

What have we learned in the framework of a project on Investment Facilitation for Development: A summary

This “Summary” synthesises what has been learned so far from more than a dozen consultations with stakeholders (governments, international organisations, private sector, investment promotion agencies, academia) conducted in the framework of a project on “Investment Facilitation for Development” by the International Trade Centre and the German Development Institute / Deutsches Institut für Entwicklungspolitik. (Parts of the project are jointly organised with the World Economic Forum.) The technical paper “An Inventory of Concrete Measures to Facilitate the Flow of Sustainable FDI: What? Why? How?” lists a great number of concrete investment facilitation measures of potential interest to governments. For details, see <http://www.intracen.org/itc/Investment-Facilitation-for-Development/>.

I. CROSS-CUTTING ISSUES

A. Maximise the contribution of an IFF for sustainable development

- Help facilitate not only more FDI but also more *sustainable* FDI through the inclusion of concrete facilitation measures specifically aimed at increasing the development impact of FDI, to fully reflect the “for development” purpose of the IFF. (For such measures, see section II below.)
- Request home countries to indicate their outward FDI support measures, including measures to encourage sustainable FDI and observe CSR standards. Investors, too, should be encouraged to make their CSR commitments transparent.

B. Interrelations with other agreements

- Ensure maximum complementarity and avoid inconsistencies with existing WTO agreements (GATS, TFA) and ongoing negotiations (Domestic Regulations), e.g., by creating mechanisms for the exchange of views of the respective chairpersons.
- Insulate the IFF from international investment agreements and especially their dispute-settlement provisions, through appropriate treaty-interface clauses, to avoid that the IFF can be used in ISDS cases.

II. CONCRETE NEW INVESTMENT FACILITATION MEASURES

This section lists concrete, actionable investment facilitation measures emerging from the stakeholder consultations. Some may not yet have been considered in the WTO Structured Discussions, and may be particularly useful for investment facilitation. They are grouped into general investment facilitation measures and measures that directly aim at increasing the development contribution of FDI. Concrete formulations for some of them are provided in the “Inventory of Investment Facilitation Measures” available on the project website.

A. General investment facilitation measures

- Maintain a list of support measures offered to inward investors, through online portals and notification to the WTO. This can be done through client charters, indicating services delivered and timelines, and an “inward investment support registry”.
- Expedite customs clearance and ease of securing work permits for skilled expats by making available e-visas or “green channels”.
- Enable “lite processing” for SME applications for establishment.
- Grant permits or licenses automatically if no government action is taken within statutory time limits: “silence is consent”.
- Establish aftercare mechanisms to facilitate that investments take place, operate smoothly and deal with any issues that may arise.
- Provide for risk-based approvals as part of authorisation procedures.
- Allow fast-track approvals for reinvestments and build and maintain a comprehensive database of existing investors.
- Enable the payment of fees and charges online, and online receipts; use new technology to facilitate investment (e.g., digital single window).
- Track complaints through an investment grievance mechanism or an “early warning system” and establish timeframes for addressing grievances.
- Establish a mechanism for public-private dialogues to inform regulation and implementation, such as regular quarterly meetings or on-line portals.
- Facilitate the cooperation among sub-national IPAs.
- Make publicly available lists of support measures for outward investors, through online portals and notification to the WTO.
- Publish information on requirements and procedures for outward investment, if any, to assist interested parties.

B. Measures that directly aim at increasing the development contribution of FDI

- Publish internationally recognized guidelines/standards of responsible business conduct and strongly encourage investors to observe these guidelines, through for e.g. requesting in application forms to acknowledge that these guidelines are read and understood.
- Create a special category of “Recognized Sustainable Investor (RSI)” to incentivize investors to invest sustainably. RSIs receive additional benefits if they meet certain publicly available conditions.
- Designate a CSR coordinator to facilitate investor relations with local communities, stakeholder associations and civil society.
- Develop targeted marketing strategies facilitating sustainable FDI, e.g., ‘Red Carpet’ service for investments having a significant positive sustainable development impact.
- Assess the potential development impact of large FDI projects through ex ante impact assessments, to ensure they align with sustainable development goals.
- Establish supplier-development programmes to increase the number and capacity of qualified local enterprises that can contract with foreign affiliates
- Build and maintain a database of local enterprises to help investors identify potential subcontractors, with the information freely available to all.
- Encourage partnerships between foreign affiliates and local suppliers to help upgrade the latter, through regular workshops hosted by the CSR coordinator.
- Foster partnerships between foreign affiliates and local universities or other bodies to create centres of excellence for training or research and development.

- Provide technical assistance to developing countries' IPAs to enhance their ability to facilitate sustainable FDI, based on need assessments.
- Provide clear guidelines on CSR and responsible business conduct to outward investors. For sectors with high development/environmental sensitivities, such investor education could be made mandatory.
- Establish clear criteria linking home-country support measures to the observation of internationally recognised standards of responsible business conduct, the acceptance and observance of corporate CSR policies and (in the case of projects with substantial impacts), ex ante developmental, environmental and social impact assessments.
- Facilitate sustainable FDI projects through partnerships between investment authorities in host and home economies, including to help investors find bankable projects quickly.

III. NEGOTIATION PROCESS AND IMPLEMENTATION

A. Assure inclusive and transparent negotiation process

- Support the participation of delegates and experts from developing countries (especially LDCs), to allow all WTO members to actively participate in the negotiations in Geneva.
- Support exploratory needs assessments to identify priority facilitation measures and implementation challenges that will require attention.
- Make the Consolidated Text public and provide opportunities to stakeholders (e.g., investors, civil-society, academia) to comment on it, to help build a broad consensus.

B. Support implementation

- Establish a sufficiently large technical assistance and capacity building programme, to assist developing countries (especially LDCs) in implementing an IFF, following the innovative approach of the TFA which links the implementation of certain provisions with technical assistance and capacity building.
- Provide technical assistance and capacity building for needs assessments during the implementation phase to identify technical assistance and capacity building needs in light of members' sustainable development strategies.
- Provide for the establishment of national investment facilitation committees, to help coordinate the various domestic actors involved and obtain stakeholder input.
- Ensure that the WTO Investment Facilitation Committee becomes a knowledge hub for the sharing of best practices and policy learning among the IFF signatories to support implementation.
- Focus less on formal dispute settlement but provide for procedures to identify implementation bottlenecks.
- Agree on a built-in treaty-mandated future work programme, to ensure that (among others) that special attention is given to facilitating sustainable FDI and CSR.
- Establish a global IPA market platform where IPAs can look for benchmarking information and contacts and list bankable projects.

Contacts:

Rajesh Aggarwal, ITC (aggarwal@intracen.org)

Axel Berger, DIE (axel.berger@die-gdi.de)

Karl P. Sauvant, Columbia University/CCSI (karlsauvant@gmail.com)

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