

# **Pacific Islands Forum Secretariat**

A paper examining the impact  
of investment entry screening  
and approvals

August 2004

Foreign Investment Advisory Service  
A joint service of the International  
Finance Corporation and The World  
Bank



# Contents

Executive summary.....	1
1 About this paper.....	4
The context for this paper .....	4
The FIAS position on investment entry screening and approvals .....	5
Terms of reference for this paper.....	6
Consultants contracted to prepare this paper .....	6
The methodology used.....	7
2 Benefiting from foreign investment.....	9
The benefits of foreign investment .....	9
The importance of policy and administrative practices .....	10
The potential impacts of investment entry screening and approvals ...	11
Good practice policies, legislation and administrative practises .....	12
3 Investment entry screening practices .....	13
The use of investor entry screening .....	13
The basis for investment entry screening.....	15
The effectiveness of investor entry screening.....	20
The potential role of a regional organisation in investment entry screening .....	25
4 Conclusions and implications for IPAs.....	26

# Appendices

A Terms of reference .....	29
B IPA questionnaire.....	30
C Questionnaire respondents and interviewees.....	35

## **Executive summary**

The Pacific Heads of Investment Promotion Agencies' Meeting (HIPAM) has, in recent years (1999 to 2002), been concerned with the foreign investment decision making against non-transparent criteria. This paper has been commissioned by FIAS and the Forum Secretariat to specifically address the issue of investor screening and approvals in Forum Island Countries (FICs), with a specific focus on screening for fraud and related miscreant behaviour by foreign investors.

FIAS and the Forum Secretariat sought five main outputs in commissioning this paper. These were:

- a summary of the screening and approval process for foreign investors and/or investment projects – including both 100% foreign owned investments and joint ventures by foreigners with citizen investors
- an identification of the nature and extent of the disconnect between investment applications and investment approvals so as to estimate the opportunity costs associated with non-approved investment
- a consideration of the impact of screening and approvals processes on foreign investors' location decisions and the investments they make
- an exploration of the ways in which the screening and approvals process could be changed to encourage higher levels of investment by foreign investors
- suggestions of any possible roles in screening that a regional organisation, such as the Forum Secretariat, might play.

The approach included an assessment of practices in a cross-section of eight FICs. This was conducted in July and August 2003. Responses were received from seven of the eight FICs. In September 2003, the draft findings were presented to the 2003 HIPAM. (Since this meeting, the Fiji Islands has moved away from a screening process to one of a registration.)

This paper addresses these in detail, to the extent that information has been available. However, in summary:

- each of the responding countries' IPA representatives explained that their governments welcomed foreign investment

- screening of various forms takes place to meet a variety of objectives, which were not always related to identification of potential fraud or the potential of failure arising from the proposed investment project
- the screening procedures to which proposed foreign investment projects are subjected are non transparent
- in many instances, IPAs which are heavily involved in screening are actually not empowered to conduct screening and so are undertaking activities that are outside their responsibilities and powers.

A lack of skilled resources and the changing world of business have placed added pressure on IPAs to perform screening and related tasks for which they are not well equipped. The results are screening functions that are largely ineffective and probably counter-productive, and a concomitant distortion of the allocation of resources amongst the primary functions of the IPA. In this context, IPA representatives acknowledged a need to increase the resources allocated to their data collection and analysis areas, as well as investment monitoring and investor facilitation.

As mentioned, estimating the quantum of foregone foreign investment because of the screening and approvals processes was part of the focus of this paper. While there was a general lack of accurate available information within the IPAs to determine this accurately, IPAs suggested, on average, that foregone investment was around 10 percent of investment dollars per annum. Whilst not solely attributed to screening, a recent Fiji study<sup>1</sup> showed the foregone investment figure to be around 50 percent of investment dollars per annum over a three-year period. Based on these estimates, the Pacific region could have lost out on between US\$14 million to US\$70 million of foreign investment inflows in 2002.

Foregone investment is only one of the negative aspects of screening. The opportunity cost of IPA staff spending their time on screening, instead of performing positive investment enhancing tasks, is also considerable. This is particularly so where either or both the human resources and funding available to IPAs is stretched.

---

<sup>1</sup> A study commissioned by FIAS as input to the development of Fiji Trade and Investment Bureau's investment promotion strategy in 2004.

Countries recognising the adverse impacts of foreign investment screening are moving towards investment approvals processes based, initially, on a simple registration process for the investor. In these cases, screening is replaced by checking against publicly available criteria, a process which is carried out on objective grounds. The option open to Pacific countries is to adopt transparent investment registration processes and benefit from the improvement this would make to the investor-friendliness of the foreign investment entry process, whilst at the same time benefiting from the opportunity to reorient IPA resources to more beneficial promotion tasks.

Lastly, the potential for a regional organisation, such as the Forum Secretariat, to play a useful role in this field is, at best, limited. As the remarks above suggest, there is little justification for the continuation of traditional screening practices and the registration processes, which are recommended as a preferred alternative, do not require regional coordination. To the extent that some information sharing is warranted regarding the backgrounds of prospective investors, the Forum Secretariat is not well placed for such a role, being geared towards policy and trade promotion and facilitation. It would be far better for IPAs – and other agencies such as central banks – to share information on a needs basis, after considering any privacy and confidentiality issues.

# 1 About this paper

## The context for this paper

The 1999 Pacific Heads of Investment Promotion Agencies' Meeting (HIPAM) discussed the issue of foreign investment screening. The meeting agreed that:

*“Forum Island economies were potentially easy targets for fraudulent foreign investors and that until their domestic private sectors gained experience there was a need for governments to implement simple, transparent and publicly available investor screening mechanisms. Where possible, investor screening should be done by sectoral agencies rather than through FDI legislation. To assist in this process agencies requested the Forum Secretariat to prepare a paper highlighting the pros and cons of screening foreign investors, and identifying where appropriate suitable screening principles and practices.”*

At the request of the Forum Secretariat, FIAS commissioned a short paper for inclusion in HIPAM 2000. The paper was entitled *Foreign Investor Screening: A review*. Its purpose was to enhance the understanding of participants at the meeting of the implications of screening and its impact on the attractiveness of an investment environment for foreign investors. The paper indicated that:

*“[FDI] can play a key role in improving the capacity of the host country to respond to the opportunities offered by global economic integration, a goal increasingly recognised as one of the key aims of any development strategy”.*

The paper also discussed how more countries are introducing regulatory and policy changes that are increasingly favourable to FDI and how:

*“... to benefit from FDI, a country has to first receive it. To obtain FDI, it must be an attractive location for foreign investors. An FDI-enabling framework is a pre-condition.”*

The paper further highlighted that: *“The most important barrier to foreign investment is the presence of a screening mechanism.”*

