



Report on the session on “The Key to IFD: Maximizing Benefits for Developing and Least-Developed Countries” at the 2024 WTO Public Forum

13 September 2024

The WTO Public Forum 2024 session on *“The Key to IFD: Maximizing Benefits for Developing and Least-Developed Countries”* took place on 13 September 2024, 9:00 am to 10:00 am, Central European Time (CET), as part of the 2024 WTO Public Forum.

The session focused on the benefits and implementation of the Investment Facilitation for Development (IFD) Agreement and was organized by the Permanent Mission of the Republic of Korea, the Permanent Mission of Chile to the WTO, the International Trade Center (ITC) and the World Economic Forum, bringing together representatives from both the public and private sectors, multilateral organizations and experts in investment facilitation and trade facilitation.

Summary of the main outcomes of the session

A. Context and Challenges

The session began by highlighting the pressing challenges faced by developing countries and least-developed countries (LDCs) in attracting sustainable foreign direct investment (FDI). Drawing from reports by UNCTAD, IMF, and others, it emphasized several significant trends:

- **Declining FDI in LDCs:** The share of global greenfield FDI projects in LDCs has dropped sharply, from 3% in the mid-2010s to just 1% in recent years. This trend reflects broader difficulties that LDCs face in attracting long-term, sustainable investment.
- **Investment Gap for SDGs:** The financing gap to meet the Sustainable Development Goals (SDGs) has widened from US\$2.5 trillion to US\$4 trillion, posing significant risks to development progress in many countries. The decline in FDI inflows exacerbates this gap, as capital that could be used to fund infrastructure, healthcare, education, and other critical sectors is not flowing to these regions.

- **FDI Flows are Concentrated in Developed Economies:** According to UNCTAD data, the vast majority (74%) of global FDI is concentrated among developed economies, with only 20% flowing from developed to developing economies. This imbalance presents a major hurdle for developing countries that seek to leverage FDI for economic growth.

B. Opportunities through the IFD Agreement

The IFD Agreement, concluded in February 2024 and currently supported by over 126 WTO Members, among them around 90 developing countries (including 27 LDCs), is seen as a powerful tool to address these challenges. The Agreement aims to create a transparent, efficient and predictable investment environment, particularly in developing countries. The session underscored that the success of the Agreement will depend on its implementation and the ability to address both structural and administrative barriers that hinder investment.

The speakers discussed how the IFD Agreement could serve as a catalyst for:

- **Streamlining Regulatory Frameworks:** By providing clear and transparent guidelines for investment facilitation, the IFD Agreement seeks to remove red tape and bureaucratic inefficiencies. Simplifying procedures like business registrations, license approvals and other processes will make it easier for FDI to flow to developing economies.
- **Fostering a More Inclusive Investment Climate:** The IFD Agreement emphasizes the need to attract high-quality investment that aligns with the SDGs. By focusing on creating a conducive investment climate, developing countries can foster sustainable economic growth and job creation.
- **Addressing Investor Concerns:** Transparency and predictability, along with better coordination within government agencies, were highlighted as crucial factors in building investor confidence. These elements of the IFD Agreement will play an important role in making developing economies more attractive to foreign investors.

C. Private Sector Insights

Investors prioritize transparency, efficiency and a favourable FDI framework. Experiences shared from investments in countries like Poland, Kenya and Iraq demonstrate how clear investment regulations are important to fostering investor confidence.

The session underscored challenges faced by investors in countries with policy inconsistencies, bureaucratic delays and corruption, all of which hinder FDI

projects. Addressing these issues via the IFD Agreement will create more investor interest.

Capacity-building and gap analyses will play a crucial role in helping developing countries and LDCs that struggle to implement IFD Agreement provisions, ensuring necessary support for all participating economies.

D. Lessons from the Trade Facilitation Agreement (TFA)

Drawing parallels between the WTO TFA and the IFD Agreement, the session highlighted:

- **Public-Private Collaboration:** Successful implementation requires genuine collaboration and trust between the public and private sectors. Public-private partnerships should be built on common goals and a commitment to change.
- **Tailored Approaches:** Just as the TFA accommodated different national contexts, the IFD Agreement has the flexibility to align with the developmental context of each country.
- **Complementarities between TFA and IFD Agreement:** While the TFA focuses on trade processes and the IFD Agreement targets investment-related administrative and regulatory issues, there are many similarities in terms of effectively facilitating flows. Together, these agreements create a synergistic framework for commerce to help drive sustainable development.

E. Moving to Implementation

The session highlighted a number of questions regarding the implementation of the IFD Agreement:

- **Why Implement the IFD Agreement?** Beyond international obligations, the Agreement helps countries develop a conducive investment environment through increased transparency, streamlined procedures and standardized authorizations, making it more likely for those countries to attract FDI.
- **What Needs to be Done?** Members should conduct IFD self-assessments that benchmark their countries' current practice against the IFD Agreement provisions, and then identify technical assistance and capacity building needs to help address any gaps. ITC and the World Economic Forum's experience with investment facilitation projects highlight the importance of these assessments.

- **How to Implement?** Drawing from the TFA's implementation strategies, the session highlighted the value of practical tools like e-government portals in the implementation process. Resource constraints were acknowledged, with a call to donors to support technical assistance initiatives that would ensure the successful implementation of the IFD Agreement.

Conclusion

The session highlighted the importance of collaboration among stakeholders, including governments, international organizations and the private sector, to fully unlock the benefits of the IFD Agreement. Speakers emphasized the role of the Agreement in attracting high-quality, sustainable FDI, and contributing to the achievement of the SDGs. The integration of the Agreement into the WTO rulebook was noted as a critical step to further mobilize resources and institutional support for developing countries.

The session reaffirmed the shared commitment to ensuring that the IFD Agreement becomes a catalyst for promoting sustainable and inclusive investment across the developing world, and encouraged countries and other actors to work together in the implementation phase.



The Key to IFD: Maximizing Benefits for Developing and Least-Developed Countries

Session at the 2024 WTO Public Forum

13 December 2024, 9:00-10:15 CET, in person at the WTO

This session is held in the framework of the ITC's [project](#) on Investment Facilitation for Development. It is organized as a session in the context of the [2024 WTO Public Forum](#).

Opening

Ambassador Jung Sung Park, Deputy Permanent Representative of Korea to the WTO – *“Introduction and context setting”*

Panel discussion

- **Jorge Vitorino**, Head, Investment and Intellectual Property Unit, Directorate General for Trade, European Commission – *“Agreement benefits”*
- **Masroor Haq**, Managing Director and Global Head of Strategic Investments GKSD Investment Holding - Gruppo San Donato – *“Investor’s perspective”*
- **Mondher Mimouni**, Director, Division of Market Development, International Trade Centre – *“Implementation phase”*
- **Macarena Torres Rossel**, Head, Global Alliance for Trade Facilitation, World Economic Forum – *“From trade facilitation to investment facilitation”*

Closing

- **Ambassador Jung Sung Park**, Deputy Permanent Representative of Korea to the WTO – *“Summary and closing”*