

**Proposed National Government-Investor
Networks and Multi-Donor Funds:**
*Roadmaps for Increasing the Capacity of National
Governments
to Create Business-Enabling Environments*

Javier Chamorro, Executive Director, ProNicaragua

***Business Forum: UN International Conference on Financing for Development
Side Event: Mobilizing the Private Sector for Development: Launching the FfD Toolkit
Doha, Qatar; November 28th & 30th, 2008***



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Direktion für Entwicklung und Zusammenarbeit DEZA
Direction du développement et de la coopération DDC
Swiss Agency for Development and Cooperation SDC
Agencia Suiza para el desarrollo y la cooperación COSUDE

PRONicaragua
www.pronicaragua.org

Agenda

- **Promise of the Monterrey Consensus:** *“Creating Business-Enabling Environments”*
- **The First FfD Pilot Country:** Nicaragua Develops the FfD Tool *“National Government-Investor Network” (GIN) with support of Swiss government*
- **The Challenge & the Imperative:** *Why We Adopted the GIN?*
- **The Power of the Nicaraguan Pilot GIN:**
 - Catalytic, Cost-Effective Functionality
 - Reported Benefits & Success Stores
- **Next Steps: National Pilot FfD Follow-Up**



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Direktion für Entwicklung und Zusammenarbeit DEZA
Direction du développement et de la coopération DDC
Swiss Agency for Development and Cooperation SDC
Agencia Suiza para el desarrollo y la cooperación COSUDE

PRONicaragua
www.pronicaragua.org

The Promise of the Monterrey Consensus

- Development of Policy Consultation Frameworks: *“...public/private initiatives could include the development of policy consultation mechanisms between ...national governments with the private sector ... as a means to create business-enabling environments.”*
- Greater Government Efficiency & Cohesiveness: *“Create enabling environments, mobilize domestic resources; make more efficient use of international investment and assistance; consolidate policy and regulatory frameworks....”*
- Greater Development Impact: *“Attract investment flows to a much larger number of countries; achieve transparent, stable and predictable investment climates...that allow businesses...to operate efficiently and profitably...with maximum development impact....”*



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Direktion für Entwicklung und Zusammenarbeit DEZA
Direction du développement et de la coopération DDC
Swiss Agency for Development and Cooperation SDC
Agencia Suiza para el desarrollo y la cooperación COSUDE

PRONicaragua
www.pronicaragua.org

Rationale for Business-Enabling Environments

- **Enhancing Business-Enabling Environments:**
 - Reduces a Country's Unemployment Rate
 - Moves Country's Informal Economy into Formal Economy
- **Up to 90% of Poverty Reduction** Originates from Broadly Based Growth
- **Employment is Best Way to Reduce Poverty** according to Surveys of People across 50 countries

Sources: *MIGA FDI Toolkit: Aftercare and Management of Expansion projects*, MIGA 2003; *Doing Business in 2006: Job Creation Report*, World Bank 2006; Kray, Aart *What Can Cross-Country Regressions Tell Us About the Determinants of Pro-Poor Growth*, World Bank 2003; Narayan, Deepa et al. *Voices of the Poor: Crying Out for Change*, World Bank 2000



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Direktion für Entwicklung und Zusammenarbeit DEZA
Direction du développement et de la coopération DDC
Swiss Agency for Development and Cooperation SDC
Agencia Suiza para el desarrollo y la cooperación COSUDE

PRONicaragua
www.pronicaragua.org

Nicaragua is First FfD Pilot Country

- **In 2003 Nicaragua began to develop the Government-Investor Network** with Global Clearinghouse, supported by Swiss Government
- **In January 2004, Nicaragua Government Launched the Tourism Government-Investor Network**
 - Managed by ProNicaragua, Country's Investment Promotion Agency
 - Recognized at UN WSIS as first ICT Tool used for Government-Private Sector Consultation
 - Recognized by Investors as Critical Function
- **In June 2008, the current Government Re-launched the Network the Tourism and Textile Sectors**
 - Tourism one of the largest growth sector In country
 - Textiles largest employers in country



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Direktion für Entwicklung und Zusammenarbeit DEZA
Direction du développement et de la coopération DDC
Swiss Agency for Development and Cooperation SDC
Agencia Suiza para el desarrollo y la cooperación COSUDE

PRONicaragua
www.pronicaragua.org

The Challenge & the Imperative: Why We Adopted the GIN

- **Challenge: Limited Government Resources**
 - Usually Investment Promotion Agencies are Responsible for Investor After Care, but have very limited resources
- **Imperative: Need Investment for Job Creation & Poverty Reduction**
 - **50% or more of New Investment** may Originate from Existing Investors
 - **Opinions of Existing Investors** are one of the Most Important Investment Evaluation Criteria for New Investors
- **In January 2008 ProNicaragua Set up Nicaragua's First Investor After Care Unit Using the GIN as Principal Management Tool**
 - Cost-Effective, Leveraging Limited Resources
 - Strengthens ProNicaragua's Ability to Coordinate with Government Agencies
 - Strengthens Investment Promotion & Improves Country's Credibility



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Direktion für Entwicklung und Zusammenarbeit DEZA
Direction du développement et de la coopération DDC
Swiss Agency for Development and Cooperation SDC
Agencia Suiza para el desarrollo y la cooperación COSUDE

PRONicaragua
www.pronicaragua.org

GIN as Catalytic, Cost-Effective Tool: How Does it Work?