The paper went on to discuss the various screening mechanisms undertaken by IPAs and the results of these examinations. Interestingly, it highlighted that:

*“... the proportion of investors that are denied entry on the basis of the screening results is reported to be low. While the agencies concerned were wary of making an estimate, the upper range appears to be in the order of 5 percent of FDI applications screened are refused entry, with 1-2 percent being more typical.”*

The issue of foreign investor screening continued to be discussed at consecutive HIPAMs and the outcomes from the HIPAM 2002 indicated that:

*The Heads of IPAs noted that there is a level of investor screening practised in all FICs. It was agreed that assistance be requested from relevant agencies including FIAS to address the following:*

- *the determination of the importance/significance of non-transparent approvals processes as a deterrent to investment*
- *the identification of approvals statistics to assess the relationship between applications and approvals to determine the opportunity cost of non-approved investment*
- *what the IPA does before it provides the necessary approvals*
- *explore ways in which enhanced transparency in the approvals process could be achieved.*

## **The FIAS position on investment entry screening and approvals**

In responding to the HIPAM request to consider the above issues, FIAS has been concerned that, examination of the importance and significance of non-transparent approvals processes, might simply lead to the perpetuation of “second best” practices. FIAS’s view is that *registration* of foreign investment projects is generally more appropriate since the process is simple, transparent and automatic. In addition, registration has the benefit of eliminating discretion and the potential to engage in rent seeking activity by officials involved in administering screening processes. Moreover, a move to investor registration would free up resources for more investment promotion activity.

Furthermore, FIAS considers it would be more beneficial to concentrate on examining and assessing the impact (both qualitative and quantitative) that investment entry screening and approvals mechanisms have on foreign investors and investment flows. The Terms of Reference for this paper were subsequently drafted on this basis and agreed with the Forum Secretariat.

## **Terms of reference for this paper**

A full copy of the terms of reference for this study is set out in Appendix A. In summary, the specific terms of reference required the following:

- summarise the screening and approval process for foreign investors and/or investment projects – including instances of direct investment and joint ventures with citizen investors
- identify the nature and extent of the relationship between investment applications and approvals to determine the opportunity cost of non-approved investment
- consider the impact of screening and approvals processes on foreign investors and their investments
- explore ways in which the screening and approvals process could be changed to encourage investment by foreign investors
- suggest any possible role in screening that a regional organisation, such as the Forum Secretariat, might play.

While the Terms of Reference refer to screening and approval of foreign investment by host governments, this paper adopts a much narrower view. As agreed by FIAS and the Forum Secretariat, the paper concentrates on the screening and approvals activities of the IPAs themselves as a sub-set of the whole of government screening and approvals process. Hence, broader screening undertaken by host governments, for example for immigration purposes, is outside the ambit of this paper.

## **Consultants contracted to prepare this paper**

KPMG in Suva, Fiji Islands was contracted to prepare the paper. Ms Lisa Apted led the project and was assisted by Mr. Bruce Sutton. Both are Partners with KPMG.

Ms Apted presented draft findings for discussion at 2003 HIPAM held in Tokyo Japan in September 2003. This paper was subsequently redrafted to reinforce and present a more comprehensive analysis of findings than those presented at the meeting.

## **The methodology used**

### **Forum Island Countries covered**

Eight Forum Island Countries (“FICs”) were included for investigation for this paper, either via an in-country review or a desktop review. The FICs selected for in-country reviews were the Republic of the Fiji Islands (due to the location of the consultant) and the Kingdom of Tonga. The Cook Islands, Kiribati, Papua New Guinea, Samoa, Tuvalu and Vanuatu were selected as desktop review countries.

With the exception of Papua New Guinea, all selected FICs responded to the questionnaire (see Appendix B) and made themselves available for telephone or personal interviews as applicable. A list of the questionnaire respondents and/or interviewees that participated in the study is shown in Appendix C.

All the interviews and desktop reviews were conducted between August and September 2003.

### **Sources of information used**

The methodology was designed to capture data on foreign investment screening and approvals, focusing primarily on the IPA engaged in the process itself. In addition, consideration was given to foreign investors perspectives of the process in relation to their investment and location decisions.

In order to collate relevant information, the following sources were used:

- The Internet. Whilst investors may have heard about investment opportunities in FICs, through either personal experience or first hand accounts from friends and colleagues, their own, initial research usually begins with the Internet. This is particularly so where the investor is located remotely from the intended investment destination.
- Data available from other sources, including the Forum Secretariat.

- Responses to the questionnaires distributed to all participating country IPAs for collation of information.
- Meetings and/or discussions with representatives of the IPAs to clarify information provided in the questionnaire and to discuss aspects of their responses.

## 2 Benefiting from foreign investment

### The benefits of foreign investment

There is general agreement about the positive impacts of FDI on the welfare and development of host country economies.<sup>2</sup> The benefits include, among others:

- FDI inflows tend to raise domestic fixed capital formation in the developing countries. It provides a means of overcoming low rates of domestic savings to finance capital formation. It also tends to be a more resilient and stable source of external finance than portfolio investment and borrowed funds. According to the World Bank's World Development Indicators, which offer data for FDI and gross capital formation in over 130 developing countries, the average share of FDI in total fixed investment over the last decade has been around 15 per cent.
- Multinational corporations tend to pay higher wages than domestic enterprises and can offer valuable training opportunities to workers.
- FDI promotes technology spillovers as multinational corporations incorporate new technologies and practices in their investments located in host economies. As new technologies are generally developed and adapted by firms in industrial countries, FDI may be the most efficient way for developing economies to gain access to them. In addition, this knowledge may become more widely available in the country over time, as employees with experience in the techniques used in foreign companies switch to other firms
- Export-oriented FDI can play an important role in the process of export-led development in host country countries. Multinational enterprises have marketing channels in place and have experience and expertise in product development and international marketing.

---

<sup>2</sup> A wider discussion of the benefits of FDI is set out in Organisation for Economic Cooperation and Development (OECD), *Foreign Direct Investment for Development: Maximising Benefits, Minimising Costs*, 2002, <http://www.oecd.org/dataoecd/47/51/1959815.pdf>

- FDI can increase competition in the host-country industry, and hence force local firms to become more productive by adopting more efficient methods or by investing in human and/or physical capital.

## **The importance of policy and administrative practices**

Policies and administrative practices, which includes investor entry screening and approvals processes, can be decisive factors in influencing FDI flows. According to the United Nations Conference on Trade and Development:

*“To attract FDI and benefit from it, governments take a range of measures. One of the first things governments wishing to attract FDI can do (and should do) is to establish an enabling policy framework for FDI. Of course, they need to recognize that the FDI policy framework is but one of the factors that attract FDI inflows. It is a necessary but not a sufficient condition to influence locational decision. Business facilitation measures – the efficiency and efficacy of the administrative system that impinges on the entry and operations of TNCs (trans national corporations), as well as investment promotion (including incentives available to foreign investors) – can also influence FDI inflows.”<sup>3</sup>*

FDI friendly policies promote economic growth by providing a predictable environment in which to investment in productive business activities. The pattern of recent FDI flows also supports the conclusion that facilitative policies serve to attract more and better foreign investments.

