

Webinar Report: The potential value-added of an Investment Facilitation Framework for Development, 19 January 2021, 15:00-16:15 Central European Time (CET)

The 6th webinar on investment facilitation for development, titled “The potential value-added of an Investment Facilitation Framework for Development”, was held on 19 January 2021, in the framework of the Investment Facilitation for Development project jointly implemented by the International Trade Centre (ITC) and the German Development Institute/Deutsches Institut für Entwicklungspolitik (DIE). The webinar hosted about 170 participants. It was moderated by Karl P. Sauvant, Resident Senior Fellow, Columbia University, CCSI; concluding remarks were made by Axel Berger, Senior Researcher, DIE.

The webinar programme is annexed to this report.

The discussion emphasised that the principal purpose of a multilateral investment facilitation framework for development (IFF4D) is to further increase FDI flows for development and enhance international cooperation in the investment area.

Main discussion outcomes:

I. Potential welfare gains from different investment facilitation framework (IFF) scenarios

Results from a DIE draft study on the potential welfare gains from different IFF scenarios were introduced during the webinar. The research is based on DIE’s Investment Facilitation Index which, in its current stage, covers 86 economies. The study showed that developing countries with low levels of current investment facilitation practice would benefit the most from the implementation of IFF proposals. The study further showed that, as greater investment facilitation commitments are taken, gains increase in term of consumer welfare and gross domestic product (GDP) impact, and that the lowest and middle-income countries have the highest gains. There are some spillover gains for non-participant countries that, however, are also lower than gains from membership in an IFF. While economies have an incentive to unilaterally implement investment facilitation measures, many have not done so, especially developing countries at the lowest levels of development and with the greatest need for investment; an IFF4D containing strong technical assistance commitments would therefore be particularly useful for these countries.

II. Potential benefits of an IFF4D

Facilitating more sustainable FDI flows: On the basis of the current WTO “informal consolidated text” , it was observed that there should be more focus on sustainable FDI. It was stated that it is important to identify what constitutes such investment and then ask at the

international level how to support and incentivise this type of investment, including through home state obligations. It was indicated that the IFF4D will likely set the floor for other investment facilitation agreements, so the standards for sustainable FDI commitments it establishes will be especially important.

Maintaining an inventory and benchmarks of good investment facilitation practices: The IFF4D can serve as a one-stop shop for investment facilitation good practices. Many of these are brought together in “[An Inventory of Concrete Measures to Facilitate the Flow of Sustainable FDI: What? Why? How?](#)” to which many investment promotion agencies (IPAs), international organisations and private sector representatives in different forums have contributed. It was stated that it is important to make the draft text of the IFF4D available to the general public and encourage comments from stakeholders. This would help make the framework (while it is being negotiated) a benchmark of best practices for investment facilitation.

Helping domestic reforms: Because of the decline in FDI flows as a result of the COVID-19 pandemic, countries will need to find ways to attract FDI in order to restart their economies, including by taking substantial investment facilitation measures and domestic reforms that will promote a better business environment. A key question is how to improve the domestic regulatory environment to bring in more FDI that can contribute to sustainable growth. An international framework can help drive reforms and help governments raise the bar to meet international standards for investment facilitation measures. An IFF4D constitutes a commitment device that can strengthen reform efforts, make them more credible and lock-in existing reforms. By being a “one-stop shop” of codified good practices for investment facilitation, the IFF4D can help inform and promote domestic reforms.

Creating home state obligations: Transparency measures under the IFF4D have focused on host countries. From the investor’s perspective, it is also important to understand regulations and programmes for FDI assistance offered by the investor’s home country. This can be particularly important for small and medium-sized enterprises (SMEs). It was stated that home countries’ commitments should go beyond transparency of incentives and include enforcing corporate social responsibility (CSR) commitments by investors. Home countries should condition supportive investment facilitation measures for firms on following CSR practices. In addition, giving attention to home country measures would balance the IFF4D, by formulating obligations not only for host countries but also for home countries.

Cross border cooperation: An IFF4D could allow economies to come together and set out a process to cooperate on investment facilitation practices. Host countries can identify priorities relating to investment for development, and home countries can share opportunities with a focus on development.

Alternative dispute prevention mechanisms: An IFF4D can help countries explore and assess alternative dispute prevention mechanisms. For example, the ombudsperson mechanism was stipulated in the Brazilian model as a way to prevent disputes. There is room to explore types of dispute prevention mechanisms to ensure their effectiveness, independence and inclusiveness.

Technical assistance and capacity building: The IFF4D can be a driver of technical assistance efforts, similar to the Trade Facilitation Agreement of the WTO. Strong and firm commitments for technical assistance are required. Developing countries cannot take commitments under an IFF4D without supportive technical assistance commitments to ensure that their commitments will be implemented. It was indicated that capacity building should focus on improving investment regulatory frameworks, linking multinational enterprises with domestic firms and supporting developing countries in the digitalization and automation of investment processes and administrative infrastructures. Funding may be a problem, especially with current budget shortfalls. However, technical assistance does not require necessarily substantial funding but requires knowledge sharing and expertise. There are also supplemental initiatives that would help with implementation commitments. For example, there is a proposal by the World Economic Forum to launch a new global alliance for investment facilitation, the EASI Alliance: Enabling Action on Sustainable Investment. Governments would identify implementation bottlenecks, and, together with businesses and international organizations with expertise, the bottlenecks will be addressed.

