



**Experiences from a project on
FDI policy, practices &
perceptions in Bangladesh,
Brazil, Hungary, India, South
Africa, Tanzania and Zambia
– OR, HOW TO IMPLEMENT
A MULTI-COUNTRY PROJECT**



CUTS – C-CIER



कट्स ✕ **CUTS**
Twenty Years of
Social Change

1984 to 2003

0418

**Experiences from a project on FDI
policy, practices & perceptions in
Bangladesh, Brazil, Hungary, India,
South Africa, Tanzania and Zambia
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LIST OF ABBREVIATIONS

CPD	Centre for Policy Dialogue
CPT	CUTS Project Team
CRs	Core Researchers
CUTS	Consumer Unity & Trust Society
DFID	Department of International Development
FDI	Foreign Direct Investment
GFII	Global Forum on International Investment
IFD	Investment for Development
IGD	Institute for Global Dialogue
INCSOC	International Network of Civil Society Organisations on Competition
LDCs	Least Developed Countries
MAI	Multilateral Agreement on Investment
MFI	Multilateral Framework for Investment
NRG	National Reference Group
OECD	Organisation for Economic Cooperation and Development
OSN	Operational Strategy Note
PAC	Project Advisory Committee
QPRs	Quarterly Progress Reports
ToR	Terms of Reference
UNCTAD	United Nations Conference on Trade and Development
UNCTC	United Nations Centre for Transnational Corporations
WIR	World Investment Report
WTO	World Trade Organisation

Preface

Since the 1980s and more so in 1990s, many developing countries have adopted policies to attract more foreign direct investment (FDI). This signalled a change in the attitude towards FDI in many countries, which had earlier adopted import substitution policies or were outright hostile to FDI. Simultaneously, FDI flows multiplied and official development assistance flows reduced round the world. Subsequent developments show how important FDI has become in the global economy. A large body of literature on FDI supports this premise.

Against this background, the 'Investment for Development' (IFD) project was launched in September 2001. The research project was implemented by Consumer Unity & Trust Society (CUTS), Jaipur, India, in collaboration with United Nations Conference on Trade and Development (UNCTAD), for conducting regional seminars and other technical aspects of the project. The Department for International Development (DFID), UK, funded this project.

The aim of the project was to study investment policies, practices and perceptions in seven developing and transition economies. The project also aimed at creating awareness and building capacity of the civil society on national investment regimes and international investment issues. The seven countries in the project were: Bangladesh, Brazil, Hungary, India, South Africa, Tanzania and Zambia.

In all 19 reports have already been printed under the project including Country Reports, Synthesis Reports and other reports like the advocacy document, etc., besides other relevant publications by way of monographs, briefing papers and newsletters (www.cuts-international.org/Partners%20Meetings.htm).

This paper has been prepared by CUTS as the final process report of the project. As the title of the paper 'Experiences from a project on FDI policy, practices & perceptions in Bangladesh, Brazil, Hungary, India, South Africa, Tanzania and Zambia – Or, How to Implement a Multi-country Project' suggests, the aim of the paper is to not only document and share the process of implementing the project but to also facilitate readers to get a bird's eye view of the nuts and bolts in implementing such projects, particularly in developing countries across the world.

Chapter 1 traces the history and conception of the project; how the countries were selected; how the project was managed and what went behind the project activities. Chapter 2 focuses on the research teams and the methodology adopted. Chapter 3 tabulates the various conferences organised under the project and briefly explains the aim of each such event. Chapter 4 is devoted to outreach and impact, and presents details of publications, website, media and impact of the project. The last Chapter enumerates the way ahead as it evolved during the implementation of the project. At the end of each chapter is an honest analysis of the highlights, lowlights and lessons learnt. The annexure gives a summary of the report prepared by each project partner covering dissemination and outreach activities.

May, 2004
Jaipur

Pradeep S. Mehta
Secretary General

CHAPTER-1

Introduction

History and Conception of the Project

CUTS began its work on investment in 1992-93, when it became involved in work on the UN Code of Conduct for Transnational Corporations, prepared by the United Nations Centre for Transnational Corporations (UNCTC). One of the reasons why the Code could not be adopted was that the United States had sent out a strong message for developing countries that they would be deprived of foreign direct investment (FDI) if the Code was adopted. Thus all developing countries stopped pursuing the issue at the UN. From this there was a realisation at CUTS, which was already working on several policy issues for development, that FDI is an important policy issue.

However, in many developing countries there was an antipathy towards FDI, which was often spurred by incidents like the Bhopal Gas Tragedy, caused due to leakage of a deadly gas from Union Carbide's factory in 1984. Nevertheless, over time and our progress in working in the area of economic policies, we developed the maturity and understanding that in resource-starved developing countries, FDI is an important source of capital. Bhopal gas tragedy type of situations are aberrations, which often get blown out of proportion, though there is some truth in the quality of investments which move to the poorer countries. Still, many cases are also reported of domestic investors who are equally irresponsible. Yet, the need for FDI as an additional source of capital cannot be understated. The need is to regulate the same, so that its costs can be controlled while maximising the benefits.

Given the background, the 'Investment for Development' (IFD) project was conceived by CUTS in March-April 2001. The Department of International Development (DFID), UK supported the project. The primary aim behind conceptualising the project was to study FDI policies, their relevance to the overall development goal of the project, and their effectiveness. It was realised that there is a great push for FDI from home countries and companies, and host countries are willing to welcome foreign investors for economic growth and development.

Incidentally, apart from being involved in national policy issues, CUTS has been closely involved in the debates and discussions on international investment agreements. To begin with, it was involved in the debate surrounding the aborted Multilateral Agreement on Investment (MAI), which was being developed by the Organisation for Economic Cooperation and Development (OECD) in mid-1990s. It was also part of an international campaign against the MAI.

Further, in the past couple of years CUTS has been involved in the World Trade Organisation (WTO) discussions on investment and potential Multilateral Framework for Investment (MFI). In 2002-03, CUTS implemented a project “International Working Group on Doha Agenda” on investment and competition issues, by looking at the proposals tabled in the WTO working groups on trade and investment, and trade and competition. The aim was to promote a better understanding of the issues taken up or proposed at Doha for future negotiations.

The intention behind carrying out the project was to do a dispassionate study of these issues without any prejudices. It should be recognised that not all countries have been successful in attracting FDI or benefiting from it, but it is important to highlight positive experiences as well, to get a balanced picture.

CUTS had been implementing another seven-country project “Comparative Study of Competition Regimes in Select Developing Countries of the Commonwealth” (the 7-Up project), which was implemented during 2000-03, supported by the DFID. The DFID agreed to support IFD without waiting for the 7-Up project to conclude, that is, it did not wait to judge the experience of working with CUTS on a project such as this, thereby reposing full faith in CUTS’ capabilities.

CUTS and DFID discussed the preliminary concept note between March and May 2001. One of the points put forward by the DFID was that United Nations Conference on Trade and Development (UNCTAD) should be associated with the project (incidentally, while UNCTAD had representation in the advisory committee of the 7-Up project, it was not actively engaged in the project). When CUTS entered into discussion with UNCTAD on this, Karl Sauvant, Director, Division on Investment, Technology and Enterprise Development (DITE) pointed out that it was possible to support the project in terms of collaboration for the seminars and technical inputs, while expressing reservations on lending UNCTAD’s name to the project reports.

The reservation expressed was on account of the fact that papers and reports prepared by UNCTAD go through a rigorous procedure, including thorough peer review, to ensure the quality and authenticity of the content, whereas the IFD project design did not have a similar rigorous procedure for vetting the reports. Therefore, it was decided that UNCTAD would collaborate with CUTS in the following areas:

1. time and expertise of the UNCTAD staff in the project design and implementation, including participation in the Project Advisory Committee (PAC);
2. contacting experts and non-UNCTAD consultants;
3. provide information on the project research;
4. other forms of technical assistance including UNCTAD's participation in the IFD national and regional seminars; and
5. providing conference facilities for the Final Meeting of the project.

The collaboration of CUTS with UNCTAD on technical issues and organisation of regional seminars proved to be quite effective in terms of inputs received and steering the project. DFID's Investment Team's head Roger Nellist and his colleagues, which included Freddy Bob-Jones, too participated actively in the project. This ensured simultaneous coordination, assistance from other sources, and smooth execution.

Selection of the Countries

The seven project countries were selected in consultation with the DFID and UNCTAD. Richard Eglin, Director of the Trade and Finance Division of the WTO, and later a member of the IFD PAC also contributed to the process. The countries were so decided as to have an array representing different sizes of economies, geographical location, economic status (i.e. developing, transition or less developed economy), investment regimes and trends in FDI inflows to the country, and the availability of competent research institutions as partners. In fact, the last mentioned factor played a very important role in the whole process (see Box). The seven countries in the project were: Bangladesh, Brazil, Hungary, India, South Africa, Tanzania and Zambia.

The Selection of Countries

Initially, the chosen seven project countries were Bangladesh, Brazil, Hungary, India, Kenya, South Africa and Tanzania. Later on, in a meeting between DFID and CUTS in June 2001, it was decided that Mozambique would replace Kenya. In August 2001, the DFID country teams in Tanzania and Mozambique expressed various degrees of reservations on account of 'initiative overload'. This would have delayed the proposed date of the commencement of the project. Various options were discussed to prevent the delay. However, CUTS' efforts in finding a suitable partner organisation in Mozambique were also not very fruitful.

