Policy Practices in Investment Facilitation

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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

**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 economies partners

**Action Line 10**  
Complement investment facilitation by enhancing international cooperation for investment promotion for development, including through provisions in IIAs

*Source: ©UNCTAD*
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.

Two most frequently seen provisions:

- Facilitation of entry and sojourn of investment project personnel: 2/3 of IIAs (Action Line 3)
- Provision on transparency: ½ 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

- **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)

Source: ©UNCTAD
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 (IIIPSD)

$200 tn AUM

$2.5 tn SDG financing gap per year in developing countries alone

**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

SDG Financing Needs: Social, Economic and Environmental

Principal institutions

- Banks (including development banks)
- SWFs
- Pension Funds
- Private equity
- Venture capital
- Impact investors

Institutional Investors

Intermediaries

- Investment banks
- Asset managers
- Investment companies
- Brokerage firms

Users of capital for SDG investment

- Public and semi-public institutions
- Multinational and local firms
- Impact investors
- Social entrepreneurs
- NGOs

Government: Enabling Investment Environment

- Regulatory and legal environment, tax, financial market development, investment facilitation,

Advisors

Financial advisors, wealth managers, investment consulting companies, rating agencies,

...
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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