

Report on the 5th Virtual Capacity Building Workshop on Investment Facilitation for Development: Hearing from practitioners

11 December 2020

The 5th Virtual Capacity Building Workshop on Investment Facilitation for Development: Hearing from practitioners took place on 11 December 2020. It hosted 60 participants. The workshop was organised 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).

The workshop provided practitioners' perspectives on important concrete investment facilitation measures, especially facilitation measures that directly contribute to advancing the development of host countries, in light of their ground-level experience.

The workshop was organized to provide input for the WTO negotiations that are currently being conducted related to an Investment Facilitation Framework for Development (IFF4D). It was open to all WTO delegates and government representatives from capitals. The objective was to facilitate joint learning and capacity building among delegates, government officials and practitioners. The workshop was held under the Chatham House Rule to facilitate open and results-oriented discussions.

The workshop's programme is annexed to this report.

Summary of the main outcomes of the workshop

I. Key measures that enhance investment facilitation

Simplify company registration and licensing requirements for foreign investors: Governments should strive to set up a clear framework for the registration process for foreign investors, mapping the whole process from beginning to the end. Often when there are a number of different regulatory bodies, they focus on their part of the process but they do not see how their part connects to the other parts. It should be the responsibility of the investment promotion agency (IPA) to manage and facilitate the investor's journey through each step of his investment. A published description of the licensing process should describe the amount of time each step should take and the requirements that companies need to fulfill at each step of that process. A publication of the licensing requirements should be provided in a number of United Nations languages so that it is accessible to as many investors as possible.

Transparency of home country measures: Transparency measures under the IFF4D have focused on host countries. From the investor's perspective it is also important to understand regulations and programs for foreign investment assistance of their home country. This can be particularly important for small and medium-sized enterprises (SMEs). Giving attention to

home country measures would balance the IFF4D by encouraging obligations not only for host countries but also for home countries.

Incentives: Some countries provide targeted incentives to promote sustainable investment. Often, however, incentives can appear arbitrary, with no hint as to why a particular incentive is being offered. It is important to link incentives directly with sustainable and development outcomes, for example, with the promotion of quality jobs and research and development activity. This approach will lead companies to make informed choices on scaling up certain investments in light of such incentives. It is important to make the incentive process as transparent as possible so that investors understand the eligibility criteria and application process.

Aftercare: There are two types of aftercare services. One type is proactive aftercare, which involves assigning an account manager to maintain contact with strategic investors on a regular basis and to be available to solve problems, while also encouraging them to expand or upgrade their business. This is especially important as countries manage the investment downturn due to the Covid-19 pandemic. The other type of aftercare is a more reactive one and involves establishing a help desk or an ombudsperson to deal with complaints and concerns of investors, together with an alert mechanism for involving senior officials.

Fostering links with education: Creating employment opportunities within the host economy and fostering links with universities and training institutes can help in securing internships and employment opportunities for graduates. Foreign investors may fund excellency centers and scholarships. Educational institutes should consult with foreign investors on shaping curriculum to include subjects relevant for expanding job markets.

Partnership between IPAs: Partnerships between IPAs would facilitate inward and outward FDI flows. Such partnerships can involve working together to identify appropriate FDI projects.

Sustainable investment and corporate social responsibility (CSR): Some of the measures that are already in the Framework may be constructed in ways that would enhance sustainable development. For example, databases on local suppliers could include sustainability characteristics, thus facilitating the flow of investment to firms that operate sustainably. Incentives could also be targeted to reward investors that act more sustainably. Transparency was indicated as an important measure that should be implemented by investors themselves. It is crucial to publish more statistics on the added value of FDI, such as how many jobs have been created, and the salaries foreign investors are paying within the economy, to understand their contributions. It would make sense to have a clause in the IFF4D encouraging members to require companies to publicize their CSR statements and their conformance with those statements. It was also noted that CSR statements may not be sufficient and host countries may need to perform their own due diligence regarding companies' impacts. It was mentioned that development aspects of an IFF4D can be enhanced if they are linked to other government policies such as education, SMEs and trade. At the country level, it is important to understand that the promotion of sustainable development within the IFF4D needs to be complemented by sustainable development policies in other areas of government and private sector activities.

Capacity building in developing countries: Many developing countries may lack the capacity for establishing and implementing investment facilitations measures. An IFF4D

should include concrete and firm commitments for technical assistance for the implementation of investment facilitation measures. From the business perspective, this will enhance a more competitive and equal level playing field. Capacity building could include technical support in areas of need assessment and implementation, as well as assistance in developing a national investment promotion strategy and regional cooperation among IPAs (sharing experience, technical support).

II. Concrete investment facilitation measures from the business perspective

Speeding up procedures: Simple measures that can help reduce bureaucracy and speed up procedures are critical for businesses. Companies are also concerned about supply chain delays. Such delays affect investors' decisions to invest in a particular location.

Work visas: Receiving long term work visas are a major problem in some countries but they are necessary for businesses. Many times, company executives are forced to travel in and out of the host country regularly, which generates unnecessary costs.

Focal points: Focal points help strengthen the channels of communication and assistance for businesses. It is important to establish focal points and to centralize the regulatory process, in order to reduce the volume of procedures that businesses are required to follow. IPAs should be a one-stop shop. They should not only be in charge of attracting new investors but should also serve as the focal point in the bureaucracy to fast-track investments. It was noted that, if IPAs are too focused on the front end of their activity, such as investment promotion, imaging and marketing, they may not be able to meet their goals of assisting investors in practical ways.

The need to link between investment and trade measures: Trade and investment are two sides of the same coin. In business operations, there is no distinction between investment and trade. This link should be reflected in the IFF4D.

