

Report on the session on “Unblocking benefits of the Investment Facilitation for Development Agreement” at the 9th WTO Global Review of Aid for Trade

28 June 2024

The session on Unblocking benefits of the Investment Facilitation for Development Agreement took place on 28 June 2024, 9:00 am to 10:00 am, Central European Time (CET), as part of the 9th WTO Global Review of Aid for Trade 2024.

The session highlighted the importance of investment facilitation in increasing foreign direct investment (FDI) flows, addressing investment gaps and contributing to the achievement of the Sustainable Development Goals (SDGs). It also explored how countries can utilize the investment facilitation measures contained in the Investment Facilitation for Development (IFD) Agreement to attract not only more but also higher-quality sustainable investments.

The session emphasized the critical role of international support in assisting countries, particularly developing and least-developed countries, in conducting investment facilitation (IF) self-assessments and implementing the IFD Agreement. Additionally, the session exchanged experiences and lessons learned on conducting investment facilitation self-assessments.

The session was organized in the context of the ITC’s [project on Investment Facilitation for Development](#), aiming to facilitate joint learning among WTO Members, as well as representatives from the public and private sectors, regarding the IFD Agreement, its benefits as well as the support needed for developing and least developed Members to advance their IF reforms.

The workshop’s programme is annexed to this report.

Summary of the main outcomes of the webinar

A. The importance of the IFD Agreement for facilitating FDI flows

According to the 2024 Financing for Sustainable Development Report, the annual financing gap to achieve the SDGs by 2030 is estimated to be between USD 2.5 trillion and USD 4 trillion. This gap has widened due to the compounded effects of

the COVID-19 pandemic, geopolitical tensions and other global crises. Addressing this issue requires substantial investments to ensure progress in critical areas such as food security, sanitation, gender equality, job creation, and opportunities for small businesses to enter new markets. While such investments are urgently needed, foreign investors still face challenges, including complex administrative procedures making it difficult for investments to flow across borders, particularly for small businesses in developing and least-developed countries.

The IFD Agreement has the potential to help close the investment gap by signaling to foreign investors that countries implementing this Agreement are committed to making continuous efforts to improve their investment climate. These efforts include establishing more straightforward and transparent processes related to investment, as well as other necessary IF measures. Consequently, the Agreement can support sustainable development and ensure a better future for small businesses, making the achievement of the SDGs more achievable.

The IFD Agreement represents a new type of agreement designed to equip governments with tools they can independently utilize, without needing to wait for special deals from other trade partners. In essence, the beneficiaries of the Agreement are those that actively implement its provisions. Governments can adopt various measures recommended under the Agreement to enhance the investment climate and attractiveness to FDI, include a single information portal, focal points, domestic supplier databases, increased transparency in investment measures, and improved efficiency of authorization procedures.

These IF measures help reduce regulatory uncertainty and transaction costs, making it easier for investors to make informed decisions and commence investments in countries. Importantly, these measures benefit not only foreign investors, regardless of their nationalities, but also domestic investors and suppliers, as the measures improve the overall investment climate. This inclusive approach promotes sustainable and inclusive growth, thereby supporting the broader objectives of the IFD Agreement and contributing to the achievement of the SDGs.

B. Two ways to unblock the benefits of the IFD Agreement

- Integrating the IFD Agreement into the WTO rulebook

WTO Members that are parties to the Agreement aim to incorporate it into Annex 4 (binding only on those members that accept it) of the WTO Agreement. While discussions on this issue are ongoing, the primary concern is systemic, focusing on the broader question of plurilateral agreements in the

framework of the WTO, rather than the substantive content of the Agreement. It was also mentioned that it is essential to respect the diverse views of the WTO Members and find a balanced approach that accommodates everyone's interests. Importantly, incorporating the IFD Agreement into the WTO framework is critical for the Agreement to deliver its benefits, especially for developing and least-developed Members that are in need of more sustainable and impactful FDI flows. Furthermore, embedding the Agreement within the WTO will serve as a key catalyst to mobilize international support for national and regional investment facilitation efforts.

- Making support available to put IF measures in place

The IFD Agreement covers a comprehensive set of measures that countries can implement to facilitate FDI flows. However, developing and least-developed countries often lack the necessary resources to implement these measures effectively. To address this, the Agreement includes a mechanism to mobilize technical assistance and capacity-building international resources, connecting donors with recipient countries to support the implementation of IF measures.

