

## Report on the 3rd virtual meeting of the Commentary Group on a Multilateral Framework on Investment Facilitation for Development

7 May 2020

The 3<sup>rd</sup> virtual meeting of the Commentary Group on a Multilateral Framework on Investment Facilitation for Development took place on 7 May 2020.

The meeting focussed on **issues related to the implementation of a multilateral framework on investment facilitation for development**; it was geared specifically towards the technical assistance and capacity-building needs of developing economies regarding the implementation of various investment facilitation measures.

The meeting was chaired by Karl P. Sauvant and closed by Matthew Stephenson. Twenty members participated, along with staff providing support through an informal secretariat. Four background documents were circulated in advance: an *Inventory of Measures*; summaries of the 1<sup>st</sup> and 2<sup>nd</sup> meetings of the Commentary Group; and the European Union's proposal on investment facilitation. **Discussion highlights** are first presented, after which **main takeaways** of relevance for the WTO process.

### Discussion highlights

#### Digital

COVID-19 has changed the way investment facilitation takes places, with IPAs increasingly providing services online. As a result, future technical assistance (TA) for a WTO framework needs to ensure TA supports the provision of digital services and solutions as an integral part of investment facilitation, including through the creation of effective online interfaces and systems.

#### Funding

While traditional donors – including international organizations and governments – can play a key role in providing TA, the private sector can be also be a source of funding for TA. There is precedent with the Global Alliance for Trade Facilitation (GATF) whereby the private sector provides in-kind support; the implementation of investment facilitation may wish to consider standing up something similar.

## **Role of IPAs**

There is broad consensus on the importance of IPAs, but IPAs often do not have the capacity to play the role needed in facilitating investment. The implementation of an investment facilitation framework will therefore require support to IPAs to effectively fulfil their functions. Examples of such functions include not only facilitating investment but also policy advocacy to improve the investment framework, as well as coordination between authorities (discussed in more detail below).

## **Multi-stakeholder process**

The effective implementation of an international framework at the national level will require mobilizing and managing a multi-stakeholder process. This should include representation of different stakeholder groups related to FDI, especially the private sector and civil society. Multi-stakeholder consultations in the implementation of the framework will increase the framework's effectiveness through understanding needs and creating buy-in.

## **Measuring FDI, especially sustainable FDI**

It is difficult to know if implementation is going well unless the amount and quality of FDI being mobilized can be measured. A key part of successful implementation of a framework will therefore require support to investment authorities to measure FDI flows in terms of both quantity and quality. For instance, investment authorities should be able to understand, identify and track sustainable investment or investment that follows responsible business conduct in order to know whether such investment flows are increasing, and not just investment flows in absolute terms. This is challenging and will require concerted and targeted TA.

## **Aftercare**

Successful implementation will require support for aftercare services by investment authorities, so that the framework translates into continued support for investor needs, and not just a focus on attraction and entry of FDI. TA and capacity building should therefore focus on helping developing economies grow aftercare capacity.

## **SMEs and linkages**

The implementation of the framework will require a concerted focus on the needs of SMEs, and especially creating linkages between SMEs and foreign affiliates, if the framework is to have the intended development effect in practice. One way to support SME linkages is through a database where foreign investors can easily match with qualified domestic suppliers.

## **Coordination, including National Investment Facilitation Committees**

Implementation will fall flat without effective coordination mechanisms; but while this is easy to say, it is difficult to implement in practice. Coordination needs to include horizontal, intergovernmental coordination. Coordination should also include government-stakeholder

coordination, which can be furthered through the multi-stakeholder process outlined above. Finally, coordination should take place between the national and the subnational levels. One key mechanism for coordination is setting up a National Investment Facilitation Committee (NIFC), along the same lines as National Trade Facilitation Committees. An NIFC could help coordinate national implementation efforts, as well as technical assistance and capacity building.

### **Needs assessments**

Needs assessments played an important role during the negotiations of the WTO Trade Facilitation Agreement (TFA), as well as after its conclusion. It is worth understanding the role of needs assessments in the TFA process to see how this might help the discussions on investment facilitation.

With the TFA, needs assessments started as early as 2007. Importantly, the role of needs assessments evolved over time, and could be categorized into two phases: before and after conclusion of negotiations in 2014. In the first phase (2007 to 2014), needs assessments were aimed at raising awareness and helping national policy makers address concerns and develop consensus on the importance of the TFA.

The second phase of needs assessments began after negotiations were concluded; it was aimed at reassuring national policy makers and addressing concerns regarding ratification. In addition, after 2015, the majority of needs assessments took the form of assistance in categorizing measures based on the time and technical assistance needed per measures (under Categories A, B or C). The funding of these needs assessments came from different economies. Over the course of almost a decade, more than a hundred needs assessments were delivered in the first phase and about seventy in the second phase.

