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## **Report: 7th virtual meeting of the Commentary Group on a Multilateral Framework on Investment Facilitation for Development**

The 7th virtual meeting of the Investment Facilitation Commentary Group took place virtually on 18 May 2021, from 15:00 to 16:15 Central European Time (CET).

The 7<sup>th</sup> meeting focused on increasing the effectiveness of IPAs to facilitate sustainable FDI flows and key technical assistance needs, including capacity building needs for the implementation of the commitments under a World Trade Organization (WTO) Investment Facilitation Framework for Development (IFF4D), and specifically measures that will promote sustainable foreign direct investment (FDI).

The meeting was moderated by Karl P. Sauvant, Resident Senior Fellow, Columbia University/CCSI, and included the following panelists: Axel Berger, Senior Researcher, German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE); Rifat Parvez, Additional Secretary, Board of Investment, Pakistan; Russell Curtis, Head, Invest Durban; Shahzada Dawood, Vice Chairperson, Dawood Hercules Corporation Ltd; and Sebastian Reil, Manager, FDI Center. Concluding remarks were provided by Matthew Stephenson, Policy and Community Lead, International Trade and Investment, World Economic Forum.

A list of the participating members in the meeting and the programme are attached to this report.

### **Discussion highlights**

The discussions during the webinar focused on the following two points, which are further elaborated upon in separate sections below.

- *Gaps in the implementation of investment facilitation measures:* The number of international agreements that include clauses on investment facilitation is increasing, with the IFF4D, which is currently being negotiated, being one of these. When reviewing the agreements, together with the actual investment facilitation measures undertaken by developed, developing and least developed countries (LDCs), it is apparent that there are many implementation gaps. In order for developing countries and LDCs to implement measures included in provisions and close the gaps there is a real need for technical assistance and capacity building. This is especially apparent with respect to the implementation of an IFF4D, which includes investment facilitation measures such as transparency, streamlining of administrative procedures, the establishment of a single window and dispute prevention through grievance management mechanisms, all of which

were mentioned during the meeting as measures that will require technical assistance and capacity building in order for investment promotion agencies (IPAs) from developing countries and LDCs to be able to implement them.

- *Country-specific capacity building and technical assistance needs:* During the meeting it was emphasised that the technical assistance and capacity building that is needed by IPAs is country specific, and depends on the level of development and structure of the IPA. In some IPAs, very basic investment facilitation measures, such as responding to initial investor inquiries, requires technical assistance, while in other IPAs relatively more advanced technical assistance is needed, for example training staff on how to attract sustainable investment, or how to create supplier databases and linkage programmes that will ensure the investment the country is receiving contributes to development as much as possible. It is important to make sure that the basic functions of an IPA are in place before moving to more complex investment facilitation measures that require greater institutional capacity.

Additional key investment facilitation measures that were mentioned during the meeting for which capacity building is needed include establishing public-private partnerships and industrial clusters, digitalization, policy advocacy, deal negotiations and assessing with the evaluation of investment contracts, incentive management, dispute prevention mechanisms, and aftercare service, all of which are elaborate in more detail below.

## **I. Gaps in the implementation of investment facilitation measures**

During the webinar the DIE Investment Facilitation Index was presented. The index covers 117 investment facilitation measures and maps the implementation of investment facilitation measures at a country level of 86 WTO members. From the index it is clear that the level of implementation of investment facilitation measures is closely related to the development level of a country. Those countries that are most in need of investment facilitation measures in order to attract FDI have the lowest investment facilitation implementation scores. The index shows that the establishment of focal points received the lowest implementation score in all groups. The e-government implementation score is also low in LDCs, though higher in other groups. On the other hand, the implementation of investment facilitation measures that relate to transparency and predictability received a high score except in high income countries, and application review processes received a high score in low-income countries.

## **II. Country-specific capacity building and technical assistance needs**

During the webinar many investment facilitation measures were raised as measures that require technical assistance for implementation. Investment facilitation measures build on top of each other. Technical assistance typically starts with getting the basics right and then moving towards more advanced measures. Capacity building needs depend on the level of development and structure of the host country's IPA. Therefore, it is important to start from basic IPA investment facilitation measures that are most important to investors, such as establishing initial communications and providing a contact person within the agency, or making sure that the IPA has basic equipment such as computers, before moving to the implementation of more complex investment facilitation measures. It was noted that there is a difference usually between the capacity of the national IPA and sub-national IPAs; consequently, when looking at technical assistance needs of a host country, it is important to evaluate the needs of sub-national IPAs as well.