III. Challenges for an IFF4D

Regulatory coherence: The outcome of the negotiations needs to be coherent with existing WTO rules, ongoing WTO negotiations and the international investment regime, to avoid unintended consequences and risks such as investor-state litigation. To be effective, this will need to be addressed not only in the context of the IFF4D, but also among the parties to specific agreements.

Regulatory and administrative reforms: Depending on the disciplines that are agreed on under the IFF4D, developing countries may need to take significant regulatory and administrative reforms. If the scope of an IFF4D is to cover all services and non-services sectors, capital importing countries would have to conduct extensive consultations and legal impact assessments at all levels of government. These could be not only time consuming but also complex.

Integration of the development perspective: The IFF4D will have to sufficiently address and integrate the development perspective, including by covering home country measures and firm commitments on technical assistance. Such integration of development aspects should be in the core text, which should advance and facilitate sustainable FDI.

**Invitation webinar: The potential value-added of an Investment Facilitation Framework
for Development, 19 January 2021, 15:00-16:15 Central European Time (CET)**

Dear Colleague,

On behalf of the International Trade Centre (ITC) and the German Development Institute/
Deutsches Institut für Entwicklungspolitik (DIE), we cordially invite you to a webinar on:

**The potential value-added of an Investment Facilitation Framework for Development
19 January 2021, 15:00-16:15 Central European Time (CET)**

This is the 6th of a webinar series on investment facilitation for development, held in the framework
of a joint ITC/DIE project on Investment Facilitation for Development.

To register for the event and receive the meeting link details please [click here](#).

The webinar will focus on the potential value-added of a WTO Investment Facilitation Framework
for Development. It is well established that countries seek to attract foreign direct investment
(FDI), to advance their economic growth and development. However, since the bulk of any
investment facilitation effort is undertaken at the national level, one must ask why seeking to create
a multilateral framework (which is a difficult and time-consuming effort) is important and should
be endeavoured, especially in the current political climate.

The principal purpose of a multilateral investment facilitation framework is to further increase FDI
flows for development and enhance international cooperation in the investment area. During the
webinar, the following issues related to the potential value-added of an Investment Facilitation
Framework for Development will be addressed:

- Potential costs and benefits of such a Framework.
- Helping domestic reforms and facilitating more sustainable FDI flows.
- Requiring transparency of home country measures and encouraging the observance of
investors' CSR commitments.
- Maintaining an inventory and benchmarks of good investment facilitation practices and
increasing technical assistance.

The webinar will be conducted in an interactive manner and allow for questions by participants.

The webinar will have the following agenda and speakers:

Introduction: **Rajesh Aggarwal**, Chief Trade Facilitation and Policy for Business, ITC

Moderator: **Karl P. Sauvant**, Resident Senior Fellow, Columbia University, CCSI

Zoryana Olekseyuk, Senior Researcher at DIE - *Potential welfare gains from different investment facilitation frameworks: interim results*

Nathalie Bernasconi-Osterwalder, Executive Director, IISD Europe

Jansen Calamita, Head of Investment Law & Policy, Centre for International Law, and Research Associate Professor (CIL), Faculty of Law, National University of Singapore

Anabel González, Non-Resident Senior Fellow, Peterson Institute for International Economics

Yewande Sadiku, Executive Secretary/CEO, Nigerian Investment Promotion Commission

Matthew Stephenson, Policy and Community Lead, International Trade and Investment, World Economic Forum

Concluding remarks: **Axel Berger**, Senior Researcher, DIE

If you would like to send written questions or comments during the webinar, please feel free to type them into the chat window by clicking on the “chat” button on the middle-bottom pane of the Zoom window.

To join the meeting, kindly click on the link that will be sent to you shortly before **15:00 pm CET on 19 January** and follow the instructions. If you are not able to connect online, you could connect using the dial-up options provided in the email that you will receive after completing the registration.

We look forward to welcoming you to the webinar!

With kind regards,

Rajesh Aggarwal, Chief Trade Facilitation and Policy for Business, ITC

Axel Berger, Senior Researcher, DIE

Karl P. Sauvant, Resident Senior Fellow, Columbia University, CCSI

Background material

Karl P. Sauvant, Matthew Stephenson, Khalil Hamdani, and Yardenne Kagan, “*An Inventory of Concrete Measures to Facilitate the Flow of Sustainable FDI: What? Why? How?*” (Geneva and

Bonn: International Trade Centre and German Development Institute / Deutsches Institut für Entwicklungspolitik, Nov. 2020), [available here](#).

