



VALE COLUMBIA CENTER
ON SUSTAINABLE INTERNATIONAL INVESTMENT
A JOINT CENTER OF COLUMBIA LAW SCHOOL AND
THE EARTH INSTITUTE AT COLUMBIA UNIVERSITY



**MINISTRY FOR FOREIGN
AFFAIRS OF FINLAND**

The Role of ODA in Promoting Sustainable Investment in Developing Countries

A Workshop of the Vale Columbia Center on Sustainable International Investment and the Finnish
Ministry of Foreign Affairs

November 4, 2009

**Columbia University Law School
Rm. 501 Jerome Green Hall**

PROGRAM

Conference Organizers

Vale Columbia Center on Sustainable International Investment Columbia Law School/The Earth Institute

The Vale Columbia Center on Sustainable International Investment promotes learning, teaching, policy-oriented research, and practical work within the area of foreign direct investment (FDI), paying special attention to the sustainable development dimension of this investment. It is a joint center of Columbia Law School and The Earth Institute. For more information, see: www.vcc.columbia.edu.

Ministry for Foreign Affairs of Finland

Finland's Development Policy Programme and its Aid for Trade Action Plan emphasise the importance of creating economic growth as a means to meeting development goals such as poverty eradication. One of the main components of the Action Plan is assistance to the creation of an enabling business environment in developing countries. Within the Action Plan the Ministry launched this spring in cooperation with the OECD secretariat a new programme to unlock investment potential in Southern Africa by using the Policy Framework for Investment (PFI) to advance investment policy reform. For more information see: <http://formin.finland.fi>

Background

While much ODA rightly focuses on relieving current anti-poverty needs in poor countries and improving national levels of the social indicators of the Millennium Development Goals, aid funds are also typically applied – and need to be applied – to advance the long-run structural changes that constitute development. Development disrupts traditional patterns of economic activity in some regions, brings new activity to other regions and leaves yet other regions untouched. It reduces employment opportunities in some places and raises them in others, requires new physical infrastructure to service new and expanding economic activities as well as support for fresh activity in declining regions, requires labor with new skill sets and thus training, and so on.

Development planning and policy making is perforce a concern at national, sub-national and urban levels. Whether the government is centralized or decentralized, the relevant authorities at all levels need the capacity appropriately to plan and manage development. But while the public sector takes a leading role in national, regional and urban design and in providing essential services, the private sector provides most of the employment. Private-sector firms and employees are also the main long-run base for tax revenues. Sustainable and sustained private-sector investment, including FDI, is thus a key requirement for development. And, since, in the end, all investment is local, this workshop focuses on the sub-national level.

The workshop thus asks how ODA agencies might help develop policy at the sub-national level to promote sustainable private investment, in particular FDI, in developing countries and how we can use lessons learned from the sub-national at the national level. The workshop will also be an input into the Fourth Columbia International Investment Conference in that several of the issues discussed at the workshop will subsequently be taken up in that Conference, in the context of global investment policies.

Agenda

8:30 – 9:00 **Registration and breakfast**

9:00 – 9:30 **Opening remarks**

Karl P. Sauvant, Executive Director, Vale Columbia Center on Sustainable International Investment

Kimmo Sinivuori, Commercial Counselor, Ministry for Foreign Affairs of Finland

9:30 – 11:00 **Session 1: Attracting additional and sustainable FDI: leveraging ODA at sub-national level**

Chair: Kimmo Sinivuori, Commercial Counselor, Ministry for Foreign Affairs of Finland

1. “Using ODA to mobilize private investment for development: setting the scene”,
Antti Piispanen, Commercial Secretary, Ministry of Foreign Affairs, Finland

What can ODA do to promote private investment in developing countries, both domestic and foreign, that supports sustainable economic growth and eventually reduces dependency on aid? What are the common pitfalls to avoid? What should be the role of ODA agencies in creating an enabling policy and institutional framework for investment, improving trade-related infrastructure, or in supporting private sector operations, e.g. through improved access to finance. What is the relevance of global processes, such as the Aid-for-Trade initiative, to generating investment at the local level?

2. “Using ODA to attract sustainable FDI at the sub-national level: priority actions”,
Karl P. Sauvant, Executive Director, Vale Columbia Center on Sustainable International Investment

How might the regulatory and administrative environment be improved at sub-national level, including adapting the Policy Framework for Investment? How should viable investment opportunities be identified, information about them and regulatory environment be effectively disseminated? What strategies might be adopted to build capacity for investment promotion? How strengthen infrastructure?

