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## **Report on the 2<sup>nd</sup> virtual meeting of the Commentary Group on a Multilateral Framework on Investment Facilitation for Development**

**7 April 2020**

The 2<sup>nd</sup> virtual meeting of the Commentary Group on a Multilateral Framework on Investment Facilitation for Development took place between 14:00 and 16:00 Central European Time (CET). It focussed on measures that increase the development benefits of investment flows, drawing from lessons learned in different contexts.

The meeting was chaired by Mr. Matthew Stephenson (WEF). Fifteen members and speakers participated, along with staff providing support through an informal secretariat. The list of participating members, speakers and the staff can be found in the annex. Three background documents had been circulated in advance: “An Inventory of Concrete Measures to Facilitate the Flow of Sustainable FDI: What? Why? How?” that aims to serve as a master document of investment facilitation measures and thus be a resource for the WTO negotiators; a summary of the 1<sup>st</sup> meeting; and the European Union’s proposal on investment facilitation.

### **Proceedings of the meeting**

The discussion was structured around four themes:

1. Which concrete facilitation measures maximize investment’s development impact?
2. How to incentivize sustainable investment, such as through Recognized Sustainable Investors?
3. In the context of a multilateral framework, what can we learn from corporate social responsibility (CSR) provisions in domestic laws?
4. In the context of a multilateral framework, what can we learn from CSR provisions in IIAs?

The full programme can be found in the annex.

Mr. Stephenson started the discussion by exploring the concrete facilitation measures that could maximize the development impact of international investment. After this, the floor was given to Mr. Karl P. Sauvant and Mr. Evan Gabor, who provided insights on how sustainable investment could be incentivised through the creation of a special category of investors, the Recognized Sustainable Investor. To provide a concrete example of CSR provisions in domestic laws, Ms. Premila Nazareth Satyanand reviewed the Indian experience. Finally, Mr. Samo S. Gonçalves and Mr. Carlo Pettinato spoke about the lessons that could be learnt from CSR provisions in IIAs.

### **Discussion highlights**

Five concrete facilitation measures were suggested that could help maximize the development impact of investment flows directly, drawing from country-project experience and consultations with firms:

1. Fostering linkages between foreign investors and domestic suppliers through a database, coupled with supplier development programs.
2. Using impact assessments to determine the impact of large-scale investment projects.
3. Adopting and using standards, distinguishing between quality standards and standards relating to responsible business conduct, including for managing the supply chain.
4. Applying smart investment incentives, either through behavioural incentives or targeted incentives.
5. Supporting outward FDI through home country measures and, in particular, making these measures transparent.

### **Partnerships**

Economies can foster partnerships between foreign affiliates established in their territories and local universities and centres of excellence, to the benefit of both parties. Partnerships can also take the form of foreign investors working with local suppliers to upgrade them; for example, a case from Pakistan shows that a foreign investor in the food industry worked with local farmers to produce the volumes of milk required by the company, an effort supported by UNDP.

### **Transparency on investment incentives**

In many cases, investment incentives are not transparent, including those that are focussed on facilitating sustainable FDI. An easily accessible inventory of incentives would therefore

be helpful. A number of developing country governments have already shown their support for this measure by publishing an incentives inventory online, such as Ghana.<sup>1</sup>

### **Creating the category of Recognized Sustainable Investor (RSI)**

Akin to the Trade Facilitation Agreement's commitment on establishing an authorized operator scheme, an investment facilitation framework could provide additional benefits to investors that demonstrate a high level of commitment to sustainability. This could be achieved through an RSI scheme whereby investors meeting certain criteria (observing internationally recognized standards of responsible conduct; e.g., publicizing their CSR statements; striving to meet certain FDI sustainability characteristics) are rewarded with additional benefits that go beyond those generally available to all investors; they would also benefit from the positive publicity of the RSI label. Additional benefits could include access to individual case officers who would assist investors in all matters related to the establishment and operation of their projects throughout their investment life-cycles; help in resolving any difficulties they might experience; or assistance, on a priority basis (and at reduced fees and/or charges), in obtaining licenses, meeting other requirements and procedures (including the processing of applications), and by granting simplified investment document approval and shortened timeframes for approvals.

There are a number of questions concerning the implementation of such a scheme, including the duration before an RSI status expires, the monitoring of compliance, the question of who should grant the status of RSI, and whether a concept from the trade area can be transferred to the investment area.

### **A CSR national implementation example**

India has put in place a law that introduces obligations for companies (including foreign affiliates in India) of a certain size to adopt CSR commitments. This includes the obligation to establish a CSR committee and to allocate 2% of profits to CSR activities largely geared towards the sustainable development goals (SDGs). A number of issues have arisen concerning the implementation of the law, including that firms do not necessarily have the knowhow to undertake certain activities outside their core competencies and that only half of the funds allocated for CSR activities have been spent.

