INVESTMENT FACILITATION

UNCTAD’s Perspective

James Zhan
Director, Investment and Enterprise, UNCTAD

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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?
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/
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
- 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
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

1. Government transparency

- Obligation to make all laws and regulations pertaining to investments publicly available
  - Number: 15, Share: 14%

- Collaborate with investors and provide all relevant information
  - Number: 6, Share: 5%

- Hold public consultations before changes in investment policy
  - Number: 1, Share: 1%

2. Application of the law

- Clarification of applicability of the law to pre-existing investments
  - Number: 68, Share: 61%

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)

- Transparency
- Entry and sojourn of personnel

<table>
<thead>
<tr>
<th>Period</th>
<th>Transparency</th>
<th>Entry and sojourn of personnel</th>
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</thead>
<tbody>
<tr>
<td>1968–2000</td>
<td>9</td>
<td>37</td>
</tr>
<tr>
<td>2001–2010</td>
<td>19</td>
<td>45</td>
</tr>
<tr>
<td>2011–2016</td>
<td>46</td>
<td>59</td>
</tr>
</tbody>
</table>

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

- 13

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.

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

Make Business Registration Easy, Everywhere
Join in the effort to improve online business registration processes and help entrepreneurs register their businesses around the world.

Entrepreneurs, Find Where To Register Your Business! Begin here

Online Single Windows (31)

<table>
<thead>
<tr>
<th>Country</th>
<th>Website Assessment</th>
<th>User Experience</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
</tbody>
</table>

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

Source: GER.co

Your concrete action after this meeting: ensure your country’s ratings include self-assessments!
10 principles
to simplify administrative procedures

MINIMUM INTERACTIONS

ONLINE SERVICES

FORMS AND DOCUMENTS

BASIC PRINCIPLES

1. Publish procedures
2. Only legally required controls
3. Only relevant requirements
4. Presume good faith
5. Avoid redundancy
6. Free forms
7. Clarify instructions
8. Online requests
9. Online certificates & payment
10. Regroup similar steps
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!

Contact:
Division on Investment and Enterprise
Palais des Nations, 1211 Geneva 10, Switzerland
✉ diaeinfo@unctad.org
📷 @unctadwif

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