

INVESTMENT FACILITATION

UNCTAD's Perspective

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WTO, Geneva

10 July 2017

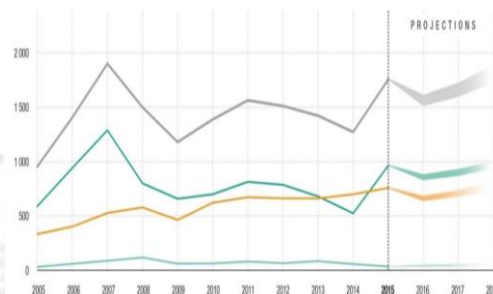
Contents

- **Investment facilitation: context, concept, content and UNCTAD's approach**
- Review of practices: national investment laws, national policy measures, and international investment agreements
- Investment facilitation tools: information portals and online single windows

Why Investment Facilitation: the *Challenges*

1

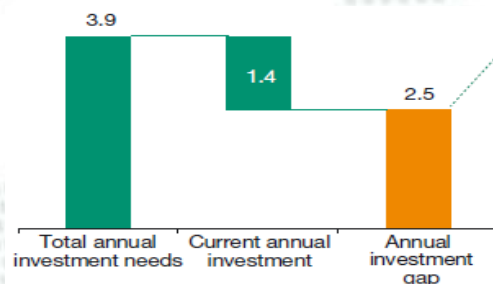
Productive investment gap



- Stagnating FDI growth: flows still 10% below pre-crisis peak, and negative growth in 2016
- Significant liquidity in MNE overseas operations is not translating into productive investment

2

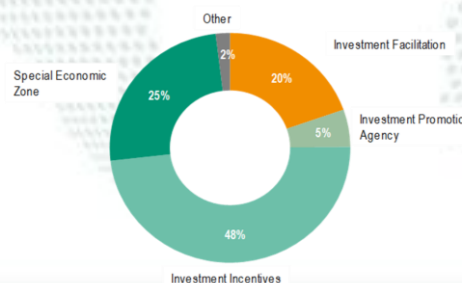
SDG investment gap



- SDGs face an annual investment gap of \$2.5 trillion
- In key SDG-sectors: agriculture, renewable energy, water and sanitation, health and education,...
- ...but also in general productive capacity!

3

Systemic policy gap



- Only ~20% of national policy measures favourable to investors over the last 5 years addressed facilitation issues (mostly promotion/incentives)
- In over 90% of International Investment Agreements facilitation is absent or weak

Source: ©UNCTAD

How does it fit in the wider Investment Policy *Context*



Source: ©UNCTAD

What is Investment Facilitation: the *Concept*

Definition

- Making it easier to invest and do business
- Transparent and predictable rules
- Efficient administrative procedures
- Dispute prevention
- Effective stakeholder relations
- Investor services (helping to deal with rules/procedures)

Promotion vs Facilitation

Investment Promotion *'Marketing a location'*

- Predominant role for IPAs
- Competitive ("zero-sum hypothesis")
- Focused on location-sensitive (efficiency-seeking) investment
- Potentially costly incentives

Investment Facilitation *'Making it easier to invest and do business'*

- Whole-of-government approach
- Non-competitive (low risk of "beggar-thy-neighbour")
- Important for all investment (including domestic investment)
- Low-hanging fruit

Source: ©UNCTAD

UNCTAD's Global Action Menu for Investment Facilitation: the *Content*

Action Line 1

Promote accessibility and transparency in investment policies and regulations and procedures relevant to investors

Action Line 2

Enhance predictability and consistency in the application of investment policies

Action Line 3

Improve the efficiency of investment administrative procedures

Action Line 4

Build constructive stakeholder relationships in investment policy practice

Action Line 5

Designate a lead agency, focal point or investment facilitator

Action Line 6

Establish monitoring and review mechanisms for investment facilitation

Action Line 7

Enhance international cooperation on investment facilitation

Action Line 8

Strengthen investment facilitation efforts in developing-country partners, through support and technical assistance

Action Line 9

Enhance investment policy and proactive investment attraction in developing country partners

Action Line 10

Complement investment facilitation by enhancing international cooperation for investment promotion for development, including through provisions in IIAs

Source: ©UNCTAD

Available on UNCTAD's Investment Policy Hub

<http://investmentpolicyhub.unctad.org/>

INVESTMENT POLICY FRAMEWORK FOR SUSTAINABLE DEVELOPMENT



UNCTAD's Global Action Menu for Investment Facilitation: based on extensive experience and policy analysis; incorporates multi-stakeholder feedback