The following investment facilitation measures were mentioned as the main areas that IPAs need technical assistance and capacity building.

*Training of IPA officials:* Training courses should be provided to officials to be prepared for the range of investor inquiries. Training should also build capacity within the IPA for acquiring knowledge of investor needs in targeted industries, such as site selection considerations. It was mentioned that following a World Bank study that was conducted on this issue, a large number of IPAs did not respond to basic potential investor inquiries. Cultural training is also important when interacting with foreign investors, to align with expectations or practices prevalent in different economies and “speak the same language”. IPA officials should also have the knowledge to conduct due diligence with respect to potential investors, to ensure that there is no prior track record that would cause concerns or issues. In this regard, assistance in establishing a database of investors, including information on their focus areas and backgrounds, would be useful. A problem with capacity building in general is the large turnover in human resources, which leads to lost knowledge. IPAs need assistance with this challenge of turnover, as well, for instance with retention techniques, and how to capture and transmit institutional memory.

*Attracting sustainable investment:* In the context of sustainable foreign direct investment, capacity building is needed in order to assist IPAs in understanding how to attract sustainable investment and how to promote responsible business conduct. Currently, many government officials don’t fully understand the concept of sustainable investment, and don’t know how to identify and promote such investment. In this regard capacity building is required to assist in establishing marketing strategies aimed at attracting sustainable investment, as well as operational strategies to facilitate its inflow and retention. Public recognition for sustainable investors, including through an award programme, could serve as one tool to attract such investment, in addition to financial and non-financial incentives and targeted support.

*Supplier databases and linkage programs:* IPAs should facilitate linkage programmes that correspond with the interests and needs of the investors. It was indicated that investors prefer local sourcing provided there is sufficient quality, scale and competitive pricing. In this context, technical assistance is needed to assist local suppliers – and especially small and medium-sized enterprises (SMEs) through growth programs – to upskill, upgrade, and further link local smaller businesses with investors, including helping ensure that SMEs can meet foreign investors’ needs. To establish local supplier databases, technical assistance is needed both on the technology side and in the construction of the databases, including steps of selecting features and in establishing a registration process for local suppliers (including information on the sustainability dimensions of supplier businesses, to facilitate sustainable FDI and thus both reward and motivate sustainable operations, as Cambodia has done through launching a Supplier Database with Sustainability Dimensions). The approach in this context should be for an IPA to build a deep enough, value-added relationship with foreign investors so that early in the investment cycle IPA representatives can identify localization opportunities in an investor’s value chain. Government officials should also be trained to identify and create linkage opportunities between investors and local suppliers, on a project-by-project basis. This strategic focus around SME linkage programs and supplier databases was written, for example, into the Durban Investment Promotion Strategy, co-authored by the National Treasury and the World Bank Group. However, it was emphasized that technical assistance is still required to implement the Durban IPA strategy.

*Establishing public-private partnerships and industrial clusters:* Technical assistance is needed for the negotiation and management of public-private partnerships. It is also needed for developing business plans that will take into consideration localisation, export promotion, skills development, local investment and integration of local manufacturing into the value chains of multinational enterprises. Capacity building on how to conclude investments through combining foreign and domestic equity, including both private and public sources capital, can also serve to facilitate investment.

*Policy advocacy:* IPAs are the interface between the private sector and government policy, the “front of the house” in restaurant parlance. There are issues and challenges that investors face that need to be brought to the attention of policy makers, including the need for improved coherence between difficult policies or institutional actions. IPAs should have the capacity to conduct regulatory impact assessments by means of stakeholder consultations and should be directed to provide such information to policymakers.

*Digitalization:* Capacity building and technical assistance regarding digitization of the IPA is important in many aspects especially post-Covid-19. Technical assistance is needed in this regard for website development, customer relationship management, and for building more interactive relationships with investors. For example, interactive relationships could be supported through a mobile application by which investors could receive investment facilitation support through their mobile devices. In addition, digitalization is important for streamlining of administrative procedures such as processing of applications, and for the establishment of online one-stop shops.

*Deal negotiations and assessing investment contracts:* IPAs in developing countries may not have the capacity and knowledge to evaluate contracts to ensure that stable, win-win contracts are developed. Contracts between states and international investors, especially for large-scale investment projects, are highly complex and require multidisciplinary expertise to assess and negotiate. Smoothing this process is an important investment facilitation measure. Technical assistance and capacity building are needed in order to bring multi-disciplinary expertise to IPAs in order for them to assess and negotiate investment contracts.

