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Policy Practices in Investment Facilitation

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the Asia-Pacific Region
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Policy Practices in Investment Facilitation

APEC Workshop on Optimizing Investment Measures
in the Asia-Pacific Region

Shanghai, 11-12 April 2018

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How does investment facilitation fit in the wider Investment Policy context



Source: ©UNCTAD

What investment facilitation is and is not about

Investment Facilitation: making it easier to invest and do business

What it is:

- Transparent and predictable rules
- Efficient administrative procedures
- Efficient dispute prevention and resolution
- Effective stakeholder relations
- Better Investor services

What it is not:

- Market access
- Regulation
- Investment incentives (guarantees, incentives)
- Investment protection

Policy implications:

- Focus on policy clarity and administrative efficiency rather than investment regulation
- Investment facilitation is non-competitive in nature and can benefit all business.

Why is investment facilitation important?

- 1 Ease of doing business is a key determinant in investors' decision making
- 2 Investment facilitation can significantly enhance business and investment environment without necessarily changing laws and regulations
 - UNCTAD's eRegulations can reduce administrative procedures by up to 50% without changing the laws
- 3 Investment facilitation can help investors to grow and make reinvestment an important financing source of development
 - Approximately 50% of the income of foreign affiliates is reinvested
 - Reinvested earnings accounted for 50% of FDI inflows in developed economies in 2018
 - Existing investors typically account for 30-60% of an economy's FDI

UNCTAD's Global Action Menu for Investment Facilitation

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

Source: ©UNCTAD

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

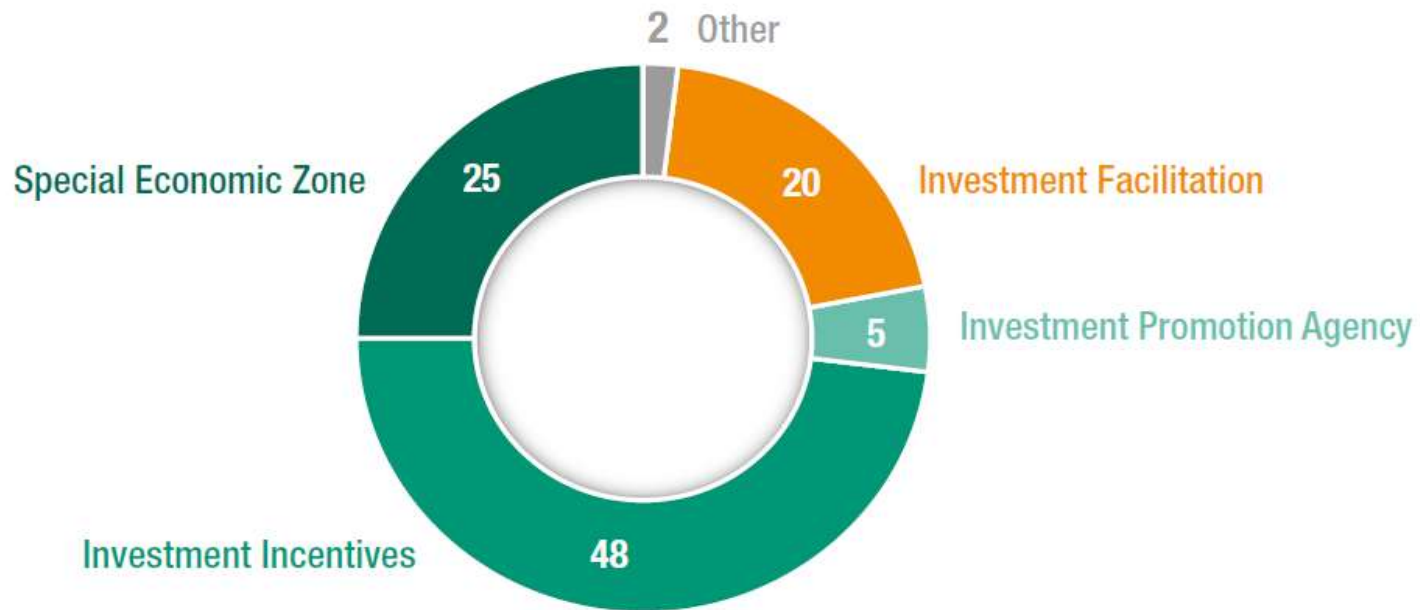
Enhance investment policy and proactive investment attraction in developing **economics** partners