- UNCTAD's World Investment Reports (WIRs) have emphasized the importance of IF since the 1990s
- IF contained in the June 2012 and July 2015 editions of UNCTAD's Investment Policy Framework for Sustainable Development (IPFSD)
- June 2015 – UNCTAD's Roadmap for IIA Reform highlights IF as a key area for reform
- January 2016 – pre-launch of the Global Action Menu for multi-stakeholder consultations
- June 2016 – UNCTAD's Global Action Menu officially launched as part of *WIR16*
- July 2016 – UNCTAD's Global Action Menu central part of UNCTAD 14 and the 5th World Investment Forum (WIF) in Nairobi, Kenya
- September 2016 – UNCTAD publishes an updated Action Menu, incorporating the WIF feedback
- December 2016 – UNCTAD publishes a review of national and international policy practices in IF
- December 2016 – UNCTAD's Global Action Menu endorsed by 63rd Session of the Trade and Development Board, Geneva

How to advance the cause...

UNCTAD's Approach

1

International
instrument

- Action Menu for Investment Facilitation:
 - In line with sustainable development objectives
 - Minimize burden for governments
 - Experts' design based on decades of experience and good practices
 - Flexibility: adapt and adopt in national and international policy practices

2

International
consensus on good
practices

- Multi-stakeholder consultations (Action Menu endorsed at 2016 World Investment Forum, further inter-governmental deliberations at TDB in December 2016)
- Multi-level engagement (national, regional, international)
- Flexibility: 'living document approach' for feedback and lessons learned

3

International
collaboration on
implementation

- Policy reviews (IPRs), Investment Facilitation review
- Technical assistance (eRegulations, Investment Portals, iGuides, IPA advisory and training)
- Peer-group learning: GER.co (the Global Enterprise Registration Portal)

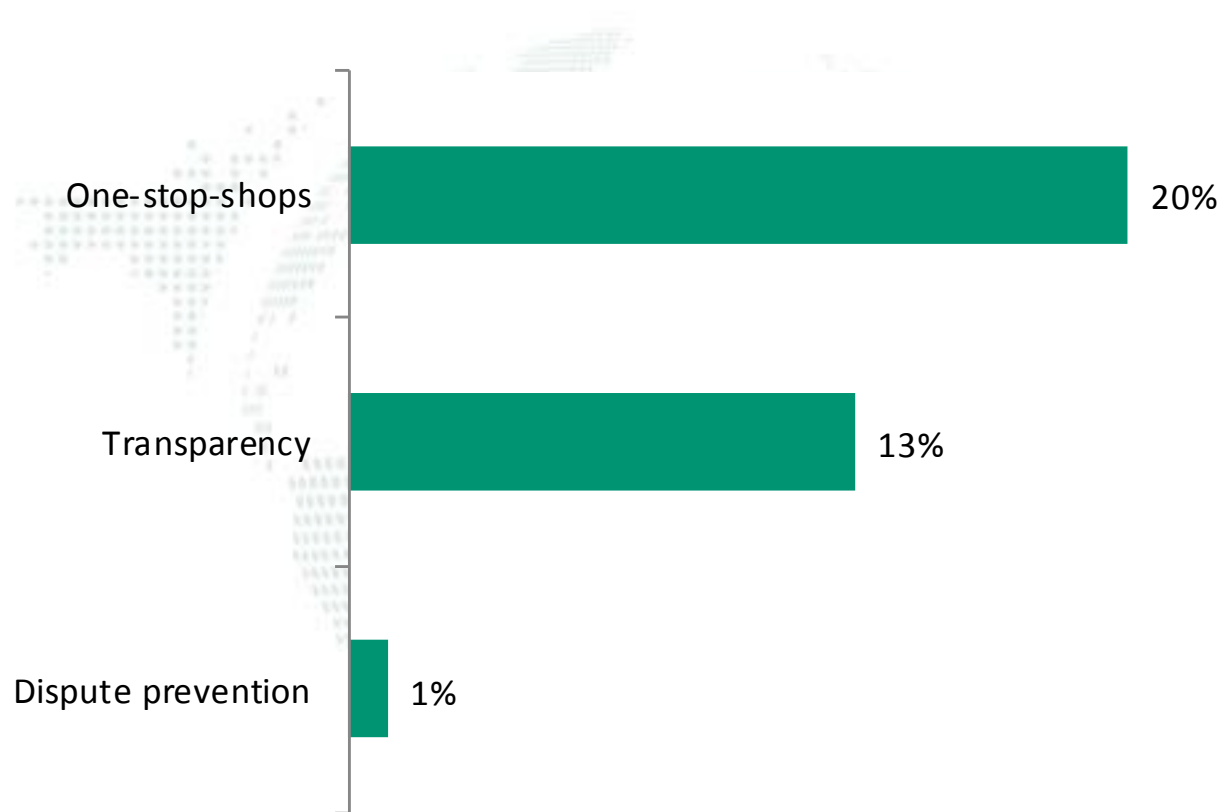
Source: ©UNCTAD

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Investment facilitation elements in National Investment Laws