Recognising this, countries, developed and developing, have increasingly moved towards introducing more open and “market-friendly” policies and associated legislation, regulations and administrative practices. These include, among others: sound macroeconomic management, reducing restrictions on admission and establishment, promoting competition, building human capital, supporting linkages between foreign and domestic enterprises, and promoting FDI etc.<sup>4</sup>

---

<sup>3</sup> United Nations Conference on Trade and Development (UNCTAD), *World Investment Report 1999, Foreign Direct Investment and the Challenge of Development*, 1999.

<sup>4</sup> These policy developments are discussed in United Nations Conference on Trade and Development (UNCTAD), *World Investment Report 2003, FDI Policies for Development: National and International Perspectives*, 2003.

## The potential impacts of investment entry screening and approvals

Investment entry screening and approvals can negatively influence the cost-efficiency of a host country FIC as an investment location. They increase the transaction costs of investment and operations significantly, thereby discouraging foreign (and domestic) investors.<sup>5</sup> This is especially the case for investors that may not be politically connected, operate under strict internal corporate guidelines, do not have local partners, or simply have limited financial resources to hire legal and economic advisors. The use of screening and approvals procedures can also provide an opening for bribery and other corrupt activity.

An indication of the impacts on investors and the subsequent implications for host economies by screening and approvals is provided in Table 1.

**Table 1: Illustrative transaction costs for investment entry with screening and approvals requirements<sup>6</sup>**

Transaction	Enterprise exposure	Effects on
<ul style="list-style-type: none"> <li>• Registration</li> <li>• Licensing</li> <li>• Property rights</li> <li>• Rules</li> <li>• Clarity</li> <li>• Predictability</li> <li>• Enforcement</li> <li>• Conflict resolution</li> </ul>	<ul style="list-style-type: none"> <li>• Monetary costs to firm</li> <li>• Time costs (including compliance and delays)</li> <li>• Facilitation costs</li> <li>• Expert evaluations of rules and their functioning</li> <li>• Number of rules and formalities</li> </ul>	<ul style="list-style-type: none"> <li>• Rate of new business entry</li> <li>• Distribution of firms by size, age, activity</li> <li>• Size of shadow economy</li> <li>• Rate of domestic investment</li> <li>• FDI inflows, quantity and quality</li> <li>• Investment in R&amp;D</li> </ul>

<sup>5</sup> Joong-Wan Cho, *Foreign Direct Investment: Determinants, Trends in Flows and Promotional Policies*, in United Nations, Economic and Social Commission for Asia and the Pacific, *Investment Promotion and Enterprise Development Bulletin for Asia and the Pacific*, No. 1, 2003

<sup>6</sup> United Nations Conference on Trade and Development (UNCTAD), *World Investment Report 2003, FDI Policies for Development: National and International Perspectives*, 2003.

## Good practice policies, legislation and administrative practises

Good practice foreign investment policies, legislation and associated administrative practises have certain common characteristics. They are:

- transparent:
  - publicly documented, so that any investor can readily ascertain the policies and the procedures to follow in order to invest
  - non-discretionary, so that decisions are taken on objective criteria
  - consistently applied, so that there is no uncertainty in the outcome from following them
  - complete, so that potential investors know the full situation and there will be no surprises for them
  - simply stated, so that they can be easily understood by everyone
  - unambiguous, so that the meaning is indisputable
- fast – the process does not adversely impact on the timing of private sector investment decisions
- efficient – the compliance costs to investors and administrative costs to government are minimised.

The 1999 HIPAM agreed that, until their domestic private sectors gained experience, there was a need to implement *simple, transparent and publicly available investor screening mechanisms*, through agencies such as IPAs. The next chapter consider whether this objective has been implemented and considers the consequences if it has not.

### 3 Investment entry screening practices

#### The use of investor entry screening

Generally, FICs retain investment entry screening and approvals processes. This is supported by information on the eight FIC IPAs included for investigation for this paper.

As summarised in Table 2, seven of the eight FIC IPAs used foreign investor entry screening – the Samoa Ministry of Commerce, Industry and Labor being the exception. In addition, from the discussions with the individual IPAs, it appeared common for other government departments in each of the FICs to also screen or request the IPA to provide feedback on screening conducted.

**Table 2: FIC IPA’s use of foreign investor entry screening**

IPAs included for investigation	Foreign investor entry screening used?	
	Yes	No
Cook Islands Development Investment Board	✓	
Fiji Trade and Investment Bureau	✓ <sup>7</sup>	
Kiribati Secretariat, Foreign Investment Commission	✓	
Papua New Guinea Investment Promotion Agency <sup>8</sup>	✓	
Samoa Ministry of Commerce, Industry and Labor (see additional information presented in Box 1)		✓
Tonga Ministry of Labour, Commerce, Industries – Industries Division	✓	
Tuvalu Trade and Investment Agency	✓	
Vanuatu Investment Promotion Authority	✓	

<sup>7</sup> This legislation has been superseded with legislative amendments moving Fiji to registration of a foreign investment, rather than screening.

<sup>8</sup> Papua New Guinea’s Investment Promotion Agency did not respond to the survey. Therefore, the assessment is based on information obtained from the Investment Promotion Agency’s web site.

## **Box 1: The Samoa Ministry of Commerce, Industry and Labor approach**

The 2001/02 National Investment Policy Statement provides the backdrop for investment into Samoa. In it, the Government has indicated that the private sector should assume the leading role in development a competitive national economy.

The recent review of the investment policies in Samoa is aimed at providing a more transparent and enabling environment for investment into the country. The Government has indicated that it is fully committed to these policies and continues to review them in order to further enhance the investment environment for the private sector.

The relevant legislation governing the registration process is the Foreign Investment Act that was enacted in June 2000. The Department of Trade, Commerce and Industry (DTCI) administers this legislation. The current procedure in Samoa requires an investor to first “*obtain a Foreign Investment Certificate from the DTCI*”. This process is one of registration rather than screening and approval. “*A Certificate can be uplifted after two working days of receipt of registration form.*” Other licences and registrations take place once a Certificate is obtained. Additional information is included in the website [www.tradeinvestsamoa.ws](http://www.tradeinvestsamoa.ws).

It is noted that the issue of a Certificate is made against a set of criteria that is publicly available and transparent to determine if a proposed investment activity falls within a reserved activity or is able to meet the criteria for restricted activities.

