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Deutsches Institut für  
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# An Inventory of Concrete Measures to Facilitate the Flow of Sustainable FDI: What? Why? How?

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## About the paper

This Inventory was prepared within the framework of a project on “Investment Facilitation for Development”, managed at the International Trade Centre (ITC) by Quan Zhao and Rajesh Aggarwal and at the German Development Institute/ Deutsches Institut für Entwicklungspolitik (DIE) by Axel Berger. Based on an initial draft by Khalil Hamdani, it has been further developed by a team comprised of Karl P. Sauvant, Matthew Stephenson, Khalil Hamdani, and Yardenne Kagan. The Inventory has significantly been expanded based on additional research and comments by participants in various events organized in the framework of this project (for the report of these events, see <https://www.intracen.org/itc/Investment-Facilitation-for-Development/>). Feedback was also received from various international organizations. It furthermore benefitted from reactions by members of the ITC/DIE/World Economic Forum Commentary Group on an Investment Facilitation Framework for Development (IFF4D), comprising mainly representatives of investment promotion agencies, FDI service providers and international investors. The World Bank Group provided helpful text input, as did Makane Moïse Mbengue; the Cámara Argentina de Comercio y Servicios (CAC) coordinated views from Argentina. Special thanks for very helpful comments are due to Alexandre de Crombrughe, Maximilian Eltgen, Jaime Granados, Andreas Hora, Mia Mikic, Ivan Nimac, Ana Novik, Ahmed Omic, Sebastian Reil, Bostjan Skalar, Ana Arias Urones, and Douglas Van Den Berghe.

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## Acronyms

CRM	Customer Relationship Management
CSR	Corporate Social Responsibility
DIE	German Development Institute/ Deutsches Institut für Entwicklungspolitik
ESCAP	United Nations Economic and Social Commission for Asia and the Pacific
FDI	Foreign Direct Investment
GIS	Geographic Information Systems
ICC	International Chamber of Commerce
ICTST	International Centre for Trade and Sustainable Development
IDB	Inter-American Development Bank
IFF4D	Investment Facilitation Framework for Development
IGM	Investment Grievance Mechanism
ILO	International Labour Organization
IPAs	Investment Promotion Agencies
ISDS	Investor-State Dispute Settlement
ISO	The International Organization for Standardization
ITC	International Trade Centre
LDCs	Least Developed Countries
M&E	Monitoring and Evaluation
MIGA	Multilateral Investment Guarantee Agency
MNEs	Multinational Enterprises
MSMEs	Micro, Small and Medium-Size Enterprises
NGOs	Non-Governmental Organizations
OECD	Organisation of Economic Co-operation and Development
PDF	Portable Document Form
PPP	Public-Private-Partnership
R&D	Research and Development
RSI	Recognized Sustainable Investor
SDGs	Sustainable Development Goals
SMEs	Small and Medium-Size Enterprises
SOPs	Standard Operating Procedures
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNIDO	United Nations Industrial Development Organization
URL	Uniform Resource Locators
WAIPA	World Association of Investment Promotion Agencies
WBG	World Bank Group
WEF	World Economic Forum
WTO	World Trade Organization

## Abstract

The *Inventory* was prepared in the framework of the investment facilitation for development project undertaken by the International Trade Centre (ITC) and the German Development Institute (DIE). It is an informal and unofficial compilation of investment facilitation measures, their rationale and ways in which these measures are—or can be—implemented in practice. It is a capacity-building tool meant to help participants engaged in the WTO negotiations of a multilateral framework on investment facilitation for development, paying special attention to measures that directly increase the development contribution of FDI. Following the agreed scope of the WTO negotiations, it does not include measures related to investment protection, investor-state dispute settlement (ISDS) and market access. The Inventory can also be of use to investment promotion agencies seeking to facilitate FDI flows.

## INTRODUCTION

The WTO Structured Discussions on investment facilitation for development are generating a wealth of insight and information. They have spawned regional dialogues, national workshops, and stakeholder meetings. There has been an outpouring of contributions, including submissions from delegates, presentations by international organizations, perspectives of the private sector and nongovernmental organizations, and various academic papers.

The Structured Discussions—which have now been upgraded to negotiations—aim at developing the elements and specific provisions of a multilateral framework on investment facilitation for development, with a view towards achieving a concrete outcome resulting from the negotiations. As the negotiations evolve to include a larger constituency, new entrants need to get up to speed with the measures under consideration, as well as others that could be considered, so as to effectively participate in the negotiation.

This *Inventory* of measures is a capacity-building tool to help participants engage in the negotiations; it does not advocate that any particular measure be included in an eventual framework. It is an informal and unofficial compilation of investment facilitation measures, their rationale and ways in which these measures are—or can be—implemented in practice. However, following the agreed scope of the WTO negotiations, it does not include measures related to investment protection, investor-state dispute settlement (ISDS) and market access. Moreover, the *Inventory* does not address the conceptual distinction between investment promotion and investment facilitation measures; hence, some measures in the *Inventory* may be categorised by some as investment promotion measures.

Independently of the Structured Discussions, the *Inventory* may also be of interest to investment promotion agencies seeking to facilitate foreign direct investment (FDI).

For ease of reading, measures that have apparently not yet been discussed in the Structured Discussions are **highlighted in blue**. A number of them, possibly of particular interest to negotiators, have been listed following this Introduction.

This listing of measures starts from the recognition that FDI can make a contribution to development, and that this is the reason for which countries seek to facilitate it. Such facilitation can take the form of measures (e.g., strengthening transparency, simplifying procedures) that help increase the flow of FDI which, in turn, can then contribute to development; or it can take the form of facilitation measures that not only can help increase the flow of FDI but also specifically aim to advance the development of host countries (e.g., by creating linkages between foreign affiliates and domestic firms, or by furthering corporate social responsibility commitments). Given that the Structured Discussions are geared towards reaching a multilateral framework on investment facilitation *for development*, this *Inventory* pays special attention—and singles out (in section V)—those measures that directly help to increase the development contribution of FDI.

The *Inventory* provides a menu from which to draw, depending on particular contexts and needs. Consequently, not all measures will be relevant for every country at all times. Many measures require implementation capacity; weak applications may obstruct rather than facilitate investment. However, when applied well, with appropriate technical assistance, and in a holistic manner in tandem with other investment-related actions, the measures can help accelerate the flows of foreign direct investment, including sustainable foreign direct investment for sustainable development. Investment promotion agencies (IPAs)/departments within ministries with FDI functions are the institutions often leading the implementation of investment facilitation measures.

The *Inventory* is culled from various sources, including the many contributions that have been made in the course of the past two years of Structured Discussions; various publications (see the list of sources in the annex); in-country sustainable investment facilitation projects and discussions with the private sector organized by the World Economic Forum; and the discussions conducted in the (mostly virtual) meetings of the Commentary and Expert Groups on a Multilateral Framework on Investment Facilitation for

Development, general webinars and in-person and virtual workshops organized for WTO delegates.<sup>1</sup> These events were organized by ITC/DIE and, in the case of the Commentary Group, together with the World Economic Forum.

Moreover, feedback on an earlier draft of the *Inventory* was sought from international organizations with substantial FDI programmes. Very helpful feedback was received—and is gratefully acknowledged—from the World Bank Group, the Economic and Social Commission for Asia and the Pacific, the Interamerican Development Bank, the Organisation for Economic Co-operation and Development, the World Economic Forum, and the World Association of Investment Promotion Agencies.

The presentation is tabular, and the description is in brief annotations. For some measures, potential text formulations are provided in annexes—but these are for illustrative purposes only and, if considered by negotiators, are certainly subject to change.

This *Inventory* is a “living document” in the sense that additional material will be added in light of further feedback and information collected in the future events organized by the ITC-DIE project on Investment Facilitation for Development. Further feedback is welcome and should be sent to:

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<sup>1</sup> The Commentary Group met on 26 February 2020, 7 April 2020, 7 May 2020, 3 July 2020, and 27 October 2020, and the Expert Group met on 20 March 2020, 4 May 2020, 25 June 2020, and 6 October 2020. Webinars were held on 11 February 2020, 19 March 2020, 30 April 2020, 28 May 2020, and 5 October 2020. Capacity building workshops on 12 December 2019, 11 March 2020, 12 May 2020, and 23 September 2020. The reports on these events are available at: <http://www.intracen.org/itc/Investment-Facilitation-for-Development/>.

## SELECTED NEW FDI FACILITATION MEASURES

### I. General new facilitation measures

This section lists concrete, actionable investment facilitation measures that may not yet have been considered in the WTO Structured Discussions and that may be particularly useful for investment facilitation; additional measures are identified in the main text below (highlighted in blue). Concrete formulations for some of them are provided in the annex.

- Maintain a list of support measures offered to inward investors, through online portals and notification to the WTO. This can be done through client charters, indicating services delivered and timelines, and an “inward investment support registry”.
- Expedite customs clearance and ease of securing work permits for skilled expats by making available e-visas or “green channels”.
- Enable “lite processing” for SME applications for establishment.
- Grant permits or licenses automatically if no government action is taken within statutory time limits: “silence is consent”.
- Establish aftercare mechanisms to facilitate that investments take place, operate smoothly and deal with any issues that may arise.
- Provide for risk-based approvals as part of authorisation procedures.
- Allow fast-track approvals for reinvestments and build and maintain a comprehensive database of existing investors.
- Enable the payment of fees and charges online, and online receipts; use new technology to facilitate investment (e.g., digital single window).
- Track complaints through an investment grievance mechanism or an “early warning system” and establish timeframes for addressing grievances.
- Establish a mechanism for public-private dialogues to inform regulation and implementation, such as regular quarterly meetings or on-line portals.
- Facilitate the cooperation among sub-national IPAs.
- Make publicly available lists of support measures for outward investors, through online portals and notification to the WTO.
- Publish information on requirements and procedures for outward investment, if any, to assist interested parties.

### II. Measures that directly increase the development contribution of FDI

This section singles out facilitation measures that directly help to increase the development impact of FDI; additional measures are identified in the main text below (highlighted in blue). Concrete formulations for some of them are provided in the annex.

- Publish internationally recognized guidelines/standards of responsible business conduct and strongly encourage investors to observe these guidelines, through for e.g., requesting in application forms to acknowledge that these guidelines are read and understood.
- Create a special category of “Recognized Sustainable Investor (RSI)” to incentivize investors to invest sustainably. RSIs receive additional benefits if they meet certain publicly available conditions.
- Designate a CSR coordinator to facilitate investor relations with local communities, stakeholder associations and civil society.
- Develop targeted marketing strategies facilitating sustainable FDI, e.g., ‘Red Carpet’ service for investments having a significant positive sustainable development impact.
- Assess the potential development impact of large FDI projects through ex ante impact assessments, to ensure they align with sustainable development goals.
- Establish supplier-development programmes to increase the number and capacity of qualified local enterprises that can contract with foreign affiliates

- Build and maintain a database of local enterprises to help investors identify potential subcontractors, with the information freely available to all.
- Encourage partnerships between foreign affiliates and local suppliers to help upgrade the latter, through regular workshops hosted by the CSR coordinator.
- Foster partnerships between foreign affiliates and local universities or other bodies to create centres of excellence for training or research and development.
- Provide technical assistance to developing countries' IPAs to enhance their ability to facilitate sustainable FDI, based on need assessments.
- Provide clear guidelines on CSR and responsible business conduct to outward investors. For sectors with high development/environmental sensitivities, such investor education could be made mandatory.
- Establish clear criteria linking home-country support measures to the observation of internationally recognised standards of responsible business conduct, the acceptance and observance of corporate CSR policies and (in the case of projects with substantial impacts), ex ante developmental, environmental and social impact assessments.
- Facilitate sustainable FDI projects through partnerships between investment authorities in host and home economies, including to help investors find bankable projects quickly.

## INVENTORY OF INVESTMENT FACILITATION MEASURES

### I. General principles

I.1 Sustainable development	
Rationale	Investment is important for economic growth, poverty reduction, job creation, expansion of productive capacity, innovation, improving transfer of technology, the carbon footprint and trade.
Implementation	Advance objectives and targets of the 2030 Agenda for Sustainable Development of the United Nations.
I.2 Facilitate investment activity of micro, small and medium-size enterprises (SMEs)	
Rationale	<p>SMEs make innovative investments but lack the 'deep pockets' of large corporations.</p> <p>Effective facilitation is very important when investors need to secure permits, licenses and approvals to establish operations in a country. Typically, developing countries have many more procedures for investors than developed countries, and IPAs play a key role in assisting investors to facilitate their projects.</p>
Implementation	<p>Administrative procedures and requirements should be SME-friendly.</p> <p>Provide access to finance.</p>
I.3 Measures and procedures of central, regional, local authorities, and delegated nongovernmental bodies	

Rationale	Coherent application of investment measures countrywide avoids duplication, overlap, discrepancy, and unpredictability.
Implementation	Align investment measures and procedures within an economy, clarifying roles, responsibilities and accountabilities across different levels of government.

