



## **Webinar Report: “Strengthening investment facilitation capacity for development: an overview, based on ‘An Inventory of Concrete Measures to Facilitate the Flow of Sustainable FDI: What? Why? How?’”**

The webinar, for government and IPA officials, on “**Strengthening investment facilitation capacity for development: an overview**” was based on [\*“An Inventory of Concrete Measures to Facilitate the Flow of Sustainable FDI: What? Why? How?”\*](#), and took place on 26 February 2021, from 15:00 to 16:00 Geneva time (Central European Time).

The webinar was co-organized by the International Trade Centre (ITC), the German Development Institute/ Deutsches Institut für Entwicklungspolitik (DIE), the World Association of Investment Promotion Agencies (WAIPA), and the World Economic Forum (WEF). The webinar was held in the framework of the Investment Facilitation for Development [project](#), jointly implemented by the International Trade Centre (ITC) and the German Development Institute/Deutsches Institut für Entwicklungspolitik (DIE). It hosted about 80 participants.

This was the first webinar in a series of webinars meant to assist investment promotion agencies (IPAs) and similar institutions in strengthening their capacity to facilitate higher foreign direct investment (FDI) flows, especially investment flows that directly contribute to development.

The webinar was opened by Rajesh Aggarwal, Chief, Trade Facilitation and Policy for Business, ITC. It was moderated by Karl P. Sauvart, Resident Senior Fellow, Columbia University, CCSI, and included the following speakers: Bostjan Skalar, Executive Director, CEO, WAIPA; Quan Zhao, Trade Policy Advisor, Division for Market Development, ITC; Axel Berger, Senior Researcher at DIE; Niraj Varia, Partner, Novastar Ventures; Yofi Grant, Chief Executive Officer, Ghana Investment Promotion Centre; Augusto Pestana, Business Director, Brazilian Trade and Investment Promotion Agency (ApexBrasil); Philippe Yvergniaux, Director of International Cooperation, Business France; and Simon Galpin, Senior Advisor and former MD, Bahrain EDB. Concluding remarks were made by Matthew Stephenson, Policy and Community Lead, International Trade and Investment, World Economic Forum.

The webinar programme is annexed to this report.

### **Discussion highlights**

#### **I. The importance of increasing investment facilitation in both developed and developing countries**

FDI is a significant tool to improve productivity, increase employment, contribute to the growth of gross domestic product, and contribute to development. As a result of the COVID-19 pandemic and the related economic downturn, global flows of foreign FDI fell by 42% in 2020. In a context of uncertainty and declining FDI flows, investment facilitation may provide a practical solution for reviving the global economy. Investment facilitation measures include simplifying and

streamlining administrative procedures, establishing “one-stop shops”, improving coordination between regional and sub-regional governmental levels, and improving the communication between governmental agencies and investors, while ensuring fast and efficient responses. It was noted that, especially in the post COVID-19 world, it is important to streamline communications with investors through online portals.

It was emphasised that facilitation efforts should correspond with the expected impact on the quantity and quality of investment flows. Investment facilitation measures can target different types of investment differently. Under the “Recognised Sustainable Investor” model, greater facilitation measures are given to investors that promote sustainability goals set by the country. Such measures may include faster licensing approvals, greater incentives and quicker aftercare support.

In considering and prioritising investment facilitation measures undertaken by the government, IPAs should be involved in the process and provide their inputs, as they often are in direct communication with investors and have ground-level experience and knowledge of the practical issues investors deal with. In addition, it was noted that IPAs can assist not only in attracting FDI, but also in creating linkages between local companies and foreign investors, generating more employment and upgrading local suppliers.

In order to implement investment facilitation measures, many developing countries need technical assistance and capacity building, which should be provided under the WTO Investment Facilitation Framework for Development (IFF4D). One area of capacity building that was mentioned specifically was the assessment and negotiation of investment contracts. The IFF4D can include provisions of capacity building and technical assistance that will cover assistance with investment contracts, such as contract evaluation and assistance with the negotiation process. There also are a few international institutions that provide assistance to host countries in investment contract negotiations, but they are under-resourced.