Action Line 10

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

Systematic gap in national investment policies

National policy measures related to promotion and facilitation, 2010-2016



Source: ©UNCTAD

Investment facilitation is either absent or weak in IIAs but is increasingly making their way into modern treaties.

	1	2	3	4	5	6	7	8	9	10
Angola - Brazil CFIA (2015)	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes
Brazil - Colombia CFIA (2015)	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes
Brazil - Malawi CFIA (2015)	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes
China - Republic of Korea FTA (2015)	Yes	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes
Brazil - Chile CFIA (2015)	Yes	Yes	No	Yes	Yes	No	Yes	No	Yes	Yes
Republic of Korea - Viet Nam FTA (2015)	Yes	Yes	Yes	Yes	No	No	Yes	No	Yes	Yes
Australia - China FTA (2015)	Yes	Yes	Yes	Yes	No	No	Yes	No	No	No
Burkina Faso - Canada BIT (2015)	Yes	Yes	Yes	Yes	No	No	No	No	No	Yes
Canada - Guinea BIT (2015)	Yes	Yes	Yes	Yes	No	No	No	No	No	Yes
Honduras - Peru FTA (2015)	Yes	Yes	Yes	Yes	Yes	No	No	No	No	No
Japan - Ukraine BIT (2015)	Yes	Yes	Yes	Yes	No	No	Yes	No	No	No
Japan - Uruguay BIT (2015)	Yes	Yes	Yes	Yes	No	No	Yes	No	No	No

Yes No

Two most frequently seen provisions:

- Facilitation of entry and sojourn of investment project personnel: 2/3 of IIAs (Action Line 3)
- Provision on transparency: 1/2 of new IIAs in the last five years (Action Line 1)

Source: ©UNCTAD

Investment Facilitation in the field: a key function rarely carried out systematically



Source: ©UNCTAD

- **Online single window** (1/3 only containing the minimum information/ only 10% with complete or almost complete information)
- **Online registration portal** (only 30 worldwide)
- **Ombudsman** (very rare)
- **Focal point for investor inquiries** (limited information provided and inactive)

Making investment promotion work at the national level

1. Take a holistic approach & an integrated national strategy

- National consensus
- **Member economies** team
- All stakeholder approach

2. Establish a new generation of investment development agencies

- A strong mandate as a coordinating body
- SDG-oriented (targeting, screening, monitoring and evaluation)
- Project development as a core function
- Engaging TNCs and non-traditional investors
- Broader partnership (in-country and abroad)

UNCTAD's supporting schemes and tools

- Global Action Menu for Investment Promotion
- UN Institutional Investor Partnership for Sustainable Investment (IPPSD)
- eRegulation/eRegistration
- E-business guide – iGuides
- Advisory services on national investment facilitation strategy and capacity building

UN Institutional Investor Partnership for Sustainable Investment (IIPSD)



Activities

- Build a global partnership network (targeting 100 investors; \$50 tn)
- Advise on host-country strategies on partnership with institutional investors
 - Provide technical assistance on project and produce development
 - Exchange of best practices
- Monitor cross-border institutional investment in developing countries

IIPSD activities in India

- Building national-wide partnership between government and institutional investors (local and international)
- Advising on national strategy and policies on facilitation FII
- Advising on project and product development (such as infrastructure, affording housing funds, green funds...)
- Joint promotion

THANK YOU!

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