## II. Transparency of investment measures

II.1 Publication and information on investment measures	
Rationale	<p>Deepens understanding, and aids compliance with investment measures.</p> <p>Laws and regulations are generally published but can be dispersed in various instruments (e.g., constitution, sectoral codes, and treaties).</p> <p>Laws and regulation are familiar to nationals, but not to foreigners, and many times they are written only in the official language of the country.</p> <p>Compilation and guidance help clarify investment requirements and procedures for officials, investors and other governments.</p> <p>While general emphasis is on inward investment, a companion publication on measures for <i>outward</i> investment is also desirable.</p>
Implementation	<p>Publish laws, regulations, judicial decisions, and administrative rulings of general application to investment related policies, including revisions and updates.</p> <hr/> <p><b><i>Make available all investment related regulations in clear simple language, preferably in languages commonly used by businesses.</i></b></p> <hr/> <p><b><i>Establish and strengthen the IPA as the main focal point for investors and ensure it provides and manages official information on investment measures and lead a single window for investment. Make the existence of IPAs widely known. (For international good practice principles for an IPA, see example text in Annex 1.)</i></b></p> <hr/> <p>An IPA typically maintains an investment website, which serves as a focal point for investors. A website is one of the most effective techniques to market a location according to both investors and IPAs.</p> <p><i>Example: Uzbekistan developed an information portal, available in several languages, to provide information on visas, residence permits, registrations, and tax mechanisms.</i></p> <p><i>Example: The Netherlands Foreign Investment Agency has developed a new, innovative website for attracting FDI. Key innovative and best practice features of the <a href="http://www.investinholland.com">www.investinholland.com</a> website include: adaptive content based on IP address; focus on lead generation; propositions for key activities and sectors; effective use of infographics; use of high impact investor case studies; and access to resources and tools for investors.</i></p> <hr/> <p><b><i>Publish, electronically, a practical and easy-to-read Investment Guide. It should</i></b></p>

	<p><i>provide a clear, concise and up-to-date picture of the investment regime, be downloadable from the investment website and be distributed at events. Ideally available in multiple languages for free.</i></p> <p><i>Example: The downloadable 2020 Guide on the website of Scottish Development International (Scotland’s trade and investment promotion agency) provides information on setting up a company, choosing a business location, employment law, regulations and policies, accessing talent, immigration, financial and tax incentives, and cost of living.</i></p> <hr/> <p>Other information sources include:</p> <ul style="list-style-type: none"> <li>● Handbooks of basic laws. Used by professionals. Published by private sector, including in English. For sale.</li> <li>● Directories of official records. Gazettes are used to reference legal archives in national language. Sometimes available on-line but rarely on a single portal. Free.</li> <li>● Advisory services provided to investors by management and accounting firms, and accredited national consultants. These include interpretation of legal rulings. The services are provided by private sector. For a fee.</li> <li>● Lists of certifies and accredited consultants and attorneys.</li> </ul> <hr/> <p><i>Maintain a list of support measures offered to inward investors, published online for transparency and efficiency. It can outline both IPA services and investment incentives such as through an “incentives inventory” and a calculator of incentives. (See example text in Annex 2.)</i></p> <hr/> <p><i>Maintain a list of support measures provided to outward investors, published online for transparency and efficiency. This can outline both financial and non-financial support, such as through a “support inventory”.</i></p> <hr/> <p><i>Maintain a list of special economic zones, industrial and technological parks and clusters. Include a map to geo-localize the zones and through virtual intelligence visualize the lot/zone and provide access to the cost, facilities and contact person. Such database shall also list relevant domestic suppliers in specific sectors, especially those supporting the specific developmental goals of a Member.</i></p> <hr/> <p><i>Publish and regularly update lists of national priority sectors.</i></p> <hr/> <p><i>Benchmark, monitor and publish information of key performance indicators for IPAs and other institutions involved in facilitating investment. Such monitoring should include the tracking of investments facilitated and retained. The information should be published, to show investors successful track records; it should also pay particular attention to sustainable investment, to show policymakers the contribution of FDI flows to meet development objectives.</i></p> <p><i>Example: IDA Ireland’s Annual Business Survey of Economic Impact that gathers detailed information on net jobs created, payroll, investment, exports, R&amp;D activity, and other metrics, including by region.</i></p> <hr/> <p><i>Encourage collaboration between public and private agencies that provide</i></p>
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	<p><i>complementary services; this can be facilitated through accreditation and publication of codes of conduct to ensure quality and accuracy.</i></p> <hr/> <p>Establish a platform to search for grants and incentives, fill out forms by keywords or the specifics of a business project.</p> <p><i>Example: the platform that ICEX offers for investors.</i></p> <p><i>Maintain a mechanism for the regular evaluation of investment procedures, ensuring they are simple, transparent, streamlined to fewest steps needed to achieve the objective and at lowest possible cost.</i></p> <p><i>Publicise outcomes of periodic reviews of the investment regime.</i></p>
<p><b>II.2 Publication of information on authorisation requirements and procedures</b></p>	
<p>Rationale</p>	<p>Countries screen for various reasons, including development benefits or security risks.</p> <p>Even when there is no need for permission, there is often a need for registration, licenses, permits, applications for exemptions, or incentives. There may also be a need for approval by regional and local authorities.</p> <p>Investment in “sensitive sectors” may require prior authorization.</p> <p>Information is helpful for compliance and to improve the business climate.</p>
<p>Implementation</p>	<p>Establish, disseminate widely and maintain up-to-date, easily accessible information on authorization requirements, procedures, including clear definitions on criteria for the assessment of investment proposals.</p> <p><i>Example: KenInvest, Kenya’s IPA, has an e-regulations portal on laws, regulations, visas and permits, sectoral licenses, and property certificates. Procedures are explained step-by-step from the investor’s perspective: where to go, what requirements to fulfil and forms to complete, associated costs, relevant legal justifications, and contact details of officials in case of a problem. The e-regulations portal was set up in partnership with UNCTAD.</i></p> <hr/> <p>Where specific authorization requirements and procedures are set at the level of the responsible department (e.g., mining, industry, labour, immigration, customs, environment, export processing zone) or regional investment authority, publication on a single electronic portal, with links to the responsible department, would facilitate investment.</p> <hr/> <p>Include information on authorization requirements and procedures in investment guides and on the websites of the national and regional investment agencies.</p> <hr/> <p><i>Publish investor evaluation criteria; these may include environmental and/or social impacts and potential positive impacts on the economy, before deciding to provide some services (or recommend/grant approvals).</i></p> <hr/> <p><i>Any FDI screening mechanism should transparently communicate processes and requirements.</i></p>

	<p>Publish information on practical steps to make an investment (e.g., how to register a business, access infrastructure, acquire permits, observe public ordinances, pay taxes).</p> <p><i>Publish information on requirements and procedures for outward investment.</i></p> <p><i>Publish an online checklist to assist applicants to complete applications.</i></p> <p><i>Publish lists or catalogues indicating which sectors are allowed, restricted or prohibited for foreign investment.</i></p> <p><i>Publish a list of international agreements pertaining to FDI.</i></p> <p><i>Publish judicial decisions on investment matters.</i></p> <p><i>Publish penalty provisions for breaches of investment procedures and regulation.</i></p> <p>Ensure that the right to non-disclosure of confidential information is reserved.</p>
<p><b>II.3 Update on new rules and procedures</b></p>	
<p>Rationale</p>	<p>Investors desire stability, transparency and predictability of investment measures.</p> <p>Smooth introduction of new rules and procedures minimizes confusion among officials and risk to investors.</p> <p>Without proper preparation, even changes that aim at simplification may complicate and delay.</p>
<p>Implementation</p>	<p><i>Maintain a mechanism to provide timely and relevant advice of changes in procedures, applicable standards, technical regulations, and conformance requirements.</i></p> <p><i>Ensure predictability: provide reasonable advance notice of proposed changes to laws and regulations and provide opportunities for public comment.</i></p> <p><i>Avoid uncertainty: indicate when changes take effect, to what they apply and which rules and procedures they replace.</i></p> <p>Publish updates on IPA websites.</p> <p>Update investment guides.</p> <p><i>Updates can also feature as part of regular aftercare outreach to existing investors.</i></p> <p><i>Expunged earlier, outdated rules and procedures from forms, documents, publications, and websites to avoid contradictory instructions.</i></p>

	<p>Note: Often, new rules supersede old rules, but the earlier rules remain on the books, creating unnecessary confusion.</p> <p>Example: <i>The Republic of Korea, under the Revision on the Special Tax Treatment Control Law (December 2018), abolished certain tax incentives available for foreign investments. However, investments that occurred before the end of 2018, can still enjoy the tax benefits.</i></p>
<b>II.4 Proposed measures</b>	
<p>Rationale</p>	<p>Proposed measures emanating from legislative bodies are generally vetted in debate and media.</p> <p>Feedback and consultation clarify policy objectives, allow stakeholders to provide input into the process, and allay investor and stakeholder concerns.</p>
<p>Implementation</p>	<p>Solicit feedback from constituents, investors and the public at large, to understand priorities and needs, as well as unforeseen and unintended impacts.</p> <hr/> <p>Engage in wider stakeholder consultation on proposed reforms and measures.</p> <hr/> <p>Carry out frequent surveys and focus groups with current investors located in the host country and also overseas, as well as with investment service providers.</p> <hr/> <p><b><i>Boards, with private sector representation, can advise IPAs on new measures and other reforms.</i></b></p> <hr/> <p>Hold closed consultations and also conduct public hearings open to media.</p> <p>Example: <i>The Ethiopian Investment Commission revises investment measures on an ongoing basis, in consultation with relevant stakeholders.</i></p> <hr/> <p>Retain goodwill and sustain a welcoming attitude.</p> <hr/> <p>Note: Spontaneous executive orders may appear arbitrary, confuse implementation, and erode goodwill.</p>
<b>II.5 Focal points</b>	
<p>Rationale</p>	<p>Focal points are particularly helpful for micro, small and medium-size enterprises (SMEs), including especially women-led SMEs, which often face additional challenges.</p> <p>Ideally, measures and procedures should be self-explanatory.</p> <p>Focal points are a safety net when there is investor confusion or to capture outlier requests.</p>

	<p>Note: Too many queries may indicate the need for an upstream clarification in the presentation of measures.</p>
Implementation	<p>A lead agency should be mandated as focal point to address investment queries in a timely, relevant and prompt manner. This can be an IPA. The focal point provides guidance concerning legislation, institutions, processes, and responsible agencies.</p> <p><b><i>The IPA should be funded adequately and in a stable manner (ideally from a central budget and not fees for service) to allow for operational independence and quick reaction to changing conditions and opportunities.</i></b></p> <p><i>Example: Benin’s Agency for the Promotion of Investments and Exports replaced three structures as the focal contact point for investment queries.</i></p> <p><i>Example: JAMPRO is an Agency of Jamaica’s Ministry of Economic Growth and Job Creation that promotes business opportunities in export and investment to the local and international private sector. In facilitating the implementation of investment and export projects, the organization is a key policy advocate and advisor to the government in matters pertaining to the improvement of Jamaica’s business environment and the development of new industries.</i></p> <p><i>Example: PROESA is the Exports and Investment Promotion Agency of El Salvador. It is a government agency under the country’s presidency. Its mission is to build and coordinate the interagency system for the promotion of exports, investment and public-private partnerships, to help increase production and national productivity and create more employment opportunities and national development.</i></p> <hr/> <p><b><i>IPAs should take on the role of consultant advisors to investors and facilitate the whole investment process. They know how to successfully operate in the economy and provide such advice from official channels, complementary to any advice by other consultants.</i></b></p> <hr/> <p><b><i>Encourage on-line enquiries and on-line information on all FDI issues. Routine enquiries are commonly addressed with frequently asked questions (FAQs), commonly named as chatbots. These provide on-line responses in simple language — preferably in English- with links to relevant forms and documents.</i></b></p> <p><i>Example: The Estonian Investment Agency website greets users with a FAQs popup interface: “Hi, I’m Suve! I am a robot and I’m here to help you find information”.</i></p> <p><b><i>In the absence of a bot, add the online searchable library with downloadable documents per key topic.</i></b></p> <hr/> <p><b><i>All FAQs should ask if the information is useful, thus providing feedback.</i></b></p> <hr/> <p><b><i>All queries should be promptly acknowledged, even if the requisite information is not immediately at hand.</i></b></p> <hr/> <p><b><i>There should be alignment of focal points’ operating hours to commercial needs.</i></b></p> <hr/> <p><b><i>Provide an investor inquiry protocol, with timeframes, which explains how to deal with inquiries and list the mechanisms that should be in place.</i></b></p>

	<p>Answers to queries can also be provided by the private sector (e.g., on tax matters). For a fee.</p> <p>Anticipate enquiries from civil society and facilitate investor-stakeholder relations.</p> <p><i>The focal point should carry out policy advocacy, recommending to the competent authorities measures to improve the investment environment.</i></p> <p><i>The focal point should make corrective recommendations and express an opinion regarding questionable administrative measures.</i></p> <p><i>The focal point should forward complaints, supporting the implementation of solutions for such complaints.</i></p> <p><i>Focal points should provide parties with alternative forms of dispute resolution.</i></p> <p>IPAs typically handle enquiries as part of bespoke ‘hand holding’ and ‘red carpet treatment’ services.</p> <p><i>IPAs can publish an interactive roadmap for navigating procedures and making investment applications, and create call centres for questions and answers.</i></p> <p>IPAs should consider developing a skill and training programme. Raise the importance of policy advocacy, to facilitate more strategic engagement with both key existing investors and government policymakers to improve the country’s business environment and location competitiveness.</p> <p><i>IPAs might have a role in assisting investors to divest more easily and to finding new investors to step in. IPAs could conduct an exit interview to understand investors’ divestment decisions, and to ensure that the exit process is as user friendly as possible. This makes it more likely these investors return, as well as producing a good reputation for the investment climate to attract other investors.</i></p> <p><i>The contact information of the focal point should be provided to the WTO Investment Facilitation Committee.</i></p> <p><i>Note: Focal points provide information, clarification and referral but do not resolve disputes. Investor complaints are best handled by a separate grievance mechanism, involving line departments or an ombudsperson.</i></p>
<p><b>II.6 Clarity of regulations</b></p>	
<p>Rationale</p>	<p>Issues that could lead to potential disputes should be clarified to help avoid disputes, increase compliance and provide predictability to investors.</p>