*Incentives management:* IPAs need technical assistance in incentive management that will ensure that the incentives that are provided address targeted markets and match articulated policy objectives, and that the policy objectives are precisely tailored so that the incentives are tied directly to the intended objective. Capacity building is also needed for evaluating the effectiveness of incentives, in order to ensure that incentives are ‘targeted’, by using incentive-specific monitoring, evaluation frameworks and cost-benefit analyses.

*Dispute prevention mechanisms:* IPAs need assistance in maintaining or establishing dispute prevention mechanisms that will identify, receive, resolve and track investor grievances in a transparent, fair and timely manner. Such capacity building should include assistance in implementing dispute prevention mechanisms (also known as grievance management mechanisms) that will identify and address investors’ complaints at an early stage, to prevent the escalation of complaints to legal grievances or to investor-state disputes. Such capacity building can include assistance with the establishment of a ‘lead agency’ that has the ability to determine if an investor’s complaint constitutes a grievance or not (a grievance being actions that have broken legal commitments and for which there could therefore be legal consequences). An investment grievance management mechanism should be empowered with problem-solving methods, including a mechanism to coordinate with relevant government

agencies, to obtain information from them and make recommendations or provide solutions to effectively resolve grievances.

*Aftercare services:* There is a capacity building need in developing aftercare programmes and strategies. This would include the training of a team within the IPA that is committed to the success of investors after they have started their operations within the country. Aftercare is a crucial investment facilitation measure to retain investment. There should be mechanisms of dialogue between investors and IPAs to provide ongoing value. The establishment of such mechanisms requires technical assistance.

## Annex I. Participants in the 7<sup>nd</sup> Commentary Group meeting

First Name	Last Name	Affiliation
Fatma	Al-Azri	International Cooperation and Committees Director, Omani IPA Ithraa
Mohammed	Baba	Investor Relations Department, Nigerian Investment Promotion Commission
Axel	Berger	Senior Researcher at the German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE).
Douglas	van den Berghe	Vice President, Advisory, Conway Inc
José	Chinjamba	Agency for Private Investment and Promotion of Exports AIPEX Angola
Simon	Galpin	Former Managing Director, Bahrain Economic Development Board
Yofi	Grant	CEO, Ghana Investment Promotion Centre (GIPC)
Moses	Ikiara	Managing Director, KenInvest, Kenya
Hazem	Mulhim	Chief Executive Officer, EastNets
Alice	Nikuze	Investment Marketing Analyst, Rwanda Development Board (RDB), Rwanda
Ken	Poonoosamy	Acting Chief Executive Officer, Economic Development Board (EDB), Mauritius
Sebastian	Reil	Manager, FDI Center
Faraz	Salim	General Manager, Dawood Hercules, Pakistan
Karl P.	Sauvant	Resident Senior Fellow, Columbia University, CCSI
Matthew	Stephenson	Policy and Community Lead, International Trade and Investment, World Economic Forum
Sophal	Suon	Director of Investment Promotion and Public Affairs, Council for the Development of Cambodia
Dushyant	Thakor	Senior Vice President, Invest India
Hannah	Welgacz	Market Manager for Europe, APEX Brazil
<b>Speakers</b>		
Axel	Berger	Senior Researcher, German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE)
Russell	Curtis	Head, Invest Durban
Shahzada	Dawood	Vice Chairperson, Dawood Hercules Corporation Ltd
Rifat	Parvez	Additional Secretary, Board of Investment, Pakistan
Sebastian	Reil	Manager, FDI Center
Karl P	Sauvant	Resident Senior Fellow, Columbia University, CCSI
Matthew	Stephenson	Policy and Community Lead, International Trade and Investment, World Economic Forum

## Annex II: Invitation and agenda



### INVITATION: 7<sup>th</sup> VIRTUAL MEETING OF THE COMMENTARY GROUP ON A MULTILATERAL FRAMEWORK ON INVESTMENT FACILITATION FOR DEVELOPMENT, 18 May 2021

Dear Colleague,

We would like to invite you to participate in the 7th meeting of the Commentary Group, to take place virtually on 18 May 2021, from 9:00am to 10:15am Eastern Daylight Time (EDT), 15:00 to 16:15 Central European Time (CET), 21:00 to 22:15 China Standard Time (CST).