Eventually, the Tanzania DFID country desk changed its stance, but efforts to include Mozambique could not work out. Since CUTS has an office in Zambia and had developed considerable networking strength, it was decided that Mozambique would be replaced by Zambia.

The Beginning

CUTS contacted experts on national and international investment issues to be members of the PAC. The PAC was so chosen as to have a balanced representation from across the developing and the developed world, national and international institutions, and from amongst lawyers, economists, and practitioners. The role of the PAC was to guide the project by providing comments on research guidelines and terms of references, and papers and reports.

In this regard, CUTS and the DFID had a discussion on how to involve the PAC in any changes made in the project design or implementation. The DFID opined that changes required the approval of the PAC: the members have to agree explicitly to any proposed changes. CUTS, on the contrary, considered that concurrence should be enough: the PAC would be given information on the proposed changes, but even if there is no explicit approval the changes will be made. The logic behind this was that while the DFID wanted to ensure that random changes are not made, CUTS did not want the project process to be delayed while waiting for the explicit approval of the PAC members, who were tied up in various commitments. At the end it was agreed upon that the procedure of simple concurrence would be followed.

Two consultants were engaged: Peter Muchlinski, Kent Law School, University of Kent, at Canterbury, and Olivia Jensen, who was working at CUTS, Jaipur initially and then moved to London to pursue a PhD in water regulation.

Muchlinski consented to work as a consultant in the project, but on an honorary basis, so that he would be able to engage himself as and when he got the time and opportunity to do so. Jensen, who had conceptualised and anchored the project, continued to be engaged in it as a consultant, on her move to London.

Thus, the project was launched on 1 September 2001, coinciding with the release of UNCTAD World Investment Report, 2001. The aim of the project was to:

- a) conduct fact-finding and advocacy work in the seven developing and transition economies;
- b) study policies, performance and perceptions of investment, with special emphasis on FDI in the project countries; and
- c) raise awareness among and build capacity of civil society on these issues.

The Project Advisory Committee
<ol style="list-style-type: none">1. Arvind Mayaram, <i>Government of Rajasthan, Jaipur</i>;2. Diana Tussie, <i>FLASCO, Buenos Aires</i>;3. Farooq Sobhan, <i>BEI, Dhaka</i>;4. John Gara, <i>Commercial Justice Reforms Programme, Kampala</i>;5. Karl Sauvant, <i>UNCTAD, Geneva</i>;6. M. Sornarajah, <i>National University of Singapore</i>;7. Mohan Kaul, <i>Commonwealth Business Council, London</i>;8. Richard Eglin, <i>WTO, Geneva</i>;9. Roger Nellist, <i>DFID, London</i>;10. Sanjaya Lall, <i>Oxford University, Oxford</i>;11. Sabina Voogd/Myriam Vander Stichele, <i>SOMO, Amsterdam</i>; and12. Pradeep S Mehta, <i>CUTS, Jaipur</i>.

The Management

CUTS had the primary responsibility in managing the project in cooperation with the PAC and researchers. The main guiding tool for the management was the Operational Strategy Note (OSN), which laid down the general project outline and structure, the details of the project activities and stages, deadlines and time chart, and strategies to achieve the project goals. The CUTS project team (CPT) prepared the OSN, and comments were solicited from the PAC, consultants and researchers before finalising it. A sort of Bible, it served as a valuable point of reference for the execution of the project for the partners as well as the CUTS project implementation team.

Since the OSN was drawn at the inception of the project, a number of issues were not foreseen and therefore not covered. Later on, as and when situations arose, actions and strategies that were not dealt with in the OSN, had to be adopted accordingly. It was not considered to be a rigid framework and had an in-built flexibility, which was implemented through various processes, *e.g.* the changes were discussed and adopted in the review meetings of the researchers and PAC. When the change was urgent, the CPT discussed it amongst themselves and informed the researchers and advisers about it. To note that the CPT did inform researchers and advisers each time there was any change and solicited their opinion before executing any such decision.

The CPT endeavoured to adhere to the deadlines and time chart by being in constant touch with the researchers and PAC. Time to time, the team updated the researchers and the PAC through emails and Quarterly Progress Reports (QPRs) and sent reminders whenever applicable and required. The team also had periodic structured internal meetings to discuss project progress, devise strategies for project implementation, decide on time schedules, and work out solutions for problems that arose. A blank multi-country form was prepared, which was used to follow-up on each aspect of the deliverables with the partners.

In addition, the CPT organised meetings with the researchers and advisers in conjunction with the various IFD conferences to discuss the project process, problems and solutions.

Project Activities

The project involved various types of activities for the CPT, researchers and PAC. The activities can be categorised as research, advocacy and networking. The research part included study of FDI policies and trends in the seven project countries, and comparison of national, regional and international investment regimes. Researchers in the project countries and CUTS were involved in the process. The research process is described in the next chapter. The quality of the research can be measured by the feedback received from the commentators. It should be noted that the research was more of an analytical and practical one as opposed to academic and rigorous analysis. Given this specification, the comments received indicate that the overall quality of research was fairly good.

Advocacy was carried out with the help of publications and project-related conferences. It consisted of suggestions for changes in policies and strategies related to investment, to increase FDI inflows to developing countries and to maximise benefits from it. The process used the project output and involved the CPT as well as the researchers. The advocacy activities would continue well after the end of the project since it takes time to induce policy changes. It may be too early to judge the impact of these activities.

Lastly, networking with experts and civil society organisations was one of the activities of the IFD project. This was carried out through conferences and distribution of publications. The strength of CUTS' networking could be gauged by the feedback received from the participants of the conferences and readers of the publications. It can also be judged by requests for the publications and participation in the conferences.

Due to the multiplicity of the activities conducted, the numbers of deliverables from the researchers as well as CUTS were quite many. The deliverables were in the form of reports, articles for newsletters, quarterly progress reports, organisation of seminars, other publications, and electronic forums. Expectedly, there were delays with regard to deliverables. Often, the preparation of the reports was delayed by a couple of months due to reasons such as the work load of the partners, the difficulty in collecting data and information, time taken to conduct the surveys and time taken to carry out the revision of the reports, subject to the comments received. Due to the delays, all the project reports got stacked up when we were going for printing almost at the same time. This increased the workload of the CPT and the editorial team at CUTS.

The other delays were in the case of payments. Delays in payments from CUTS to the partners were mainly due to the time taken to process the payments in CUTS and at the bank, and time taken to transfer cash between banks. In one case, the hold-up in payment was due to delay in receiving payments from DFID, UK. In the third quarter of the project, the Bank of England delayed payment to CUTS by over two months on account of faulty routing of the remittance. Nevertheless, CUTS carried out the normal project activities using its own funds.

<i>Highlights</i>	<i>Lessons Learnt</i>
<ul style="list-style-type: none"> • IFD was a comparative project covering seven developing countries, implemented by a southern NGO • It threw up interesting and useful comparative data on investment issues in these countries • Effective collaboration with UNCTAD • Diverse economic and other characteristics of the countries selected • Effective networking through conferences and publications • The OSN proved to be an effective tool guiding the project. It also had an in-built flexibility 	<ul style="list-style-type: none"> • Good networking and professional relationship with the organisations in the project countries is the key to carrying out a project such as this • A well conceived project can attract the attention of organisations such as UNCTAD, which in turn benefits the project • Diversity enriched the outputs of the project • Networking tools should be attractive • It is important to have a detailed well-defined strategy before embarking on such a project
<i>Lowlights</i>	
<ul style="list-style-type: none"> • The terms and nature of comparison between the diverse range of countries was difficult • Over the course of the project, the involvement of most of the members of the IFD PAC was not very high 	<ul style="list-style-type: none"> • It is important to choose countries with some common characteristics <i>e.g.</i> ranking among the countries on the basis of income level • A PAC with honorarium for members could have been more effective in terms of commitment and the level of involvement

Contd...

<ul style="list-style-type: none">• Some deliverables were either not given on time or the quality was not good• Delayed remittance by Bank of England of payment sent by DFID	<ul style="list-style-type: none">• This will always happen, but solutions to tackle delays in deliverables and payments should be built into the project plan• Sufficient fall back provision for finances is a key to deal with such problems
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CHAPTER-2

Research

The Research Teams

The partner institutions in the project countries carried out the country research for the project. The chosen partners were institutions and non-governmental organisations (NGOs) engaged in research and policy analysis, and established leading institutions/organisations in this field in the respective country. Two Core Researchers (CRs) were engaged in the project for their guidance on the project design and preparation of reports, which would synthesise the findings of the country research (Synthesis Reports). The CRs: Rakesh Basant and Sebastian Morris of Indian Institute of Management, Ahmedabad were engaged on the basis of their expertise in economic aspects of investment policy. At the time, Basant was the CR for the 7-Up project as well.

Later, however, the CRs were asked to withdraw from both the projects on account of differences with CUTS on the Synthesis Reports. One aspect of the project was that the reports would be reader friendly *i.e.* the language would be as less technical and more lucid as possible. The IFD Synthesis Report, prepared by the CRs, was found by CUTS and the PAC to be relatively technical, not following the terms of reference (ToR) for the report, and also irrelevant in some places. Coupled with the fact that the 7-Up Synthesis Report, being done by one of the CRs, was also not deemed to be satisfactory, it led to a decision that it is best that the CRs withdraw from both the projects. Subsequently, Laveesh Bhandari of Indicus Analytics, New Delhi, replaced Basant and Morris as the CR for the IFD project.