Lead discussants:

Kathryn Gordon, Senior Economist, Investment Division, OECD

Nancy Alexander, Director, Economic Governance Program, Heinrich Böll Foundation, Washington Office

11:00 – 11:15 *Coffee/tea*

11:15 – 12:45 **Session 2: Leveraging ODA to strengthen foreign affiliates’ contribution to domestic enterprise development**

Chair: Karl P. Sauvart, Executive Director, Vale Columbia Center on Sustainable International Investment

3. “*The promotion of enterprise linkages in Africa,*” **Maggie Kigozi**, Executive Director, Uganda Investment Authority
4. “*Boosting technology for stronger enterprise linkages in Asia,*” **Michael Hansen**, Copenhagen Business School

Linkages between foreign affiliates and domestic firms are the most promising avenue to disseminate the tangible and intangible assets of foreign firms to domestic ones and strengthen the domestic enterprise sector. These presentations will discuss, based on the experience of a number of countries, how this can be done best, including by providing finance, transferring technology, adopting standards and providing mentoring.

Lead discussants:

Barbara Samuels, Executive Director, Global Clearinghouse for Development Finance

Robert Buckley, Managing Director, Rockefeller Foundation

12:45 – 14:00 *Lunch*

14:00 – 14:30 **Closing: Lessons for the national and subnational levels and follow up**

Barry Herman, Research Director, Vale Columbia Center

Kimmo Sinivuori, Commercial Counselor, Ministry for Foreign Affairs of Finland

List of Participants

NANCY ALEXANDER, Program Director, Economic Governance, Heinrich Böll Foundation, Washington, D.C.

Since the mid-1980s, Nancy Alexander has been engaged in research, education and advocacy relating to the global institutions, especially the International Monetary Fund, the World Bank, and the United Nations. Her work highlights the ways in which the institutions affect social justice, environmental protection, economic performance, and democratic practices in borrowing countries. She has been a particular critic of the modalities for privatizing infrastructure for basic services. From 1997-2007, Nancy founded and directed the Citizens' Network on Essential Services and previously worked as Director of Government Relations for Bread for the World. Recently, she has consulted to the US House Financial Services Committee, the International Labor Organization, and the Bank Information Center. Her degrees are from Duke and Harvard Universities.

JONATHAN BROOKS, Senior Policy Advisor, Bureau for Development Policy, United Nations Development Program (UNDP).

Jonathan Brooks leads the policy work of the UNDP Private Sector Division. He has approximately 20 years' experience in private sector and local economic development and has worked 'on the ground' in over 40 countries. Prior to joining UNDP, Jonathan held various advisory posts, including long-term positions with the governments of South Africa and Montenegro, and the Directorate for Financial Fiscal and Enterprise Affairs at the Organization for Economic Cooperation and Development (OECD). He also spent 9 years as a Director of one of the UK's leading international development consultancies, where he was responsible for managing and directing economic development assignments on behalf of the European Union, The European Bank for Reconstruction and Development, the UK Department for International Development (DfID) and the Government of the Netherlands.

ROBERT BUCKLEY, Managing Director, Rockefeller Foundation

Bob Buckley provides leadership and strategic direction for select Rockefeller Foundation initiatives, particularly with regards to urbanization in developing countries. Prior to joining the Foundation, Buckley worked at the World Bank as an Advisor and Lead Economist, where he undertook studies and helped prepare projects. He has worked in more than 50 developing countries and has written widely on urbanization, housing, and development issues. Prior to his work with the World Bank he taught at a number of universities: Syracuse, Johns Hopkins, and the University of Pennsylvania. He has also been a Fulbright Scholar and been supported by the Marshall Fund and the National Science Foundation.

KATHRYN GORDON, Senior Economist, Investment Division, Organization for Economic Cooperation and Development

Kathryn currently works on the role of national security and of emergency responses to financial crisis in international investment policy. Earlier, she was one of the main Secretariat participants in the negotiations that led up to the successful review of the OECD Guidelines for Multinational Enterprises

and was responsible for OECD research on corporate responsibility. In earlier positions at the OECD, she dealt with fiscal, tax and regulatory issues. Prior to taking her position at the OECD, Kathryn was a professor at École Supérieure des Sciences Économiques et Commerciales. She is a US citizen and has been a resident of France for more than 20 years. She obtained a PhD and an MBA-Finance from the University of California, Berkeley before moving to France.

MICHAEL WENDELBO HANSEN, Associate Professor, Centre for Business and Development Studies, Copenhagen Business School (CBS), Denmark.

Since 1994, Michael has done research on various aspects of firm strategy in developing countries, including environmental management strategy, subsidiary mandate evolution, multinational corporations (MNCs) and outsourcing, the rise of MNCs from developing countries, and MNCs' role in private sector development. Currently, his research is focusing on linkages between MNCs and local firms in Asian developing countries, emphasizing Danish MNCs in India. Prior to his employment at CBS, Michael W. Hansen worked at the United Nations Centre for Transnational Corporations in New York. He is at the board of the Danish Development Assistance Agency (DANIDA), and has done extensive consulting work on development assistance and FDI, e.g. for the Danish Industrialization Fund for Developing Countries (IFU).