As a reminder, the Commentary Group's mandate is to provide input on the content of the framework being developed at the WTO to facilitate cross-border investment and increase its development impact.

As background documents, please find the following attached:

- a) The undated *Inventory of Concrete Measures to Facilitate the Flow of Sustainable FDI*, available at <https://www.intracen.org/itc/Investment-Facilitation-for-Development/>.
- b) The summaries of previous Commentary Group meetings (which were shared with WTO negotiators), available at <https://www.intracen.org/itc/Investment-Facilitation-for-Development/>.

**The 7<sup>th</sup> meeting will focus on increasing the effectiveness of IPAs to facilitate sustainable FDI flows and key technical assistance needs.** During the meeting we will seek to identify key areas in which IPAs will need assistance to put in place investment facilitation measures, including to implement the commitments under a WTO Investment Facilitation Framework for Development, and specifically to facilitate sustainable FDI.

As with previous meetings, a summary of the discussions will be made available to the WTO's Structured Discussions.

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

#### Panelists:

**Axel Berger**, Senior Researcher, German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE) - "*Gaps in investment facilitation measures*"

**Rifat Parvez**, Additional Secretary, Board of Investment, Pakistan - "*Key capacity building and technical assistance needs: a national perspective*"

**Russell Curtis**, Head, Invest Durban - *“Key capacity building and technical assistance needs: a sub-national perspective”*

**Shahzada Dawood**, Vice Chairperson, Dawood Hercules Corporation Ltd - *“Key capacity building and technical assistance needs: a private sector perspective”*

**Sebastian Reil**, Manager, FDI Center - *“Key capacity building and technical assistance needs: an investor-service provider perspective”*

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

To join the meeting, kindly click on the link below shortly before 15:00 am CET on 18 February and follow the instructions. If you are not able to connect online, you could connect using the dial-up options provided at the end of this email.

[Join Zoom Meeting](#)

If you face any technical difficulties or have general questions, please do not hesitate to contact Yardenne Kagan ([ykagan@intracen.org](mailto:ykagan@intracen.org)).

With best regards,

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Matthew Stephenson  
World Economic Forum  
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## **Bios of speakers**

### **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.

### **Russell Curtis**

Russell Curtis has been running the Durban Investment Promotion Authority, Invest Durban, for 18 years. He is a NED of the Durban Chamber of Commerce, the Durban Auto Cluster, and past Chair of the Institute of Directors. Previously, he was also on The Mercury Editorial Board, Independent Newspapers. He sat on the UN Investment Advisory Council 2008/9, and 2016/17. He also served on the MCI/World Bank Expert Advisory Group on City Investment Promotion and jointly authored publications. He has been a UN World Investment Forum invited speaker. He holds a degree of Chartered Associate, Institute of Bankers SA and a Post Grad Diploma in Business Administration from the University of Wales.

## **Shahzada Dawood**

Shahzada Dawood is Vice Chairperson of Dawood Hercules and is on the Boards of Engro Corporation and Dawood Lawrencepur. He is known for his expertise in finding growth opportunities through M&As in a wide spectrum of industries. He stewards the Group's technology investments. He is a member of the Global Advisory Board for Prince's Trust International, is in the Founder's Circle of The British Asian Trust and is a Trustee on the Boards of SETI Institute, The Dawood Foundation and Engro Foundation. He holds a M.Sc. in Global Textile Marketing from Philadelphia University, USA, and an LLB from Buckingham University, UK.

## **Rifat Parvez**

Rifat Parvez is working in Pakistan Board of Investment. He has vast experience of public policy, investment policy, policy advocacy, investment, promotion and facilitation. He has been the Chief negotiator of Pakistan dealing with international investment agreements. He has been involved in drafting Pakistan's Foreign Private Investment Act, Investment Strategy and bilateral investment treaty strategy for Pakistan. He was the lead officer for drafting the bilateral investment treaty template for Pakistan.

## **Sebastian Reil**

Sebastian Reil is manager at the FDI Center, a leading advisory firm in the field of foreign direct investment. He works with countries, regions, cities, special economic zones, and industrial parks from around the world to develop and implement successful strategies for attracting and retaining investment. Previously, he worked as a management consultant and as a researcher at a think tank on topics of industrial development. He holds master's degrees from Peking University and the University of Groningen as well as a bachelor's degree from Heidelberg University.

## **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>). He currently assists, as Senior International Advisor, 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.