## **II. Potential welfare gains from different investment facilitation frameworks**

In order for countries to understand the potential benefits of an IFF4D it is crucial for them to appreciate the potential benefits and economic effects of the IFF4D while it is being negotiated, how these benefits are likely to be distributed across countries, and to what extent non-members can be expected to benefit as well. Results of a DIE study on the potential welfare gains from different investment facilitation framework scenarios were introduced during the webinar. The research was based on DIE’s Investment Facilitation Index, which, in its current stage, covers 86 economies. The study showed that developing countries with low levels of current investment facilitation practice would benefit the most from the implementation of IFF4D proposals. The study further showed that, as greater investment facilitation commitments are undertaken, gains increase in term of consumer welfare and gross domestic product impact. In addition, low and middle-income countries can expect the highest gains. There are some spillover gains that can be expected for non-participant countries on a most-favoured-nation basis; however, these gains are lower than gains from membership in an IFF4D.

While economies have an incentive to unilaterally implement investment facilitation measures, many have not done so, especially developing countries at the lowest levels of development and with the greatest need for investment. One of the main reasons is that implementation of investment facilitation measures requires developing countries to undertake significant reforms, and such

reforms may require substantial financial and technical assistance. An IFF4D containing strong technical assistance commitments would be particularly useful for these countries.

### **III. Importance of investment facilitation measures for businesses**

It was stated that one of the most useful investment facilitation measures that should be undertaken by IPAs is the development of a clear roadmap for investors, specifying the entire regulatory process, for each step of the way, and not just for the company registration stage. Such a roadmap should include, among other things, all the documents that need to be provided by the investor and what funds and information they need to provide at each stage. Often investors only learn of one step at a time and do not have the whole roadmap for the investment process. Investors also report that prior consultations about changes in laws and regulations are important

Another possible investment facilitation measure that was mentioned was a performance pledge or service level agreement from the government that indicates what the government commits to in terms of approval timeframes for each stage of the investment process. It is important that IPAs be clear on the service that they are offering to investors. IPAs sometimes use general terms regarding the services they provide, such as “one-stop shops” or full facilitation service; however, investors want to know exactly what services the IPA can provide and how investors can receive external service assistance if needed. It is preferable that one account manager be the contact person for each investor to follow them throughout the journey.

A clear roadmap, providing transparency regarding an investor’s journey and the available investment facilitation measures, should be provided not only by the host country but also by the home country. Home countries should also provide information on supportive measures that outward investors can receive, information that is especially important for SMEs with limited resources. Consequently, full transparency requires good lines of communication between host economies and home economies.

### **IV. The importance of investment facilitation for small and medium-size enterprises (SMEs)**

SMEs are key players in any economy, but the challenges they face are not always effectively addressed. One of the main challenges facing SMEs is access to finance, a challenge that has been aggravated by the COVID-19 pandemic. Similarly, complex administrative procedures impact SMEs more than larger companies, as SMEs have fewer resources to deal with such procedures. Large firms can maintain on-staff consultants or outsource such processes. Investment facilitation measures are especially important for SMEs, as these measures can reduce their cost of doing business. This means that these measures can help IPAs add new potential investors from SMEs in addition to the more traditional multinational firms. Young businesses may also face similar difficulties as those faced by SMEs. It was noted that a business in Kenya needs to deal with over a dozen different governmental agencies and over 200 specific regulations, many of which are not always clear. Consequently, SMEs often may breach country laws, simply because of ignorance and lack of capacity.

SMEs and young businesses need to be able to address all regulations through a simple one-stop shop. It was emphasized that regulations need to be drafted taking into consideration the implications they will have for SMEs. Governments also need to engage with SMEs to understand the challenges they face and the impacts that new regulations may have on them. Governments can also ensure that future agreements they sign will assist foreign investors invest in local SMEs.



**Webinar invitation: “Strengthening investment facilitation capacity for development: an overview, based on ‘An Inventory of Concrete Measures to Facilitate the Flow of Sustainable FDI: What? Why? How?’”**

**26 February 2021**

Dear Colleagues,

On behalf of the International Trade Centre (ITC), the German Development Institute/ Deutsches Institut für Entwicklungspolitik (DIE), the World Association of Investment Promotion Agencies (WAIPA), and the World Economic Forum (WEF), we cordially invite you to a webinar on:

**“Strengthening investment facilitation capacity for development: an overview, based on ‘An Inventory of Concrete Measures to Facilitate the Flow of Sustainable FDI: What? Why? How?’”**

The webinar will take place on 26 February 2021, from 15:00 to 16:00 Geneva time (Central European Time), 09:00 to 10:00 Eastern Standard Time, and 21:00 to 22:00 China Standard Time.