BARRY HERMAN, Research Director, Vale Columbia Center, Columbia University

Barry Herman came to VCC in September 2009 from the Graduate Program in International Affairs of The New School in New York. He is also a founding member of the Board of Directors of Global Integrity, a research NGO that works with independent scholars and investigative reporters in assessing laws, institutions and practices to improve governance and limit corruption. While he published on FDI under his own name in the 1970s, his most recent books have been on developing country debt. He completed almost 30 years in the United Nations Secretariat in 2005. He was part of the core Secretariat team that helped prepare the Monterrey Summit on Financing for Development in 2002. Earlier, he led the staff team that produced the UN's annual *World Economic and Social Survey*. He holds a PhD from the University of Michigan and an MBA from the University of Chicago.

MAGGIE KIGOZI, Executive Director, Uganda Investment Authority and Chancellor, Nkumba University, Uganda

Professor Maggie Kigozi is a medical doctor by profession, having practiced medicine in Uganda, Zambia and Kenya. In 1994 she joined the private sector as Marketing Director in Crown Bottlers (Pepsi) Ltd. She was elected as a Board Member of the Uganda Manufacturers Association and played a key role as Chairperson of the Sector Subcommittee in advising her government on private-sector friendly policies. In 1999 she was appointed Executive Director of the Uganda Investment Authority, the government body that promotes and facilitates investment in Uganda. She is also the Chief Scout of the Uganda Scouts Association. Ms. Kigozi is an Associate Professor at Makerere University and she is a member of the Global Banking Alliance for Women (GBA) Advisory Board. She is Patron, Uganda Change Agents and Junior Chamber International. She is a Director of the Board of the Uganda Export Promotion Board and Crown Beverages Limited. Prof. Kigozi is the founder of Uganda Investment Authority Women Entrepreneurs Network. She is a Focal Point Officer for the Africa Asia Business Forum. She was a sportswoman who represented Uganda in lawn tennis, table tennis, hockey and squash.

KLAUS LINSENMEIER, Executive Director, Heinrich Böll Foundation North America, Washington, DC

Klaus Linsenmeier became Executive Director of the North America office of the Heinrich Böll Stiftung this year, a German political, nonprofit organization promoting democracy, civil society, equality and a healthy environment internationally. Since 1989 he has worked in a number of positions in political foundations associated with the Green Party of Germany, the last of which was as Director of the International Division of the Heinrich Böll Foundation in Berlin. His fields of interest and expertise are foreign and security policy, development and globalization, environment, and democracy promotion. He started his professional career in the private business sector (media distribution) before joining Medico International in Frankfurt, a German human rights NGO, as program-coordinator and later managing director. Mr. Linsenmeier holds a Master of Arts in Economics (Dipl. rer. pol.) from the Albert Ludwigs University in Freiburg/Breisgau and studied Small Enterprise Promotion at Cranfield School of Management/UK and Business Administration (MBA) at the University of Hagen/University of Wales. He is the father of two children.

ANTTI PIISPANEN, Commercial Secretary, Ministry for Foreign Affairs, Finland

Antti Piispanen covers trade and development issues in the Ministry for Foreign Affairs, particularly those related to the global Aid for Trade initiative. Prior to joining the Ministry he worked for the UN Economic and Social Commission for Asia and the Pacific in Vanuatu and Fiji from 2004 to 2007 and UNCTAD's Division for Investment, Technology and Enterprise Development from 2001 to 2004, where he focused on development of small and medium enterprises. He has also worked for the Bank of Finland and the Economic Research Institute of the Finnish Economy (ETLA). Antti Piispanen holds an MSc degree from the Helsinki School of Economics and has completed the Advanced Studies Program at the Kiel Institute for the World Economy.

BARBARA C. SAMUELS II, Executive Director, Global Clearinghouse for Development Finance and Project Director, INFRADEV (non-profit activities of BC Samuels Associates, LLC)

Barbara Samuels is the Founder of the Global Clearinghouse for Development Finance, launched at the 2002 United Nations Financing for Development Conference. The Clearinghouse develops tools to increase the capacity of developing country governments and their development partners to mobilize the private sector for development (www.ffdtoolkit.org). Former positions include: Director of Country Assessment, Chase Manhattan Bank; Managing Director, Moody's Emerging Markets Service; Director, Council on Foreign Relations Roundtable on the Asian Financial Crisis; Staff Member, U.S. National Security Commission; President, Association of Political Risk Analysts; and Foreign Affairs Specialist, US Agency for International Development. She has a Ph.D. in Management and Political Science from MIT, and Masters Degrees in business (Sloan School of Management) and political science (MIT).

