INVESTMENT FACILITATION:

NATIONAL OR INTERNATIONAL?

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OECD’s approach to investment policy reform – *Policy Framework for Investment*

- The PFI is a **policy tool** for investment bringing together 12 policy areas that affect the investment climate.

- It takes a **whole-of-government approach** to investment climate reform, including on investment facilitation.

- The PFI has been used for 30 country-level *Investment Policy Reviews* as well as for regional cooperation, capacity building and international policy dialogue.

- It allowed the OECD to develop expertise and an in-house repository of **good practices in investment facilitation**.

- It incorporates **responsible business conduct** as a key element of a good investment climate (*OECD Guidelines for Multinational Enterprise*)
What is investment facilitation?

• Derives from trade facilitation (i.e. streamlining and simplifying international trade procedures)

• Associated with easing business establishment but it is a wider notion

• Not to be confused with investment promotion

• Starts with the specific role of investment promotion agencies but involves a whole-of-government approach to:

  ➢ Provide investors with a transparent, predictable and efficient regulatory and administrative framework

  ➢ Reduce or eliminate obstacles faced by investors in the host economy when investing or reinvesting
Scope of investment promotion and facilitation

**Investment promotion**
- Image building
- Investment generation

**Investment facilitation**
- Investor servicing
- Aftercare
- Policy advocacy
- Implementation of investment facilitation-related policies

**IPAs**

**Policymakers**

**Stakeholders**
OECD’s structured approach to investment facilitation – drawing on the PFI

**PRINCIPLES**

- Provide investors with a **transparent, predictable and easily accessible** regulatory and administrative framework for investment.
- Provide investors with **efficient and streamlined** rules and procedures to minimise potential obstacles when investing or expanding.
- Maximise the benefits of investment to society through a sound policy framework that promotes and enables **sustainable development** and **responsible business conduct**.

**POLICIES**

*to improve the regulatory framework*

**TOOLS**

*to help investors navigate through regulations and procedures*

**PROCESSES**

*to make these policies and tools useful and impactful*
Examples of common investment facilitation measures at the national level

**Tools**
- one-stop shop or single window for incoming investors
- online business registration system
- information portal on legal and administrative procedures to start and operate a business
- client service charters for all authorities dealing with investors
- systematic aftercare services for existing investors

**Policies**
- Sound, transparent and consistent legal framework for investment
- regulatory measures to simplify/streamline administrative procedures
- policy measures to ensure investments are responsible and sustainable
- good governance laws and mechanisms

**Processes**
- public-private dialogue
- inter-agency co-ordination
- capacity building for public officials
- monitoring and evaluation of existing tools, mechanisms and policies
Looking at investment facilitation from an international perspective

- Emergence of global value chains: investment and trade are two sides of the same coin
- Need for increased policy coherence and international cooperation

**Unilateral**
- Defining IF principles & actions to be implemented at the national level (by host countries)

**Bilateral**
- Incorporating IF provisions in trade and investment agreements (for both host and home countries)

**Multilateral**
- Adopting principles and actions at the global level:
  - *Global principles*
  - *Global IF framework: investment equivalent of TFA?*
Investment facilitation in FTAs/IIAs

- Different provisions in FTAs to facilitate investment
- In the IIAs (or Investment Chapters)

  Mentions in preambles

  New approach to investment facilitation in IIAs

  ➢ **Brazil:** Adoption in 2015 of Cooperation and Investment Facilitation Agreements (CIFAs) instead of traditional BITs
    - Creation of Focal Points or “Ombudsmen”
    - Emphasis on regulatory transparency and exchange of information
    - Agendas for improved cooperation and facilitation of investments

  ➢ **Japan:**
    - Inclusion of a chapter on “Improvement of the Business Environment”
    - Creation of sub-committees for the improvement of the business environment
Towards a multilateral framework for investment facilitation (1/2)

- Different international organisations and international fora could contribute in a different way based on their mandates.

- Some elements need to be defined:
  1. Definition and understanding of IF
  2. Principles? Policy areas? Specific Actions?
  3. IF as a way to encourage sustainable investments and responsible business conduct
  4. Host countries vs. home countries’ commitments
Towards a multilateral framework for investment facilitation (2/2)

- **G20**: IF identified as a key priority since last year
  - *Development of G20 Investment Facilitation Package*

- **OECD**: supporting the international IF agenda based on the *Policy Framework for Investment* and through evidence-based research, policy advice and dissemination of best practices

- **UNCTAD** (*Global Action Menu for IF*) and **World Bank** (*Investment Cycle*, other tools) also supporting IF agenda

- **WTO**: investment equivalent of the Trade Facilitation Agreement?