A crucial first step towards implementing the IFD Agreement is conducting IF self-assessments. This helps developing and least-developed countries understand their current practices regarding the measures outlined in the Agreement. By identifying gaps, these countries can pinpoint the transitional periods and technical assistance they need to fully implement the IF measures.

International support is essential for the successful implementation of the IFD Agreement. Without this support, developing and least-developed countries may struggle to reap the benefits of the Agreement. Therefore, mobilizing international resources and providing targeted technical assistance are critical to ensuring that these countries can effectively implement and benefit from the Agreement.

C. Ecuador's experience in conducting an IFD self-assessment

Ecuador conducted its IFD self-assessment with the support from the WTO, ITC and IDB. The assessment took place from June to October 2023 and included participants from around 30 national competent authorities. Three key points were highlighted:

- International support was crucial in conducting the IF self-assessment. This support was particularly timely as Ecuador had national plans to improve its investment climate.
 - While investment facilitation is a critical issue and has been recognized for some time, several domestic agencies were unaware of the IFD Agreement and its benefits. Therefore, it is essential to draw attention to the Agreement among all relevant agencies before starting an IF needs assessment.
 - Establishing a focal point early in the process to coordinate with international organizations supporting the IF self-assessment, as well as among national agencies, is key to a successful assessment.
 - Result-validation sessions promoted discussions among relevant agencies, providing a clearer understanding of the current IF regime as well as actions required to further enhance investment facilitation. These sessions led to outcomes that are most beneficial and directly responsive to Ecuador's needs, including transition periods and the technical assistance required to implement the Agreement.
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**Unblocking benefits of the Investment Facilitation for
Development Agreement**
Session at the 9th WTO Global Review of Aid for Trade
28 June 2024, 9:00-10:00 CET, in person at the WTO

Dear Colleagues,

On behalf of the International Trade Centre (ITC), we cordially invite you to a session on:

“Unblocking benefits of the WTO Investment Facilitation for Development Agreement”

28 June 2024, 9:00-10:00 Central European Time (CET)
in person in Room W, The World Trade Organization

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 9th WTO Global Review of Aid for Trade](#).

It is necessary to register to attend the session in person at the WTO (to register please [click here](#))

The session will be moderated by Quan Zhao, Senior Programme Officer, Division for Market Development, ITC, and have the following agenda and speakers:

Opening Remarks

Johanna Hill, Deputy Director-General, WTO – ***“How can the IFD Agreement help developing countries attract high quality FDI?”***

Pamela Coke-Hamilton, Executive Director, ITC – *“The role of Aid for Trade initiatives in assisting developing countries to make use of the IFD Agreement”*

Panel discussion

- **Sofia Boza**, Ambassador, Permanent Representative of Chile to the WTO, co-Coordinator of the Structured Discussions on Investment Facilitation for Development – *“State of Play of the WTO Investment Facilitation for Development Agreement”*
- **Chenggang Li**, Ambassador, Permanent Mission of China to the WTO – *“How can the IFD Agreement support investment for sustainable development”*
- **Carlos Sebastian Guevara Aguirre**, Counsellor, Permanent Delegation of Ecuador in Geneva – *“The experience of Ecuador in conducting investment facilitation needs assessments”*

The session will be conducted in English and in an interactive manner to allow for questions by participants.

Focus of the session:

Foreign direct investment (FDI) is key for economic development and job creation, especially in developing and least-developed countries. However, attracting FDI becomes increasingly challenging due to decreasing FDI flows. Facilitating investment through improving investment climate has emerged as a new policy trend for attracting FDI inflows.

At the 13th WTO Ministerial Conference in Abu Dhabi, a ministerial event was held on 25 February 2024, at which 125 WTO Members announced the finalization of the Investment Facilitation for Development (IFD) Agreement and made the text of the Agreement publicly available. The participating Members represent three-

quarters of the WTO's Membership, including close to 90 developing economies, among which 27 least-developed economies.

This new Agreement is an effective tool to support countries in enhancing investment environment through increased transparency and streamlined procedures, and aims to facilitate FDI flows, particularly to developing and least developed countries, with the overarching goal of fostering sustainable development.