This withdrawal was a road-bump in the research process, which was soon overcome. This did lead to discontinuity in the CRs' work. Since they had worked with the CPT very closely on the project, this did affect the smooth flow of work at CUTS as well. However, Bhandari took over as the CR quite efficiently. In the case of 7-Up, the synthesis report was done in-house.

There were also withdrawals of researchers from the project in Bangladesh and Zambia. Further, in Bangladesh, the partner institution, Centre for Policy Dialogue (CPD), originally associated with the project, withdrew. Eventually, BEI stepped in as the partner institution. All these incidents hampered the regular project work by causing delays and preventing continuity.

Reasons for the withdrawals of the researchers were not very clear, though it appears that monetary remuneration was one of the issues in Zambia. The withdrawal of CPD was due to disagreement over the contract. There was a standard format for the contracts that CUTS signed with the partners. CPD had requested a few changes in their contract. CUTS, to start with, agreed to the proposed changes but later felt that all should adhere to the standard format and expressed its inability to make the changes. This was not acceptable to CPD. Clearly, CUTS was at fault on this. BEI, headed by Farooq Sobhan, who was also a PAC member and had initially attempted to settle the matters between CPD and CUTS, stepped in as the Bangladesh partner.

The CPT, under the guidance of the CR(s) and PAC, supervised the project research. This entailed drafting of terms of reference (ToR), setting deadlines, reviewing the reports, and once in a while assisting the partners in revision/rewriting of the reports. For this purpose, the CPT kept in constant touch with the partners, PAC and CR(s) over email, phone and/or letters. The ToR was essential to provide guidance to the researchers on the content and format of the reports. The other purpose for these was to maintain uniformity among the reports. The ToR were prepared by the CPT, and then circulated between the PAC and CR(s) for comments and suggestions. As per the comments and suggestions, the ToR were finalised and sent to the partners. Despite the ToR, some of the project reports were found inadequate in terms of content and format. Though it was recognised that ToR were simply guidelines and would not be treated as sacrosanct, substantial departure from these created difficulties in terms of non-uniform reports. Often, the CPT had to work on the reports to make them harmonious with each other.

The Partner Institutions	
<i>Bangladesh</i> *:	Bangladesh Enterprise Institute, BEI;
<i>Brazil</i> :	Nucleo de Economia Industrial e da Tecnologia–Instituto de Economia (NEIT-IE), University of Campinas, Sao Paulo;
<i>Hungary</i> :	Budapest University of Economics and Public Administration;
<i>India</i> :	National Council of Applied Economic Research, NCAER, New Delhi;
<i>South Africa</i> :	Institute of Global Dialogue, IGD, Johannesburg;
<i>Tanzania</i> :	Economic & Social Research Foundation, ESRF, Dar es Salaam; and
<i>Zambia</i> :	CUTS Africa Resource Centre, CUTS ARC.
*Centre for Policy Dialogue, CPD (partly)	

Methodology

The country research involved the following stages:

- collection of data,
- preparation of the reports,
- review of the reports including peer review,
- presentation of the reports in the national reference group (NRG) meetings, and
- finalisation of the reports as per comments received from the reviewers and NRG participants.

The NRGs were formed in each country at the beginning of the project by inviting a wide cross-section of stakeholders, such as representatives of civil society organisations, trade unions, development institutions, government, and business chambers. The purpose of forming NRGs was to provide a sounding board and quality check on the research output. Each country held three NRG meetings during the course of the project, in which the NRG participants discussed different country research reports. Other reviewers of the reports were the CPT, PAC, and national experts on investment from each country (peer reviewers).

The NRG process turned out to be very useful as the comments and suggestions from the NRG meetings were highly valid and relevant, and contributed towards improvement of the quality of the reports. In some of the NRG meetings, a number of errors in the reports were pointed out and suggestions to improve the content and language of the reports were given.

The constitution of the NRGs played an important role in this regard, as this process determined the kind and quality of comments provided by the NRG members. As against the design, the actual composition of the NRGs differed in the project countries. For example, Bangladesh had more government representatives, Brazil and Hungary had more academia, and India had more civil society organisations, etc. To the extent the NRG constitution was skewed, the comments, inputs and reviews of the output were biased. However, the skewness of the different NRGs did not disturb the universality of their composition to any large extent. This was important because the country reports were partly shaped by the comments from the NRG participants.

The country research was based on secondary sources of information on FDI trends and policies, and surveys on perceptions of FDI. Three surveys were conducted in each project country targeting civil society, foreign subsidiaries and local businesses. The surveys aimed at eliciting the above-mentioned

stakeholders' opinion on benefits and drawbacks of foreign investment, the relationship between foreign and domestic investment, and the policies that should be adopted to maximise benefits from FDI.

The number of respondents in the civil society survey was:

Country	Number of Respondents
Bangladesh	50
Brazil	11
Hungary	50
India	38
South Africa	26
Tanzania	50
Zambia	43

The surveys on local businesses and foreign affiliates, however, did not elicit much response in some of the project countries. Though the civil society survey generated better responses than the investors', initially a few partners reported that they were facing problems in getting good responses in this also. The main reason is said to be survey fatigue, especially among investors, and also the nature and length of the questionnaire. It was decided by Bhandari (CR) and CPT that the results of the investors' surveys would not be included in the main body of the reports. It would be left to the partners whether they wished to annex the results in the reports. It should be noted that some of the country discussion papers, such as India, Bangladesh and Hungary, did deliberate on the investor survey results.

The partners also did case studies of three selected sectors for each project country. The sectors selected were the ones which were important for the country in terms of their contribution to economic growth, exports, employment or FDI inflows. Trends, policies and effects of FDI in the selected sectors were studied in the case studies. The sectors were decided by the partners in consultation with the CPT. A few of the sectors were common between two or more project countries, while others were stand-alone. The common sectors were: telecommunications (Bangladesh, Hungary, Tanzania and South Africa); automobiles (Brazil, South Africa, Hungary and India); and mining (Tanzania and Zambia). The stand-alone sectors were: agro-processing (Zambia); cement (Bangladesh); electricity (Hungary); financial sector (Tanzania); food, beverages and agro-processing (South Africa); information technology (India);

pharmaceuticals (Brazil); power (India); ready-made garments and textiles (Bangladesh); and tourism (Zambia).

The benefit of engaging local partner institutions was reflected in the reports they wrote for the project in terms of local knowledge and insights.

Based on the findings of the country research, a couple of synthesis reports and CUTS Advocacy Document (Strategising Investment for Development) were prepared. Some information for the project was collected by CUTS as well. Information on failed investment cases was collected through personal interviews by the CUTS staff in London, Jaipur, Delhi and Calcutta.

The project work was quite heavy in terms of the data that had to be collected, the number of reports that were prepared and the requirement of the three surveys that were conducted. Nevertheless, the partners and researchers did it quite efficiently. As a result of the rigorous procedure of preparation, the IFD reports were quite comprehensive in terms of data on FDI trends and policies. The inclusion of civil society survey results in the reports added value to the literature on FDI. There were some snags, however: One, the peer review mechanism was not built in the project from the very beginning. Concerns were raised about the quality of the project reports in one of the PAC meetings and it was decided that the reports should be peer reviewed. Two, a few of the partners, especially the ones from Least Developed Countries (LDCs), faced the problem of non-availability of overall FDI data or a particular type of FDI data, e.g. sectoral data. Further, concerns were raised by the partners in reports and conferences, and also by some participants of the conferences that various sources of data were not consistent. In many cases, the data in the UNCTAD World Investment Reports and that estimated by national institutions and agencies differed.

<i>Highlights</i>	<i>Lessons Learnt</i>
<ul style="list-style-type: none"> • Methodical research and preparation of the deliverables within the life of the project as envisaged, notwithstanding delays • Efficient handling of the workload by the partners and PAC 	<ul style="list-style-type: none"> • To achieve this, constant application is required • It is also important to do regular follow-ups within the project team and with the researchers and partners

Contd...

<ul style="list-style-type: none"> • NRG meetings were good platforms to receive comments and feedbacks of the report • The project reports were quite comprehensive due to the broad process of their preparation • Selected partner institutions contributed in terms of local language and insights 	<ul style="list-style-type: none"> • This process helped to check as well as ensure stakeholder participation, leading to local ownership • Local partnership results in better knowledge/insights
<i>Lowlights</i>	
<ul style="list-style-type: none"> • Withdrawal of researchers and CRs • The fairly large number of reports created pressure on the partners and the CPT • Peer review was not in-built in the project • Inadequate availability of data in some of the project countries and for some of the sectors • Problems in FDI measurement and different practices followed in different countries made comparison difficult 	<ul style="list-style-type: none"> • Eventualities, such as withdrawals may take place. It is important to have a standby list of researchers and institutions to fill up any gap arising out of such likelihood • There should not be too many activities, deliverables or reports. This builds up work pressure and dilutes the purpose of the project • Peer review, with fees, is an important mechanism of evaluating the project output and should be incorporated in any study conducted. • Non-availability of data and problems in measurement could be one area for future work • It is important to maintain uniformity in the composition of any such arrangement across the countries

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<ul style="list-style-type: none">• Skewed composition of NRGs in some of the project countries• Poor responses to the investor surveys• Even for the civil society survey, responses were not forthcoming in some of the countries in the beginning	<ul style="list-style-type: none">• It is important that questionnaires be brief and to the point to elicit good responses. A pilot survey should be undertaken before the main one to get a scientifically drafted questionnaire
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CHAPTER-3
Conferences

Conferences were an essential part of the project design. The aims of conferences ranged from outreach, capacity building and information dissemination, to the review of the project output. Similarly, the issues covered at the conferences were national, regional as well as international. The following table contains a summary of the conferences held under the IFD project by CUTS and the project partners.