Digitalisation: Currently, many IPAs are digitalising their marketing and outreach strategies. But digitalisation should not end there. Digitalisation should also play a role in investment facilitation. There should be a digital portal where investors can monitor, track and trace their application status, including a check list of the process that indicates the next steps that are required and timeframes. In addition, there has been a growth in digital FDI. Companies involved in digital FDI are usually driven by young entrepreneurs and they are smaller firms that often grow by collaboration and partnerships rather than by competition. IPAs need to address these companies' unique investment facilitation needs.

Business advisory council/board: Business advisory board members can be used as IPA ambassadors and advocates for the host economy. They can also assist with policy advocacy issues in other parts of the government.

Supplier development programs: Host countries are encouraged to put in place linkage programs between local suppliers and foreign affiliates. Foreign affiliates prefer a well-developed local supply network. This was indicated as absolutely key in investment decisions.

**5th Virtual Capacity Building Workshop: Investment Facilitation for Development:
Hearing from practitioners**

11 December 2020

PROGRAMME

This **5th Virtual Capacity Building Workshop: Investment Facilitation for Development: Hearing from practitioners** is organised 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).

The workshop will take place on 11 December 2020, from 16:45 to 18:15 Geneva time (Central European Time), 10:45 to 12:15 Eastern Standard Time and 22:45 to 24:15 China Standard Time.

This workshop will provide practitioners' perspective on the most important concrete investment facilitation measures, especially facilitation measures that directly contribute to advancing the development of host countries, in light of their ground-level experience.

The workshop is meant to make an input into the negotiations of a multilateral framework on investment facilitation for development at the WTO. It is open to all WTO delegates and government representatives from capitals. The objective is to facilitate joint learning and capacity building among delegates, government officials, as well as practitioners. The workshop will be held under the Chatham House Rule, to facilitate open and results-oriented discussions.

We are aiming to make the workshop as participatory as possible. You will also have the option of sending written questions/observations to the experts during the meeting by clicking on the "chat" button of the Zoom window and typing your question/comment.

PROGRAMME

16:45 – 16:50	Opening remarks Rajesh Aggarwal , Chief Trade Facilitation and Policy for Business, ITC
16:50 – 18:10	Hearing from practitioners
<i>Chair</i>	Axel Berger , Senior Researcher, DIE
<i>Practitioners</i>	Simon Galpin , Senior Advisor and former Managing Director, Bahrain Economic Development Board

Frederico Marchiori, Head of Institutional Relations, Oxiteno

Markus Thill, President, Africa, Robert Bosch

Douglas Van Den Berghe, CEO NxtZones & FDI 4.0

Discussion starters **Ana Novik**, Head, Investment Division, OECD

Karl P. Sauvant, Resident Senior Fellow, Columbia University/CCSI

Matthew Stephenson, Policy and Community Lead, International Trade and Investment, World Economic Forum

18:10 – 18:15 **Concluding remarks**

Axel Berger, Senior Researcher, DIE

Background material

The reports on the earlier capacity building workshops, the Expert Network and Commentary Group meetings and the general public webinars are available here: <https://www.intracen.org/itc/Investment-Facilitation-for-Development/>.

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, Nov. 2020), [available here](#).

“What have we learned in the framework of a project on Investment Facilitation for Development: A summary”, [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 programme 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.

Frederico Marchiori

Frederico Marchiori is the Oxiteno's Global Head of Institutional Relations. He leads the company's global institutional positioning, overseeing initiatives in the fields of advocacy, trade remedies, regulation, public policies, and business development. Before joining Oxiteno, he played similar roles in the private sector and trade associations. Besides corporate experiences, he participated in research projects with the Brazilian Government and the Inter-American Development Bank. He also attended the International Visitors Program, sponsored by the US Department of State, and is author of a book chapter on regional economic development as well as academic articles.

Ana Novik

Ana Novik is Head of the Investment Division of the OECD Directorate for Financial and Enterprise Affairs. She focusses on improving the international investment climate, promoting good domestic policies to support sustainable and inclusive investment and responsible business conduct. She establishes strategies for the OECD to secure a leadership role in the international investment debate and to advance a more structured economic analysis of investment flows and impact. Prior to joining the OECD, she was the Chilean Ambassador Director of Multilateral Economic Affairs in the Economics Directorate of Chile's Ministry of Foreign Affairs and Trade, representing Chile in such international organisations as WTO, OECD and APEC.

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.

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.

Markus Thill

Markus Thill is President of Africa for Robert Bosch since 2014, reporting directly to Bosch Group management. Prior to co-founding Bosch's global venture arm as managing director in 2007, he worked as Vice President of Bosch's global corporate strategy department. Before joining Bosch, he was a senior manager in leading strategy consulting firms, heading and implementing projects on strategic and operational issues as well as M&As around the globe. He holds university degrees in mathematics and physics, including a doctorate ("summa cum laude") from Université de Paris (France). He is fluent in English, German and French, and has a good working knowledge of several other languages.

Douglas Van Den Berghe

Douglas van den Berghe is a global speaker and expert on FDI, SEZs, corporate international strategy and innovation. He was the founder and CEO of a FDI advisory firm and a JV technology company both which were acquired over the past couple of years. He previously held positions at UNCTAD and EY. As a management consultant, he has assisted many corporate clients in successfully implementing their global investment strategies, optimizing their global supply chains and has created more than 30,000 jobs and generated more than US\$ 0,5 billion in FDI across the world. He has been an advisor to many governments in successfully developing FDI policies for economic development increasing the competitiveness of countries.