### **IPA-IPA partnerships and learning**

Implementation can be furthered through IPAs partnering with one another, as well as undertaking peer-to-peer learning. This can advance identification and the uptake of good practices. Peer-to-peer learning can include multiple modes of exchange and collaboration, including South-South, North-South and North-North.

### **Investment Facilitation Facility**

The implementation and delivery of technical assistance and capacity building in the TFA involved the creation of the Trade Facilitation Facility. That Facility is a platform for matchmaking between economies and donors, to deliver technical assistance and capacity building. It also is a platform to disseminate information about the intricacies of the TFA and best practices in the implementation of various measures in the agreement. Something similar for investment facilitation would go a long way in helping with the implementation of the framework through mobilizing, leveraging and coordinating TA resources.

### **WTO Investment Facilitation Committee**

In addition to the Facility, an Invest Facilitation Committee at the WTO will be a key element to monitor implementation of a potential framework, creating the mechanism for public-private dialogue and fine-tuning to improve the implementation process. Such a Committee allows the identification and airing of issues as they emerge, as well as working on a continuous agenda of investment facilitation even after the initial set of issues has been addressed.

## **Main takeaways**

Technical assistance and capacity building would assist economies in engaging stakeholders in streamlining processes, especially in developing e-government solutions and a single window.

Technical assistance and capacity building could be channelled into creating a stakeholder group. Technical assistance could be provided in the form of roadmaps and guides on the establishment of such a group. The stakeholder group could be coordinated by IPAs and should include the private sector.

Technical assistance and capacity building could facilitate sharing of best practices through creating a website for IPAs to submit inquiries or receive online training on how to proceed with implementation efforts. It could also be channelled to develop an investor inquiry protocol. This protocol would explain how to deal with inquiries and list the mechanisms that should be in place.

Technical assistance and capacity building should be channelled towards strengthening IPAs to facilitate sustainable FDI. It could also be aimed at helping economies establish the regulatory framework necessary to promote sustainable FDI.

Technical assistance and capacity building could help economies develop FDI aftercare services, which may be skill and resource intensive. It could also be channelled to build economies' capacity to create linkages, especially between SMEs and multinational enterprises.

Technical assistance and capacity building could be coordinated through an investment facilitation facility. There are already some existing institutional arrangements within the WTO, such as the Trade Policy Review Mechanism that could be used to share, update and provide Members with feedback on investment facilitation efforts.

In terms of the measurement of FDI, technical assistance and capacity building could be channelled to help economies develop systems to measure FDI flows resulting from IPAs operations.

Needs assessments may wish to take place in two stages. The first phase is preparatory and should be provided as soon as possible. This phase involves needs assessments that are structured to raise awareness at the national levels during the structured discussion and negotiations. The second phase should be provided after negotiations. The needs assessment in this phase are structured to help economies categorise measures under A, B or C. This

would involve evaluating the levels of existing implementation of measures, estimating the time needed for implementation and calculating the type and magnitude of technical assistance and capacity building required for implementation.

It is important that economies develop coordination mechanisms at the national levels to organise input from donors for the efficient use of technical assistance and capacity building. It is also important that economies ensure coordination between IPAs and ministerial authorities to ensure the alignment of political will and policy goals pursued in negotiations. This would help prevent difficulties at the ratification stage.

Technical assistance and capacity building could help to establish a national investment facilitation committee, which could play a pivotal role in the coordination of implementation of measures, communication with the Investment Facilitation Committee at the WTO and the coordination of inputs from donors. Such committees may require a substantial mobilisation of political actors and resources.

## Annex I. Participants in the 3<sup>rd</sup> Commentary Group meeting

First Name	Last Name	Affiliation
Mohammed	Baba	Investor Relations Department, Nigerian Investment Promotion Commission
Shabeer	Bashardost	Export Promotion Director, Afghanistan Ministry of Industry and Commerce
Axel	Berger	Senior Researcher at the German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE).
Douglas	van den Berghe	Vice President, Advisory, Conway Inc
Craig	Burchell	Vice President Global Trade Affairs, Huawei Technologies
Juan	Carlos Gonzalez	Former Ambassador and Permanent Representative of Colombia to the WTO, former head of ProColombia
José	Chinjamba	Agency for Private Investment and Promotion of Exports AIPEX Angola
Hilina	Getachew	Chief of Staff to the Commissioner, Ethiopian Investment Commission
Yofi	Grant	CEO, Ghana Investment Promotion Centre (GIPC)
Khalil	Hamdani	Visiting Professor, Lahore School of Economics
Mahdi	Mohammadi	Investment Promotion, Afghanistan Ministry of Industry and Commerce
Eugenia	Okyere	Principal Investment Promotion Officer, Ghana Investment Promotion Centre
Sebastian	Reil	Consultant   Investment Promotion, Special Economic Zones and China Expert
Karl P	Sauvant	Resident Senior Fellow, Columbia University, CCSI
Matthew	Stephenson	Policy and Community Lead, International Trade and Investment, World Economic Forum