Apart from the preplanned IFD seminars, two seminars, which were not originally scheduled, were organised: Regional Roundtable at Istanbul, and Review Seminar at Geneva. The two seminars were organised out of the savings from the budget for the three regional seminars and an interim meeting. The savings could be managed because the Interim Meeting in November 2002 was not a full scale one, as was envisaged in the project design. The two seminars were held at opportune times: while the Roundtable was held in collaboration with the OECD Private Sector Development at Istanbul, the Review Seminar was held in conjunction with the UNCTAD WIR 2003 Seminar, on 12-13 May, 2003.

The IFD conferences generated good responses and saw good participation in terms of number of participants as well as the quality of discussions. The conferences were attended by a host of experts and practitioners as well as civil society representatives, and some of these also received coverage in the media. CUTS was appreciated all round for the systematic organisation of the conferences and the calibre of the discussions.

Event	Date and Place	Participation	Aim
Launch Meeting	13-14 December 2001– Jaipur, India	National and international experts on investment issues, project partners, PAC members, CRs, representatives of CUTS, DFID, UNCTAD etc.	Outreach Launch of the project Discussion on the project methodology

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Event	Date and Place	Participation	Aim
National Reference Group Meetings <i>Three meetings organised by each project partner</i>	During 2002/03 in the respective project countries	Members of the identified NRG	Review the country reports Information dissemination Outreach Networking
Regional Seminars <i>In collaboration with UNCTAD</i>	Africa Regional Seminar on 18-19 October 2002–Nairobi, Kenya Asia Pacific Regional Seminar on 24-25 November 2002–New Delhi, India Latin America Regional Seminar on 4-5 December 2002–Sao Paulo, Brazil OECD-CUTS Regional Roundtable on Foreign Direct Investment in Transition Economies: <i>Challenges, Policies and Good Practices</i> –4-5 May 2003, Istanbul, Turkey	Project partners belonging to the region, representatives of CUTS and UNCTAD, members of the PAC, experts and practitioners on investment from the region	Dissemination of project results Capacity building of civil society on investment issues using the project results Discussion of important national, regional and international investment issues, including the relevance of international investment agreements
Review Seminar <i>In conjunction with the UNCTAD Seminar on World Investment Report 2003</i>	9-10 May 2003 Geneva, Switzerland	Project partners, PAC members, representatives of CUTS, UNCTAD and DFID, experts and practitioners from around the world on national and international investment issues	Outreach Discussion on the project results Experience of other economies than the ones included in the project with FDI Review of CUTS Advocacy Document
Interim Meeting <i>In conjunction with Asia Pacific Regional Seminar</i>	25 November, 2002 New Delhi, India	Project partners, representatives of CUTS and DFID	Discussion on the progress of the project process and research

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Event	Date and Place	Participation	Aim
Final Meeting <i>In conjunction with UNCTAD Investment Commission</i>	28 January 2004–2-hour Panel Discussion 30 January 2004–International Seminar on FDI Policies and Regulation Geneva, Switzerland	Project partners, PAC, representatives of CUTS, DFID and UNCTAD, experts and practitioners of investment issues	Outreach and release of important project publications Presentations of main project findings Discussion on issues such as relation between investment and development Way forward on investment work
PAC and Project Partners' Meetings	Over the duration of the project in conjunction with various seminars	PAC, Partners, representatives of CUTS, UNCTAD and DFID	Project progress, discussion of problems arising in the course of the project and their solutions, the way forward from the project

Often, other CUTS seminars were piggybacked with IFD conferences to take advantage of a particular venue, presence of the actors and the availability of time. Instances include a conference linked to the Linkages project being carried out by the CUTS Centre for International, Trade, Economics and Environment (CITEE), held in conjunction with the Africa Regional Seminar in October 2002 at Nairobi. The title of the seminar was “Linkages: How do we bridge the gap?” and was held as a half-day event on 19 October. The seminar dealt with the linkages between the issues of trade and labour, and trade and environment.

In two instances, seminars related to competition policy and law were held in conjunction with IFD conferences. In fact, in conjunction with the Asia Pacific Regional Seminar in November 2002 in New Delhi, two simultaneous events were piggybacked. On 26 November, two one-day seminars were held: “Asia Pacific Seminar on Competition” organised by CUTS, and “Research Seminar on Foreign Direct Investment and Development–The Policy Dimension”, organised by CUTS in collaboration with UNCTAD, Geneva. The seminar on competition discussed the state of competition policy and law in various Asian countries, and international challenges in competition. The research seminar was a “Chatham House” roundtable informal discussion on policy-oriented research on FDI and development, and the relationship between national FDI policies and international investment agreements. It was very useful as it provided inputs for the year’s World Investment Report.

Again, on 29 January, during the Final Meeting on 28/30 January 2004 in Geneva, a “Conference on the International Network of Civil Society Organisations on Competition (INCSOC)” was held. It was organised by CUTS-C-CIER and it filled up the one-day gap between the two events of the Final Meeting. The discussions in this event were on the role of civil society in promoting competition policy and the cases of intervention of civil society in competition issues. It also discussed the work plan of the network in terms of capacity building, advocacy work and a proposal for World Competition Report. The piggybacking of the events proved to be cost effective and expanded the budget available to the conferences. It also assembled experts on diverse issues, which enriched the status of discussions.

In the overall, DFID was quite happy with the efficiency with which we used the money and expanded its utility. Further, DFID was directly or indirectly involved with projects that led to the fringe/piggybacked meetings.

In one conference, however, there were disruptions in the proceedings. In the Africa Regional Seminar in Nairobi, in October 2002, one person raised various queries, driven by his very leftist ideology. It is usually the practice of such elements, that there be disruption in such a dialogue where their ideology might get challenged. Unfortunately, the said person’s close association with CUTS led to a question mark. The person is closely involved with CUTS, because it is our philosophy to engage with the un-converted rather than have a meeting of just the converted. As per the programme schedule, all the regional seminars ended their discussions with a session on the WTO happenings, which affect investment. The person insisted that the discussion on the WTO should be at the beginning of the seminar, since WTO agreements and events influence domestic policies. This was resolved by including a small discussion on the WTO in the first session, while maintaining the last session on the WTO as planned. The person also questioned the UNCTAD data on FDI inflows to developing countries by saying it was inaccurate. The post-seminar controversy continued for some more time. This unfortunate reference to the disturbances in the seminar was made by the DFID’s Nairobi office and in various fora and publications.

Some of the conferences had a few logistical problems. The conference organising teams made attempts to solve the problems whenever applicable and to the extent possible. One example of such problems was travel difficulties faced by three participants travelling from Delhi to Geneva and back during the final meeting in January 2004. The air bookings for the three Indian participants were done by CUTS in Lufthansa Airlines. Though the participants had

confirmed booking for the return journey, as per the tickets, the airlines did not accommodate them on their scheduled flight on the planned date. The participants were stranded in Frankfurt airport for over 26 hours before they could take a flight back to Mumbai instead of Delhi. CUTS has decided to file a damages suit against the airlines for this.

<i>Highlights</i>	<i>Lessons Learnt</i>
<ul style="list-style-type: none"> • Well-organised conferences with good discussions • Piggybacking contributed to cost-effectiveness, collection of a number of experts from diverse backgrounds and enriched discussions 	<ul style="list-style-type: none"> • A dedicated team needs to devote its time, plan carefully and apply its synergy to organise conferences • To the extent it does not stretch the budget or water down the agenda of the events, it is a good idea to piggyback events, and thus generate a better return on the investment
<p><i>Lowlights</i></p> <ul style="list-style-type: none"> • Disruption during Africa Regional Seminar and subsequent controversy • Logistical problems during the seminars, especially the travel experience of three participants during the Final Meeting 	
	<ul style="list-style-type: none"> • It is important to invite people with different ideologies to conferences or in the project process while ensuring that the purpose is not diluted or distorted • Ensure that a better airline is chosen, which is reliable. And if the airline acts unfairly then to take action against the same

CHAPTER-4

Outreach and Impact

The project had various tools for outreach: conferences, publications, reaching out to media and participation in other events by the project staff at CUTS. As described above, conferences often had more than one aim, outreach being one of them. In this subsection, discussions centre on the outreach activities other than the conferences.

Publications – Project Reports

There were two types of IFD publications: research reports and other project publications. The partners and the CUTS project team prepared the research reports. For the purpose of advocacy, information dissemination and capacity building of civil society, the research reports were written in a simple, lucid, non-technical, and “reader-friendly” style. The ones that have been printed are listed in the table below.

Country Reports	Synthesis Reports	Other Project Reports
Discussion papers for each project country describing investment policies, performance and perceptions in the respective country.	“Synergising Investment <i>with</i> Development” synthesising findings of the country research, prepared by the CR(s) and CUTS.	“Strategising Investment for Development” project advocacy document containing recommendations and action points for policy changes targeted to governments, inter-governmental organisations and civil society, prepared by CUTS.