An alternative implementation model could be based on assessing the contribution of firms' business model to meeting the SDGs. For example, Unilever has provided cleaning products to rural areas in India that were catered specifically to the needs of communities with limited access to utility services such as water and electricity. The government could also prepare a

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<sup>1</sup> GIPC, "Ghana Incentives Inventory", Accessed 12 April 2020, <https://www.gipcghana.com/press-and-media/downloads/promotional-materials/33-ghana-incentives-inventory/file.html>

list of SDG-oriented projects to which firms could then contribute, and one could think about introducing tradable CSR permits for firms that invest more in CSR activities than required.

### CSR standards

The EU proposal promotes the uptake of sustainable FDI standards through the use of relevant internationally agreed instruments such as the UN Guiding Principles on Business and Human Rights, the UN Global Compact, the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, and the OECD Guidelines for Multinational Enterprises. Information on such standards could not only be disseminated, but their use could also be supported, as could be their observance. On the other hand, listing CSR commitments explicitly in the text could provide further guidance. A fusion of both approaches might also be possible, citing in the WTO text a few specific CSR commitments that are drawn from the existing international standards. A key question is whether a CSR provision should focus on what WTO members should do or what investors should do.

### Annex: participants in the 2<sup>nd</sup> Commentary Group meeting

First Name	Last Name	Affiliation
Mohammed	Baba	Investor Relations Department, Nigerian Investment Promotion Commission
Rafael	Codeco	Foreign Trade Analyst, Ministry of Industry, Foreign Trade and Services of Brazil
Khalil	Hamdani	Visiting Professor, Lahore School of Economics
Fred	Marchiori	Global Head of Institutional Relations, Oxiteno
Raul	Moreno Castro	Chief of Staff, Spanish Development Finance Institution (COFIDES)
Santiago	Paz	Investment Director, Argentinian Agency of Investment & International Trade.
Ken	Poonoosamy	Ag. Chief Executive Officer, Economic Development Board Mauritius
Douglas	van den Berghe	Vice President, Advisory, Conway Inc
Hannah	Welgacz	Market Manager for Europe, APEX Brazil
Speakers		
Evan	Gabor	J.D. Candidate, class of 2020, at Columbia Law School
Samo	Gonçalves	Second Secretary at the Mission of Brazil to the WTO
Carlo	Pettinato	Head of the Unit responsible for investment policy, in the Directorate General for Trade of the European Commission
Premila Nazareth	Satyanand	Nonresident Senior Fellow at India's National Council of Applied Economic Research (NCAER)
Karl	Sauvant	Resident Senior Fellow, Columbia University, CCSI

Matthew	Stephenson	Policy and Community Lead, International Trade & Investment, WEF
<b>Informal Secretariat</b>		
Rajesh	Aggarwal	Chief Trade Facilitation and Policy for Business, ITC
Axel	Berger	Senior Researcher, DIE
Mohamad	Fakhreddin	International Consultant, ITC
Karl	Sauvant	Resident Senior Fellow, Columbia University, CCSI
Matthew	Stephenson	Policy and Community Lead, International Trade & Investment, WEF
Quan	Zhao	Law, Trade Policy Advisor, ITC

## Annex I: Invitation, agenda, materials and speakers

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### 7 APRIL 2020, 2<sup>nd</sup> VIRTUAL MEETING OF THE COMMENTARY GROUP ON A MULTILATERAL

### FRAMEWORK ON INVESTMENT FACILITATION FOR DEVELOPMENT

Dear Members,

Please find below the full agenda for the 2<sup>nd</sup> meeting of the Commentary Group, to take place virtually on 7 April 2020, from 14:00 to 16:00 Central European Time (CET), 8:00-10:00 am Eastern Daylight Time (EDT) and 22:00 to 00:00 China Standard Time (CST).

As a reminder, the Commentary Group's mandate is to provide input on the content of a new framework being developed at the WTO to facilitate cross-border investment and increase its development impact.

As a background document, please find the updated inventory of investment facilitation measures attached; it will serve as one basis of our discussions.

The 2<sup>nd</sup> meeting will **focus on measures that increase the development benefits of investment flows**, drawing from lessons learned in different contexts. The discussion will be structured around four themes, each geared towards providing input into the WTO negotiations. Several experts have been invited to share their views to kick off the conversation, as detailed below:

- Which concrete facilitation measures maximize investment's development impact?  
- **Matthew Stephenson**, Policy and Community Lead, Trade and Investment, World Economic Forum
  
- How to incentivize sustainable investment, such as through Recognized Sustainable Investors?  
- **Karl P. Sauvart**, Resident Senior Fellow, Columbia University, Columbia Center on Sustainable Investment  
- **Evan Gabor**, J.D. Candidate, Columbia Law School
  
- In the context of a multilateral framework, what can we learn from CSR provisions in domestic laws?  
- **Premila Nazareth Satyanand**, Non-resident Senior Fellow, India National Council of Applied Economic Research
  
- In the context of a multilateral framework, what can we learn from CSR provisions in IIAs?  
- **Samo S. Gonçalves**, Second Secretary, Permanent Mission of Brazil to the WTO  
- **Carlo Pettinato**, Head of Unit, Investment, Directorate General for Trade, European Commission

To register, please [click here](#).