The session will discuss the role of the IFD Agreement in addressing investment gaps and explore how aid for trade initiatives can help developing countries make use of the Agreement to advance investment facilitation reforms. The session will also share experiences from conducting needs assessments as the first step towards implementing the IFD Agreement. It will highlight the importance of technical assistance to support developing countries to make use of the IFD Agreement and explore the efficient modalities for technical assistance on this topic.

We look forward to welcoming you to the session!

With kind regards,

Quan Zhao, Senior Programme Manager (Trade Policy), International Trade Centre

Background information:

ITC-IDOS project on [Investment Facilitation for Development](#).

Karl P. Sauvant, “[The new WTO Investment Facilitation for Development Agreement](#)”, *Columbia FDI Perspective*, no. 363, 7 August 2023.

Karl P. Sauvant, “[Three Reasons Why a WTO Agreement on Investment Facilitation for Development is Important](#)”, *International Economic Law and Policy Blog*, 21 November 2022.

Karl P. Sauvant, Matthew Stephenson and Yardenne Kagan, “[An Inventory of Concrete Measures to Facilitate the Flow of Sustainable FDI: What? Why? How?](#)” (Third edition) (2022).

Bios:

Carlos Sebastian Guevara Aguirre

Carlos Guevara entered the Ecuadorian Foreign Service in 2006. Currently, he is Counsellor at the Permanent Mission of Ecuador to the WTO. Previously, he served at his country’s Embassy in Japan. He has a bachelor’s degree in economics from the Ecuadorian National Polytechnic School, and a master’s degree in the same field from the University of Tsukuba (Japan). During his career, he has specialized in trade and trade related matters, working in both, Ecuador’s Ministry of Foreign Affairs and the Ministry of Foreign Trade. He has been involved in the investment facilitation negotiations since 2019.

Sofia Boza

Sofía Boza is the Ambassador of Chile to the World Trade Organization since July 2022. She has also taken over the co-Coordination of the Structured Discussions on Investment Facilitation for Development. Prior to that, she was an Associate Professor and Chief at the Department of Rural Management and Innovation at the University of Chile and Professor at the Institute of International Studies at the same University. She holds a bachelor’s degree in economics from the University of Seville and a PhD in Economics from the Autonomous University of Madrid.

Li Chenggang

Li Chenggang is the Ambassador and Permanent Representative of China to the World Trade Organization. Prior to the current position, Mr. Li served as Assistant Minister in the Ministry of Commerce of China (MOFCOM), Director-General of the Department of Treaty and Law, MOFCOM, Vice Mayor of Qingdao and Deputy Director-General of the Bureau of Fair Trade for Imports & Exports, MOFCOM. He was a key member of the negotiating team for China's accession to the WTO, as well as the Chief Negotiator representing China for the investment treaties' negotiations with the European Union and the United States.

Pamela Coke-Hamilton

Pamela Coke-Hamilton has served as Executive Director of the ITC since 1 October 2020. She joined ITC from the United Nations Conference on Trade and Development, where she was Director of the Division on International Trade and Commodities. She served with the Jamaican Government, the Caribbean Forum in trade negotiations, and multilateral institutions, including the Organization of American States and InterAmerican Development Bank. She previously served as Executive Director of the Caribbean Export Development Agency, strengthening the private sector and MSMEs through investment promotion. She holds a Juris Doctor in Law from the Georgetown University School of Law in Washington, DC.

Johanna Hill

Johanna Hill has been Deputy Director-General at the World Trade Organization since 13 November 2023. She is a trade expert with more than 25 years' experience in international trade. She previously served as Managing Partner at the CA Trade Consulting Group in San Salvador, advising firms on international trade and FDI. Her previous roles included Executive Director of El Salvador's Chamber of Telecommunications and member of the Board of Directors of Banco Azul. She has also served as Vice Minister of Economy, responsible for conducting and implementing trade policy and negotiations.

Quan Zhao

Quan Zhao is a Senior Programme Officer (Trade Policy) in the Division for Market Development, International Trade Centre (ITC). He covers policy research and project management in the areas of trade in services, e-commerce, digital economy and cross-border investment, and he also advises the management on G20 matters. Prior to joining the ITC, Zhao served as a trade negotiator and diplomat at the Permanent Mission of China to the World Trade Organization and the Ministry of Commerce of China. He has served as the Chair for WTO's Committee on Trade in

Financial Services, and as the lead services negotiator in China-Peru, China-Costa Rica and China-Pakistan FTAs.