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National advocacy documents for each of the project country, describing the agenda for action for policy changes and action points, targeted to governments, inter-governmental organisations and civil society.	“Investment Policy in Select Least Developed Countries: Performance and Perceptions” synthesising findings on the three least developed countries in the project: Bangladesh, Tanzania and Zambia, prepared by David On’golo—research adviser with CUTS, and CUTS team.	“Experiences from a project on FDI policy, practices & perceptions in Bangladesh, Brazil, Hungary, India, South Africa, Tanzania and Zambia – Or, How to Implement a Multi-country Project”, the present document, prepared by CUTS.
	“Investment Policy in Select Large Emerging Economies: Performance and Perceptions” synthesising project findings on the three large emerging economies of the project: Brazil, India and South Africa, prepared by NCAER, New Delhi.	
	The Advocacy Document and the Synthesis reports have been merged in a single publication entitled “FDIs Role in Development – Analysis of Investment Policy Regimes in Bangladesh, Brazil, Hungary, India, South Africa, Tanzania and Zambia.”	

There were 20 project reports published in different formats. A research report was published for each country in the discussion paper format. The research report was prepared by merging two initial reports by each partner, as part of the project research: National Investment Policy Report and Performance and Perceptions Report. While National Investment Policy Report was based on secondary sources of information, Performance and Perceptions Report was based on the results of the surveys as well as secondary sources of information and case studies. The two reports were merged for publishing purposes as it

was felt that the first report serves as an introduction and background to the second one. The discussion paper format has questions at the end of each chapter, which arise from the chapter itself but may or may not be answered in the paper subsequently.

The third report, written by each partner, was the national advocacy document containing recommendations drawn from the findings as reflected in the first two reports. This document was published as a booklet in an A5 monograph style. There was a fourth report, prepared by each partner, but this was not printed. It is the country project process report, which contains summaries of outreach and dissemination activities conducted, assessment of the impact of these activities and the partners' experiences of participating in the national, regional and international conferences.

“Synergising Investment *with* Development” was published as the project synthesis report and prepared by merging two individual synthesis reports on the lines of the merged country research report, using the same logic. The CR(s) prepared two synthesis reports: Investment Policy Comparison and International Investment Performance Comparison. The first synthesis report was based on the National Investment Policy Report and the second one on Performance and Perceptions Report. The synthesis reports highlight the areas of similarity and contrast among the project countries in investment policies and trends, and provide economic analysis of the data.

As mentioned in the table, two other IFD synthesis reports were published covering least developed and large emerging economies of the project. It should be noted that Hungary, being the only transition economy in the project, was not comparable to the other two types of economies, and thus was not included in any of the two smaller synthesis reports. All the three synthesis reports were published in a booklet format.

CUTS prepared an advocacy document based on the country and synthesis reports entitled “Strategising Investment for Development”. The document contains recommendations and action points on investment policies and strategies to maximise benefits from investment for higher economic growth and development. This publication was released at the Panel Discussion on 28 January 2004, in Geneva.

The content, design and format of the printed reports were attractive and received much appreciation. Concerted teamwork was undertaken at CUTS to achieve this. This included: preparing ToR; commenting on the reports; soliciting comments on the reports from experts; editing the reports; and designing the

format. The challenge faced by the team at CUTS, as well as the editing and publishing team, was that the reports had different formats since not all of them followed the ToR. Besides, the team had to work on the language and content to make the reports harmonious and rid them of factual and structural errors.

An example would illustrate the point: the CUTS format for printing the report uses US dollars for currencies in all the publications. Since all the reports did not convert or put down values in currencies, the CPT had to convert the relevant values. The question was what exchange rate to use, the current one or the dated. Usage of both the types of exchange rates could lead to a skewed picture because some exchange rates, e.g. Zambian Kwacha, had depreciated by a large margin, from 1960s till date. The problem was taken care of by using current exchange rates for recent years and dated rates for earlier years.

Other Publications

The other project publications were briefing papers and monographs written by the CPT and outside experts on investment. The purpose of these publications was information propagation and capacity building of civil society. The topics were investment policies and trends, the relationship between investment and development, corporate social responsibility, investor-to-state dispute settlement, etc. Six monographs and nine briefing papers were published under the project. These publications were quite useful for information circulation.

Newsletters and Website Work

For the purpose of reaching out to a larger audience, quarterly hardcopy and electronic newsletters were published as part of the project work. Eight issues of the quarterly newsletter, Investment for Development, were published during the course of the project. The newsletter contained news items on global investment trends and policies, activities on individual companies, corporate social responsibility and WTO negotiations on services. It also contained updates on the progress of the project and articles on particular themes. The researchers of the project wrote the articles, which revolved around certain themes related to investment.

The themes were chosen by CUTS in consultation with the PAC. Mergers and acquisitions; investment and employment; investment and environment; relationship between FDI trade and development; and failed investment were the different topics chosen as themes for the newsletters. The structure of the IFD newsletter in having a mix of news and thematic articles was worthy of note and was appreciated by readers. The newsletters were published and

distributed periodically, except when particular issues were delayed because of the existing workload of the CPT.

Seven issues of the electronic newsletters were published during the project. Entitled IFD E-News, it contained project updates, investment related news and useful links and announcements on general investment-related and CUTS' publications and events. IFD E-News was sent out to people on the CUTS mailing list who were known to have an interest in investment and were important for networking purposes.

As part of the project work, an e-discussion forum, IFD e-Forum was set up. Its aim was to generate debate and discussions on investment issues. A few news items were posted on it from time to time. However, the forum did not generate much response, though it remained operational throughout the life of the project.

CUTS website contained web pages on IFD, which had details on the project; a copy of the OSN; papers and publications produced under the project; reports, agendas, lists of participants and presentations related to project events; press releases; and QPRs.

Other than these, the tools of outreach were brochures and posters, designed by a professional graphic designer. These were displayed at different CUTS events and sent to people in the mailing list to generate greater awareness about the project. The same graphic design and colour combination was used in all the project documents for the sake of homogeneity and to make the reports attractive.

Media

One of the aims of the IFD project was awareness generation and capacity building. Media is an important tool to achieve this end. Special efforts were made to attract the media's attention to the IFD events. Media persons were invited to the international and regional seminars organised by CUTS, and reports on these seminars were published in various newspapers. The national press of the respective country also reported the NRG meetings, *e.g.* the NRG meetings in Zambia and Tanzania were reported in local newspapers.

In conjunction with the Asia Pacific Regional Seminar, a press conference was organised in New Delhi with the participation of Pradeep S. Mehta, Karl Sauvant and Christian Rogg of the DFID, UK. The event was widely reported in the media. However, more intensive efforts could have been made for media outreach. Though the media was invited in the conferences, and press releases

of the events were sent out, contributions of articles to spread the project results by the CPT and partners in newspapers could have been more effective.

Impact of the Project

As mentioned earlier, it is too early to comment on the impact of the project as far as policy changes are concerned. However, some aspects of the impact that the project has already had are discussed below:

The CPT participated in various conferences on investment and presented papers containing project results as well as general investment issues. CUTS was invited to attend all the three Global Forums on International Investment (GFII), organised annually by the Organisation for Economic Cooperation and Development (OECD) since 2001. CUTS staff presented papers in all the three GFII. CUTS also had representation at the UNCTAD WIR 2003 seminar. CUTS staff in India and Zambia attended several other national and international events on investment.

The strength of the project impact can be judged by the recognition it received in the field of investment. One example is that CUTS has been invited by the OECD to be a member on the Advisory Board on Africa Investment Initiative.

Further, the representatives of UNCTAD, conducting Investment Policy Review in Zambia, on the invitation of the government, visited CUTS-ARC office in Lusaka in May 2003. CUTS-ARC was nominated by the Government of Zambia on the sub-committee to study the recommendations to review the Zambia Investment Act.

One impact that has been universally felt across the partner countries relates to the formation of the NRG. Each project country now has a set of stakeholders that have been a part of the entire process of the project and would carry the momentum of the project in future. In many countries, policy makers were a part of the NRG and would carry the learnings from the project.

Further, the project was successful in providing a forum to the civil society representatives to express their views.

CUTS was invited to prepare a paper on “Lessons for Development from CUTS Investment for Development Study” for World Development Report 2005, on invitation from DFID, UK.

<i>Highlights</i>	<i>Lessons Learnt</i>
<ul style="list-style-type: none"> • Attractive print format and the handy size (A-5) of the reports drew favourable reviews • Usefulness of the IFD publications as tools of information dissemination, awareness generation and capacity building • The other tools of outreach were also quite effective • The fact that CUTS was being invited to other investment-related fora, etc. is proof of the impact that the project has had 	<ul style="list-style-type: none"> • The packing is as important as the content! Secondly, handy booklets are easy to carry and read while travelling. • The different purposes for preparing these should be borne in mind while preparing the project output • Smaller tools are as important • Impact is as important as doing the project itself
<p><i>Lowlights</i></p> <ul style="list-style-type: none"> • Media outreach was not as successful 	<ul style="list-style-type: none"> • Media outreach should be built in the project plan from the beginning and concerted efforts should be put into it. Secondly, if the project budget permits then to engage a professional agency for such outreach

CHAPTER-5

The Way Ahead

The way ahead from the project has been discussed by the CPT in its internal meetings, as well as by the CPT, partners and PAC in the project meetings (partners/PAC meetings) during the second year of the project. The discussions included future work for both CUTS and the partners. The various areas for future work on investment were included in “Strategising Investment for Development.” This includes:

1. a deeper and broader survey on civil society perceptions;
2. sectoral strategies and the impact of FDI in particular sectors of the economy;
3. corporate social responsibility, which could include a tri-sectoral approach with businesses, governments and civil society organisations;
4. comparative studies on few other countries; and
5. South-South investment cooperation and agreements.