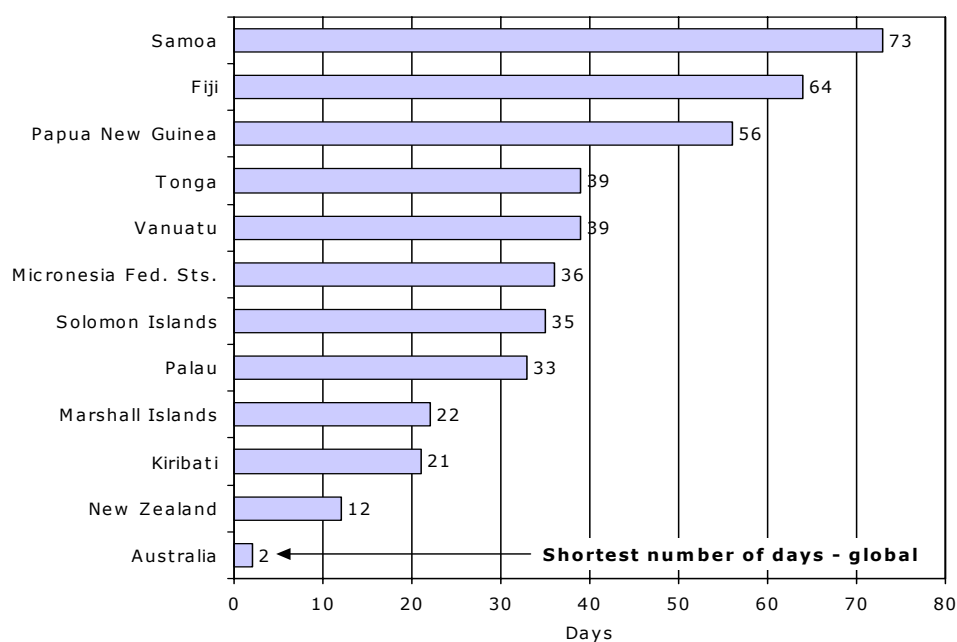
The use of reserved or restricted activity lists does not interfere with the transparency and objectivity of the registration process. Discretion is eliminated by the use of readily available lists against which to compare the proposed investment.

Assessment of the practice of screening and approvals by these FIC IPAs suggests they are, are complex, lengthy and costly.

An example of the time delays associated with approvals processes in the Pacific is shown in Figure 1. These data shows the number of days it takes an investor to obtain all the necessary approvals, permits and licences to start business operations in each FIC. While these include non-IPA investment entry screening and approvals, the findings provide an indication of the lengthiness of approvals processes businesses have to in the Pacific, in relation to best practice.

A more specific illustration of the delays comes from a review of the investment approval process in Fiji. This review also considered investor entry screening and approvals by the Fiji Trade and Investment Bureau. In summary, the report concluded:

**Figure 1: Elapsed time to start a business in the Pacific<sup>9</sup>**



*“On average, a new investor’s application currently takes between eight to eleven weeks to be processed when the project does not require specific licenses (i.e. project requires approvals only from the following authorities: Fiji Islands Trade and Investment Bureau, Immigration Department and Companies Office). In addition to the above, specific licenses/approvals (e.g. land leases, mineral exploration licenses etc) can take between four weeks and eleven months to be approved. This means that on average a total of between eight weeks and a year pass between lodgement of the initial application by the investor and obtaining the necessary approval to commence business. From an investment promotion perspective this time is too long and unacceptable.”<sup>10</sup>*

## **The basis for investment entry screening**

In the Pacific region, most FICs claim to have taken steps to create a more enabling and investor friendly FDI policy framework. Each of the responding countries’ IPA representatives explained in detail that their governments generally welcomed foreign investment.

<sup>9</sup> World Bank, Monitoring, Analysis and Policy Unit, Private Sector Vice Presidency, *Doing Business in 2005: Removing Obstacles to Growth*, June 2004. Note that not all of the FICs are covered by this assessment.

<sup>10</sup> KPMG, *Review of the Investment Approval Process*, a report for the Ministry of Commerce, Business Development and Investment, January 23, 2003.

However, despite such claims, many elements of the necessary supporting investor friendly investment legislation and regulations are absent.<sup>11</sup> In many instances, the legislation or mandate is not transparent (see Table 3). This presents a difficulty for the FIC IPAs, since their role, typically set out in relevant (foreign) investment legislation or delegated authority, under existing investment policy, is open to interpretation.

**Table 3: FIC IPA’s basis for foreign investor entry screening**

IPAs included for investigation	Basis for investor entry screening
Cook Islands Development Investment Board	The Cook Islands’ Development Investment Regulations 1996 clearly outlines information to be provided with an application for registration of a foreign enterprise. This includes: financial forecast information, Interpol/FBI criminal checks, bank references, due diligence information on shareholders, directors and certain employees. In this case, screening is within the powers of the IPA.
Fiji Trade and Investment Bureau	Under the Foreign Investment Act, 1999, screening was not within the mandate of the FTIB. It had arisen out of an extended scope approach to foreign investment application processing. The screening role had also come about because of requests from other government agencies and general public pressure to screen foreign investors to avoid any negative experiences with foreign investors – fraud and investment failures. This legislation has been superseded. The new foreign investment legislation moves Fiji to registration of a foreign investment by the Fiji Trade and Investment Bureau, rather than screening and approvals (see Box 2).
Kiribati Secretariat, Foreign Investment Commission	The Kiribati Foreign Investment Act of 1985 empowers the Foreign Investment Commission to <i>appraise</i> all applications that fall within the ambit of the Act. This is open to discretion in interpretation since the Act is not transparent e.g. the term <i>appraise</i> is not clearly or simply defined nor are there objective criteria against which appraisals are to be undertaken.
Tonga Ministry of Labour, Commerce, Industries – Industries Division	The Standing Advisory Committee, established under the Industrial Development Incentives Act 1978, has responsibility for screening all applications for Development Licences and to making recommendations for the approval of the Minister for Commerce, Labour and Industries. Under the Act, investors are required to provide information, including police reports, bank statements, business plan(s) and character references for screening and assessment purposes. These criteria are not transparent.

<sup>11</sup> This point is argued in Asian Development Bank (ADB), *Swimming Against the Tide: An Assessment of the Private Sector in the Pacific*, Pacific Studies Series, 2004.

<b>IPAs included for investigation</b>	<b>Basis for investor entry screening</b>
Tuvalu Trade and Investment Agency	Although screening is conducted, it is unclear whether it is mandated or not. Tuvalu’s foreign investment publications indicate that foreign investment proposals are dealt with on a case-by-case basis. There is also the potential for the whole of Government to become involved in the decision process.
Vanuatu Investment Promotion Authority	Foreign Investment Act No. 15 of 1998 governs foreign investment into Vanuatu. The Authority’s Secretariat must assess applications against the criteria of the Authority’s Board. These criteria include assessments covering police clearances, bank references and statutory declarations, which an investor is required to submit. These criteria are not transparent.