- **Intranet Communication Platform:** Designed to increase capacity of governments to create business-enabling environments
- **Focus:** Open consultation with private sector to identify investment impediments & possible remedies
- **Managed by Government:** Controlled by designated government agency responsible for business-enabling environment, such as Investor After Care
- **Membership:** Designated Government Officials Affecting Business Environment in Relevant Agencies; Business Organizations and Existing Investors; Donors Interested in Supporting Government Efforts
- **Benefits:** “*Management System*” enabling cost-effective intragovernmental coordination, private sector collaboration, with resulting improvement in business environment & investment promotion

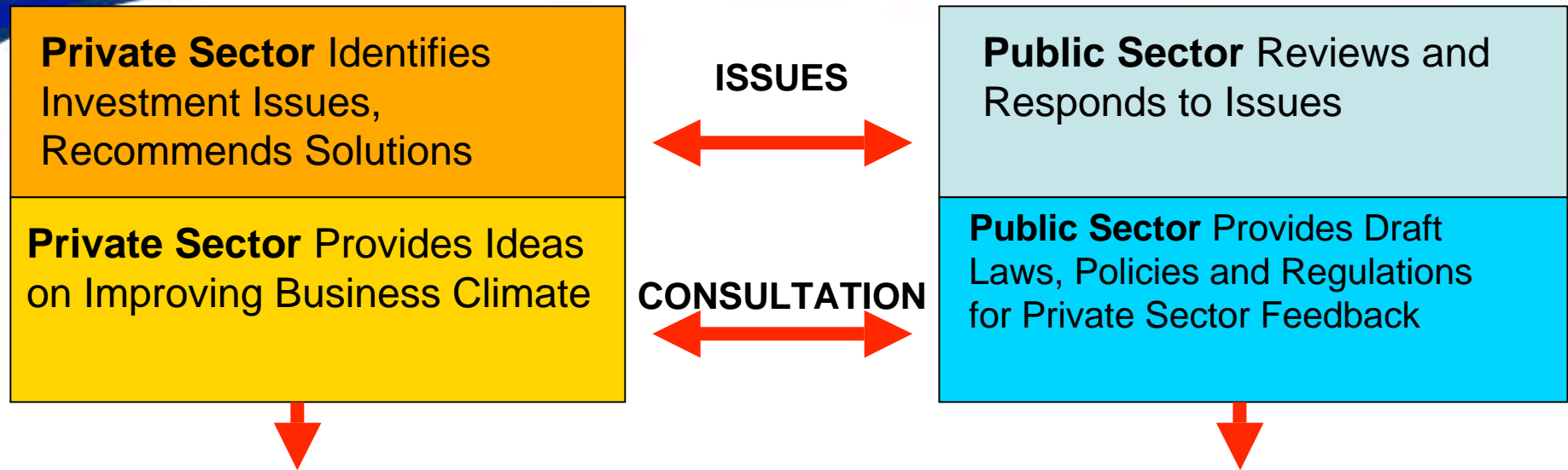


Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Direktion für Entwicklung und Zusammenarbeit DEZA
Direction du développement et de la coopération DDC
Swiss Agency for Development and Cooperation SDC
Agencia Suiza para el desarrollo y la cooperación COSUDE

PRONicaragua
www.pronicaragua.org

Cost-Effective Tool Enabling Open Consultation: Government-Investor Networks



RESULT: Improved Business-Enabling Environment to Mobilize Investment, Create Jobs, Reduce Poverty

Donors: Learn First-Hand about Issues Affecting Business-Enabling Environment; Ability to Increase Aid Effectiveness



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Direktion für Entwicklung und Zusammenarbeit DEZA
Direction du développement et de la coopération DDC
Swiss Agency for Development and Cooperation SDC
Agencia Suiza para el desarrollo y la cooperación COSUDE

PRONicaragua
www.pronicaragua.org

Over 50 Reported Success Stories from Nicaragua Pilot

BENEFITS

1. Enhanced government coordination
2. Enhanced business cohesiveness
3. Government ability for Open consultations
4. Government actions to improve
5. Donor Effectiveness



**Investors request a road from
Majagual to El Naranjo**

November 25th, 2004



**Ministry of Transportation and Infrastructure
informs it has a budget cut**

December 13th, 2004



**The mayor includes a proposal
to look for funding**

December 15th, 2004

**MTI and the Municipality coordinate with
another program to rehabilitate the road**

December 16th, 2004 - March 2005



PRONicaragua
www.pronicaragua.org



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Direktion für Entwicklung und Zusammenarbeit DEZA
Direction du développement et de la coopération DDC
Swiss Agency for Development and Cooperation SDC
Agencia Suiza para el desarrollo y la cooperación COSUDE

Next Steps: National Pilot FfD Follow-Up

- **Improving Nicaragua's Business-Enabling Environment for Development**
 - Improving Tool based on Experience
 - Enhancing Quality of Intergovernmental Response to Issues; Adopting “Ticket System” to Track Issues & Issue Performance Reports
 - Including More Investors in Existing Sectors and Adding other Sectors
- **Invite Development Agencies & Donors to Join ProNicaragua “Investor After Care Mesa”**
 - Serves as Aid Effective Framework to Implement the *Accra Agenda for Action: Advancing Regional Cooperation & Ownership, Building Inclusive Partnerships, Achieving Development Results*
- **Invite other Governments to Establish their own Government-Investor Networks**

Available for Doha Bilateral Meetings

Contact: Javier: Jchamorro@pronicaragua.org.ni Mitch: mitch@globaldf.org



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

signup@globalclearinghouse.org

Direktion für Entwicklung und Zusammenarbeit DEZA
Direction du développement et de la coopération DDC
Swiss Agency for Development and Cooperation SDC
Agencia Suiza para el desarrollo y la cooperación COSUDE

PRONicaragua
www.pronicaragua.org