	<p>Clarity of the roles of investors, suppliers and government agencies in implementing safety and control standards would prevent mistreatment of labour and enhance the safety of working conditions.</p>
Implementation	<p>Economies should have in place a clear regulatory framework, including concerning land issues.</p> <p>It is important to have in place an objective and functional regulatory framework addressing cases of bankruptcy or insolvency, or judicial liquidation.</p> <p>Countries should aim to clarify and simplify regulations, laws and procedures.</p> <p>Countries could increase the use of legislative simplification and restatements of laws to enhance clarity and identify and eliminate inconsistencies.</p> <p>Good governance laws and mechanisms should be implemented to increase transparency and avoid the risk of corruption when investors and government officials are interacting.</p> <p><i>Example: Ecuador introduced new regulations to clarify the Productive Development Law and to simplify environmental rules.</i></p> <p><i>Example: China passed a new Foreign Investment Law that replaced three previous laws and aimed to provide clarity on FDI policies and investment protection.</i></p>

### III. Simplification of administrative procedures and requirements

III.1 Consistent administration	
Rationale	<p>Standardized administrative procedures ensure uniformity, while reducing <i>ad hoc</i> decisions and miscommunication.</p>
Implementation	<p>Standard operating procedures (SOPs), investor roadmaps, investment entry/registration/establishment flowcharts are common in civil service and industry. They avoid discriminatory use of bureaucratic discretion in the application of laws and regulations.</p> <p><i>Example: India established a Foreign Investment Facilitation Portal and issued standard operating procedures for handling FDI applications, designating competent authorities and time frames for processing applications.</i></p> <hr/> <p><b><i>SOPs should include stepwise guidelines for each task or activity. The guidelines should be clear and easy to follow.</i></b></p> <hr/> <p><b><i>IPAs and departments should display client charters, indicating the investment services delivered and timelines.</i></b></p> <hr/> <p>Note: The stereotypical bureaucrat “plays it by the book”, but the book or manual may not exist or may be outdated and need revising.</p> <hr/> <p>Note: The shift from old procedures to new procedures may require training.</p>

III.2 Single window mechanism	
Rationale	<p>Investment agencies operate “one-stop shops” to help investors interface with government departments.</p> <p>One-stop shops, or investment single windows, are a useful instrument, as long as they replace multiple steps and do not become additional steps (achieve a true “one-stop-shop”, rather than a “one-more-stop”).</p> <p>An institutional single point of entry for foreign investors helps to bypass or accelerate dysfunctional procedures. The ideal is investors contacting only one entity to obtain all the necessary paperwork in one streamlined, online and coordinated process.</p> <p>Efficient single-window mechanisms can make a difference to the ability of firms to easily invest, and are thus likely to increase investor interest and successful establishment.</p>
Implementation	<p>In its simplest form, IPAs provide forms, documentation and supporting information on relevant procedures and institutions.</p> <hr/> <p><i><b>A robust one-stop shop exercises a coordination function in which investment agencies interact with the various line departments and regional offices to expedite the processing of applications, provide all mandatory registrations (e.g., business registry, national and/or state/municipal tax identification numbers, social security, pension schemes), and pay all fees corresponding to the mandatory registrations.</b></i></p> <p><i>Example: Kazakhstan introduced a one-stop shop, enabling investors to apply for more than 360 types of permits and licenses without the need to visit multiple ministries or government agencies.</i></p> <p><i>Example: Egypt’s Investor Service Centres gather representatives from 47 ministries and government agencies authorized to provide all necessary licenses and approvals required for the establishment of businesses.</i></p> <hr/> <p><i><b>The single window website should provide phone or online contacts for complaints, for each mandatory registration.</b></i></p> <hr/> <p>Note: Often economies put in place a one-stop shop to try to simplify a process that is overly complex, while it may be better to streamline and simplify procedures and requirements themselves, and which should be done prior to putting in place a one-stop shop.</p>
III.3 Clear criteria for administrative procedures	
Rationale	<p>Having clear criteria expedites review and also guards against predispositions (e.g., favouring larger over smaller firms, manufacturing over services, developed- over developing-country investors; all of which are potentially beneficial).</p>

Implementation	<p>Establish clear criteria for administrative decisions on investment appraisal and approval.</p> <hr/> <p><i>Provide explanations for administrative decisions.</i></p> <hr/> <p>Note: Pursuit of attractive investments should not neglect other potential investments.</p>
<b>III.4 Clear criteria for investment incentives</b>	
Rationale	<p>Incentives are offered to induce particular investment activity. Clear criteria can help ensure that policy objectives are realized in practice.</p> <p>Clear criteria underpin ‘smart incentives’ that achieve policy objectives in an efficient manner.</p> <p>Lack of clear criteria can result in ‘icing on the cake’ for all investments, regardless of the actual need of incentives to facilitate investment or stated policy objectives.</p> <p>Lack of clear criteria can also facilitate corruption.</p>
Implementation	<p><i>Publish investment incentives and criteria to qualify. (For the elements of an “incentives inventory”, see example text in Annex 2.)</i></p> <hr/> <p><i>Criteria should indicate policy objective (e.g., employment creation, export development, priority industry, regional development), incentive offered (e.g., tax holiday, import duty exemption or drawback, infrastructure or zone facility) and fulfilment requirement (e.g., monitoring or reporting of results achieved).</i></p> <p><i>Example: Nigeria, in granting a “Pioneer Status” incentive, published a list of industries eligible to enjoy the incentive.</i></p> <p><i>Example: Italy reduced its tax rate for profits reinvested to acquire assets or increase employment.</i></p> <p><i>Example: Cameroon has several tax incentives for the rehabilitation of an economic disaster area.</i></p> <p><i>Example: Guatemala established fiscal incentives for companies operating in its special public economic development zones including an exemption for 10 years from income tax and a temporary suspension of taxes associated with imports.</i></p> <hr/> <p><i>Clear criteria help focus the targeting strategies of investment authorities. An IPA should use investment incentives to target the kind of investment it seeks for the economy. (See example text in Annex 3.)</i></p> <hr/> <p><i>Public-private dialogue and stakeholder consultation can be used to develop clear criteria for investment incentives that are aligned with sustainability principles and development goals.</i></p>
<b>III.5 Simplification of procedures and reduction of documentation requirements</b>	

<p>Rationale</p>	<p>Simplification can lead to a reduction in the cost of doing business (in terms of time and resources).</p> <p>The aim is to reduce administrative steps to speed up the procedural process without diluting its integrity or avoiding necessary due diligence tasks, such as environmental impact assessments.</p> <p>Government departments tend to duplicate the procedures of others, as do different units within departments. Redundancies can be eliminated without loss of appraisal or effectiveness.</p>
<p>Implementation</p>	<p>Reduction of procedures is usually achieved through departmental task forces or parliamentary sub-committees. IPAs can influence the streamlining of procedures (among other investment facilitation measures) through policy advocacy.</p> <p><i>Example: Argentina published a decree with 170 measures to eliminate rules and regulations that reduced the country's competitiveness.</i></p> <hr/> <p>Simple procedures can include business visa requirements (which should be available online as e-visas and include multiple-entry visas for business visitors), green channels to expedite customs clearance and ease of securing work permits for skilled non-nationals. (See example text in Annex 4.)</p> <p><i>Example: The Visa TechChile programme seeks to streamline the process of obtaining a work visa to make it easier for local and overseas companies in the technology services sector and enterprises related to Start-Up Chile to hire professional and technical personnel specialized in the area of technology services that are not available in the country. Under this initiative's streamlined process, it is possible to obtain a work visa within a maximum period of 15 working days.</i></p> <p><i>Example: Thailand introduced a new visa system (Smart Visa) to attract foreign highly skilled talent.</i></p> <p><i>Example: China increased the quota for foreign technical personnel in foreign invested construction and engineering design enterprises. In addition, China relaxed restrictions on recruitment agencies.</i></p> <p><i>Example: Uzbekistan increased its quota for the issuance of work permits for highly qualified foreign specialists.</i></p> <p><i>Example: Spain (INCEX-Invest in Spain) supports added-value investors with immigration services.</i></p> <hr/> <p><b>Clear criteria for decisions to carry out audits, as well as potential penalties.</b></p> <p><b>Where warranted, reduction in the frequency and content of audits.</b></p> <hr/> <p>Simplify and expedite, where possible, the issuing of approvals, licenses and registration requirements (e.g., patent, trademark, and copyright registration), as well as documentation of investment inflows with the central bank.</p> <p><i>Example: Indonesia replaced the license requirement for establishing a business with a registration procedure.</i></p> <p><i>Example: Angola enacted legislation for the admission of eligible investments by creating a "fast lane" to speed up procedures and technical support units in each ministry.</i></p>

	<p><i>Example: Myanmar amended its investment law, simplifying investment approval and authorization procedures for foreign and domestic investors.</i></p> <p><i>Example: Mauritius adopted the Business Facilitation Act of 2017 to eliminate regulatory and administrative bottlenecks to investment.</i></p> <p>Emphasis on core documentation requirements lessens the burden on applicants and administrators.</p> <p><i>Example: Saudi Arabia expedited the licensing procedures for foreign investors by reducing the number of required documents and shortening the review period.</i></p> <hr/> <p>Streamlined forms are easier to fill and to process.</p> <p><i>Example: In Tanzania, an enterprise can be created with one form and two steps online within 10 days. Prior to the implementation of the system, businesses had to go through 20 steps and complete 9 forms within 30 days.</i></p> <hr/> <p><b><i>Where multiple approvals are necessary, the process may be facilitated with the use of a common format across departments (e.g., details on contacts, forms and documentation; set time frames for processing; standard fees; and opportunity for review of decisions).</i></b></p> <p><i>Example: In El Salvador, the process to register a company has been reduced from 16 to 3 steps, 10 forms from different administrative institutions were merged into one form and the duration of the entire process dropped to a maximum of three days.</i></p> <hr/> <p><b><i>Maintain a periodic review of documentation requirements with a view to ensuring that requirements are still relevant and simplifying/removing those that are not.</i></b></p> <hr/> <p><b><i>Simplify the process for connecting to essential infrastructures such as electricity and water supply. Such simplification can be done by following the “Plug and play model”, which refers to ready facilities provided by the government in terms of infrastructure (e.g., buildings), power-water-sewage connectivity, road connectivity, as well as approvals required to connect to the necessary utilities within a specified and short timeframe so that investing companies can commence operations smoothly and quickly.</i></b></p> <p><i>Example: India is promoting a “plug and play” scheme to fast-track large investment proposals.</i></p>
<b>III.6 Processing of applications</b>	
<b>Rationale</b>	Different categories of investment may call for particular types of assessment.
<b>Implementation</b>	Processing of applications should be carried out in a timely and consistent manner.

	<p><i>Example: Indonesia’s fast-licensing process allows certain categories of prospective investors to have their preliminary permits within 3 hours.</i></p> <p><i>Example: Colombia streamlined its foreign investment registration scheme, in particular by eliminating registration deadlines.</i></p> <hr/> <p>Mining and infrastructure investments often involve negotiations, which could be minimized by clear rules and procedures.</p> <hr/> <p>Export-oriented investments are processed by export processing zone authorities when in those zones, which should work closely with investment agencies.</p> <hr/> <p>Special economic zones operate incentive schemes that should have monitoring mechanisms to ensure the implementation of requirements.</p> <hr/> <p><i>Policymakers may consider risk-based assessment, whereby low-risk investment projects are approved with more limited, if any, need for assessment, while high-risk projects receive careful assessment. Consider limiting the requirement of obtaining authorization to categories associated with higher risk. (See example text in Annex 5.)</i></p> <p><i>Applications of SMEs, especially managed by women, may qualify for ‘lite processing’.</i></p> <hr/> <p><i>Conditional approval: Consider authorising micro, small and medium-size enterprises (MSMEs) to start operations without the requirement of approvals from the government for an initial period of time.</i></p> <p><i>Example: Many state governments in India authorise MSMEs to start operations without the requirement of approvals from the government for the first 36 months of operation.</i></p> <hr/> <p>Note: Processing procedures should safeguard confidential information.</p> <hr/> <p>Note: The public policy goals should be clear and the decision process should be transparent.</p>
<p><b>III.7 Time limits</b></p>	
<p>Rationale</p>	<p>Reasonable time limits can, like a metronome, set a steady pace to advance the process, making for more productive and efficient administration while also increasing predictability for investors.</p>
<p>Implementation</p>	<p>Adopt diagnostic tools and indicators on the efficiency of administrative procedures, and benchmark performance relative to international best practice.</p> <hr/> <p>Publish the timeline for processing approvals.</p> <hr/> <p>Enact time limits for the processing of applications for investment screening, admission and licensing.</p>

	<p><i>Example: In Malaysia, there is a commitment that a license will be approved within four weeks from the date of complete information received.</i></p> <p><i>Example: In Jamaica, agencies are mandated to give a 10-day review of applications, thus significantly shortening the approval timeline.</i></p> <hr/> <p><b><i>Publish the time limits for visa processes.</i></b></p> <hr/> <p>Clearly state time limits for deciding judicial appeals.</p> <hr/> <p><b><i>Some protocols grant automatic approval if the process is not completed within the time limit and provided there is no notification of an extension of deadline.</i></b></p> <p><i>Example: In the country of Georgia, “Silence is consent” – a permit or license is automatically granted if no government action is taken within statutory time limits.</i></p> <p><i>Example: India requires that all approvals be granted within 30 days; absent a response from the government the application is considered approved. In some cases, officials are personally accountable for implementing rapid approvals and may be subject to financial penalties from their pay check for each day of an approval delay.</i></p> <hr/> <p><b><i>Note: automatic approvals should be clearly stated in the law and if possible, confirmed with a written approval or waiver. The aim is to avoid placing the investor in a grey zone, which could give rise to later disagreement. (See example text in Annex 6.)</i></b></p>
<p><b>III.8 Communication with potential investors</b></p>	
<p>Rationale</p>	<p>Regular communication allows for two-way exchange on incomplete information, clarification of details, and informal review of appraisals.</p> <p>Continuous contact permits fast notification of authorization and for its entry into effect without delay.</p>
<p>Implementation</p>	<p><b><i>Applicants should be encouraged to stay in contact with a designated case officer on the application status.</i></b></p> <hr/> <p>Communication does not end with approval, but shifts to the next steps for implementation.</p> <hr/> <p>The creation of national IPAs centralizes and consolidates efforts of identifying and communicating with investor.</p> <hr/> <p><b><i>The creation of sub-national (region/city level) IPAs and enhancing their capacity can help facilitate investment to other regions in an economy.</i></b> There must be clear roles and responsibilities and good coordination between national and sub-national IPAs.</p> <p><i>Example: GTAI, Germany’s national trade and investment promotion agency, works closely with all sub-national IPAs from the 16 federal states of Germany, helping them by operating a list of potential qualified partnering organizations for target industries or sectors; creating initial business contacts and matchmaking; and arranging meetings with experts and interested parties.</i></p>