There could be other issues of investment demanding a closer attention, such as technology transfer, FDI and competition policy and law, coherence between policies, factors affecting capital absorption capacity, the role of incentives structure, causes of non-successful investments, links between official development assistance and FDI, and the role of labour in international economic specialisation.

It was a consensus in the meetings that the discussion on civil society perceptions was one of the unique features of the project. In further CUTS work on investment, the civil society angle should be built into the studies and projects. Corporate social responsibility came to be one of the most discussed topics, for future work. There was a suggestion that this concept should be broadened to stakeholder responsibility, where all the parties concerned: businesses, civil society, governments and inter-governmental organisations would have some responsibility towards the society. There were also calls for greater dialogue among these parties.

At CUTS, concept notes and proposals on a survey on civil society perceptions and a study on corporate social responsibility and civil society have been

prepared. Discussions are on with a few funding and donor agencies on these ideas. Given CUTS' experiences and competency on conducting cross-country or regional projects and studies, it is hoped that CUTS would take up another project on investment soon.

ANNEXURE

Summary of Report D covering Dissemination and Outreach Activities of the Project Partners

Bangladesh

Advocacy Activities

Bangladesh Enterprise Institute (BEI) conducted different advocacy activities under the IFD project. In Bangladesh, the panel of NRG members included representatives and experts from the country's leading business federations, parliament, various government agencies, former policy makers and practitioners, academia, think tanks, NGOs, and representatives from other components of the civil society.

In Bangladesh, three formal NRG meetings were conducted during the course of the project. BEI has also agreed to arrange a fourth NRG meeting. CUTS organised several regional seminars under the IFD project. BEI participated in the regional seminar held at New Delhi.

Inputs were also sent to the IFD Newsletter on a regular basis. It regularly received the IFD newsletters and other publications from CUTS and distributed the same.

Achievements

NRG meetings were extremely useful in terms of the perceived roles of the NRG members. Many issues and concerns have been raised about FDI and related aspects by the distinguished members in the NRG meetings that provided important inputs to the study. Issues covered the role of FDI in poor countries, particularly in Bangladesh, comparative picture of FDI flow in Bangladesh and other countries in the region, nature and sectoral allocation of FDI in Bangladesh, overall economic performance of Bangladesh including its achievements, prospects and challenges, overall investment environment, factors responsible for attracting less FDI in Bangladesh, policy measures needed to attract FDI, policies needed to make FDI contribute more in the country, etc.

A few delegates, mostly civil society members including the partners participated from Bangladesh in the regional meeting of Asia that was held in New Delhi in November 2002. The regional seminar provided a unique opportunity for interaction of researchers of IFD project along with a good number of civil society members from the region in an international environment. A well-documented Advocacy Report for Bangladesh was prepared. However, it seems that even more can be done in terms of advocacy. As the chiefs of Board of Investment (BoI) and Bangladesh Export Processing Zones Authority (BEPZA) actively participated in the earlier three NRG meeting, and are expected to be present in the upcoming NRG meeting, its fits well in influencing public policy regarding FDI. The Advocacy document would be distributed among relevant ministries including the Prime Ministers Office, concerned public officials, political parties and civil society organisations.

Analysis of the Civil Society Survey

Structured questionnaire was distributed among the different quarts of civil society members. The respondents include representatives and experts from the country's leading business federations, parliament, various government agencies, former policy makers and practitioners, academia, think tanks, NGOs, and representatives from other components of the civil society. Quality of responses by the members of civil society was quite satisfactory.

There was also a survey of local and foreign business with 28 responses. The quality of response by the firms was slightly poorer compared to that of the civil society members. In consultation with CUTS, it was decided to abandon the survey of foreign investors.

Problems Encountered During the Project

CUTS India launched the IFD project in Bangladesh in collaboration with Center for Policy Dialogue (CPD), which could not continue for unavoidable reasons. Once BEI took the responsibility of the project, it had no problem executing the research and advocacy. Other than the initial change in the host organization to anchor the IFD project, not much problem was encountered during the implementation of the project.

Although there was a change in the core researcher, it occurred very smoothly at the very early stage and no problem was noticeable due to this change. However, as the project required a long time involvement (two years) of the consultant, sometimes it became difficult to adjust his time as per need of the IFD project as the consultant had other commitments as well.

Sometimes, it seemed that CUTS were too demanding about the details and meticulousness of every report and write-up. Sometimes there were also some communication gaps among CUTS, BEI and the lead consultant. However, none of the problems was severe enough to have a negative impact on the overall outcome of the project.

One of the problems that appeared in conducting research on FDI is the inadequacy and poor quality of FDI data in Bangladesh. UNCTAD and IBRD derive the FDI figures from the balance of payments (BoP) account, but the BoP account in Bangladesh provides an incomplete and inadequate measure of FDI.

The Way Forward

Further study is needed to detail how to improve the overall investment environment in Bangladesh. Role of civil society must be enhanced to create pressure on the government to improve the investment climate in Bangladesh. In this context, a project involving civil society and policy makers is needed.

Another important issue relates to the inadequacy and inappropriateness of FDI data in Bangladesh. International Organisations need to come forward with a study on that could enable countries like Bangladesh to have comparable estimates of FDI and overall investment across countries.

Brazil

Advocacy Activities

Three NRG meetings were conducted in Brazil. The identified members of the NRG and faculty and students from the NEIT attended the meetings. The meetings discussed various reports and some relevant topics such as discussions on sectors, trade and FDI, incentives war in Brazil, etc.

In the first NRG meeting, Report A covers the evolution of FDI flows, and its main components: Greenfield investment, mergers and acquisitions, privatisation, and reinvestments. In the second meeting, the discussions included Report B, and the Access of Mercosur's Exports to the European Market. The main objective of the third meeting was to discuss Report C, as well as to gather comments on the Merged Report.

Latin America Regional Seminar on "Investment for Development" was held in Sao Paulo, Brazil, on 4-5 December 2002. The seminar was part of the project

activities and was organised by CUTS in collaboration with NEIT. The aim of the seminar was to share research findings of the project with the civil society and spread information on the various issues relating to FDI

Achievements

Discussions in NRG meetings revealed the widespread view that the Brazilian economy was not benefiting as much as expected from FDI. Two issues in particular were repeatedly raised: the huge amount of public funds granted to subsidise foreign companies (contrasting the limited amount available for local, small and medium enterprises) and the poor trade performance of foreign firms, seen as contributing to trade balance problems. On the positive side, there was consensus on the contribution of FDI to improving telecommunication infrastructure, especially in the enlargement of the mobile phone network.

Discussions also led to a consensus that Brazilian FDI policy, in future, should be more closely linked to other policies, like trade, technological development, employment and competition, in order to obtain more spillovers. This recommendation seemed to be very close to a similar conclusion voiced at the Latin American Regional Seminar held in Sao Paulo.

The primary goal of Brazilian FDI policy in the near future should no longer be primarily to attract new investments, but to obtain more contributions to development from foreign investment already in the country. These and other recommendations have been documented in the advocacy document of the country. Most specific policy recommendation came from suggestions sent by NRG members.

Analysis of the Civil Society Survey

The main reason for the low rate of responses of the questionnaires was its format. 144 questionnaires were sent to local businesses, multinational corporations (MNCs) and civil society organisations. Only 14 questionnaires were answered.

The questionnaires were excessively extensive, taking too much time to be answered. The use of discursive questions was particularly problematic. The scope of the questions was excessively broad, requiring more than one person in the companies to answer.

A number of Civil Society Organisations refused to answer the questionnaire alleging that the theme (foreign investment) was out of the organisation's scope, even though we needed only their perceptions about it.

Regarding this issue, NEIT has proposed a new format for the questionnaires, numbering the questions, removing some questions and adding others. Unfortunately, there wasn't time enough to change the questionnaires and send them to the other partners.

In a number of companies there is no specific department for external relations. Several companies are very cautious in the disclosure of corporate information. Some multinational and local companies just refused to answer the questionnaires, giving no reason why.

Problems Encountered During the Project

Difficulties while implementing the project were mostly regarding the fieldwork (interviewing Transnational Corporations) and having results from the civil society perception survey.

The Way Forward

Regarding prospects for future research two issues deserve consideration from a comparative perspective as in the IFD project.

Trade and investment agreements between developing countries (Mexico, Brazil, India, China, South Africa, etc.) need to be studied. The key research question should be what aspects of the agreements could maximize the developmental contribution of South-South trade and investment? What type of investment and trade should be concerned?

Cooperation among governments, business and civil society for technological development oriented towards sustainable development: environment, basic needs, etc. Comparing success and failure cases in developing countries might lead to policy reform and increasing policy effectiveness.

Hungary

Advocacy Activities

The major advocacy activities were the following:

- a. Delivery of the IFD project documents (IFD Newsletter, Hungarian versions of the project reports) to the project NRG participants. The English language project documents did not find a responsive audience, since a substantial number of people do not read in English.
- b. The main body of the national advocacy activity were the three NRG meetings. 20-35 experts attended the NRG meetings, which are sufficient

for the purpose of discussing the content of the reports, but perhaps not the largest possible number that could be gathered if the NRG meetings' sole purpose was advocacy.

