

Investment Facilitation for Development

A toolkit for policymakers



In collaboration with

d.i.e

Deutsches Institut für
Entwicklungspolitik



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Institute

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About this publication

Investment facilitation is key to a post-pandemic recovery and to achieving the Sustainable Development Goals. This publication combines insight and analytical expertise relevant to negotiating and implementing investment facilitation for development. It is intended to support the WTO negotiation on this topic, as well as unilateral, bilateral and regional efforts to facilitate sustainable investment flows.

The publication includes lessons from negotiating and implementing relevant WTO agreements, an inventory of investment facilitation measures, as well as the proceedings of some 30 stakeholder consultations conducted under the ITC-DIE project on investment facilitation for development. Particular emphasis has been placed on the development dimension of investment facilitation.

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Foreword

The pandemic has touched all corners of modern life, including the trade and investment landscape.

The health and economic impact, coupled with extended lockdowns, have contributed to a sharp decline in flows of foreign direct investment (FDI). Global investment flows contracted by 42% in 2020 compared to 2019, according to the United Nations Conference for Trade and Development, and we expect 2021 to also be a challenging period.

This is of concern because a fundamental component of any global and resilient recovery – and, beyond that, the achievement of the Sustainable Development Goals – depends in no small measure on FDI.

The global community – at the local, regional and multilateral levels – needs to fast-track actions to create an environment that facilitates investment. This includes supporting countries to build business ecosystems for domestic and foreign investors to focus on policy infrastructure and innovation that benefits all firms, including micro, small and medium-sized enterprises.

But simply ‘just more’ investment is not enough. We need more inclusive, sustainable and responsible FDI that will help countries recover from the pandemic in a way that facilitates the economic, environmental and social transition required to achieve the Sustainable Development Goals by the end of this decade.

The Investment Facilitation for Development discussions at the World Trade Organization (WTO) aim to create a multilateral framework for a more transparent, efficient and investment-friendly business climate. The focus has been on making it easier for foreign investors to invest, conduct business and expand their existing investments, in a manner that advances sustainable development.

A successful outcome to these discussions at the WTO can inject confidence into the global economy and revitalize investment. Enhancing cooperation, transparency, streamlining procedures, improving regulations, and encouraging investment that directly contributes to development are important principles to take into account. The successful WTO Trade Facilitation Agreement, with its flexible implementation periods and capacity-building elements, can serve as an important template to consider.

Our joint project seeks to strengthen the capacity of policymakers in developing countries to engage constructively in these discussions at the WTO. It does this by bringing the ground-level experiences of investment promotion agencies, investors and investment service providers, as well as analytical expertise, to the attention of negotiators and by promoting public discussions of these issues. Particular emphasis has been placed on the sustainable development dimension of investment facilitation.

This publication is a resource for negotiators, policymakers and investment promotion agencies. It distils key policy insights from project activities and addresses legal, economic and political aspects of the WTO discussions. It also serves as a capacity-building tool to help on this issue in negotiations of regional and bilateral agreements that address investment facilitation. It is, in fact, also useful for investment promotion agencies and any institutions seeking to facilitate FDI flows.

Working with stakeholders in the FDI space, we stand ready to expand our joint collaboration through empirical studies, capacity-building needs assessments, and the design of institutional and regulatory reforms, to encourage higher flows of sustainable FDI for sustainable development.



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World Association of Investment Promotion Agencies

World Bank Group

World Economic Forum

World Trade Organization

This publication was compiled and edited by Axel Berger, Senior Researcher, German Development Institute/Deutsches Institut für Entwicklungspolitik (DIE) and Karl P. Sauvant, Resident Senior Fellow, Columbia Center on Sustainable Investment (CCSI). It was produced within the framework of the ITC-DIE project on Investment Facilitation for Development, led by Quan Zhao, Trade Policy Adviser, Rajesh Aggarwal, Chief, Trade Facilitation and Policy for Business (both ITC), Axel Berger and Karl P. Sauvant.

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Karl P. Sauvant introduced the idea of an international support programme 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, participated in related events and is Senior International Adviser to 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 its Executive Director in 2012 to focus his work, as a CCSI Resident Senior Fellow, on teaching, research and writing.

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