	<p><i>Platforms can be created to share information among different levels of IPAs and also the overseas network of trade commissioners.</i></p> <p><i>Example: ICEX-Invest in Spain uses a platform (Interactua) to share projects, documents and information.</i></p>
<b>III.9 Acceptance of applications</b>	
Rationale	It is important to sustain the interest of investors and encourage follow through.
Implementation	<p>Authorizations should be based on clear criteria and transparent procedures and, once granted, should be transmitted in a forthcoming manner.</p> <p>Applications should be reviewed by an experienced professional committee, to ensure a professional review of the applications.</p> <p><i>Example: Côte d'Ivoire adopted a decree that organizes the functions of the Accreditation Committee responsible for examining the applications for the approval of investors. The Committee includes four national experts from the Administration of the Promotion Industry, Investments, Budget and Finance.</i></p> <hr/> <p>Authorizations may be time bound to discourage undue delay in implementation.</p> <hr/> <p>Once projects are formally authorized and registered, work and residence permits for the purposes of implementing these projects could be issued in a systematic manner to prevent inefficiencies caused by immigration authorities checking the “seriousness” of projects.</p> <hr/> <p>Note: Many approvals are not implemented, i.e., investments do not take place.</p>
<b>III.10 Rejection of applications</b>	
Rationale	Rejection should be based on clear criteria and transparent procedures.
Implementation	<p>A rejection of applications should not foreclose the possibility of future applications.</p> <hr/> <p>Rejections should be officially communicated. A “Silent No” is unprofessional, and damages goodwill in the larger investor community.</p> <hr/> <p>An explanation should be provided if a decision is due to incomplete documentation, although this shortcoming may be prevented through prior communication to the applicant with an invitation to complete the application.</p> <hr/> <p>An explanation should be provided if the decision is due to unfulfillment of stated administrative criteria, as the criteria might change in the future thereby allowing for the possibility of resubmission.</p>

	<p>Establish accessible and effective administration decision appeal mechanisms.</p> <p><i>Appeal mechanisms, where appropriate, may include impartial “fast-track” review procedures.</i></p> <hr/> <p>Note: incomplete documentation or procedure should not in itself prevent fulfilment of requirements. A possible safeguard is to allow for appeal and review of the decision.</p> <hr/> <p>Note: There are instances where laws and policies change over time (e.g., on equity ownership), thereby allowing for reconsideration anew of earlier decisions.</p>
<b>III.11 Fees and charges</b>	
Rationale	<p>Fees to cover the cost of processing applications are standard practice.</p> <p><i>Applicants may be prepared to pay higher fees for urgent processing (e.g., courier mail service).</i></p>
Implementation	<p>Reduce the number and complexity of fees and charges, which should not be set at a level as to deter applications.</p> <p><i>Example: Australia has an on-line “Fee estimator”.</i></p> <hr/> <p><i>Payment in foreign currency is encouraged by use of official accounts of a country’s consular offices worldwide.</i></p> <hr/> <p><i>Fees and charges should be periodically reviewed to ensure they are still appropriate and relevant, and there should be an adequate time period between the publication of new or amended fees and charges and their entry into force.</i></p>
<b>III.12 Aftercare</b>	
Rationale	<p>Aftercare refers to the post-investment services provided to investors to encourage them to expand and deepen their operations in the host country.</p> <p>Post-establishment services make it more likely that investments will be successful, and that investors will therefore remain and also expand investment.</p> <p>A significant amount of investment is reinvestment by existing investors.</p> <p>Satisfied investors are also a confirmation of a country’s investment climate and the best publicity for a country.<sup>2</sup></p>

<sup>2</sup> Maintain a scorecard for good practices in aftercare covering policy, techniques and resources:

A. Aftercare policy	<ol style="list-style-type: none"> <li>1. Is there an aftercare strategy for keeping in contact with investors once they make the investment?</li> <li>2. What are the objectives of aftercare (expansions, marketing, supply chain linkages, upgrading of plants etc.)?</li> </ol>
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	<p>Aftercare processes allow regular contact with investors to address ongoing needs of stakeholders.</p>
<p>Implementation</p>	<p>IPA's Aftercare should be information and assistance services starting from investment decision/announcement, during Entry, Establishment, Retention, Expansion and possibly beyond. Well-connected IPAs help investors have clarity of what needs to be done, by when, for how much, and sort out any issues/delays in the process of establishment or operations. In crisis, they should be in the front lines providing updated information and assistance to help investors sort out issues and keep operating.</p> <p><i>Example: Invest India launched the Business Immunity Platform to help investors with aftercare in the COVID-19 context (<a href="https://www.investindia.gov.in/bip">https://www.investindia.gov.in/bip</a>)</i></p> <p><i>Example: KenInvest provides post implementation services, such as following up with investors at regular intervals to assist in smooth project implementation and addressing any concerns established investors may have.</i></p> <hr/> <p><i>IPAs should adopt tools for managing the relationship with existing investors.</i></p> <p><i>IPAs should have in place the following three internal systems to manage relationships with existing investors: (A) standard operating procedures; (B) investor information system; and (C) an investor relationship management system built on customer relationship management software. These tools are also relevant for managing the relationship with potential investors.</i></p> <hr/> <p><i>An IPA can assist investors in acquiring land, buildings, utilities, worker permits, and import licenses. SMEs may particularly value such 'start up' assistance. Alternatively, the IPA can refer investors to respective government agencies (when they deliver services without IPA involvement) or accredited service providers in the private sector.</i></p> <hr/> <p><i>More broadly, IPAs can facilitate investor relations within communities, stakeholder associations and civil society, nurturing corporate social responsibility.</i></p> <hr/> <p><i>Even when operations are well underway, an IPA can fast-track approvals of sequential investment, the renegotiation of investment licenses, the certification of incentive privileges, and help ensure disbursement.</i></p>

<p>B. Aftercare techniques</p>	<ol style="list-style-type: none"> <li>1. What aftercare techniques are used?</li> <li>2. Do these meet objectives?</li> <li>3. Who are the stakeholders in aftercare?</li> </ol>
<p>C. Resources</p>	<ol style="list-style-type: none"> <li>1. Are adequate resources and skills available for aftercare?</li> <li>2. Is there a dedicated aftercare team?</li> <li>3. Are resources used effectively?</li> </ol>

Source: Loewendahl (2001) "Bargaining with Multinationals".

	<p><b><i>Build and maintain a comprehensive database of existing investors with key contacts in every company.</i></b></p> <p><b><i>Develop with other agencies a database of bankable projects for possible sequential investments.</i></b></p> <p>IPA can guide the project sponsors/owners (ministries, private sector, communities, municipalities) in building project profiles/books that are bankable.</p> <p><i>Example: Invest India created an Investment GRID which provides information to investors on the investment opportunities prepared by states/communities.</i></p> <hr/> <p><b><i>Help investors by seeking to build complete supply chains, often with a focus on creating an appropriate local ecosystem.</i></b></p> <p><i>Example: Morocco has a programme for constructing local ecosystems for investors, to help investors more easily obtain the resources needed to operate.</i></p> <hr/> <p><b><i>Organize initiatives and events that provide recognition and networking opportunities in the local ecosystem (for awards for the best performing investors by different criteria, or business-government networking events). These events recognize the contribution of existing investors, and can enhance retention and expansion of investments.</i></b></p> <hr/> <p>The promotion of business linkages (through matchmaking events or suppliers' databases) may also support aftercare services. (See section V.2 on linkages with the host economy.)</p> <hr/> <p><b><i>Train local talent that can be hired by foreign affiliates.</i></b></p> <p><i>Example: Uruguay XXI has developed (with the help of the IDB) a smart talent platform: a free-access website for companies specialized in the global services industry; it encourages strategic links among companies, educational institutions and potential employees. This tool allows global services companies to finance up to 70% of the costs of their training-on-demand plans, both in soft and technical skills. It is directed to companies with operations in Uruguay that export services in a number of sectors.</i></p> <hr/> <p>Establish supply-chain development aftercare programmes.</p>
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## IV. Digitalization

IV.1 E-government	
Rationale	E-services are user friendly, fast, accessible worldwide, and increase transparency.

<p>Implementation</p>	<p>Implement a GLOBAL IPA “FDI MARKET” PLATFORM, where investors can come and look for benchmarking info, IPA contacts, sectors promoted, etc. IPAs can promote themselves in such a platform.</p> <hr/> <p>Applications for business visa, work permits and security and customs clearance should be provided by e-services.</p> <hr/> <p>Establish a Chatbot guiding users.</p> <hr/> <p>Provide explanatory videos.</p> <hr/> <p>Enable digital identity, interoperability and electronic signature options.</p> <hr/> <p>E-services are particularly suited for SMEs (local and foreign investors).</p> <hr/> <p><i>Establish electronic payment system for investors to pay all fees, charges and taxes associated to the admission, establishment, maintenance, acquisition and expansion of investments.</i></p> <hr/> <p><i>Enable online tax registration and declaration to non-resident foreign investors.</i></p> <hr/> <p>E-services aid in scoping sites for plant locations and sourcing of local contractors.</p> <hr/> <p>E-services should help in jumpstarting preparatory activities following approvals and before full physical presence has been set up on the ground.</p> <p><i>Example: Tanzania established an online registration system that simplifies investment registration processes, significantly reducing time and costs.</i></p> <p><i>Example: Benin launched an online tool (iGuide) for informing investors about operating costs, salaries, taxes, and relevant laws to build and develop their business plans. The iGuide was set up in partnership with UNCTAD and the International Chamber of Commerce (ICC).</i></p> <p>See also <a href="http://www.gateway.gov.uk">www.gateway.gov.uk</a> and <a href="http://www.Dubai.ae">www.Dubai.ae</a> .</p>
<p><b>IV.2 On-line single window</b></p>	
<p>Rationale</p>	<p>Facilitates interchange with investors and manages coordination within government.</p>

<p>Implementation</p>	<p><b><i>Develop an online single window, compatible with the Global Trade Single Window that some countries operate. The digitalised one-stop-shop portal should include online information for investors, as well as enable the whole entry and establishment process for investors.</i></b></p> <p><i>Example: Malaysia has a single window for trade (DNeX).</i></p> <p><i>Example: Pakistan is set to implement by 2022 a single window system for trade to streamline the cross-border movement of goods and regulatory bottlenecks. The system includes the establishment of an ICT-based platform involving simplification, harmonisation and automation of regulatory processes related to cross-border trade.</i></p> <hr/> <p><b><i>Countries may adopt technologies such as blockchain and artificial intelligence, which may bring new opportunities to improve a single window's efficiency, transparency and interoperability.</i></b></p> <p><i>Example: Benin's online platform, made its business registration processes entirely digital, setting up an online single window for all regulatory processes needed to open a business.</i></p> <p><i>Example: Wesgro's business Support provides a virtual team of sectorial and communication experts who help businesses by providing guidelines and best practice. The team is made up of staff from the Department of Economic Development and Tourism (DEDAT), Wesgro (Cape Town and Western Cape Tourism, Trade and Investment Promotion Agency), City of Cape Town Metropolitan Municipality, GreenCape and private sector.</i></p> <hr/> <p><b><i>Create an online business registration system.</i></b></p> <p><i>Example: Cambodia launched an online business registration system as a single window for providing all the services related to registering a business and keeping the business registration up-to-date.</i></p> <hr/> <p>The web address of a digital single-window system should be provided to the WTO Investment Facilitation Committee.</p>
<p><b>IV.3 Improving organizational efficiency through the application of digital technologies</b></p>	
<p>Rationale</p>	<p><b><i>The use of digital technologies allows all government agencies dealing with business licenses, permits and procedures to become more efficient in their internal processes, keep track of their established and potential investors, as well as in prospecting new investors.</i></b></p> <p>Leading agencies are increasingly innovating their services to anticipate the needs and plans of companies, which demand access to value-added information, personalized services, reduced bureaucracy, and online procedures to facilitate the establishment process. All these activities contribute to improving the business climate and attracting investment and reinvestment. IPAs – mainly in the United States, Europe and Asia – are incorporating 4.0 technology in their investment services, although later than in other sectors. This trend is estimated to accelerate due to restrictions on movement and physical contact worldwide caused by the Covid-19.</p>