## **Box 2 Fiji amendments to the Foreign Investment Act<sup>12</sup>**

### **Foreign Investment Regulations to ensure efficiency**

Foreign investors can expect to have their responses to investment applications here, speeded up, following Cabinet’s approval to changes in the Foreign Investment Regulations of 1999.

This decision was based on a submission by the Minister for Commerce, Business Development and Investment, Tomasi Vuetilovoni.

Cabinet was informed that the proposed Foreign Investment Regulations 2004 involve procedural changes to the 1999 Regulations.

“The first phase redesign of the Regulations enables the FTIB to operate the simple, transparent and non-discretionary registration process provided by the Foreign Investment Act 1999,” the Minister stated.

The new Regulations, he added, should complement the Foreign Investment (Amendment) Act 2004 which will come into force on 26th July this year.

“It should include an amended application form for foreign investors and is tailored to fit the requirements of the legislation.”

“The existing application form, often requires unnecessary, burdensome and even impracticable information which often impose unnecessary costs and has been an unfortunate deterrent to foreign investors,” the Minister added.

The proposed application form will also help the FTIB move towards the automation of application processing. The Regulations also include an amended certificate for issue to foreign investors registered by the FTIB.

Minor corrections have also been proposed for the existing reserved and restricted lists which have been the cause of complicated application processing.

It was noted that as soon as changes of a procedural nature are made to the

<sup>12</sup> Fiji Government website [http://www.fiji.gov.fj/publish/page\\_2737.shtml](http://www.fiji.gov.fj/publish/page_2737.shtml), 29 June 2004.

Regulations, substantive review of the reserved and restricted lists will begin.

“A final minor change in the proposed Foreign Investment Regulations 2004 is the need for foreign investors to use the Fiji Standards Industrial Classification (FSIC) which will assist in their completing application forms correctly and can be accessed electronically,” Mr Vuetilovoni added.

The proposed new Regulations will be brought into force on 26th July this year, in line with the progress of extensive reforms within the FTIB and with private sector expectations.

Many FICs are suspicious of foreign investment. Consequently, the IPAs have come to interpret their role, in part, as acting as the country’s guardian or *gatekeeper*. This reflects their position as the main point of enquiry for foreigner investors and their desire to avoid any negative impacts associated with foreign investment. Most notably for the IPAs in the Pacific, the negative impacts associated with foreign investment are considered to arise from potential fraud or the potential commercial failure of the proposed investment. Therefore, FIC IPAs’ screening practices typically include one or more of the following activities:

- **A check to ensure that the proposed project is not outside relevant legislation and implementing regulations.** This is typically a check against reserved or restricted activities rather than screening for approvals purposes.
- **Due diligence checks to verify an investor’s commercial standing (bona fides).** The checks comprise assessment of credit histories, personal, professional and business references, which sometimes extending to personal reference checks on investors, directors and employees. The intention underlying these types of checks is to identify previous instances of fraud. They are also used as the basis of assessing the potential *suitability* of the investor, which are made against criteria that are not transparent – the usual exception being rejection of a foreign investment project on the basis that one or more involved have previously been bankrupt.
- **Evaluations of the proposed investments’ technical, market or commercial viability.** This is based on a review of the feasibility study or business plan for the proposed investment. A judgement is then made on the proposed investment’s likelihood of success or failure, although the criteria on which the judgement is based not transparent.

The assumptions underlying the FIC IPAs role and their associated screening practices are, however, flawed in two important respects:

- There is little evidence to support the contention that fraud by foreign investors is a substantive issue in the Pacific. The nature and extent of fraud has not been objectively and thoroughly assessed. As such, there is little known substantive evidence available to support the argument that FICs are at risk from fraudulent foreign investors or that foreign investors are any more likely to engage in fraudulent activity than domestic investors.<sup>13</sup>
- In practice, FIC governments need to appreciate that making a business investment is inherently risky. As such, it is inevitable that some investment ventures, both foreign and domestic, will fail. Moreover, business failure can occur for many different reasons – market changes, poor cash flow control or simply poor management. None of these are necessarily to do with fraudulent behaviour.

The lack of transparency in relevant (foreign) investment legislation or delegated authority, also allows the FIC IPAs to move beyond the scope of their legal power or authority. In particular, it permits the IPAs to go beyond checking that the proposed investment is not a restricted or reserved activity or screening for potential fraud or potential commercial failure. Based on the discussions with the FIC IPAs, it allows IPAs to:

- Undertake more complex cost-benefit evaluations. These are designed to assess the net impact of the proposed investment on the country may include an evaluation of technical, economic, social and environmental impacts. The criteria used for assessment purposes are not transparent.
- Administer other investment approval, permit and licence procedures. Often these are more properly the responsibility of other government departments or agencies (some examples are set out in Table 4). This is an attempt to operate as a *one-stop-shop* for some or all of the required investment approvals, to the supposed benefit of foreign investors.<sup>14</sup>

---

<sup>13</sup> The issue is addressed by Anthony Hughes, *Detecting and Combating the Activities of "Get-Rich-Quick" Operators in the Pacific Region*, a background paper for the Forum Economic Ministers' Meeting, Nadi, Fiji, 8 July 1993. The point is also argued in Asian Development Bank (ADB), *Swimming Against the Tide: An Assessment of the Private Sector in the Pacific*, Pacific Studies Series, 2004.

<sup>14</sup> The concept of a one-stop-shop is appealing. The premise is that an investor would only need to contact one single entity to obtain all the necessary approvals in one streamlined and coordinated process, rather than having to go through different government bodies. In

The issue here is that these supplementary activities divert FIC IPAs from what should be the core activity of investment promotion and investment facilitation.

**Table 4: Examples of approvals that FIC IPAs assume responsibility for from other department or agencies**

Typical approvals responsibility assumed	Responsible government departments or agencies
<ul style="list-style-type: none"> <li>• Criminal record checks</li> <li>• Immigration and work permits</li> </ul>	Immigration
<ul style="list-style-type: none"> <li>• Criminal record checks</li> </ul>	Police
<ul style="list-style-type: none"> <li>• Exchange control</li> <li>• Money laundering checks</li> </ul>	Reserve or Central Bank
<ul style="list-style-type: none"> <li>• Company name registration</li> <li>• Company registration</li> </ul>	Company Registrar
<ul style="list-style-type: none"> <li>• Environmental impact statements</li> </ul>	Environment

## The effectiveness of investor entry screening

The lack of transparency in the legislation or mandate also presents problems for the FIC IPAs in considering whether the screening practices they use are effective and achieve their intended objective. This reflects the lack of clear, objective and non-discretionary criteria, against which proposed investments are screened.