Presence of (or references to) key investment facilitation concepts in national investment laws



Based on an UNCTAD survey of 111 investment laws

Investment facilitation elements in National Investment Laws

Transparency and regulatory stability in national investment laws

	Number	Share
1. Government transparency	15	14%
• Obligation to make all laws and regulations pertaining to investments publicly available	15	14%
• Collaborate with investors and provide all relevant information	6	5%
• Hold public consultations before changes in investment policy	1	1%
2. Application of the law	68	61%
Clarification of applicability of the law to pre-existing investments.		

Based on an UNCTAD survey of 111 investment laws

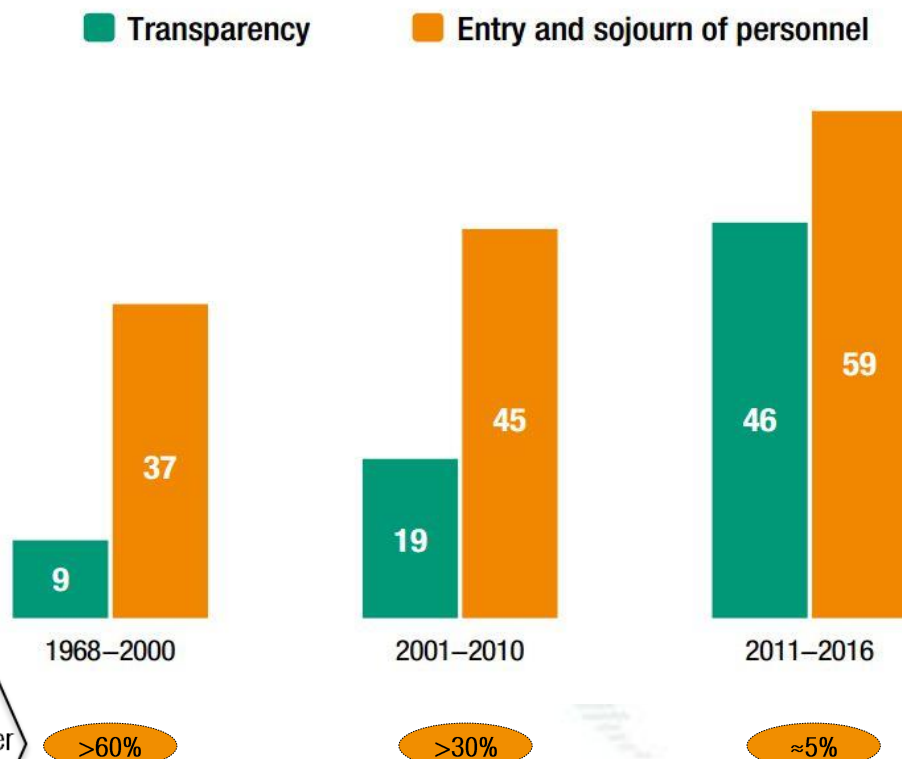
Investment facilitation elements in National Policy Measures

- According to UNCTAD's quarterly monitoring, from 2010 to May 2017 countries adopted a total of 730 investment policy measures
- 69 of these policy measures related to investment facilitation (<10%)
- Out of these measures, 23 measures related to transparency and predictability of the investment climate (mostly the establishment of single windows or enquiry points for investors)

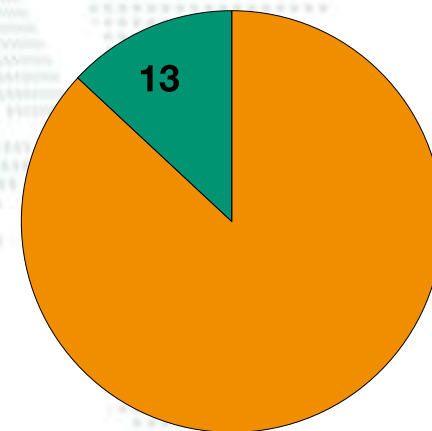
Source: UNCTAD Investment Policy Monitor database