<p>Implementation</p>	<p><b><i>Establish online platforms or portals to comply with administrative procedures for the submission and processing of applications, and the ability to track the status of an applications online.</i></b></p> <hr/> <p>Ensure availability of application forms and documentation on the official website of investment authorities. Electronic submissions are fast and can be readily stored on government servers for retrieval and processing by different administrative units.</p> <p>IPAs are implementing, among other tools: digital single windows for investment to simplify and streamline the registration and operational processes and processes of companies that incorporate blockchain; platforms with access to geographic information systems (combined with databases of investment / expansion projects of foreign companies); pro-tech applications such as augmented reality and virtual reality tools incorporating the use of glasses, and drones that economize the production of location promotion videos; artificial intelligence systems, including predictive analysis to identify patterns and trends of investors and offer personalized information in a timely manner; and data-driven and open data solutions, so that investors can make strategic decisions based on data analysis and interpretation.</p> <p><i>Example: Azerbaijan established a single online portal for the issuance of business licenses and permits.</i></p> <p><i>Example: The Mauritius Economic Development Board requires that applications for Occupation Permit or Residence Permit be submitted online through the National E-licensing System.</i></p> <p><i>Example: The Philippines launched a digital platform, the Philippine Business Data Bank, shortening the time needed for applying and renewing permits.</i></p> <hr/> <p>A Portable Document Form (PDF) is easy to create, fill and process using ordinary software. Forms are normally to be submitted in hard copy. However, the requirement for triplicates is outdated and can be replaced by a single electronic copy.</p> <hr/> <p><b><i>Laws or regulations should allow for electronic signatures with the equivalent legal validity with hand-written signatures.</i></b></p> <hr/> <p><b><i>Digital certificates and signatures should be available, as should be IT systems capable of accepting and exchanging data electronically.</i></b></p> <hr/> <p><b><i>IPAs can track investor relations through a customer relationship management (CRM) software that can help IPAs build stronger relations with investors, record their needs and issues, professionally deliver on service promises, renew contacts, set reminders for future encounters, and report results to management and stakeholders.</i></b></p> <p>Beyond keeping companies, contacts and projects, a key feature of the most advanced CRMs is ticket management to allow IPA staff create an internal request and follow through until completion.</p> <hr/>
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	<p><i>IPAs can use data analytics to find potential investors.</i></p> <p><i>Example: InvestChile and Costa Rican CINDE use website analytics for measurement, collection, analysis and reporting of web data for purposes of understanding and optimizing web usage. Such information is used to assess and improve the effectiveness of their websites.</i></p> <hr/> <p><i>Interconnectedness of systems is key for the best result of digitalization in IPAs. Especially when the IPA is also a virtual portal for procedures others process and approve.</i></p> <hr/> <p><i>Promote the adoption of new technology by IPAs, including through the training of officials at all levels of government.</i></p>
<p><b>IV.4 Digitalization of investor onboarding</b></p>	
<p>Rationale</p>	<p><i>Digitalization offers new opportunities for IPAs for their operations and outward-facing activities.</i></p>
<p>Implementation</p>	<p><i>Establish a national investment website with up-to-date applicable information for investors, including legislation and regulations. Such a platform should be user friendly and enable investors to quickly and easily locate the information needed.</i></p> <p><i>Example: India established its national investment promotion platform, Invest India, with a “three-clicks rule”, which means that in three clicks the investor gets to the information sought. The platform enables online Q&amp;A services, with responses within 72 hours. The platform also includes COVID-19 updates and relevant resources for business aid.</i></p> <hr/> <p><i>Create a LinkedIn profile (for IPA or other entities) and use this platform for identifying investors, gathering investor intelligence, getting meetings, and advertising/sharing investment opportunities with investors.</i></p> <hr/> <p><i>Host online investor conferences, on-on-one meetings, webinars, online recruitment sessions, especially during COVID-19 times.</i></p> <hr/> <p><i>IPAs could create promotional videos in the form of conversation and talk shows that discuss the investment environment.</i></p> <p><i>For example: the Korea Trade-Investment Promotion Agency (KOTRA) is producing such content to facilitate and promote investment in the context of the COVID-19 pandemic.</i></p> <hr/> <p><i>IPAs may facilitate virtual site visits of potential investors (and others). This can be further enhanced through the use of virtual reality goggles and/or geographic information systems (GIS).</i></p>

	<p><i>Overseas offices can also be used as a platform to facilitate virtual site visits by prospective investors from that economy.</i></p> <p><i>For example: Estonia and Costa Rica are offering virtual site visits.</i></p> <hr/> <p><b><i>Enable online negotiations and drone-based due diligence.</i></b></p> <p><i>For example: KOTRA is providing such services.</i></p> <hr/> <p><b><i>Enable a virtual marketplace for workers and suppliers to facilitate the matching of local suppliers and workforce availability with foreign investors.</i></b></p> <p><i>Example: The India Investment Grid (IIG) provides an online platform that supports investment in India by showcasing investment opportunities across India. IIG connects potential investors to projects and key contacts. Most projects are government projects. There is a preliminary credibility check of the projects by the IPA, but afterwards it is left for the investors to do their own due diligence.</i></p> <hr/> <p><b><i>Maintaining up to date social media and website platforms.</i></b></p> <p><i>Example: Ethiopia EIC used WhatsApp and Twitter to keep communicating with investors during the COVID-19 crisis.</i></p>
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**IV.5 Data protection issues**

Rationale	Transfer of data systems may raise security and privacy issues. Computer systems must be equipped for secure transmission, virus protection and rapid uploads.
Implementation	<p><b><i>Establish regulations or administrative measures for the protection of personal information.</i></b></p> <p><b><i>Ensure the legal framework for protection of personal information takes into account principles and guidelines of relevant international bodies.</i></b></p> <p><b><i>Example: International bodies, such as the APEC Privacy Framework and the OECD Recommendation of the Council concerning Guidelines governing the Protection of Privacy and Transborder Flows of Personal Data (2013), can provide guidance.</i></b></p>

**V. Measures that directly increase the development contribution of FDI**

<b>V.1 Responsible and sustainable investment</b>	
Rationale	<b><i>Investment facilitation measures should encourage the flow of sustainable FDI, i.e., commercially viable investment that is characterized by best efforts to make a</i></b>

	<p><i>reasonable contribution to the economic, social and environmental development of host countries and that takes place in the context of good governance mechanisms. Such “sustainable FDI” is characterized by direct corporate action that increases the development impact of FDI. Some of the most important FDI sustainability characteristics—and the benefits they imply—are listed in Annex 7.</i></p> <p><i>Investment facilitation measures should advance sustainable economic development.</i></p> <p><i>Investment facilitation measures should encourage social responsibility.</i></p> <p><i>Investment facilitation measures should be climate and environment-friendly.</i></p> <p><i>Investment facilitation measures should respect human rights.</i></p> <p><i>Investment facilitation measures should advance good governance.</i></p>
Implementation	<p><i>The United Nations, the ILO and the OECD have guidelines for responsible business practices: the UN Guiding Principles on Business and Human Rights, the UN Global Compact, the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy and the OECD Guidelines for Multinational Enterprises and related OECD Due Diligence Guidance for Responsible Business Conduct. Governments and firms should ensure these guidelines are being observed.</i></p> <p><i>Investment measures and procedures should welcome applications from investors that affirm corporate social responsibility (CSR) and commit themselves to observing international standards of responsible business conduct. (For a possible formulation in an investment agreement, see example text in Annex 8.)</i></p> <p><i>One way to implement this is by creating the special category of “Recognized Sustainable Investor,” which incentivizes and rewards investors to invest sustainably, possibly guided by an indicative list of FDI sustainability characteristics. (For a possible formulation, following the model of the Trade Facilitation Agreement, see example text in Annex 9.)</i></p> <p><i>Country FDI Strategy and IPA Corporate Plan/strategies should include criteria towards SDGs, and key performance indicators reflect such criteria.</i></p> <hr/> <p><i>Governments can assess the potential development impact of FDI projects using the OECD FDI qualities indicators, which fall in five clusters (productivity and innovation, employment and job quality, skills, gender equality, and carbon footprint).</i></p> <hr/> <p><i>All economies can encourage high standards of corporate governance and responsible business conduct by investors, both inward and outward.</i></p> <p>Investors can sign and observe internationally recognized guidelines of responsible business conduct.</p> <p><i>Home countries can provide guidelines to their firms and support the measures of host countries to encourage responsible investment.</i></p> <p><i>Home countries can have clear criteria linking or conditioning their support measures (including information, loans, grants, guarantees, political-risk insurance) to the observation of internationally recognised standards of responsible business conduct, the acceptance and observance of corporate CSR</i></p>

	<p><b>policies and/or (in the case of big projects with substantial impacts), ex ante environmental and social impact assessments to ensure a positive impact in host economies or at least the absence of a negative impact.</b></p> <p><i>Example: The WBG's Multilateral Investment Guarantee Agency (MIGA) ensures that projects supported through a guarantee are operated in a manner consistent with environmental and social performance standards.</i></p> <p><i>Example: The United States Overseas Private Investment Corporation, which has since become the United States International Development Finance Corporation, provides green guarantees.</i></p> <p><i>Example: The Netherlands Enterprise Agency supports companies doing business in international, innovative, sustainable, and agrarian activities. It fosters international private sector investments in developing countries through financial tools and information on markets and regulations, along with the identification of international business partners. In 2014, the Dutch Good Growth Fund was established, partly managed by the agency. It is aimed at assisting SMEs and start-ups in the Netherlands with investments in 68 emerging markets by providing loans, guarantees and indirect participation up to €10 million.</i></p> <p><i>Example: In South Africa, the government committed to purchase four gigawatts of electricity by 2016 from new, renewable and domestically generated capacity. By guaranteeing a market, the government stimulated interest from foreign investors, interest that InvestSA helped manage.</i></p> <hr/> <p><b>Investors (above a certain size) could be encouraged to establish CSR committees and to dedicate a percentage of revenue to CSR activities.</b> For an example, see the Indian Foreign Contribution (Regulation) Act.</p> <hr/> <p><b>The ISO 26000:2010 standard provides guidance on social responsibility.</b></p> <hr/> <p>IPAs can adopt a number of specific, targeted investment measures in support of sustainable development goals.</p> <p><i>Example: Egypt has investment facilitation measures for investors that contribute to sustainable development and implement responsible business conduct standards.</i></p> <p><i>Example: There are a number of city IPAs that have adopted specific strategies and measures for investment to contribute to sustainable development. Three notable examples include Invest in Bogota, Dubai FDI, and Wesgro (the tourism, trade and investment promotion agency for Cape Town and the Western Cape). Some of the targeted measures that these agencies have adopted include: providing information on key strengths in sectors with high sustainability impact; providing data to benchmark location competitiveness in FDI sectors with sustainable development potential; branding, public relations and media promotion of the location as a destination for FDI with sustainable development impact; developing investment brochures, flyers and presentations for promoting FDI in sectors and activities with sustainable development impact; establishing or designating a dedicated team to promote FDI in SDG-related sectors; providing clearly defined profiles of bankable projects in which foreigners can invest; building strategic investor target databases that identify specific target companies that will contribute to sustainable development; visiting trade shows and specialized industry events that focus on sustainable development sectors; and carrying out aftercare activities to encourage existing investors in the location to adopt sustainability standards or to increase their sustainability impact.</i></p>
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	<p><b>One specific measure is to develop a marketing strategy with clear goals and addressed to targeting sustainable FDI.</b></p> <p><b>Another is to offer a “Red Carpet” service for investments that will have a significant positive sustainable development impact in host countries.</b></p> <p><b>Two models of “Red Carpet” service are possible. In the first model, an investor reports on a periodic basis how much has been invested in the country or shows a proven track record of investments and their benefits for the economy and subsequently receives “red carpet services”. According to the second model, the investor receives red carpet services before investing, by committing to invest in a way that will bring certain levels of benefit to the economy (e.g., a certain number of jobs). Key account support can involve one number to call and a dedicated officer to trouble shoot issues as they come up. Some called these investors “platinum investors” because they brought more benefits to the economy than others.</b></p> <p><i>Example: South Africa’s InvestSA has a network of stakeholders across government departments, regulatory agencies and the private sector to fast-track investments with complicated requirements. Through this network, InvestSA was able to promptly facilitate a long-stalled recycling project and unlock a series of expansions and new projects with Mpact Limited.</i></p> <p><b>Yet another are targeted incentives. About 100 developed and developing countries have tax incentives and also other programmes to advance the SDGs. Clear criteria for incentives help focus the targeting strategies of investment authorities.</b></p> <p><i>Example: The Republic of Korea restructured tax incentives to target foreign companies engaged in high-tech businesses and extended their benefits.</i></p> <p><i>Example: Côte d’Ivoire grants additional tax credits to companies in industries such as agriculture, agribusiness, health care, and tourism that are in line with its national development strategy.</i></p> <p><i>Example: Burkina Faso reduced by one quarter the threshold for incentives to invest in strategic sectors.</i></p> <p><i>Example: China expanded income tax benefits for investors, exempting them from withholding of income tax on the reinvestment of profits made in China.</i></p> <p><i>Example: Poland introduced financial incentives in order to promote the audiovisual industry. A qualification test applies to all applications and takes into account specific criteria stated in the law (audiovisual work should take place on Poland territory, Polish artists, crews and service providers participate in the production, use of Polish film infrastructures).</i></p> <p><i>Example: Mauritius elaborated an incentive-based Smart City Scheme, used to promote the transformation of rural lands into sustainable and innovative mixed-use social hubs. The incentive package includes exemptions from income tax for eight years, value added tax on capital goods, import duties on material for building and infrastructure construction, and assorted land-related taxes, as well as residence permits for purchasers of housing</i></p>
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	<p><i>units over a certain value, and citizenship for non-citizen residents investing more than \$5 million in Mauritius.</i></p> <p><i>Example: South Africa has adopted a targeted measure in support of renewable energy through a cash grant of up to US\$3 million to cover 30% of the costs of a company retrofitting existing industrial facilities to use renewable energy by the purchase and installation of rooftop solar panels.</i></p> <hr/> <p><b><i>Investment measures and procedures should have safeguards against corruption and conform with the intergovernmental standards of the Financial Action Task Force.</i></b></p> <p><b><i>Technical assistance should be provided to developing countries and especially LDCs to enhance their ability to facilitate more sustainable FDI, based on need assessments.</i></b></p>
<b>V.2 Linkages with the host economy</b>	
<p>Rationale</p>	<p>Connecting foreign investors to domestic suppliers of goods and services facilitates their investment decision and activities.</p> <p>Supplier linkages provide direct benefits to contracted firms, while also dispersing the benefits of investment widely within the domestic economy, thereby enhancing the development dimension of investment.</p>
<p>Implementation</p>	<p><b><i>Build and maintain a database of local enterprises to help new and established foreign investors identify potential subcontractors as part of the onboarding and aftercare activities. Databases should include sustainability information to facilitate sustainable FDI. Local associations can help identify qualified local enterprises. This is especially important for SMEs having to navigate domestic and regional markets. Examples of supplier databases include Ireland and Costa Rica. Database information should be freely available to all. (For a possible formulation on ‘Domestic Supplier Databases’, see example text in Annex 10.)</i></b></p> <p><i>Example: The Council for the Development of Cambodia is setting up a supplier database with sustainability characteristics with the support of the World Economic Forum.</i></p> <hr/> <p><b><i>Include in database information on FDI projects, thereby facilitating matchmaking between new and established foreign investors and domestic firms, as part of the onboarding and aftercare activities.</i></b></p> <p><i>Example: Invest India has compiled a pipeline of nearly 4,000 projects in nearly three quarters of India’s 686 districts. This pipeline is accessible as an online searchable database.</i></p> <p><i>Example: Haiti has smart talent platform to connect foreign companies with certified suppliers and providers.</i></p> <hr/> <p><b><i>Develop with other national agencies, private sector associations and international organizations supplier-development programmes to increase the number and capacity of qualified local enterprises that can contract with foreign affiliates.</i></b></p>