Bios:

Rajesh Aggarwal

Rajesh Aggarwal is Chief of the Trade Facilitation & Policy for Business Section of the International Trade Centre (ITC), Geneva. He is leading a program of assisting the private sector in developing countries to be the change agent for trade policy reform and engage in business advocacy with their governments in design and implementation of trade policies and negotiating positions that reflect the business interests. Before joining the ITC, he worked for the Indian Government and participated in WTO Doha Round of trade negotiations. He has published papers in the area of trade negotiations, including a paper titled “Dynamics of Agriculture Negotiations in WTO” in the Journal of World Trade.

Axel Berger

Axel Berger is a Senior Researcher at the German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE). He works on the design, effects and diffusion patterns of international trade and investment agreements, with a focus on emerging markets and developing countries. Other areas of current research include the effects of an international investment facilitation framework, the impact of free trade agreements on upgrading within global value chains and the role of the G20 in global governance. He teaches international political economy at the University of Bonn and regularly advises developing countries, development agencies and international organisations on trade and investment matters.

Nathalie Bernasconi-Osterwalder

Nathalie Bernasconi-Osterwalder is a senior international lawyer and heads the Economic Law & Policy program of the International Institute on Sustainable Development (IISD) and is Executive Director of IISD Europe. She has extensive legal, policy and training experience in the area of international trade, investment, sustainable development, human rights, international environmental law, and arbitration. She previously worked as an attorney at the Center for International Environmental Law in Washington and Geneva, where she also managed the office. She is admitted to the Bar of Basel and has worked for the Justice Department, Berne, in the Section for International Law.

N Jansen Calamita

N Jansen Calamita is Head of Investment Law & Policy, Centre for International Law, and Research Associate Professor (CIL), Faculty of Law, National University of Singapore. Prior to entering academia, he served in the Office of the Legal Adviser in the US Department of State and as a member of the UNCITRAL Secretariat. He began his career in private practice in New York. He is co-editor (with L Malintoppi) of *International Litigation in Practice* (Brill) and a member of the editorial board of the *Yearbook of International Law and Policy* (Oxford University Press).

Anabel Gonzalez

Anabel Gonzalez is non-resident senior fellow at the Peterson Institute for International Economics, Washington DC, and a consultant on trade and investment. She is the host of Trade Winds, a virtual event series. As former Senior Director of the World Bank's Global Practice on Trade & Competitiveness, she led the Bank's agenda on trade, investment climate, competitiveness, innovation, and entrepreneurship. She served as Minister of Trade of Costa Rica, heading the country's strategy to join the OECD; negotiated several trade agreements and contributed to attract over 140 FDI projects. She also was Director of the WTO's Agriculture Division and Director-General of Costa Rica's Investment Promotion Agency.

Zoryana Olekseyuk

Zoryana Olekseyuk is a Senior Researcher at DIE. Her work focuses on economic integration/disintegration, trade, FDI, and investment facilitation, mainly with respect to developing and emerging economies. Being an experienced computable general equilibrium (CGE) modeler, she developed many innovative CGE models, e.g., incorporating data from heterogeneous firms and FDI in services. She has contributed to many international research projects and acts as a consultant for the World Bank. Her research is published in such journals as *World Economy*, *Empirica*, *Review of Development Economics*, *Economic Modeling*, and the *Journal of International Trade and Economic Development*.

Yewande Sadiku

Yewande Sadiku has been Executive Secretary/CEO of Nigerian Investment Promotion Commission, Nigeria's foremost investment promotion agency, since November 2016. Until October 2016, she was the Executive Director responsible for Stanbic IBTC Group's Corporate and Investment Banking business. She has an interest in bringing formal financing to the Nigerian film industry and raised funding for *Half of a Yellow Sun* (2014), a full feature film. She was awarded the Eisenhower Fellowship for International Leadership in May 2010 and was one of "35 International Women Under 35" featured in the October 2007 edition of *World Business Magazine*.

Karl P. Sauvant

Karl P. Sauvant introduced the idea of an International Support Program for Sustainable Investment Facilitation in the E15 Task Force on Investment Policy in 2015. From there, the proposal was taken forward in the WTO. He has written extensively on this subject (see <https://ssrn.com/author=2461782>), participated in various events relating to it and currently assists the ITC and DIE on a project on Investment Facilitation for Development. He retired in 2005 as Director of UNCTAD's Investment Division and established, in 2006, what is now the Columbia Center on Sustainable Investment (CCSI). He stepped down as the Center's Executive Director in 2012, to focus his work, as a CCSI Resident Senior Fellow, on teaching, research and writing.

Matthew Stephenson

Matthew Stephenson is Policy and Community Lead for International Trade and Investment at the World Economic Forum, where he manages the Global Investment Policy and Practice initiative. Previously, he worked at the IFC, where he led the workstream on outward FDI. He has also worked at the OECD on Africa and investment and served as a diplomat for the U.S. Department of State, leading the economic team on Afghanistan and managing economic programs in the Middle East. He is a member of the T20 Task Force on Trade and Investment. He has a PhD from the Graduate Institute in Geneva, a master's from the Harvard Kennedy School and a bachelor's from Oxford University.