Supplier data could be “packaged” for investors according to their needs. Sometimes it is hard to always measure the causal impact of supplier databases because of the length of time that passes between a first interaction between a foreign affiliate and a local supplier and the time that a contract between them is formed, but anecdotal evidence confirms their importance. The following aspects in creating the supplier databases were discussed during the webinar.

Sustainability dimensions in supplier databases: Supplier databases can include sustainability dimensions, to boost sustainable development within the host economy. For example, the Council for the Development of Cambodia is setting up a supplier database with sustainability dimensions (known as an ‘SD2’) with the support of the World Economic Forum. Such characteristics include providing not only general information about local suppliers (e.g., sector, goods and services, production size, contact information, etc.), but also production standards,

certifications that such suppliers are part of responsible supply chains, as well as information on whether that they promote societal goals, such as gender inclusion, training and skills development, employee health and safety, and environmental sustainability. Such information can result in a score card, including reviews of investors on suppliers to help identify not only quality production but also sustainable business practices. It was stated that the WTO Investment Facilitation Framework for Development (IFF4D) should encourage the creation of such databases, including databases with sustainability dimensions.

Ensuring a fair process and the quality of local suppliers within a database: Supplier databases should be transparent, non-discriminatory and quality-based. During the webinar, Cambodia introduced its process for selecting local suppliers that will be included in their database. To ensure a fair process of how firms should be selected, Cambodia hosted a public consultation workshop to discuss the relevant criteria with a focus on the dimension of sustainability. The workshop included representatives from the Chamber of Commerce, business/industry, impact investors, UN agencies, the World Bank, and other interested stakeholders. It was stated that in general it is hard to control the quality of a database. In Ireland, there is a template for firms to fill out, including their certification and information on other investors with whom they are working, which helps foreign investors to conduct initial assessments on the quality of the suppliers. However, it was indicated by investors that companies will need to undertake a vetting process as well, which they likely will conduct in any case.

III. Linkage development programmes

Host country governments should establish supplier-development programmes to increase the number and capacity of qualified local enterprises that can contract with foreign affiliates. Development programmes should include training local firms to meet international standards. In this regard, it is important to understand current and future needs of foreign investors through private sector consultations, to facilitate meaningful linkages. Based on private sector consultations, IPAs should conduct a local market gap analysis that will map the capabilities of local firms and suppliers. Based on this analysis, supplier development programmes should be implemented to strengthen the capabilities and competitiveness of local companies in light of FDI local sourcing demands and standards. Such development programmes should be designed in close cooperation with domestic and foreign investors, should be demand-driven and should identify, select and audit companies with the potential for becoming long-term suppliers. Development programmes should also identify investor needs and transmit these to participating firms, and they should provide an initial certification that SMEs meet buyers' needs. Additional functions of development programmes could include supporting the development of formal relationships between suppliers and buyers, engaging in ongoing and customized advisory support to strengthen competitiveness, providing tailored consultancy support to follow-up on business review results, and actively matching opportunities for supplier/investor relationships. It was mentioned that supplier development programmes can be implemented by foreign investors themselves working with local suppliers directly, to upgrade supplier capabilities in cooperation with host and home country governments and international organizations.

Linkage development programmes can start from partnerships between foreign affiliates and local universities or other bodies to create centres of excellence for training or research and development. Such partnerships could include a joint committee that includes private sector representatives and which could provide recommendations regarding university curricula that would meet international investor needs. Such a committee could also work with technological high schools to help them prepare students with skills that are in greater demand.



Webinar invitation:

“Investment facilitation: promoting linkages and supplier databases”

13 April 2021

Dear Colleagues,

On behalf of the International Trade Centre (ITC), the German Development Institute/ Deutsches Institut für Entwicklungspolitik (DIE), the World Association of Investment Promotion Agencies (WAIPA), and the World Economic Forum (WEF), we cordially invite you to a webinar on:

“Investment facilitation: promoting linkages and supplier databases”

The webinar will take place on 13 April 2021, from 15:00 to 16:15 Geneva time (Central European Time), 09:00 to 10:15 Eastern Standard Time, and 21:00 to 22:15 China Standard Time.

The webinar is being held in the framework of the Investment Facilitation for Development [project](#), jointly implemented by the ITC and DIE.

This is the third webinar in a series meant to assist investment promotion agencies (IPAs) and policymakers strengthen their capacity to facilitate higher FDI flows, especially investment flows that directly contribute to development; it will also provide an opportunity to exchange experiences regarding investment facilitation, including with investors.

The third webinar will focus on practical issues regarding **promoting linkages and supplier databases**. The discussions will be informed by [“An Inventory of Concrete Measures to Facilitate the Flow of Sustainable FDI: What? Why? How?”](#).

Please feel free to share this invitation with officials dealing with FDI, as well as representatives of the private sector who might be interested in this subject.

The webinar will be conducted in an interactive manner and allow for questions by participants.