	<p><i>There may be potential to deepen supply chains in all sectors. (For a possible formulation on ‘Supplier Development Programmes’, see example text in Annex 11.)</i></p> <hr/> <p><i>Partnerships can also take the form of foreign investors working with local suppliers to upgrade them, in cooperation with host and home country governments and international organizations.</i></p> <p><i>Example: In Pakistan’s food industry, Nestlé partnered with the Swiss Agency for Development and Cooperation to train 400 farmers in best farm practices, and also with UNDP to train 4,000 women livestock extension workers.</i></p> <hr/> <p><i>Promote backward investment linkages between businesses, especially between foreign affiliates and local enterprises, including through the promotion of industry clusters.</i></p> <p><i>Collaboration among foreign investors, domestic producers and consumers, to develop industry-specific solutions and enable industry development.</i></p> <p><i>Example: Huawei’s ecosystem for local start-ups in France, Germany, Spain.</i></p> <p><i>Example: R&amp;D centres create backward and forward linkages, such as in the Penang Science Park in Malaysia.</i></p> <hr/> <p><i>Governments can foster partnerships between foreign affiliates and local universities or other bodies to create centres of excellence for training or research and development (R&amp;D).</i></p> <p><i>Example: GTAI, the national German trade and investment promotion agency, assists foreign investors in looking for partnership with German enterprises or R&amp;D institutions to evaluate and test new products, which can result in further investment.</i></p> <p><i>Example: The Maharashtra Chamber of Commerce in India works with local universities to develop targeted training modules of about 2-3 months so that graduates have the skills that industry needs, thereby facilitating investment.</i></p> <hr/> <p><i>linkages can be supported through sustainable FDI projects, which can be developed through partnerships between investment authorities in host and home economies. With the growth of impact investing and other SDG-oriented investment, such efforts may help these investors find bankable projects quickly and easily.</i></p>
<b>V.3 Build constructive stakeholder relationships</b>	
<p>Rationale</p>	<p>Constructive stakeholder relationships enable businesses to help shape a productive investment environment, ensures problems can be dealt with expeditiously, strengthens private-public sector partnerships, and enables businesses to operate in a more socially responsible manner.</p> <p>Some IPAs may not have the specialized expertise to develop and implement a comprehensive sustainable FDI strategy.</p>

<p>Implementation</p>	<p><i>Establish and maintain mechanisms for regular consultation, effective dialogue and collaboration with stakeholders to identify and address issues encountered by investors and affected communities.</i></p> <hr/> <p><i>Establish and maintain a mechanism to provide interested parties with the opportunity to comment on proposed new laws, regulations and policies or changes to existing ones prior to their implementation and with sufficient advance notice to be able to provide input.</i></p> <hr/> <p><i>Share among member states experiences of successful stakeholder consultive mechanisms and public private dialogues, to take advantage of information on successes and problems encountered by established investors.</i></p> <hr/> <p><i>Promote the role of policy advocacy within IPAs as a means of addressing the specific investment problems raised by investors, including those faced by SMEs.</i></p> <hr/> <p><i>Build partnerships with stakeholders to assist with capacity building both within government agencies and with potential investors.</i></p> <p><i>Example: Wesgro, the official tourism, trade and investment promotion agency for Cape Town and Western Cape, collaborated with GreenCape, an NGO that supports the growth of the green economy in Western Cape. This partnership enables Wesgro to outsource specialist services to a qualified partner. GreenCape provides investors insight into the legal frameworks in the local economy and continues to provide ongoing market intelligence and support to make sure that businesses grow and remain sustainable. Together, both organisations can unlock the investment and employment potential of green technologies and services in the region.</i></p> <p><i>Example: Dubai FDI developed a global multi-stakeholder programme, Dubai Green Economy Partnership, to engage private sector investors and technology providers with government partners.</i></p>
<p><b>V.4 Evaluating development impact</b></p>	
<p>Rationale</p>	<p><i>Use of international standards can facilitate technical assessments (e.g., economic, environmental and social impacts).</i></p>
<p>Implementation</p>	<p><i>Investor commitments to adhere to international standards could be accepted in lieu of detailed reviews of plant blueprints.</i></p> <p><i>Example: the U.N. has guidelines for national waste management strategies.</i></p> <hr/> <p><i>The International Organization for Standardization (ISO) has certifications for management.</i></p> <p><i>Example: ISO 14001:2015 specifies requirements for environmental management. ISO 20887:2020 specifies sustainability requirements for buildings and civil engineering works.</i></p> <hr/> <p><i>Public-private partnerships have developed standards.</i></p> <p><i>Example: LEED (Leadership in Energy and Environmental Design) certification for buildings.</i></p>

	<p><i>The ILO has international standards on occupational safety and health, and related guidelines.</i></p> <hr/> <p><i>Example: Uruguay’s Ministry of Finance modified the rules governing free zones based on discussions between the government, users and tax authorities, while alienating the regime with international standards for the prevention of harmful tax practices, particularly the recommendations of action 5 of the OECD/G20 BEPS project.</i></p>
<b>V.5 Evaluating large-scale investment proposals</b>	
Rationale	<p><i>Recourse to external expertise can facilitate proper project evaluation.</i></p>
Implementation	<p><i>A central coordinating body could facilitate evaluation and approval of large and complex investments, by bringing together different relevant government departments to reach a common position.</i></p> <hr/> <p><i>Impact assessments should be used for the ex-ante evaluation of large investment projects to ensure they align with development goals.</i></p> <hr/> <p><i>Project evaluation assistance is available in the private sector for a fee.</i></p> <p><i>Assistance is also provided on a concessional basis from non-governmental and intergovernmental organizations. (See example text in Annex 12.)</i></p> <p><i>Example: Assistance is provided by the African Legal Support Facility, the CONNEX Support Unit, the International Senior Lawyers Project, and the Investment Support Programme for Least Developed Countries of the International Development Law Organization.</i></p>
<b>V.6 Public-private partnerships</b>	
Rationale	<p><i>Large projects, to be commercially viable, may be packaged as public-private partnerships.</i></p>
Implementation	<p><i>If properly designed public-private partnerships can facilitate investments in infrastructures and sustainability projects.</i></p> <p>There are many measures to take into consideration for an effective implementation of public-private partnerships.</p> <p><i>In addition, projects should be vetted in stakeholder consultations, involving local industry and community associations.</i></p> <p><i>Establishing a separate unit for PPPs should be considered.</i></p> <p><i>Example: India’s Model Concession Agreement for public-private-partnership (PPP) projects at major ports will be recast based on suggestions from the “existing/prospective investors/PPP concessionaires/individuals/stakeholders”.</i></p> <p><i>Example: Abu Dhabi enacted a law designed to encourage private sector involvement in housing, infrastructure and education projects. The law formalizes the establishment of the Abu Dhabi Investment Office driving FDI and gives it the mandate to lead the United Arab Emirates public-private partnership programme</i></p>

V.7 Home-country measures	
Rationale	<i>Home governments can play a role, in addition to host governments, to facilitate and support sustainable FDI flows.</i>
Implementation	<p><i>Home countries can provide guidelines to their firms and support the measures of host countries to encourage responsible investment.</i></p> <p><i>Example: South Africa has issues guidelines for its firms to invest responsibly and sustainably in other markets on the African continent.</i></p> <hr/> <p><i>Home countries should provide information on investment opportunities abroad, as well as the investment climate and home-country measures.</i></p> <hr/> <p><i>Home countries should establish institutional arrangements to manage outward FDI policy and provide home country measures.</i></p> <hr/> <p><i>Home countries should use foreign offices (consulates and foreign offices that are staffed by investment professionals and embassies) to facilitate outward FDI.</i></p> <hr/> <p><i>Home countries can have clear criteria linking or conditioning their support measures (including with information, loans, grants, guarantees, political risk insurance, and preferential trade access) to a positive development impact in host economies or the absence of a negative impact, such as through ex ante environmental and social impact assessments. (For a possible formulation on transparency of home country measures, see example text in Annex 13.)</i></p>

## VI. Coordination and cooperation

VI.1 Dispute prevention	
Rationale	<p>Avoiding disputes is key to facilitating investment. In addition to potential loss of existing investment, a large part of investment is reinvestment by existing investors, and if they get embroiled in disputes, they may not reinvest. Moreover, prospective investors speak with existing investors to understand the <i>de facto</i> investment climate, and so avoiding disputes is key for existing investors to communicate a welcoming investment climate.</p> <p>Fair rules and their effective implementation are important to address investor issues before they escalate into legal disputes. Such a system wins investor confidence and facilitates investment.</p>
Implementation	<i>Tracking complaints through an investment grievance mechanism or an “early warning system” to catch problems early – before they escalate into disputes or even formal grievances – are useful mechanisms to consider. Complaints could be</i>

	<p><i>registered in a database, and the information about the nature of complaints should be circulated (in anonymous form) to the relevant offices. (For example, texts on an Investment Grievance Mechanism and an Investment Alert Mechanism, see annexes 14 and 15.)</i></p> <hr/> <p>The investment grievance mechanism can be a separate channel to deal with investment-related grievances within the overall administrative review process, as otherwise investor complaints can get stuck in a very lengthy review of administrative decisions. Timeliness of the appeal mechanism and decision should be provided.</p> <p><i>Example: KOTRA assigns ‘home doctors’ to give special attention to investors experiencing business difficulties and having complaints. They provide preventive care by reviewing specific rulings (e.g., tax, visa, labour, property) and check the validity of regulations.</i></p> <p><i>Example: the Hungarian Investment Promotion Agency enables investors to provide feedback and mediates between government and business using such business input.</i></p> <hr/> <p><i>Training sessions specialized in civil complaints and for ombudsperson should be arranged for relevant officials and organizations.</i></p>
<p><b>VI.2 Ombudsperson</b></p>	
<p>Rationale</p>	<p>Provides additional recourse outside the normal administrative process.</p> <p>Establishing an ombudsperson-type mechanism shows capacity for introspection.</p> <p>Encourages investor retention and reinvestment.</p> <p>Difficulties are unavoidable but early resolution can avoid escalation into disputes and costly outcomes, both in terms of financial settlements and relationships and reputation.</p>
<p>Implementation</p>	<p><i>The ombudsperson is a respected and independent actor empowered to resolve investment issues and avert escalation into investment disputes. The ombudsperson informs relevant government institutions of serious complaints and urges amicable resolution.</i></p> <hr/> <p>The authority of the ombudsperson is based on its tact, independence and collaboration in diffusing complaints before they become grievances, thus preventing disputes.</p> <p><i>Example: The ombudsperson of the Republic of Korea is a designated neutral facilitator who provides confidential and impartial assistance in resolving grievances and disputes. The ombudsperson investigates complaints, reports finding, and mediates fair settlements between individuals, group of individuals and institutions or organizations. Importantly, the ombudsperson is connected to, but independent from, line ministries, being appointed by the President of the country. The ombudsperson also helps to identify potential areas of grievances and address them early.</i></p> <hr/> <p><i>The ombudsperson may recommend improvements in administrative procedures, including by tracking patterns of complaints over time to detect their source. (See V.1 Dispute Prevention, including Annex 15 for example text on an Investment Alert Mechanism).</i></p>