The webinar is being held in the framework of the Investment Facilitation for Development [project](#), jointly implemented by the International Trade Centre (ITC) and the German Development Institute/Deutsches Institut für Entwicklungspolitik (DIE).

This is the first webinar in a series of webinars meant to assist investment promotion agencies (IPAs) (and similar institutions) in strengthening their capacity to facilitate higher FDI flows, especially investment flows that directly contribute as much as possible to development; it will also provide the opportunity to exchange experiences regarding investment facilitation.

The launching webinar will be followed by webinars focused on specific practical aspects of investment facilitation. The discussions will be informed by [“An Inventory of Concrete Measures to Facilitate the Flow of Sustainable FDI: What? Why? How?’”](#).

The webinar will be conducted in an interactive manner and allow for questions by participants.

The webinar will have the following agenda and speakers:

**Opening: Rajesh Aggarwal**, Chief, Trade Facilitation and Policy for Business, ITC

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

**Bostjan Skalar**, Executive Director, CEO, WAIPA – *“The importance of investment facilitation in a post Covid-19 world”*

**Quan Zhao**, Trade Policy Advisor, Division for Market Development, ITC – *“The importance of investment facilitation for small and medium-sized enterprises”*

**Axel Berger**, Senior Researcher at DIE – *“Potential welfare gains from different investment facilitation frameworks”*

**Niraj Varia**, Partner, Novastar Ventures – *“The importance of governments adopting investment facilitation frameworks, especially those that contribute to development”*

**Yofi Grant**, Chief Executive Officer, Ghana Investment Promotion Centre – *“The importance of increasing investment facilitation – developing country perspective”*

**Augusto Pestana**, Business Director, Brazilian Trade and Investment Promotion Agency (ApexBrasil) – *“The importance of increasing investment facilitation – a Latin American perspective”*

**Philippe Yvergnaux**, Director of International Cooperation, Business France – *“The importance of investment facilitation – developed country perspective”*

**Simon Galpin**, Senior Advisor and former MD, Bahrain EDB – *“The importance of increasing investment facilitation – what does the private sector tells us”*

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

To register for the event and receive the meeting-link details, please [register here](#).

The webinar will be delivered through Zoom.

We are looking forward to welcoming you at the webinar!

Best regards,

Rajesh Aggarwal, ITC; Axel Berger, DIE, Karl P. Sauvant, Columbia University/CCSI; Bostjan Skalar, WAIPA; Matthew Stephenson, WEF

### **Background material**

Karl P. Sauvant, Matthew Stephenson, Khalil Hamdani, and Yardenne Kagan, *“An Inventory of Concrete Measures to Facilitate the Flow of Sustainable FDI: What? Why? How?”* (Geneva and

Bonn: International Trade Centre and German Development Institute / Deutsches Institut für Entwicklungspolitik), [available here](#).

**Bios:**

**Rajesh Aggarwal**

Rajesh Aggarwal is Chief of the Trade Facilitation & Policy for Business Section of the International Trade Centre (ITC), Geneva. He is leading a program of assisting the private sector in developing countries to be the change agent for trade policy reform and engage in business advocacy with their governments in design and implementation of trade policies and negotiating positions that reflect the business interests. Before joining the ITC, he worked for the Indian Government and participated in WTO Doha Round of trade negotiations. He has published papers in the area of trade negotiations, including a paper titled “Dynamics of Agriculture Negotiations in WTO” in the Journal of World Trade.

**Axel Berger**

Axel Berger is a Senior Researcher at the German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE). He works on the design, effects and diffusion patterns of international trade and investment agreements, with a focus on emerging markets and developing countries. Other areas of current research include the effects of an international investment facilitation framework, the impact of free trade agreements on upgrading within global value chains and the role of the G20 in global governance. He teaches international political economy at the University of Bonn and regularly advises developing countries, development agencies and international organisations on trade and investment matters.

**Simon Galpin**

Simon Galpin initially joined the Bahrain Economic Development Board (EDB) in 2016 as Managing Director and now serves as the Senior Advisor on Investment Promotions. Prior to joining the EDB, he spent over 20 years in Hong Kong, as a Director-General at Invest Hong Kong, where he created the StartmeupHK initiative that helped launch the start-up and fintech movement in Hong Kong. He began his economic development career with Scottish Enterprise, in Glasgow, at that time Europe’s largest development agency. He is a Doctor of Juridical Science and holds master’s degrees in Business Administration, Local Economic Development and International Business Law.