The consequence is that IPAs are required to make value judgements on proposed investments that could result in fraud or commercial failure. In turn this raises three issues for IPAs:

- Are there the necessary capacity and skills to allow sufficiently robust conclusions to be made?
- Do the screening practices used allow potential fraud or potential commercial failure of proposed foreign investments to be identified?
- Do the screening practices have unintended, and perhaps unacknowledged, consequences in terms of foregone investment?

---

practice, however, such a mechanism barely works in any country. For more detail, see Foreign Investment Advisory Service (FIAS), *Do one stop shops work?*, December 2002.

These three issues are addressed in turn in the remainder of this section.

## **The capacity and skills for investor entry screening**

An earlier FIAS review of investment screening highlighted the resource requirements for IPAs in undertaking screening activities. Specifically, this comprises the direct time and resource costs and the opportunity costs of IPA staff engaged in screening, as opposed to facilitating the entry of foreign investment into the country.<sup>15</sup> In many cases, the capacity constraints under which FIC IPAs operate means the time allocated to completing this part of the assessment is, in most instances, minimal. In addition, there will be uncertainty over the consistency and comparative depth of any screening that is undertaken between investment proposals over time.

In addition to the resource implications, the earlier FIAS review questioned whether IPAs have the necessary skills and experience to conduct the screening activities they undertake, whatever their purpose. From discussions with FIC IPAs for this paper, it was clear that was a general deficiency of the skills and experience needed.

These skills and experience deficiencies of FIC IPAs become increasingly acute where they become involved in more complex screening activity, beyond that for the identification of fraud or potential failure (i.e. cost-benefit evaluations or screening activities or where they assume the responsibility for the approval activities for other government departments or agencies).

## **Identification of potential fraud or potential commercial failure through investor entry screening**

Typically, FIC IPAs' screening practices, to identify from potential fraud or the potential commercial failure of a proposed investment, focus on:

- due diligence checks to verify an investor's commercial standing (bona fides)
- evaluations of the proposed investments' technical, market or commercial viability.

---

<sup>15</sup> Foreign Investment Advisory Service (FIAS), *Foreign investor screening: A review*, July 2000, a paper for the 2000 HIPAM.

The issue here is that experience suggests that these types of screening mechanisms are unlikely to be effective meeting the stated objectives. The information from the IFC IPAs produced little evidence of success in identifying investments either as being cases of potential fraud or as being potential failures.

Based on responses, only five percent of investment entry applications are rejected. Interestingly, applications tend not to be rejected (i.e. not given approval) as an outcome of the screening process. Rather, for the most part, they are rejected following an initial check against the list of reserved or restricted activities. At this stage, the IPAs suggested that less than five percent of all investment applications are rejected.

The genuineness or otherwise of an investor or proposed investment cannot be assured through either of the mechanisms listed in the bullet points above. Neither are these checks a particularly good indicator of what will happen in the future.<sup>16</sup>

For many foreign investors proposing small investments, the information necessary to make assessments (for instance, company accounts and business histories) is often not available. This occurs for a number of reasons, none of which are evidence of potentially fraudulent activity, a lack of capability on behalf of the investor or positive potential for the proposed investment. It may occur for commercial confidentiality reasons or simply because a new investor has no corporate history.

Even when detailed information about the investor is available, interpretation of information can prove difficult. Such analysis and interpretation requires specialist skills which are often unavailable in the IPA.

Additionally, the determination of technical, market or commercial viability for a proposed investment is not and should not be the responsibility of the IPA. This is so for a number of reasons:

- The decision on what to invest in and the level of return expected from the venture is an investor issue. It is not for the IPA to decide whether an investment should be made or not – it is the investor’s capital that is at risk. More importantly, the investor (and associated financiers) will certainly be in a better position to determine whether it is likely to be successful or not.

---

<sup>16</sup> A qualification on the prospectuses for virtually all commercial investments normally states that: *Past performance is not a guide to future performance – investments can go down as well as up.*

- By making an assessment of the investment project's viability, the IPA may be seen as endorsing the project to local businesses and so providing a disincentive for local businesses to perform their own due diligence checks to protect their own commercial interests. Any assessment or evaluation of the viability of a proposed venture should be left to the equity participants. Likewise any decision to have business dealings with a project should be left to the parties concerned.

## **Unintended and unacknowledged consequences of investment entry screening**

The consequences for a host economy of investor entry screening can be substantive and negatively influence the cost-efficiency of a location in terms of both money and time. The result can be investment forgone and a loss of potential development and growth.

Foregone investment primarily arises for one of the following reasons:

- an investor proceeds with an application, which is approved by an IPA, as an outcome of the investor entry screening, but the investment does not subsequently occur for other reasons, which could include the overall burden of other investment approvals
- an investor proceeds with an application, which is rejected by an IPA as an outcome of the investment entry screening process
- the negative impact of the screening process on an investor's location decision, prior to any application to an IPA – so called *runaway* investors.

As part of the survey and subsequent discussions, the FIC IPAs were asked whether they monitored investment applications and subsequent investment approvals and implementation. The IPAs recognise that the information gathered may be useful for planning purposes. However, while some do monitor applications and implementation, they do not do it well or comprehensively. IPAs are supposed to undertake these activities but, in reality, did very little of this work.

By contrast, none of the IPAs attempt to capture information on *runaway* investors. In part, this reflects the inherent difficulties and resource implications in capturing this information.

Follow up questions were asked to determine if IPAs were able to quantify foregone investment. The IPAs were generally unable to do so. However, as a guess-timate, their responses indicated that 10 percent would be about the level that investment was foregone. There is, however, no substantive evidence provided to either prove or disprove this contention.

More recent work in the area of foreign investment approvals and subsequent inflows in Fiji, undertaken separately from this study by KPMG, revealed that, between the years 2000 and 2003, less than 50 percent of the dollar value of FTIB registered investment proposals were implemented.<sup>17</sup>

Assuming Fiji is representative of FICs in general, these findings suggest that the foregone investment is likely to be excess of the 10 percent estimate made by the IPAs canvassed for this paper. When declined investment applications or runaway investors are included, even a 50 percent appears to underestimate the true picture. If these estimates of foregone investment are applied to actual FDI inflows data, then the implications for FICs are significant, as suggested in Table 5.

**Table 5: Estimated foregone investment flows (US\$ million)<sup>18</sup>**

FIC	Actual FDI inflow in 2002	Estimated FDI inflow foregone	
		assuming 10% rate	assuming 50% rate
Fiji	77	7.7	38.5
Kiribati	1	0.1	0.5
Papua New Guinea	50	5.0	25.0
Samoa	1	0.1	0.5
Solomon Islands	-7	0.7	3.5
Tonga	2	0.2	1.0
Vanuatu	15	1.5	7.5
Pacific	140	14.0	70.0

<sup>17</sup> Commissioned by FIAS as input to the development of FTIB's investment promotion strategy. This study was based on the total investments for the period, from which a sample of more than 50 percent of the investor population was selected. The survey did not include declined investment applications or runaway investors.