	<p><i>The ombudsperson office could be equipped with an online platform to receive communication from investors.</i></p> <p>Note: Even if not availed, the presence of an ombudsperson is comforting.</p>
<b>VI.3 High-level national coordinating body</b>	
<p>Rationale</p>	<p>Provides coordination within the government where decision-making is distributed among departments and regional offices. This not only sets the tone, sends signals, and leads/issues investment policy and FDI strategy for the country, it also must make sure all stakeholders contribute to the improvement of the investment ecosystem</p> <p><i>Example: Ethiopia established a high level Inter-Regional Council to coordinate federal and regional state investment authorities with respect to synchronizing and simplifying administration; providing oversight; and addressing major difficulties identified by investors.</i></p>
<p>Implementation</p>	<p><i>To ensure coordination within the government, a high-level coordinating body should be appointed to oversee efficient processing of investment matters. The body should have authority to intercede with government units and to reconcile differences in administrative appraisals.</i></p> <p><i>Example: Oman issued a Royal Decree to reorganize the Public Authority for Investment Promotion and Export Development. The decree gives power to the chairperson to design an overall investment framework that is consistent with the general policy of the state.</i></p> <p><i>Example: Chile issued a new Framework Law for Foreign Investment that established the Foreign Investment Promotion Agency which is the only body authorized to implement state policy to attract all types of foreign capital and investment, and it works in coordination with the country's regional governments.</i></p>
<b>VI.4 Domestic regulatory coherence</b>	
<p>Rationale</p>	<p>More generally, apart from particular complaints, there is utility in assessing how well investment facilitation measures and procedures work in practice, and in providing feedback to policymakers on possible ways to strengthen the overall coherence of the policy regime.</p>
<p>Implementation</p>	<p><i>Conduct periodic assessments of the Investment Facilitation Framework's impact on actual investments, especially considering the needs of SMEs.</i></p> <p>Establish an inter-agency coordination mechanism for domestic regulatory coherence in areas of overlapping jurisdiction, which will help with implementation of investment facilitation measures.</p> <p><i>Example: The United Arab Emirates established an FDI unit within the Ministry of Economy that is mandated to propose and implement FDI policies.</i></p>

	<p><b><i>Establish mechanisms to enhance coherence between national and sub-national IPAs activities.</i></b></p> <hr/> <p><b><i>Establish a mechanism for public-private dialogue to inform regulation and implementation, such as a standing quarterly meeting.</i></b></p> <p><i>Example: Cambodia established the Government-Private Sector Forum as a standing body chaired by the Prime Minister to address investor issues. It is operationalized through 13 working groups that cover different sectors, each one co-chaired by a minister and the representative of an industry association.</i></p> <hr/> <p><b><i>Conduct investor perception surveys. Survey results enables IPAs and respective governments to enhance their services to investors.</i></b></p> <hr/> <p>Bring together investors and related stakeholders to openly address practical issues of implementation and clarify areas of confusion.</p> <p>A government mechanism for airing and addressing investor and other stakeholders' concerns and complaints should be available, operating impartially, openly and accessible to all.</p> <p><i>Example: KenInvest's portal allows users to report problems and complain online if they witness unlawful or irregular behaviour. The portal also receives comments and suggestions from the public, which helps to improve public-private dialogue on investment.</i></p> <p><i>Example: The Tunisian Investment Authority produces yearly reports of the main challenges investors face, and proposes reforms to a Strategic Council on Investment, chaired by the Prime Minister.</i></p> <hr/> <p><b><i>National Investment Facilitation Committees, similar to those for trade facilitation, are a potential platform for stakeholder participation. The establishment of such bodies should facilitate the implementation of the Investment Facilitation Framework, promote domestic coordination (including over technical assistance and capacity building) and serve as a platform of dialogue with stakeholders. Local private sector participation is invaluable to orient and improve implementation.</i></b></p>
<b>VI.5 Cross-border cooperation</b>	
<p>Rationale</p>	<p>Cooperation among investment agencies can help with peer-to-peer learning, including on experience sharing and good practice.</p> <p>Cooperation between investment agencies in home and host economies can facilitate two-way investment.</p> <p>Cooperation on trade facilitates investment.</p> <p>Cooperation among host countries facilitates regional investment.</p>
<p>Implementation</p>	<p><b><i>Facilitate the creation of partnerships between investment authorities in different jurisdictions.</i></b></p>

	<p><i>Partnerships can either be between IPAs in two different jurisdictions or between an IPA and an outward investment agency (OIA). In some cases, the function of supporting outward FDI is given to the IPA and thus the IPA is the OIA, but in some cases it is given to another agency, often the trade promotion agency.</i></p> <p><i>These partnerships can be codified through memoranda of understanding and implemented through joint activities identified by the parties as priorities.</i></p> <p><i>One example of a win-win joint activity is matchmaking of firms in their respective economies, which has been identified by firms as an important measure to facilitate their investment.</i></p> <p><i>Another example of a joint activity is the development of sustainable FDI projects, whereby the host investment authority identifies sector-based or capacity-based investment needs, and the home investment authority helps identify a potential FDI firm and ensures that any support provided is conditioned on the firm carrying out sustainable FDI.</i></p> <hr/> <p><i>Investment agencies can share experience through the World Association of Investment Promotion Agencies (WAIPA), and organize bilateral assistance for peer-to-peer learning.</i></p> <hr/> <p><i>Mutual recognition of standards among economies facilitates investment, especially export-oriented investment.</i></p> <hr/> <p><i>Alignment of procedures and formalities with neighbouring countries, where applicable. This can include the harmonization of data requirements, documentary controls and computer systems.</i></p>
	<p><i>Host countries can create large regional markets to attract investment and trade.</i></p> <hr/> <p>Cooperation within relevant UN frameworks, particularly financing for sustainable development and the programmes of action for LDCs.</p> <hr/> <p><i>Co-operation and co-ordination with agencies and representations abroad, such as embassies and consulates.</i></p> <p><i>Example: Egypt's IPA relies on embassies and consular offices to connect with the home country's business community.</i></p> <p><i>Example: The Polish Investment and Trade Agency (PAIH), which supports both the foreign expansion of Polish business and the inflow of FDI into Poland, is increasing the number of offices that it has abroad as part of its investment support strategy.</i></p>

## VII. Enhancing international cooperation

VII.1 Cooperation with multilateral organizations	
Rationale	<p>Collaboration among international organizations with investment mandates would foster an integrated approach to investment facilitation.</p> <p>Make use of regional initiatives to build investment capacity, expertise and information sharing.</p> <p>Make use of non-governmental organizations and initiatives.</p>
Implementation	<p>Intergovernmental organizations, such as UNCTAD, the WBG, ITC, UNIDO, the IDB, and OECD have competence, programs and resources. For details, see:</p> <ul style="list-style-type: none"> <li>● UNCTAD: <a href="https://unctad.org/en/pages/DIAE/DIAE.aspx">https://unctad.org/en/pages/DIAE/DIAE.aspx</a>.</li> <li>● WBG Investment Climate team: <a href="https://www.worldbank.org/en/topic/investment-climate/brief/investment-policy-and-promotion">https://www.worldbank.org/en/topic/investment-climate/brief/investment-policy-and-promotion</a>.</li> <li>● ITC: <a href="http://www.intracen.org/itc/goals/Strengthening-trade-and-investment-support-institutions">http://www.intracen.org/itc/goals/Strengthening-trade-and-investment-support-institutions</a>) and <a href="http://www.intracen.org/piga">http://www.intracen.org/piga</a>.</li> <li>● UNIDO: <a href="https://www.unido.org/our-focus/cross-cutting-services">https://www.unido.org/our-focus/cross-cutting-services</a>.</li> <li>● IDB: Trade and Integration Sector: <a href="https://www.iadb.org/en/about-us/departments/int">https://www.iadb.org/en/about-us/departments/int</a></li> <li>● ESCAP: <a href="https://www.unescap.org/">https://www.unescap.org/</a></li> <li>● OECD: <a href="http://www.oecd.org/investment/">http://www.oecd.org/investment/</a>.</li> </ul> <hr/> <p>Other international organizations, such as the World Economic Forum, have competence, programs and resources. For details, see, the Forum's Global Investment Policy and Practice initiative: <a href="https://www.weforum.org/projects/investment">https://www.weforum.org/projects/investment</a></p>
VII.2 Needs assessments	
Rationale	<p>Assessing an economy's current investment facilitation capabilities is a necessary first step to determine what kind of technical assistance and capacity building support may be needed.</p> <p>Such needs assessments not only form the basis of future technical assistance, but also allows the economy to negotiate and enter into a potential framework that supports its specific circumstances and needs.</p> <p>Needs assessments can form the basis of notifying commitments to an Investment Facilitation Committee at the WTO.</p>
Implementation	<p><b><i>Technical assistance and capacity building should be channelled to provide needs assessments in two phases:</i></b></p> <ul style="list-style-type: none"> <li>● <b><i>Needs assessments during the negotiations phase are structured to raise awareness of the economy's current circumstances with regards to investment facilitation and the possibility of providing support to increase its capacity through an international framework.</i></b></li> </ul>

	<ul style="list-style-type: none"> <li>• <i>Needs assessments after the negotiations are completed are structured to help economies evaluate the levels of implementation of measures in the framework, estimate the time needed for implementation and calculate the type and magnitude of technical assistance and capacity building required for implementation.</i></li> </ul>
<b>VII.3 Sharing of experiences and mutual learning</b>	
Rationale	<p>Achieving the Sustainable Development Goals will require large, new and innovative investment.</p> <p>Sharing of experiences, including through voluntary peer reviews, would promote discovery and diffusion of innovative approaches and practice.</p>
Implementation	<p>Cooperation can be fostered through the proposed WTO Committee on Investment Facilitation, which should include inputs from the private sector and other stakeholders and can also facilitate voluntary peer review.</p> <hr/> <p>Share experiences in expert meetings of UNCTAD and other relevant UN and other international bodies.</p> <hr/> <p>Participate in regional fora for sharing experiences and create programmes for regional cooperation.</p> <hr/> <p>Create open-ended working groups to explore investment facilitation issues.</p> <hr/> <p>Encourage and enhance cooperation among national focal points.</p> <p><i>Example: the OECD IPA Network was created to share IPA experiences and discuss good practices on investment promotion and facilitation.</i></p> <hr/> <p>Technical assistance and capacity building could facilitate sharing best practices through creating a website for IPAs to submit inquiries or receive online training on how to proceed with implementation efforts.</p>
<b>VII.4 Technical assistance and capacity building</b>	
Rationale	<p>Investment facilitation in developing countries, particularly the least developed, is constrained by scarce skills, imperfect institutions and weak infrastructure.</p>
Implementation	<p>Technical assistance for investment facilitation would complement and enhance the corresponding facility of the Trade Facilitation Agreement.</p> <hr/> <p><i>Assistance for sub-national capacity building should be provided.</i></p> <hr/>

	<p>Assistance to LDCs is particularly important, given their relatively low ranking on investment facilitation indicators (see the Investment Facilitation Index of the German Development Institute).</p>
	<p>Technical assistance and capacity building could be coordinated through an Investment Facilitation Facility.</p>
	<p><i>Technical assistance should be provided to support all investment facilitation measures identified as useful.</i></p> <p><i>Technical assistance may include, among other things, capacity building for investment authority personnel on marketing, communications, budgeting, and planning and the exchange of staff and training programmes at the international level.</i></p>

## ANNEXES

### Annex 1: Example text of a provision on establishing/maintaining an IPA

#### ESTABLISHMENT/MAINTENANCE OF AN INVESTMENT PROMOTION AGENCY

Each Member [shall establish/maintain] [is encouraged to establish/maintain/designate] an Investment Promotion Agency (IPA). The IPA shall be established/maintained/designated according to international good practice principles or critical success factors. Inter alia, these include:

- (a) Establishing high level government support to FDI and the IPA;
- (b) Developing an IPA strategy with a focus on competitive segments;
- (c) Ensuring a clear, uncontested mandate for investment promotion;
- (d) Guaranteeing a high degree of institutional and financial autonomy;
- (e) Maintaining strong governance for the IPA, including a strong and active board with private sector representation;
- (f) Recruiting management and key promotion staff with strong private sector experience;
- (g) Maintaining significant and sustained financial resources;
- (h) Maintaining a strong investor-centric services orientation; and
- (i) Developing a strong national-subnational framework.

Source: World Bank Group's research and operational experience.

### Annex 2: Example text of a sub-section "Publication of an investment incentives inventory" in Section II of the streamlined text

#### TRANSPARENCY OF INVESTMENT INCENTIVES

Members shall ensure transparency of their investment incentives and of the rules, regulations, policies, and procedures governing such incentives. They shall publish information (ideally in English) regarding all

investment incentives on a regular basis and make such information publicly available, on a non-discriminatory basis.

Each Member shall, online where possible, establish an Incentives Inventory.<sup>3</sup> The Incentives Inventory should include all incentives available to investors, including financial incentives (including direct grants, cost-sharing schemes, lending instruments, lending guarantees), fiscal incentives (including incentives related to income tax, value added tax, customs duty), as well as in-kind transfers (including non-financial incentives).

The inventory shall comprise a comprehensive listing of all incentives offered, including:

- (a) eligibility criteria;
- (b) nature of the benefit;
- (c) legal sources;
- (d) application process, including forms and documents;
- (e) contact information, and Uniform Resource Locators (URL) if any, of relevant competent authorities and of the [enquiry point(s)] [contact/focal points] referred to in paragraph[s];
- (f) Other information which the Member considers to be useful for investors.