KARL P. SAUVANT, Executive Director, Vale Columbia Center, Columbia University

Karl P. Sauvant is the founding Executive Director of the Vale Columbia Center on Sustainable International Investment. He is also Research Scholar and Lecturer in Law at Columbia Law School, Co-Director of the Millennium Cities Initiative, and Guest Professor at Nankai University, China. Before coming to Columbia University, he was Director of the Investment Division of the United

Nations Conference on Trade and Development. He is the author of, or responsible for, a substantial number of publications. In 2006, he was elected an Honorary Fellow of the European International Business Academy. He received his Ph.D. from the University of Pennsylvania in 1975.

MARCIO SENNE DE MORAES, Corporate Affairs Manager, Vale, SA.

Mr. Senne de Moraes is in charge of international external affairs, socio-political risk assessment and mitigation, and global NGO relations for Vale, the second largest mining company and the largest producer and exporter of iron ore in the world. He is also in charge of Vale's relations with the Vale Columbia Center on Sustainable International Investment. Previously, Mr. Senne de Moraes was a political commentator and the head of the international service of *Folha de Sao Paulo*, the newspaper with the largest circulation in Latin America.

KRISHNAN SHARMA, Economic Affairs Officer, Financing for Development (FfD) Office, United Nations Department of Economic and Social Development

Krishnan Sharma is the lead economist for analyzing developments relating to private capital flows to developing countries in the FfD Office of the UN. Recently, he co-directed a project on how diasporas can promote entrepreneurship in their countries of origin. He has also collaborated with the World Economic Forum to organize a series of consultations on ways of better mitigating the risks faced by private investors in infrastructure projects in developing countries. Mr. Sharma has undertaken extensive research on economic and financial issues relating to emerging economies in Asia and Latin America and has published papers and books on issues ranging from international remittances, corporate bond market development, GDP-linked securities and the Asian financial crises. Prior to joining the United Nations, Mr. Sharma was a Senior Economist at the Henley Centre for Forecasting and later an Economic Affairs Advisor at Old Mutual International Asset Managers, both in the City of London.

ALADEEN SHAWA, Senior Technical Advisor, Local Economic Development, United Nations Capital Development Fund (UNCDF)

Aladeen leads UNCDF development of an approach to promoting local economic development (LED) by local governments in least developed countries. He also provides technical support to the "Integrated National Decentralization Reform Strategies and Programs" in Africa, Arab States and Asia. Prior to 2007, he was the Chief Technical Advisor of the UNCDF/UNDP Decentralization Support Program in Yemen. Between 2000 and 2003, he served as an advisor to the World Bank/Cities Alliance on LED Strategies for Port Cities in the Arab States Region. In 1990, he founded a nonprofit LED promotion organization, which he managed until 2000, to provide strategic guidance, technology transfer, product development and market entry support services to enterprises and manufacturing clusters in Arab States with a focus on Palestine, Jordan and Egypt, with financing from multilateral and bilateral donor agencies. He brings practical private sector experience through direct involvement in agribusiness and engagement as board member and social investment advisor of a leading industrial holding company in the Middle East. He holds Masters Degrees in Architecture (Urban Design) and in Urban Planning (Economic Development Policy) from MIT and an MBA from Columbia University.

JOERG SIMON, Senior Investment Advisor, Millennium Cities Initiative, The Earth Institute at Columbia University

Prior to his assignment at The Earth Institute, Joerg Simon was the Acting Director of the Tumen Secretariat, leading an initiative for regional economic cooperation in Northeast Asia. Before that he served as Head of the Investment Policy Review Program at UNCTAD. The main direction of his work has been assisting developing countries in the area of investment and its promotion. Mr. Simon has successfully implemented technical assistance projects in the area of investment in a large number of countries in Africa, Asia, and Latin America. Mr. Simon worked at the United Nations Centre on Transnational Corporations in New York from 1986 to 1992 on issues related to foreign direct investment, in particular in information management.

KIMMO SINIVUORI, Commercial Counselor, Ministry for Foreign Affairs, Finland

Kimmo has a broad experience in questions related to international trade and trade policy issues in the Finnish administration and the European Commission. In Brussels and Helsinki, he has been promoting trade in goods and services with a special focus on eliminating technical barriers to trade. Since 2005, Kimmo has negotiated several bilateral investment treaties and has contributed to discussions on the development of the international investment architecture in several international fora. For the past two years he has promoted mobilization of private investment for development. Kimmo holds an MA degree in international political economy and international law from the University of Helsinki.