<sup>18</sup> Actual FDI inflow data was sourced from United Nations Conference on Trade and Development (UNCTAD), *World Investment Report 2003, FDI Policies for Development: National and International Perspectives*, 2003

## **The potential role of a regional organisation in investment entry screening**

The Forum Secretariat has clearly expressed their view that their role does not include screening of potential investors. The Forum Secretariat is geared more towards policy and trade promotion facilitation and acts on behalf of all member countries. The organisation has a wealth of knowledge in these areas as well as an in-depth appreciation of the issues facing FICs and would be best placed to be a resource centre for these matters. In consideration of a role that it might play in screening, it would be more reasonable to view the Forum Secretariat as a sounding board and facilitator for regional development for policies relating to investment and trade promotion.

The suggestion that another regional agency (apart from the Forum Secretariat) should be responsible for investment entry screening is not considered effective. Each FIC has its own legislation, regulation and investment policy. Whilst these are, in some ways, similar, the differing FIC investment approvals processes and country specific investment criteria would make a regional screening process impractical. Furthermore, a regional body would also expose itself to possible liability if responsible for screening FDI on behalf of FICs.

## **4 Conclusions and implications for IPAs**

FIC participants at successive HIPAMs have clearly been grappling with the notion of investment entry screening. The urge, and in some cases the pressure, to screen is great. The problem is that the arguments in support of screening are weak. There is clearly a genuine concern for the potential negative impacts from foreign investment in the Pacific. However, there is little, if any, substantive evidence of negative impacts arising from fraud and governments need to appreciate that it is inevitable that some investments will fail.

Screening for fraud has also not been proven justified or successful. Coupled with this, the costs associated with screening – and in particular the opportunity cost of undertaking screening in terms of foregone investment – are high.

Commercial business decisions should be left to those who are prepared to risk capital in ventures they believe will be successful. It is not the place of IPAs (or host governments) to evaluate whether a return of any specific level of return on invested capital is adequate for a particular private investment.

The findings of this paper suggest that screening for fraudulent behaviour or potential investment failure is not and should not be the responsibility of IPAs. For all the screening that has been done by IPAs to date, very little actual evidence of detection of these problems could be produced. This suggests that resources utilised in this area would be better utilised in investment promotion and monitoring of investments after their approval and then in their implementation and operation. The IPA representatives identified their lack of skills to deal with screening and this, in itself, is of sufficient commercial concern to warrant the cessation of screening.

While FICs try to encourage investment, the screening process with its many failures and inherent shortcomings acts as a deterrent to foreign investment.

The adoption by a few of the FICs of a registration process is a clear and positive move for the Pacific, it and should be encouraged in other FICs. This is a potential role for the Forum Secretariat. The rewards from this move will be achieved in the short term, particularly through allowing IPAs to concentrate resources on their core functions of investment promotion. A revisit to the respective IPAs' strategic plans, where one exists, will show that this area of work, whilst being acknowledged as a primary role and goal of IPAs, has, in essence, taken a back seat as a result of resources being disproportionately and incorrectly focussed on investor screening.

Additionally, better data collection and analyses will allow IPAs to obtain a more in depth understanding of their source investment countries, their own country's attractive/viable industries and their understanding of investor needs and expectations. Improvements to investor monitoring procedures and other investment facilitation and related work will also value add to the scope of services to be provided by IPAs. Improvements in all of these activities will produce better returns per dollar spent by the IPA than existing screening processes currently do.

Some FICs, including the Marshall Islands and Samoa, have already adopted these principles and have implemented registration, rather than screening and approvals, for foreign investment entry at the IPA level.

More recently, Fiji, subsequent to the 2003 HIPAM meeting in Tokyo, has amended its Foreign Investment Act, 1999, with the basis of the amendment a move to registration of a foreign investment by the Fiji Trade and Investment Bureau, rather than screening and approvals (see Box 3).

The Government of the Solomon Islands is also undertaking work to introduce new legislation that incorporates the move towards a registration regime. New legislation is to be put before Parliament at the end of 2004.<sup>19</sup>

---

<sup>19</sup> FIAS has been working with the Minister of Commerce, Industries and Employment and the Minister of Finance to review the current Investment Act 1990. The objective is to prepare a new Foreign Investment Act based on 'good practice' legislation and regulations, in regard to reducing red tape, reducing administrative discretion and increasing transparency.

### **Box 3 Fiji Government release on amendments to the Foreign Investment Act<sup>20</sup>**

#### **Foreign Investment Regulations to ensure efficiency**

Foreign investors can expect to have their responses to investment applications here, speeded up, following Cabinet's approval to changes in the Foreign Investment Regulations of 1999.

This decision was based on a submission by the Minister for Commerce, Business Development and Investment, Tomasi Vuetilovoni.

Cabinet was informed that the proposed Foreign Investment Regulations 2004 involve procedural changes to the 1999 Regulations.

"The first phase redesign of the Regulations enables the FTIB to operate the simple, transparent and non-discretionary registration process provided by the Foreign Investment Act 1999," the Minister stated.

The new Regulations, he added, should complement the Foreign Investment (Amendment) Act 2004 which will come into force on 26th July this year.

"It should include an amended application form for foreign investors and is tailored to fit the requirements of the legislation."

"The existing application form, often requires unnecessary, burdensome and even impracticable information which often impose unnecessary costs and has been an unfortunate deterrent to foreign investors," the Minister added.

The proposed application form will also help the FTIB move towards the automation of application processing. The Regulations also include an amended certificate for issue to foreign investors registered by the FTIB.

Minor corrections have also been proposed for the existing reserved and restricted lists which have been the cause of complicated application processing.

It was noted that as soon as changes of a procedural nature are made to the Regulations, substantive review of the reserved and restricted lists will begin.

"A final minor change in the proposed Foreign Investment Regulations 2004 is the need for foreign investors to use the Fiji Standards Industrial Classification (FSIC) which will assist in their completing application forms correctly and can be accessed electronically," Mr Vuetilovoni added.

The proposed new Regulations will be brought into force on 26th July this year, in line with the progress of extensive reforms within the FTIB and with private sector expectations.

---

<sup>20</sup> Posted on the Fiji Government website [http://www.fiji.gov.fj/publish/page\\_2737.shtml](http://www.fiji.gov.fj/publish/page_2737.shtml), 29 June, 2004.