**Yofi Grant**

Yofi Grant is a renowned Ghanaian investment banker with over 30 years of extensive work experience in banking and finance. He currently serves on the advisory boards of the Ghana Export Promotion Authority, the Ministry of Foreign Affairs and Regional Integration and also a member of the board of trustees of the ACP Endowment and Trust Fund. Having served in various capacities in corporate finance, credits, marketing, and investment banking, he has broad knowledge and exposure in the African financial markets and has cultivated strong relationships with international private equity funds, portfolio investment managers and brokerage funds. He was also Special Advisor to the Minister for Private Sector Development from 2002-2006.

## **Augusto Pestana**

Augusto Pestana is a Brazilian career diplomat since 1996. He currently serves as business director and member of the executive board of the Brazilian Trade and Investment Promotion Agency (ApexBrasil). He is a graduate in law from the University of São Paulo and in diplomacy from the Rio Branco Institute, where he earned his professional PhD and was assistant professor of diplomatic practice. At the Foreign Ministry, he was director for Western European affairs, coordinator-general for nuclear energy and had postings in the embassies in Mexico, Germany, Japan and New Zealand. He wrote “ITER: Brazil at the Crossroads of Fusion Energy” (2015) and the chapter on Brazil of the “Routledge Handbook of Public Diplomacy” (2020).

## **Karl P. Sauvant**

Karl P. Sauvant introduced the idea of an International Support Program 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 (see <https://ssrn.com/author=2461782>), participated in various events relating to it and currently assists 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 the Center’s Executive Director in 2012, to focus his work, as a CCSI Resident Senior Fellow, on teaching, research and writing.

## **Bostjan Skalar**

Bostjan Skalar is currently serving as Executive Director - CEO of the World Association of Investment Promotion Agencies (WAIPA). WAIPA is the umbrella organization of IPAs worldwide, established in 1995 under auspices of UNCTAD. Previously he served as the Director of new Slovenian Public Agency for Promotion of the Investment, Internationalization, Entrepreneurship and Tourism. He also served as a Consul for Economic Affairs of Slovenia in Istanbul, Turkey. He has effectively performed his international business activities and managing roles in different sectors in many countries. He has over 20 years of management experience and is one of the global leaders in the investment promotion area with a private-sector focus.

## **Matthew Stephenson**

Matthew Stephenson is Policy and Community Lead for International Trade and Investment at the World Economic Forum, where he manages the Global Investment Policy and Practice initiative. Previously, he worked at the IFC, where he led the workstream on outward FDI. He has also worked at the OECD on Africa and investment and served as a diplomat for the U.S. Department of State, leading the economic team on Afghanistan and managing economic programs in the Middle East. He is a member of the T20 Task Force on Trade and Investment. He has a PhD from the Graduate Institute in Geneva, a master's from the Harvard Kennedy School and a bachelor's from Oxford University.

## **Niraj Varia**

Niraj Varia is a Partner with Novastar Ventures, based in Kenya. A native Kenyan, he leverages his international professional experience as an actuary, management consultant and entrepreneur to support entrepreneurs and their businesses that generate large-scale social impact as a result of their commercial success. He joined Novastar at its inception in March 2014. He earned an honors degree in Actuarial Mathematics and Statistics at Heriot-Watt University in Scotland.

### **Philippe Yvergniaux**

Philippe Yvergniaux has 27 years' experience in FDI attraction, as international director then general manager of French regional IPAs from 1993 to 2005, then country director at Invest in France Agency for the British Isles (2005-2009) and North America (2009-2015); in January 2015 he was appointed Director of International Cooperation at Business France. In this role, he is charged with leading efforts to develop partnerships with, and provide technical assistance to, trade and investment promotion agencies throughout the world. Prior to 1992, he worked as a civil engineer on rural development projects in Africa, Indonesia, and Haiti. He is married with 4 children and 4 grandchildren.

### **Quan Zhao**

Quan Zhao is trade policy advisor in the Division of Market Development, International Trade Centre (ITC). He leads ITC's trade in services projects which cover policy research and technical assistance in services trade, e-commerce, digital economy and cross-border investment. Prior to ITC, he served as a trade negotiator at Permanent Mission of China to the World Trade Organization and Ministry of Commerce of China. He served as the Chair of WTO's Committee on Trade in Financial Services, and services negotiator in China's FTA negotiations.