- c. The Hungarian team did not organise a regional seminar, but participated in the Asia-Europe seminar organised by CUTS in Istanbul, and in the Asia-Pacific seminar at New Delhi.
- d. The widest audience was reached by the publication of the Hungarian version of the report (NRG meeting launch paper). The first paper was published in the journal "Vezetéstudomány" and in the Institute for World Economy's working paper series "Kihívások". Report C was published in this later series too. Vezetéstudomány is circulated in 2000 copies. Kihívások is not subscribed but mailed directly to 250 readers in Hungary.
- e. Six articles were written and delivered to the CUTS team on various issues of FDI in Hungary and in Central Europe for the purpose of publication in the IFD Newsletter.
- f. The results of the IFD project were the topic of several conference presentations in various countries. Altogether 11 presentations were made, comprising three NRG meetings, two regional seminars of the IFD project, four conferences in Hungary, and two presentations abroad.

Achievements

The NRG meetings were rather successful. There was an audience of 20-35 participants for the three meetings. The decline in the number of participants was mainly due to the fact that the discussion topics and the written materials that were distributed beforehand were to some extent similar. As far as the audience of the NRG meetings is concerned, unfortunately, top-level government officials were never present there. Civil Society Organisations (CSOs) were adequately represented. The media was not very much aware.

Analysis of the Civil Society Survey

It was originally planned to include 30 collected questionnaires from CSOs, FDI companies and local business. In fact, the budget of the project could hardly afford even this limited scope of the empirical survey. Especially problematic was getting access to foreign companies. Clearly there was a survey fatigue that came in the way.

Hungarian CSOs have some important handicaps as well. An important feature of transition economies in Central Europe is their mistrust and hesitation concerning civil society organisations. This is the result of the decades long misuse of the predecessors of such organisations by the communist governments.

The other important factor is the quality of the questionnaire. First issue is the length, second is the clear structure and the relevance of the questions. Even a personal interview can only be successful if the questionnaire is not very long and all too detailed, and is clearly focused in a good structure on relevant issues. This was also an important reason of the very low return ratio, especially in the case of the FDI questionnaires.

Problems Encountered During the Project

The budget did not allow the employment of full-time personnel. Thus, the work was done parallel with other obligations of the partners. This led to delays in the execution of certain project tasks. Another reason for this was that the project was too long, and the adjustment with other duties of the personnel could not be planned in advance. Parts of the project were developed in an interactive way, which was fine, but this made planning also more difficult. This, however, did not deteriorate the quality of the project. Taking into account the pioneering role of CUTS in the organisation of such projects, and the narrow base of experiences with similar projects (research projects are more common), I think this problem was a rather minor one.

The heterogeneity of the countries made the development of comparative structures very difficult. This was felt in Hungary several times. Some problems that were regarded crucial for most other participants (e.g. WTO debates), were regarded less important in Hungary (small open economy soon joining the European Union).

The Way Forward

The way forward is either closer concentration on a few selected topics that are discussed in the public, or more research in order to generate new findings that can be discussed. The topics should be more general so that they are relevant for all participating countries.

The general question, which needs to be addressed, is what should be the right place of different countries in the globalised world? Attached to this, the relevant policies can be discussed that enhance development in the global framework. The other concerns the use of the experiences of countries that successfully integrate into the global framework. What are the best existing practices? Also, the project may analyse factors that prevent countries from successfully attracting, or multinational firms from being willing and interested in investing. In fact, much of the research carried out so far concentrated on establishing attractiveness of potential locations for investments. Much less

is known about the practical decision-making of multinational companies when deciding about investments.

The project team may also continue the research – much public outreach approach – on a broader area. If FDI is not regarded in itself, but as a crucial component of the new epoch of world economic development (the very complex process usually called globalisation), then a lot of issues can be raised that are discussed by CSOs throughout the world, but are not strictly FDI-related topics. Many of the broad themes that range from environmental issues to demography and to social and cultural changes have also important economic aspects, and FDI (multinational companies' activity) is always in the background.

India

Advocacy Activities

Several researchers from National Council of Applied Economic Research (NCAER), working on the Investment for Development Study, participated and made presentations in the three NRG meetings related to this projects. As part of the IFD project, several regional seminars were organised. NCAER participated in some of these. It participated in the Asia Pacific Regional Seminar on 24-25 November 2002 in New Delhi, India; Latin America Regional Seminar on 4-5 December 2002 in Sao Paolo, Brazil; and Istanbul Regional Roundtable on 4-5 May 2003 in Turkey. NCAER also participated in the Review Seminar on 9-10 May 2003 in Geneva, Switzerland.

NCAER prepared a discussion paper entitled “Investment Policy in India–Performance and Perceptions” and two monographs: “Investment Policy in India–An Agenda for Action” and “Investment Policy in Select Large Emerging Markets–Performance and Perceptions”

Sanjib Pohit of NCAER participated in *the Conference on Reaching Out in India on Economic Issues*, organised by CUTS, OXFAM, and Consumer Guidance Society of India on Jan. 27, 2003, in Mumbai. The venue gave the partner researcher an opportunity to interact with researchers from other civil society organisation/NGO.

NCAER also wrote articles for the IFD newsletter published by CUTS.

Achievements

NRG meetings proved to be a good ground where the partner researcher could disseminate the draft report of the project to a diverse group. The India NRG

meetings were held by CUTS and were well organised. By and large, key investment-related people participated in these meetings. The people from the media were well represented in these meetings and so were the policymakers. The quality of the debate was quite good.

One of the objectives of this type of research programme is to help in a cross-country study. The regional seminars were helpful in this regard. It is, however, difficult to conclude whether the project has already fed directly into any policy-making processes.

Analysis of the Civil Society Survey

In spite of the best efforts, the investors' surveys were not particularly successful. There were several reasons for this. One, the questionnaires for the surveys were lengthy and confusing. Several of the respondents for the three surveys (civil society, local and foreign firms) complained regarding this. While designing the questionnaire, the country researcher's viewpoint was not taken into account. There should have been a meeting on discussion of the questionnaires. Due attention was not paid to the selection of the sectors for the case studies. The questionnaires were sent just before the close of the company's financial year. At that time, it is always difficult to get time for interviewing company officials.

With regard to civil society survey, the following points can be noted down: The respondents found the questionnaires lengthy and unclear. Initially, no target was given for filled-in questionnaires. Later, the target was given as 50. This upset NCAER's work plan and they had to bear the extra cost.

Problems Encountered During the Project

Apart from the above, the other problems were: the project was not well planned. A change in the core-researcher in between the project had hampered the project schedule. Ideally, the core researcher should have more discussion with the country researcher in planning the feasibility aspect and in designing the questionnaires. However, the CUTS research team for the project was very prompt in responding to queries. Most of the problems could be sorted out by discussion with the CUTS team.

In a lighter vein, one problem was that the CUTS team flooded the partner with a number of emails. Sometimes, it was very difficult to keep track of correspondence. NCAER administration has complained that CUTS are slow in releasing money even after the completion of the work.

The Way Forward

NCAER can take up future work to bring to light potential benefits of FDI flows. While the present study has touched on the transaction cost of FDI flows resulting from procedural delays, the quantification of it in terms of actual cost was not undertaken. Nor, the steps to be taken and ways to minimise them were addressed. Both these issues need detailed surveys at company level. Given the NCAER's strength in survey-related works, it may attempt to address these in our future issues.

NCAER has its strength as a private research think tank. So, the partner organisation can further the goal of the project by undertaking research activities on FDI related issues and help in educating the academia/policy-makers at large.

South Africa

Advocacy Activities

The Institute for Global Dialogue (IGD) hosted three NRG meetings at its offices in Braamfontein, Johannesburg. The meetings were constructively and strategically used to test the quality, rigour and content of the various reports, which were subsequently amended on the basis of the inputs made at the meetings. The NRG meetings were well attended and represented a variety of expert and non-expert views on the political economy of FDI in South Africa.

The Africa regional seminar was held in Nairobi, Kenya from 18-20 October 2002. The IGD principal researcher presented a paper on "FDI flows in South Africa and Africa", which was well received.

The IGD boasts an impressive network of national and international contacts. The research outputs of the IFD project were widely distributed throughout this network.

Representatives of the media were invited to the various NRG meetings; the second NRG meeting received coverage in the national business media. The IGD principal researcher also contributed an article entitled "South Africa Still Lags in Contest for Foreign Capital", which was published in 'Business Day', 2 August 2002.

Achievements

The three NRG meetings played an important role in the South African IFD project for the following reasons:

- The NRG meetings brought together a range of expert and non-expert perspectives on FDI in South Africa and the region.
- The FDI experts (some very prominent in public discourse) at the NRG meetings helped to correct errors or ambiguities in the Reports, and to highlight useful additional areas to be researched.
- The non-expert views raised common concerns among ordinary South African workers and consumers regarding the effects of FDI on the economy and their livelihoods.
- All three NRG meetings generated a variety of views as to why South Africa is attracting less FDI than other developing countries with broadly similar risk profiles.

In the South African case, it is still too early to tell whether the research outputs of the IFD project have fed into any policy-making processes. The fact that a major financial institution such as the Standard Bank has noted and cited the South Africa Report is also a boon for the project.

Analysis of the Civil Society Survey

The response rate to the civil society survey – distributed on four separate occasions by hand, fax and e-mail – was very poor, and only 26 responses were formally received. These responses included private individuals as well as formal institutions (with some responses from government bodies also received).

This low response rate can be attributed to a range of factors, foremost being over-consultation, fatigue, full and heavy workloads on other core projects, and lack of capacity. It is thus not clear to what extent the results of the survey accurately reflect the views of civil society. It does, nonetheless, present an interesting first cut of the national FDI mood.

Despite repeated survey distributions and telephone confirmations, only one fully completed investor survey was received from a major automobile subsidiary.