## A Terms of reference

In examining the impact of screening and mechanisms FICs, the consultant will:

- Review and summarise relevant, available literature examining the impact of screening and approval mechanisms on foreign investment. This will include obtaining quantitative information from other countries indicating the impact of screening and approvals processes in foreign investors and investment flows.
- Gather and examine information on the screening and approval practices of host country agencies for foreign investment. This will be from both the perspective of the host country agency (i.e. its objectives, procedures, activities etc.) and of the foreign investor (i.e. that nature and extent of any impacts on investment).
- As far as is practical and based on the information gathered:
  - summarise the screening and approval process for foreign investors and/or investment projects – this will include instances of direct investment and joint ventures with citizen investors
  - identify the nature and extent of the relationship between investment applications and approvals to determine the opportunity cost of non-approved investment
  - consider that impact of screening and approvals processes on foreign investors and their investments
  - explore ways in which the screening and approvals process could be changed to encourage investment by foreign investors.
- Suggest any possible role in screening that a regional organisation, such as the Forum Secretariat, might play.

The consultant will be required to present the main findings, conclusions and recommendations of the paper at the 2003 HIPAM.

## **B IPA questionnaire**

Set out below is an extract of the questionnaire that was sent to participants. The cover page was used for identification purposes, whilst sections A to D required two answers – “yes or no” and comments or details as necessary.

**KPMG**

### **CONSULTANCY – STUDY OF THE IMPACT OF INVESTMENT SCREENING & APPROVALS**

#### **QUESTIONNAIRE – COVER PAGE**

[COUNTRY: \_\_\_\_\_ ]

Department or agency

Interviewee

Title/position/responsibilities

Date of interview

Time of interview

#### **Section A – Your Department’s role and function**

1. Does your Department receive (investment) applications?
2. What approval(s) is granted by your Department?  
What legislation (Act, regulations or otherwise) governs applications processed and approved by your Department?
3. What is/are the source(s) of the investment applications (other Government departments or directly from investors or their representatives)?
4. Describe the role your Department plays in the overall investment approval?

5. Does your Department process different types of investment applications? If so, what types?
6. Who has the authority to grant an approval?  
Can this authority be delegated?  
If so,
  - is it currently delegated?
  - to whom?
7. Is there a formal application process?  
Please describe in detail, including details of what information, if any, is required to be submitted with an application.  
*[If not available on the internet (www site) please provide copy of application form and guidelines as applicable.]*
8. What criteria does your Department use to assess investment applications? Is there set criteria (e.g. checklist) or is the criteria determined on a case-by-case basis?  
*[Please provide copy of criteria or checklist as applicable.]*
9. What is the final output from your Department?  
Do you provide a report/approval to another department/agency or do you provide final approval for a proposal directly to the applicant/investor?
10. Are the reports/approvals provided by your Department final reports or are they issued “subject to” the fulfillment of certain conditions?
11. If approval [outlined in (10) above] **is currently issued** “subject to” conditions, what types of conditions are generally attached to the report/approval?  
Please explain why these conditions are imposed (e.g. required by legislation).  
Can these conditions be removed? If so, how?
12. If approval [outlined in (10) above] **is not currently issued** “subject to” conditions, can the approval be made “subject to” certain conditions (to be fulfilled within a specified timeframe)?  
If so, would this improve the processing time?  
If not, please explain why (e.g. legislation limitations).
13. With reference to question 10, do you have any suggestions on how the approvals process and, consequently, processing time **managed by your Department** could be significantly improved?

## **Section B – Your Department’s interaction with other departments and agencies**

14. What other government departments/organisations or agencies does your Department interact with **before finalising your response** to applications?
15. What is the **average time** for a response to an investment application by other government departments/organisations or agencies?
16. Do you think that the response time [outlined in (15) above] can be improved?  
If so, how?  
How can the *source of the application* (refer question (3) above) assist to improve the response time?
17. Do you think that it is necessary to liaise with or seek approval from the other government departments/organisations or agencies, in respect of applications lodged with your Department?  
If so, why?  
Do you have any suggestions on how to get a faster response from the appropriate department/organisation? (*Hint: would “subject to” approvals be appropriate – refer question (12) above*)  
If no, why not and what alternatives do you suggest?

## **Section C – Screening of investment applications**

18. Does your Department or any other government department use “screening” as a means of assessing new investors?  
If so, please describe the process and provide copies of any documentation used.  
What sources of information are used in the screening process?
19. What is the aim of the “screening” process?  
How would you describe the effect of the screening process used?  
Has it been successful? Give examples.
20. Is there scope for improvement in the screening process?  
If so, how can it be improved? Give examples.
21. In your opinion, can the screening process be eliminated?  
Why or why not?

## **Section D – General questions on the current investment approvals process**

22. Approximately how many investment applications does your Department receive in a month?  
What is the approximate value (in your currency) of these investment applications (per month)?
23. How many applications are processed to completion (approved or rejected) in that period (a month)?  
What is the approximate value (in your currency) of these investments?
24. Does your Department reject many investment applications (please provide approximate figures)?  
What is the approximate value (in your currency) of these rejected investments?  
*Provide answer as a percentage of total number of applications processed in a month.  
Please use statistical data, if available.*
25. What are the reasons for rejection of investment applications?  
*Please provide as much detail as possible and rank “reasons” from most common to least common.  
Use a separate sheet if necessary.*
26. Does your department (or any other government department) monitor approved investments for:
- implementation?
  - success of investment?
  - status of investment after say 3 years, 5 years?
27. If answer to 32 (above) is yes – please describe how the monitoring is performed.  
*Please provide copies of any documentation used in this process.*
28. Can the investor or any other government departments/organisations or agency assist in achieving a favorable outcome to an investment application?  
If so, how?  
If not, why?
29. Would your Department consider preparing a guide which outlines all the requirements of your Department including a full list of documents/information required to process an investment application?

30. Does your Department or any other department actively engage in “trade promotion”?

What would the approximate time and budget allocation between “trade promotion”, “investor screening” and “investment approvals” be?

## C Questionnaire respondents and interviewees

Contact	Organisation
Mrs. Lailun Khan and Mr. Tuikoro	Chief Executive and Manager Investment (respectively) Fiji Islands Trade and Investment Bureau, Fiji Islands
Ms. Vika Fusimalohi	Deputy Secretary for Industries Ministry of Labour, Commerce, Industries – Industries Division, Tonga
Mr. Mark Short	Chief Executive Cook Islands Development Investment Board, Cook Islands
Mr. Teuarai Ereata	Acting Foreign Investment Promotion Officer Secretariat, Foreign Investment Commission, Kiribati
Mr. Puga Taufilo	Trade Officer Tuvalu Trade and Investment Agency, Ministry of Finance, Economic Planning & Industries, Tuvalu
Mr. Joe Ligo	Chief Executive Officer Vanuatu Investment Promotion Authority, Vanuatu
Ms. Avei Futi	Ministry of Commerce, Industry and Labor, Samoa
Mr. Henry Sanday	Investment Policy Officer Forum Secretariat, Fiji Islands