Amne	Suedi	International Lawyer, Shikana Law Group, Tanzania
Sophal	Suoun	Director of Investment Promotion and Public Affairs, Council for the Development of Cambodia
Douglas	van den Berghe	Vice President, Advisory, Conway Inc
Hannah	Welgacz	Market Manager for Europe, APEX Brazil
Philippe	Yvergniaux	Director, International Cooperation, Business France
<b>Speakers</b>		
Douglas	van den Berghe	Vice President, Advisory, Conway Inc
José	Chinjamba	Agency for Private Investment and Promotion of Exports AIPEX Angola
Yofi	Grant	CEO, Ghana Investment Promotion Centre (GIPC)
Khalil	Hamdani	Visiting Professor, Lahore School of Economics
Karl P	Sauvant	Resident Senior Fellow, Columbia University, CCSI
Matthew	Stephenson	Policy and Community Lead, International Trade and Investment, World Economic Forum
Sophal	Suon	Director, Investment Promotion and Public Affairs, Council for the Development of Cambodia
Hannah	Welgacz	Market Manager for Europe, APEX Brazil
Philippe	Yvergniaux	Director, International Cooperation, Business France
<b>Secretariat</b>		
Mohamad	Fakhreddin	Project Officer, Investment Facilitation for Development, Research and Strategies for Exports, International Trade Centre
Quan	Zhao	Trade Policy Advisor, Research and Strategies for Exports, International Trade Centre

## Annex II. Invitation and agenda



### **INVITATION: 7 MAY 2020, 3<sup>rd</sup> VIRTUAL MEETING OF THE COMMENTARY GROUP ON A MULTILATERAL FRAMEWORK ON INVESTMENT FACILITATION FOR DEVELOPMENT**

Dear Colleague,

Please find below the agenda for the 3<sup>rd</sup> meeting of the Commentary Group, to take place virtually on **7 May 2020, from 9:00am to 10:30am Eastern Daylight Saving Time (EDT), 15:00 to 16:30 Central European Time (CET), 21:00 to 22:30 China Standard Time (CST)**.

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

As background documents, please find the following attached:

- a) The updated inventory of investment facilitation measures
- b) A summary of the Streamlined Text of the WTO Structured Discussions on Investment Facilitation for Development
- c) The submission by the European Commission to the WTO on investment facilitation for development

**The 3<sup>rd</sup> meeting will focus on issues related to the implementation of a multilateral framework on investment facilitation for development** and, specifically, will be geared to the technical assistance and capacity-building needs of developing countries regarding the implementation of various FDI facilitation measures. The discussion will be interactive. But we will have an introductory presentation of a maximum of 10 minutes, followed by short interventions (3-5 minutes) by selected members of the Commentary Group, before other members will have an opportunity to intervene. Some of the issues that will be addressed are:

- If there were need assessments of the capacity of IPAs to implement various investment facilitation measures (see, e.g., the inventory of investment facilitation measures), what are the 3-5 most important areas in which technical assistance would be required?
- How can technical assistance and capacity building address such challenges of implementation?
- What are provisions to be included in a multilateral framework on investment facilitation for development to guide technical assistance and capacity building towards addressing implementation challenges?

As in the case of earlier meetings, a summary of the discussions will be made available to the Structured Discussions.

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

**Presentation:** Khalil Hamdani, Visiting Professor, Lahore School of Economics, and former Director of UNCTAD Investment Division

**Discussion starters:**

- Douglas van den Berghe, Vice President, Advisory, Conway Inc.
- José Chinjamba, Administrator, Angolan Agency for Private Investment and Promotion of Exports
- Yofi Grant, CEO, Ghana Investment Promotion Centre
- Sophal Suon, Director, Investment Promotion and Public Affairs, Council for the Development of Cambodia
- Hanna Tatarchenko Welgacz, Investment Officer, APEX-Brazil
- Philippe Yvergniaux, Director, International Cooperation, Business France

**Concluding remarks:** Matthew Stephenson, Policy and Community Lead, International Trade and Investment, World Economic Forum

To join the meeting, kindly click on the link below shortly before 15:00 am CET on 7 May 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.

## Join Zoom Meeting

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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