

# Investment guides: Catering to investor needs

Many investors seeking opportunities in developing countries are stymied by inadequate information and transparency. The problem is especially acute when such investors are located far away from target markets, as is the case for Asian investors pursuing prospects in Africa.

Facilitating investment in SMEs in developing countries includes ensuring that all information on regulations, laws and procedures linked to investment is easily available and accessible, preferably in the investors' own language.

To address the information gap on investment, the International Trade Centre is working with a number of developing countries on investment profiles and guides for a wide array of investors. Among these are investment guides developed under the Partnership for Investment and Growth in Africa (PIGA) project. These describe national policies, incentives and macroeconomic factors that are favourable to investing, with a focus on opportunities in light manufacturing and food processing. These sectors are already integral to a number of African economies, with considerable potential to grow further.

The initial phase of the PIGA project identified information asymmetries as a key bottleneck. There were major inconsistencies in information available to foreign investors, including those in China, on how, why and where to invest in the project's four beneficiary countries – Ethiopia, Kenya, Mozambique and Zambia. The information was mostly generic, outdated and full of legal jargon, with few practical or operational details.

The ITC effort also reflects increasing demand for reliable, sector-focused investor guides, particularly from Chinese stakeholders. These include investors, embassies, commercial counsellors and the China Council for the Promotion of International Trade.

The step-by-step investment guides developed by ITC, in collaboration with national investment promotion agencies, are exhaustive and easy to understand. They provide practical information on how to establish or start



a business as a foreign entity, or to invest in SMEs, in food processing and light manufacturing in each of the four countries.

## Going beyond traditional guides

The guides go beyond simply promoting investment opportunities, offering potential investors an exhaustive step-by-step approach to investment and rules of establishment of foreign businesses in each country. These steps include procedures to start a business, register with tax authorities, arrange work permits, obtain construction permits and open a bank account.

The guides also seek to enhance transparency by providing in-depth information on key agencies involved in the procedures, as well as the time and cost needed for each step. The investment guides are available in both English and Chinese.

## Widespread distribution

ITC launched the guides at a PIGA business-to-business matchmaking event, held in Hangzhou, China in 26-27 April, 2018,<sup>289</sup> distributing them to more than 200 representatives from Chinese enterprises. In addition, the guides were promoted during the 2018 Beijing Summit



of the Forum on China-Africa Cooperation and at more than five other events in China, including the China International Import Expo<sup>290</sup> and sector focused road-show reaching more than 1,800 Chinese businesses. Chinese businesses reacted positively to the investment guides and indicated that the guides will inform their investment analysis and decision-making for investing in Africa.

The guides also went to embassies in China and visiting delegations of Chinese investors to Africa. They will be made available on the Chinese online portal of the four countries' investment promotions agencies, also developed under PIGA, in the course of this year.

### Collaborative effort

PIGA is a four-year project funded by the UK Department for International Development (DFID) and implemented by ITC, running from May 2017 to April 2021. Also collaborating in the project are the China-Africa Development Fund and the China Council for the Promotion of International Trade. The aim is to boost jobs and exports in the four African countries' food processing and light manufacturing sectors through foreign direct investment.

ITC developed the investment guides in concert with investment promotion agencies including the Kenya Investment Authority, Mozambique Agency for Investment and Export Promotion, and Zambia Development Authority.

**Source:** ITC.