Problems

The following are some of the problems and challenges encountered during the project and the preparation of the reports:

- Deadlines were often strict and difficult to meet given the extent, depth and scope of the research required. On the whole, where a deadline was missed

due to alternative work commitments, CUTS was accommodating and understanding.

- Articles submitted for the CUTS Investment for Development newsletter were erroneously edited so that factual information (dates, data, details, etc.) were rendered incorrect or out of context. This was pointed out to CUTS and the request made that submitted articles not be edited.
- Given the differing viewpoints and perspectives on FDI and its regulatory environment (i.e. the government's macro- and micro-economic policies), it was a challenge to build a consensus around what the Advocacy Document should or should not contain (e.g. what role for FDI in the privatisation of state assets?).
- The on-site reimbursement of the correct value of travel for attending the partners' meetings abroad was occasionally affected by the volatility of the South African Rand.

The Way Forward

The following areas would be extremely valuable for future research projects:

- a study on the impact of large investment projects such as the Mozal aluminium smelter and its industrial free zone on the local and regional economy and societies;
- the impact of South African capital on economies and societies in the region;
- the link between technology transfer and development in South Africa, and the effects of the TRIPs Agreement on technology transfer in South and Southern Africa;
- the relationship between incentives and the quality and type of investment flows into Southern Africa needs to be examined, especially if Southern African governments are arguing to maintain the use of such incentives; and
- concerning an investment agreement in Southern Africa, a comparative study of investment frameworks in similar developing country groupings such as ASEAN or Mercosur would be useful.

Tanzania

Advocacy Activities

The formation of NRG and organisation of NRG meetings was one of the key project activities. The role of the NRG was to contribute to and enhance the quality of the research process and outputs, and also address the objective of creating awareness and hence build a platform for advocacy at the onset of the project.

The NRG in Tanzania was composed of parliamentarians, politicians, officials from key national and sub national government ministries and agencies, quasi-government bodies, business representatives, civil society organisations, academia and the investor community. In the course of the project, three NRG meetings were held at the ESRF. These meetings served as a major means of disseminating the research findings to the public. NRG comments were very useful in shaping the research output, which has made them more comprehensive and reader friendly. Country reports, IFD newsletters, monographs and briefing papers were also distributed to the participants during these meetings.

In order to promote awareness of the local community about the investment issues, media organisations were also invited to attend these meetings. They formed part of the members of the NRG and reported to the general public the findings from the research that was presented during these meetings. While both the NRG meetings and the media coverage helped build awareness of the general public on the IFD project, it is difficult to assess the extent to which the local community awareness in other places of the country was enhanced. This is because the meetings were held in Dar es Salaam, although some members of the NRG were drawn from other regions of Tanzania's Mainland and Zanzibar Isles. In this regard, it was suggested that outreach be done at the local level (i.e., district level) too.

Apart from the NRG meetings, the country research team members had an opportunity to attend the regional seminars and meetings that were organised for the project countries. These meetings, in addition to providing an opportunity for networking, also provided an opportunity for participating institutions in the project to learn about what their research partners were doing; discuss obstacles that project countries were facing; and exchange ideas on how best these could be overcome. The team also learned from each other's innovativeness in terms of improving the conduct of the project in their respective countries.

Achievements

The achievements include the identification of an active and well-informed NRG. The participation of different stakeholders in the NRG meetings was very effective and gave new insights that helped the research team improve upon the activities of the project. Participants discussed issues that not only covered FDI but were also seen as important across the board in improving Tanzania's ability to manage its economy for fast and sustainable growth.

It was observed that those who managed to attend all the meetings were able to grasp more issues and contribute more effectively.

Another achievement was that the research team, despite the constraints that arose, managed to collect primary information that revealed the perceptions of the civil society about the role and potential benefits of FDI in Tanzania. With the help of the information collected, the research team was able to prepare advocacy points that could guide Tanzania to enhance benefits from FDI.

Analysis of the Civil Society Survey

The purpose of the survey was to assess the perceptions of stakeholders on matters relating to the impact and potential benefits of FDI as well as the opportunities created by the policies that are in place for enhancing the benefits of FDI in the country. The civil society survey was administered to a sample of Civil Society Organisations (CSOs) in the following categories: trade unions, business associations, NGOs, religious organisations and representatives of the academia and the media.

The response rate from the investors survey was inadequate. Most business entities declined to respond to the survey stating they could not do it as it was against their “companies’ policies” to disclose such information to anybody apart from tax authorities.

While it could be said that it was relatively easier to get the civil society’s responses compared to the investors’ survey ones, this does not mean that there were no difficulties encountered in conducting the civil society survey. Most organisations did not fill the questionnaires within the stipulated period and this necessitated face-to-face interviews with some of the CSO members to fill up the survey. There were 50 respondents to the civil society study.

Problems Encountered During the Project

One of the problems that we faced in the course of conducting the project was the lack of reliable and up-to-date data and information on both local and foreign investments activities in Tanzania. Another problem was the low response rate for the investors’ survey as pointed out above.

Members of the NRG opined that the civil society survey was unrepresentative and that it should have been administered in localities that had been impacted upon by investment activities, e.g. in areas where mining activities had grown substantially in recent years. This could not be done, however, due to budget limitation.

Way Forward

To the extent possible this project should lead to a more comprehensive study on the post-investment approval phase, i.e. what happens to investments, after approval, with a focus on the impact?

While the IFD project was held at the right time, it will take time to see the findings incorporated in policy documents. We, therefore, may need to design more rigorous strategies for ensuring that research impacts on policy occur fast to convince the communities we are serving of the importance of these research initiatives.

The failure of the investors' prompts us to suggest that in future such an endeavour should be done in collaboration with government authorities that have the mandate for data collection and are dealing more closely with investor activities (e.g. the TIC, and The National Bureau of Statistics).

Zambia

Advocacy Activities

The formation of NRG and organisation of its meetings was one of the main strategies adopted for advocacy activities of the IFD project activities. Besides, the role of the NRG was to contribute to and enhance the quality of the research process and outputs and also address the objective of creating awareness and hence build a platform for advocacy during the course of the project.

The NRG in Zambia comprised parliamentarians, politicians, officials from key national and sub national government ministries and agencies, quasi government bodies, business representatives, civil society organisations and academia. During the course of the project, three NRG meetings were organised by CUTS- Africa Resource Centre (CUTS-ARC) at Lusaka. These meetings served as a major means of disseminating the research findings to the public. NRG comments were very useful in improving the research outputs, which has made them more comprehensive and reader friendly. Country reports, IFD newsletters, monographs, briefing papers and other related publications were also distributed to the participants during these meetings.

CUTS-ARC participated actively in the regional seminar under the project held at Nairobi, Kenya. Discussions at the seminar following the presentation of the Zambian paper further helped to fine-tune the final output.

CUTS-ARC has decided to organise a fourth NRG meeting after the official closure of the project. This has been done with a view to maintain the momentum of the project and keep the debate alive with a view to finally feed into the policymaking.

Achievements

The formation of the NRG and its meetings was one of the major achievements of the project. These meetings went a long way to not only involve a wide spectrum of stakeholders for dissemination of information but also provided an opportunity to vet the project outputs, particularly the research.

The other achievements of the project included publication of the various reports under the project and their distribution across the country to all the relevant people.

CUTS Secretary General has been invited by the OECD to be a member of the Advisory Board on Africa Investment Initiative. Again, the representatives of UNCTAD, conducting Investment Policy Review in Zambia, on the invitation of the government, visited CUTS-ARC office in Lusaka in May 2003. CUTS-ARC was nominated by the Government of Zambia on the sub-committee to study the recommendations to review the Zambia Investment Act.

Analysis of the Civil Society Survey

The civil society survey covered responses from 43 people representing community-based organisations, research institutions, business associations, religious bodies, inter-governmental organisations, trade unions, women's organisations, farmers and media. Eliciting responses from them was not easy and CUTS-ARC had to depute its own personnel to the Copperbelt region and locally in Lusaka.

The survey results indicate that FDI can contribute to the economy though it has not done much to add to the quality of jobs and, in some cases, has resulted in workers remaining casual workers. The survey, however, showed that there is general agreement with the positive aspects of FDI. At the same time, their perceptions towards negative aspects of FDI are strong. They were unanimous in their opinion that Zambia needed to attract more FDI.

Problems

Mainly two problems were encountered during the implementation of the project. The first one pertains to the researchers. As many as four researchers

had to be involved in the process. The earliest two abandoned the project without assigning any reasons, whereas the third one unfortunately met with an untimely death. It was left to the fourth researcher to complete the task. This did cause some disruption in the continuity, and members of CUTS Project Team visited Lusaka on two occasions to ensure timely and standard deliveries.

The other problem, which could only be partially resolved, pertained to non-availability of data. The researcher(s) and the Coordinator of CUTS-ARC had to toil hard for procuring the same.

The Way Forward

The way forward for CUTS-ARC is at three levels. The first is at the national level where CUTS-ARC has been nominated by the Government of Zambia on a sub-committee to review the Zambian Investment Act. This would be an appropriate forum to disseminate the findings of the project that may lead to policy changes.

At the regional level, through its participation in the Advisory Board on Africa Investment Initiative, CUTS would make suitable interventions on the basis of research done under the project in not only Zambia, but also Tanzania and South Africa.

Future scope of work at the third level has been identified as a deeper and broader study on the civil society perceptions. At the NRG meetings in Lusaka, many participants were of the view that it would be more fruitful to enlarge the scope of reference to the civil society.