To join the meeting, kindly click on the link below at 14:00 am Geneva Time (GMT+1) on 7 April and follow the instructions. If you are not able to connect online, you could connect using the dial-up options provided at the end of this email.

If you face any difficulties, please do not hesitate to contact Mohamad Fakhreddin ([mfakhreddin@intracen.org](mailto:mfakhreddin@intracen.org)).

With best regards,

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Matthew Stephenson  
World Economic Forum  
41 79 265 8986  
[Matthew.Stephenson@weforum.org](mailto:Matthew.Stephenson@weforum.org)

cc Rajesh Aggarwal (ITC); Axel Berger (ITC); Sean Doherty (WEF); Mohamad Fakhreddin (ITC), Quan Zhao (ITC).

## Speakers' bios

**Axel Berger** is a Senior Researcher at the German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE), Programme Transformation of Economic and Social Systems. He is heading the G20 Policy Research Group at DIE and led the T20 Task Force on Trade, Investment and Tax in 2017, 2018 and 2019. Axel holds a doctorate in political science from the University of Duisburg-Essen and a Master's degree from the Munich Ludwig-Maximilians-University in political science, economics and modern history. 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.

**Evan Gabor** is a J.D. Candidate, class of 2020, at Columbia Law School where he is the Senior Business Relations and Digital Editor of the Columbia Business Law Review. He received his B.A. in economics from Boston College in 2012 and was previously a summer associate at Cravath, Swaine & Moore, a judicial intern for the Honorable Carol Bagley Amon, E.D.N.Y., a project controls specialist for FieldCore, and the operations manager for Khunu, Ltd. Publications he has contributed to are available at [https://papers.ssrn.com/sol3/cf\\_dev/AbsByAuth.cfm?per\\_id=3137986](https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=3137986).

**Samo S. Gonçalves**, Second Secretary at the Mission of Brazil to the WTO. Samo has been a Brazilian Diplomat for the last 10 years and is currently in charge of Brazil's involvement in the investment facilitation discussion. He used to work at the Financial Division of the Brazilian Mission to the WTO and was part of the team in charge of the negotiations related to the New Development Bank (BRICS). Previously, Samo has worked in the Foreign Trade Board, where he was part of team responsible for providing economic assessment on Brazil's trade and investment policies. Samo holds a Ph.D. in economics, a Master's degree in international relations, and an undergraduate degree in Economics and International Relations.

**Carlo Pettinato** is Head of the Unit responsible for investment policy, in the Directorate General for Trade of the European Commission. Before this post he has been Deputy Head of Unit responsible for trade relations with Latin America. He started his EU career in DG Trade in the trade defence department and then moved to become EU negotiator on investment issues in the WTO, OECD, ASEM, and in the context of the EU-Chile and EU-Mercosur negotiations (1998-2004). Between 2005 and 2011 he was posted in the EU Delegations to Jamaica (Kingston) and Central America (Managua) as economic counsellor. Carlo Pettinato studied Political Sciences with specialisation in International Economics at the University of Florence (supervisor: Prof. Mario Draghi) and holds a Master in Public Administration from the Solvay Business School. He has been guest lecturer at Bocconi University (Milan, Italy), PhD course in International Economic Law, and at the College of Europe (Bruges, Belgium)

**Premila Nazareth Satyanand** is a Nonresident Senior Fellow at India's National Council of Applied Economic Research (NCAER), where she conceived and led a project that identified significant limitations in Indian FDI statistics and suggested targeted reform to the Indian Government. Currently, she is also the India partner, and member of the managing team, for the Columbia University Centre for Sustainable International Investment project: Emerging Market Global Players, ranking outward foreign direct investors from emerging economies. She has a B.A. in History from St. Stephen's College, New Delhi, and an M.A. in International Relations from Columbia University, New York. Previously, Premila worked with the United Nations Centre on Transnational Corporations, New York; the United Nations electoral missions in South Africa and the Western Sahara; and the Economist Intelligence Unit (now IMA India), New Delhi. She has consulted for MIGA, UNCTAD, UNDP and the World Bank, and was a Member of the Indian Planning

Commission's Twelfth Plan Task Force on simplifying India's business regulatory framework.

**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), stepping down as its Executive Director in 2012, to focus his work, as a CCSI Resident Senior Fellow, on teaching, research and writing.

**Matthew Stephenson**, Policy and Community Lead for International Trade and Investment at the World Economic Forum, where he manages the [Global Investment Policy](#) initiative. In that capacity, he works closely with governments, firms, and civil society in several emerging markets to identify measures that facilitate investment and maximize investment's sustainable development impact. This work led to the publishing of a white paper, together with WAIPA, in December 2019 entitled "[What can governments do to facilitate investment? Important measures identified through surveys](#)". Previously, Matthew worked at the IFC on advisory services for investment policy, 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, where he has authored several policy proposals for the G20. Matthew has a PhD from the Graduate Institute of International and Development Studies, a master's from the Harvard Kennedy School, and a bachelor's from the University of Oxford