Investment facilitation elements in IIAs

Share of BITs containing a transparency and/or entry and sojourn of personnel provision, 1968–2016 (Per cent)



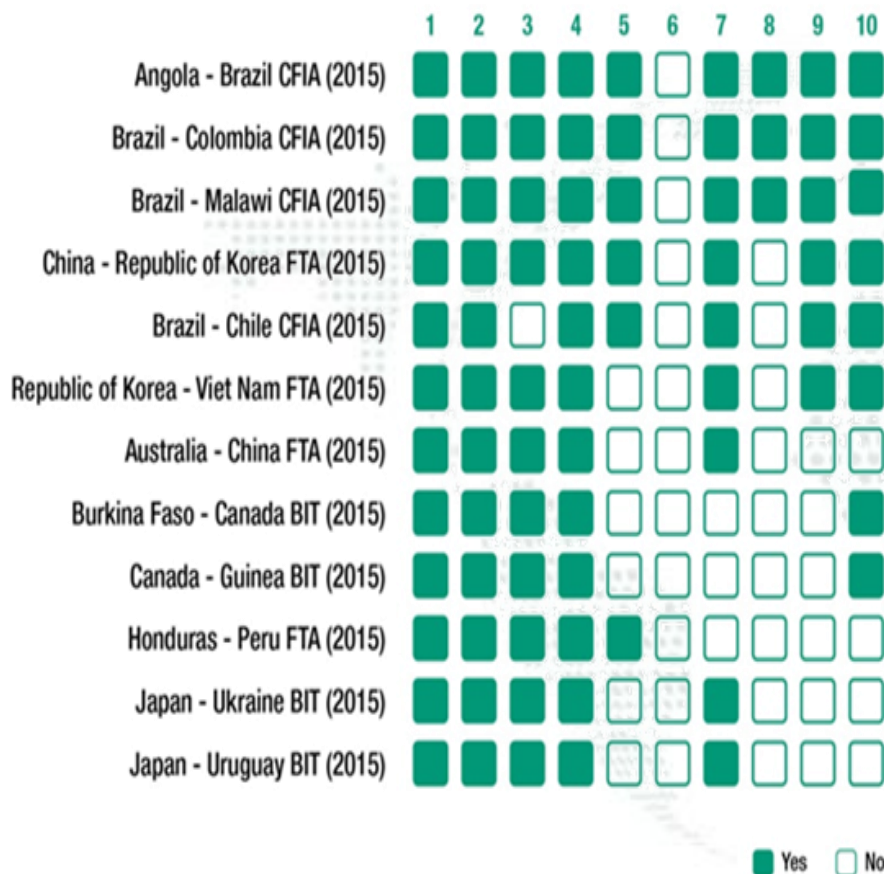
Share of the current stock of BITs containing a transparency provision, Per cent



Source: UNCTAD IIA Mapping Project

Note: Based on 2,346 BITs signed between 1968 and 2016

A wider range of facilitation-related clauses is gradually making its way into modern investment agreements



The chart shows some recently signed IIAs mapped against the 10 action lines contained in UNCTAD's Global Action Menu for Investment Facilitation

Source: © UNCTAD, IIA Navigator, Investment Facilitation: A Review of Policy Practices (UNCTAD, 2017)

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Information portals for investors and online single windows: key investment facilitation tools

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Online Single Windows (31)

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Canada		
Chile		
Costa Rica		
Denmark		

230 online single windows and information portals rated on GER.co

Your concrete action after this meeting: ensure your country's ratings include self-assessments!

Source: GER.co

10 principles

to simplify administrative procedures

MINIMUM INTERACTIONS

REGROUP
SIMILAR STEPS

10

ONLINE SERVICES

ONLINE
REQUESTS

8

ONLINE
CERTIFICATES
& PAYMENT

9

FORMS AND DOCUMENTS

AVOID
REDUNDANCY

5

FREE
FORMS

6

CLARIFY
INSTRUCTIONS

7

BASIC PRINCIPLES

PUBLISH
PROCEDURES

1

ONLY LEGALLY
REQUIRED
CONTROLS

2

ONLY
RELEVANT
REQUIREMENTS

3

PRESUME
GOOD FAITH

4

In conclusion...

- Investment facilitation is a systemic gap in both national investment policies and in IIAs
- Many countries have significant room for improvement in the provision of online investor information and single windows for administrative procedures relevant to investors
- UNCTAD's Global Action Menu for Investment Facilitation is intended to fill this systemic gap and to spur the debate on concerted global action on investment facilitation, with a view to mobilizing investment for sustainable development

THANK YOU!

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