The webinar will feature the following speakers:

Opening: Jean-Sébastien Roure, Senior Officer, Business and Trade Policy, ITC

Moderator: Matthew Stephenson, Policy and Community Lead, International Trade and Investment, World Economic Forum

Experts and practitioners:

- **Tommy Fanning**, Head of Strategic Policy, IDA Ireland – *“How to establish a linkage development program: lessons learned”*
- **Pilar Madrigal**, Director, Investment Advisory Department, CINDE – *“How to promote linkages through partnerships between foreign affiliates and local universities or other bodies to create centers of excellence for training or research and development”*
- **Craig Burchell**, Senior Vice President, Global Trade Affairs, Public Affairs & Communications Dept., Huawei Technologies Co., Ltd. – *“How linkage-ready domestic firms facilitate the locational decision-making process of investors and benefit domestic enterprise development in host countries”*
- **Suon Sophal**, Director, Public Relations and Promotion of Private Investment, Council for the Development, Cambodia – *“How supplier databases can include sustainability dimensions and boost sustainable development”*

Concluding remarks: Karl P. Sauvant, Resident Senior Fellow, Columbia University, CCSI

To register for the event and receive the meeting-link details, please [register here](#).

The webinar will be delivered through Zoom.

We are looking forward to welcoming you at the webinar!

Best regards,

Rajesh Aggarwal, ITC; Axel Berger, DIE; Karl P. Sauvant, Columbia University/CCSI; Bostjan Skalar, WAIPA; Matthew Stephenson, WEF

Background material

Karl P. Sauvant, Matthew Stephenson, Khalil Hamdani, and Yardenne Kagan, *“An Inventory of Concrete Measures to Facilitate the Flow of Sustainable FDI: What? Why? How?”* (Geneva and Bonn: International Trade Centre and German Development Institute / Deutsches Institut für Entwicklungspolitik), [available here](#).

Bios:

Craig Burchell

Craig Burchell, a trade lawyer, is Senior VP Public Affairs at Huawei, Shenzhen, China & corporate spokesperson on Digital Trade. He served 20 years at Philips Electronics, Amsterdam, as Global Head of Trade and CEO Sherpa. He advocates globalisation for shared prosperity and technology for all, based on law, business and policy experience. Advisory Boards on “Digital FDI” (WEF), B20 Trade and Investment Global Task Force, OECD-EMNet, and DIE-ITC-WEF Commentary Group on WTO’s “Investment Facilitation for Development Agreement”. He led business delegations to 3 WTO Ministerials for European technology companies, and represented Dutch business VNO-NCW in Business Europe.

Tommy Fanning

Tommy Fanning began his career in IDA Ireland in 1979 and has worked in multiple roles across multiple geographic locations including: Amsterdam, Paris, London, Tokyo – Director Asia Pacific, Chicago – Director Mid-West & South-East, USA. He also spent a period working in financial services for Deutsche Bank and State Street. Since returning to Ireland, he has held roles as Head of Engineering and until recently Head of Biopharmaceuticals. He is currently Head of Strategic Policy working across sectors to support the continued growth of FDI in Ireland.

Pilar Madrigal

Pilar Madrigal is the Director of the Investment Advisory Department at CINDE. She joined CINDE in 1998 and during her 22-year career at CINDE, she has been instrumental in developing strategies, activities, and programs to promote foreign direct investment into Costa Rica. In her current role, she is also responsible for defining and optimizing department’s functions to ensure seamless execution of activities, which included strategic planning and implementation as well as program development, implementation, and coordination. Prior to joining CINDE, Pilar was appointed as Third Secretary to the United Nations.

Jean-Sébastien Roure

Jean-Sébastien Roure is Senior Officer, Trade Facilitation and Policy for Business Section at the ITC. For the last 20 years, he has been providing technical support through programmes aimed at building capacity of the private sector in developing countries to effectively engage in business advocacy with their governments on multilateral (e.g. WTO accession) and regional / bilateral trade negotiations as well as on domestic policy and regulatory reforms. The programmes encompass engaging the private sector in dialogue with their governments on these issues, developing technical policy papers, organising training programmes and publication of business guides on how to benefit from trade and investments related agreements.

Karl P. Sauvant

Karl P. Sauvant introduced the idea of an International Support Program for Sustainable Investment Facilitation in the E15 Task Force on Investment Policy in 2015. From there, the proposal was taken forward in the WTO. He has written extensively on this subject (see <https://ssrn.com/author=2461782>), participated in various events relating to it and currently assists the ITC and DIE on a project on Investment Facilitation for Development. He retired in

2005 as Director of UNCTAD's Investment Division and established, in 2006, what is now the Columbia Center on Sustainable Investment (CCSI). He stepped down as the Center's Executive Director in 2012, to focus his work, as a CCSI Resident Senior Fellow, on teaching, research and writing.

Matthew Stephenson

Matthew Stephenson is Policy and Community Lead for International Trade and Investment at the World Economic Forum, where he manages the [Global Investment Policy and Practice](#) initiative. Previously, he worked at the IFC, where he led the workstream on outward FDI. He has also worked at the OECD on Africa and investment and served as a diplomat for the U.S. Department of State, leading the economic team on Afghanistan and managing economic programs in the Middle East. He is a member of the T20 Task Force on Trade and Investment. He has a PhD from the Graduate Institute in Geneva, a master's from the Harvard Kennedy School and a bachelor's from Oxford University.

Sophal Suon

Sophal Suon has held a number of leadership roles in the public and private sectors. He is currently the Director of Public Relations and Promotion of Private Investment at the Council for the Development of Cambodia. He was involved in regional economic cooperation including ASEAN Investment Area, the Greater Mekong Sub-region Economic Cooperation Program, UNESCAP Asia-Pacific Foreign Direct Investment Network, ACMECS and the Mekong-Lancang Cooperation. He is a lead negotiator for investment and is involved in the negotiations for various agreements including the ASEAN Comprehensive Investment Agreement, as well as ASEAN's Investment Agreements with China, Korea and India.