Source: *Research by the World Bank Group.*

### **Annex 3: Example text of a section on the administration of incentives, promoting the use of “smart incentives”**

#### ADMINISTRATION OF INCENTIVES

Each Member shall administer incentives by using the following principles. Incentives should be

- (a) used sparingly to address targeted market failures, and after considering other instruments and the opportunity costs;
- (b) conceived with clearly defined and articulated policy objectives;

#### <sup>3</sup> Incentives Policy and Negotiation Good Practice Scorecard

A. Incentives policy	<ol style="list-style-type: none"> <li>1. What are the objectives of incentives?</li> <li>2. What types of incentives are on offer?</li> <li>3. Are incentives aligned to the needs of different sectors?</li> <li>4. Are they linked to performance targets?</li> <li>5. Do these meet the objectives?</li> <li>6. Are the incentives clear to investors?</li> </ol>
B. Negotiation / Processing	<ol style="list-style-type: none"> <li>1. Who can get the incentives?</li> <li>2. Who allocates/awards the incentives?</li> <li>3. Is the negotiation process predictable and transparent?</li> <li>4. Are the incentives needed to win the project?</li> <li>5. What will be the return on investment?</li> </ol>
C. Approval	<ol style="list-style-type: none"> <li>1. What is the process for awarding incentives?</li> <li>2. Is it politicized?</li> <li>3. How speedy and fair is the process?</li> </ol>
D. Post-approval	<ol style="list-style-type: none"> <li>1. What happens after approval?</li> <li>2. Is there monitoring of performance targets?</li> <li>3. Do investors receive the incentives?</li> <li>4. Are there effective “claw back” mechanisms if investors do not meet targets?</li> </ol>

Source: “Bargaining with Multinationals”. Loewendahl (2001)

- (c) precisely tailored so the benefits are directly tied to the intended objective (e.g. by using performance-based instruments);
- (d) clearly laid out in the relevant law in the case of tax incentives, ideally the Tax Code;
- (e) offered with no or minimal discretion, providing clear eligibility criteria;
- (f) administered in a streamlined manner (through an automatic system in the case of tax incentives);
- (g) designed to minimize distortions to competition;
- (h) targeted to investors that are responsive to incentives, like efficiency-seeking FDI in the context of investment promotion;
- (i) cost-efficient based on an evaluation of the costs and benefits (examining expenditures and additionality); and
- (j) systematically monitored and evaluated to assess whether the schemes are effective at achieving their intended objectives. Each Member shall evaluate the effectiveness of incentives to ensure incentives are “targeted” by using incentives-specific M&E frameworks and cost-benefit analyses. Cost-benefit analysis may be performed, inter alia, through ROI Analysis (micro-simulation), Sectoral Regression Analysis, or Investor Motivation Surveys.

*Source: Research by the World Bank Group.*

#### **Annex 4: Example text of a provision on facilitating visa and entry of persons in connection with foreign investment**

Each Member shall facilitate the granting of visas and permits to investors, including foreign workers, employees and consultants as designated by the investor in order to assist in the management of the investment.

Each Member shall accord to investors, including foreign workers, employees and consultants as designated by the investor, the benefit of fast-track visa applications and smooth process in the issuance of such visas, and where appropriate/feasible through green channels.

Each Member shall promptly publish, in a non-discriminatory and transparent manner and through paper and electronic means, any relevant information on requirements for visas, including required forms and documents. The information shall be kept updated.

*Source: Research conducted in the framework of this project.*

#### **Annex 5: Example text of a section adopting risk-based authorization/approval procedures as part of sub-section 10 (Authorization Procedures)**

Each Member [shall introduce] [is encouraged to introduce] a risk-based approach when applying an authorization or approval/ procedures. Risks could be categorized by sectors or industries (those sensitive, those less so), in accordance with health and safety, environment and public security risks or other criteria based on public policy considerations. Low-risk investments would be approved with a very light review, while high-risk investments would receive a more detailed, in-depth review.

Source: Research conducted by the World Bank Group and in the framework of this project.

**Annex 6: Example text to introduce “silent consent” for low- and medium-risk administrative procedures**

1. Members shall simplify and expedite procedures for applications and approvals of investment projects at all levels. In this respect, Members should consider introducing silent consent administrative procedures in order to facilitate investment on their territories.
2. Each Member shall recognize administrative silence in accordance with its laws and regulations and shall make them available to investors.
3. When established, silent consent administrative procedures shall ensure that authorization is automatically granted to investors where the competent authority of the concerned Member fails to act within the specified time period required under its laws and regulations, unless investors have been notified otherwise.

Source: Research conducted in the framework of this project.

**Annex 7: The Dimensions of Sustainable FDI and their Sustainability Characteristics**

	Characteristic		Characteristic
Economic dimension	<ul style="list-style-type: none"> <li>- <i>Employment</i></li> <li>- <i>Local linkages</i></li> <li>- <i>Technology transfer</i></li> <li>- <i>Infrastructure</i></li> <li>- <i>Community development</i></li> <li>- <i>Equitable distribution of wealth</i></li> <li>- <i>Tax accountability</i></li> <li>- <i>Promote research &amp; development</i></li> </ul>	Social dimension	<ul style="list-style-type: none"> <li>- <b>Labor rights</b></li> <li>- <i>Skills enhancements</i></li> <li>- <i>Public health</i></li> <li>- <b>Workplace safety</b></li> <li>- <b>Non-discrimination</b></li> <li>- <i>Fair wages</i></li> <li>- <i>Benefits</i></li> <li>- <b>Human Rights</b></li> <li>- <i>Indigenous rights</i></li> <li>- <i>Gender</i></li> <li>- <b>Resettlement</b></li> <li>- <i>Cultural heritage protection / diversity</i></li> </ul>
Environmental dimension	<ul style="list-style-type: none"> <li>- <i>Resource management</i></li> <li>- <i>Pollution controls</i></li> <li>- <b>Low carbon / greenhouse gases footprint</b></li> <li>- <i>Waste reduction</i></li> <li>- <i>Biodiversity protection</i></li> <li>- <i>Climate Change</i></li> <li>- <i>Water</i></li> <li>- <i>Renewable energy</i></li> </ul>	Governance dimension	<ul style="list-style-type: none"> <li>- <b>Transparency</b></li> <li>- <i>Local management</i></li> <li>- <b>Supply chain standards</b></li> <li>- <i>Consumer protection</i></li> <li>- <b>Stakeholder engagement</b></li> <li>- <i>Anti-corruption</i></li> <li>- <b>Legal compliance</b></li> <li>- <i>Risk management systems</i></li> <li>- <i>Environmental management systems</i></li> <li>- <i>Environmental impact assessment / social impact assessment</i></li> <li>- <i>Human rights due diligence</i></li> <li>- <i>Corporate governance</i></li> </ul>

*Note:* **bold** = common FDI sustainability characteristics, i.e., those sustainability characteristics that appear in 50% or more of the instruments surveyed; *italic* = emerging common FDI sustainability characteristics, i.e., those characteristics that are present in at least one-third of the instruments.

*Source:* Karl P. Sauvart and Howard Mann, "Towards an indicative list of FDI sustainability characteristics" (Geneva: ICTSD and WEF, 2017), available at [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3055961](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3055961)

## **Annex 8: Example text for consideration of CSR commitments as a potential provision**

### **Corporate Social Responsibility**

1. Investors and their investments shall strive to achieve the highest possible level of contribution to the sustainable development of the Host State and the local community, through the adoption of a high degree of socially responsible practices, based on the voluntary principles and standards set out in this Article and internal policies, such as statements of principle that have been endorsed or are supported by the Parties.

2. The investors and their investments shall endeavour to comply with the following voluntary principles and standards for a responsible business conduct and consistent with the laws adopted by the Host State:

- a) contribute to the economic, social and environmental progress, aiming at achieving sustainable development;
- b) respect the internationally recognized human rights of those involved in the companies' activities;
- c) encourage local capacity building through close cooperation with the local community;
- d) encourage the creation of human capital, especially by creating employment opportunities and offering professional training to workers;
- e) refrain from seeking or accepting exemptions that are not established in the legal or regulatory framework relating to human rights, environment, health, security, work, tax system, financial incentives, or other issues;
- f) support and advocate for good corporate governance principles, and develop and apply good corporate governance practices, including anti-corruption measures;
- g) develop and implement effective self-regulatory practices and management systems that foster a relationship of mutual trust between the companies and the societies in which their operations are conducted;
- h) promote the knowledge of, and the adherence by workers, to the corporate policy, through appropriate dissemination of this policy, including professional training programs;
- i) refrain from discriminatory or disciplinary action against employees who submit grave reports to the board or, whenever appropriate, to the competent public authorities, about practices that violate the law or corporate policy;
- j) encourage, whenever possible, business associates, including service providers and outsources, to apply the principles of business conduct consistent with the principles provided for in this Article; and

k) refrain from any undue interference in local political activities.”

*Source: Investment Cooperation and Facilitation Treaty Between the Federative Republic of Brazil and the Republic of India, art. 12, January 25, 2020.*

### **Annex 9: Example text of an investment facilitation provision concerning Recognized Sustainable Investors**

#### X. Investment Facilitation Measures for Recognized Sustainable Investors

- (a) Each Member shall provide additional investment facilitation measures related to the establishment, acquisition, expansion, management, conduct, operation, and expansion of investments in its territory, pursuant to paragraph X.3, to international investors who meet specified criteria, hereinafter called Recognized Sustainable Investors.<sup>1</sup> Alternatively, a Member may offer such investment facilitation measures through procedures generally available to all investors and is not required to establish a separate scheme.
- (b) The specified criteria to qualify as a Recognized Sustainable Investor shall be the following:
- a. Such criteria, which shall be published, shall include:
    - i. a pledge to observe certain internationally recognized guidelines [e.g., the UN Guiding Principles on Business and Human Rights, the ILO MNE Declaration, the OECD Guidelines for Multinational Enterprises and, if applicable, certain industry specific codes]; and
    - ii. any [e.g., two or three] of the following requirements:
      1. the publication and wide distribution of CSR statements and progress reports;
      2. an appropriate record of compliance with local laws and regulations;
      3. a system of managing records to allow for necessary internal controls;
      4. a history of access to loans based on environmental, social and governance performance; or
      5. appropriate supply chain management.
  - b. Such criteria, which shall be published, shall also include a number [e.g., two or three] specific FDI sustainability characteristics chosen by the Recognized Sustainable Investor from a list of such characteristics identified by each host country Member, and which the investor makes reasonable best efforts to reach:
    - i. create a certain number of jobs across all investments in the Member’s jurisdiction;
    - ii. create backward linkages across all investments in the Member’s jurisdiction;
    - iii. engage in community developments related to each investment in the Member’s jurisdiction;
    - iv. reduce the investor’s carbon footprint across all investments in the Member’s jurisdiction;
    - v. follow commercially responsible resource management practices in each investment in the Member’s jurisdiction;
    - vi. use non-discriminatory hiring-practices across all investments in the Member’s jurisdiction;

- vii. provide specific skill-based training for local workers in each of the investments within a Member's jurisdiction;
  - viii. maintain a high-level of supply chain standards across all investments in the Member's jurisdiction; or
  - ix. engage with stakeholders related to each investment in the Member's jurisdiction.
- c. Such criteria shall not:
- i. be designed or applied so as to afford or create arbitrary or unjustifiable discrimination between investors where the same conditions prevail; and
  - ii. to the extent possible, restrict the participation of small and medium-sized enterprises and domestic firms.
- (c) The additional investment facilitation measures, which shall be published, provided pursuant to paragraph X.1 shall include at least [e.g., three or four] of the following measures:<sup>2</sup>
- a. access to a specific Recognized Sustainable Investor focal point;
  - b. priority assistance (at reduced fees and/or charges) in obtaining licenses, meeting other requirements and procedures (including the processing of applications), and granting simplified investment documents approval and shortened timeframes for approvals;
  - c. lower regulatory oversight or lighter regulatory requirements, such as frequency of tax audits or inspections;
  - d. establishment of a "green channel" for the Recognized Sustainable Investor's employees for expedited entry into the host country;
  - e. help in establishing local backward and forward linkages through, for example, linkage programs that upgrade local suppliers;
  - f. aid with efforts to secure land for production purposes;
  - g. specialized employee training programs geared specifically toward RSI investments;
  - h. privileged access to markets that are otherwise closed to foreign investors; and
  - i. targeted fiscal, financial or other incentives, including, e. g., access to lower interest loans, special grants, or subsidized infrastructure and services.
- (d) Members are encouraged to develop Recognized Sustainable Investor schemes.
- (e) In order to enhance the investment facilitation measures provided to Recognized Sustainable Investors, Members shall afford to other Members the possibility of negotiating mutual recognition of Recognized Sustainable Investor schemes.
- (f) Members shall exchange relevant information within the [Committee established by an international investment facilitation framework] about Recognized Sustainable Investor schemes in force. The Committee shall establish a publicly available database of Recognized Sustainable Investors and the countries in which they are recognized.

Source: Karl P. Sauvant and Evan Gabor, "Advancing Sustainable Development by Facilitating Sustainable FDI, Promoting CSR, Designating Recognized Sustainable Investors, and Giving Home Countries a Role" (December 16, 2019), pp. 9-10; available at [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3496967#](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3496967#).

<sup>1</sup> Governments could also consider designating domestic firms as Recognized Sustainable Investors and, if firms qualify, extend appropriate benefits (X.3) to them as well.

<sup>2</sup> A measure listed in subparagraphs X.3 will be deemed to be provided to Recognized Sustainable Investors if it is generally available to all investors.

**Annex 10: Example text of a section “Domestic Supplier Databases”, which promotes the establishment of a high-quality database of domestic suppliers and their capabilities that is up-to-date and publicly accessible**

**DOMESTIC SUPPLIER DATABASES**

Each Member should establish a domestic supplier database. Such database shall list relevant domestic suppliers in specific sectors, especially those supporting the specific developmental goals of a Member.

Domestic supplier databases shall be transparent, non-discriminatory and quality-based. They shall, where possible, possess inter alia the following features:

- (a) highlight local production capacity through company factsheets;
- (b) be searchable by sector or industry, name of product or service, location, certifications, etc.;
- (c) be linked to investor servicing and aftercare efforts;
- (d) be available online and in English;
- (e) be consistently updated;
- (f) track user statistics.
- (g) provide information on domestic suppliers that would help investors make choices aligned with sustainable investment and CSR goals, which could include, but is not limited to:
  - (i) commitments to respect supply chain standards;
  - (ii) commitment to environmental management;
  - (iii) commitment to gender equality in employment;
  - (iv) commitment to quality employment, including training and worker safety
  - (iv) commitment to prevent corrupt practices.

*Source: Research by the World Bank Group and in the framework of this project.*

**Annex 11: Example text of a section “Supplier Development Programmes”, which promotes the implementation of programs to strengthen the supply capacity of local companies**

**SUPPLIER DEVELOPMENT PROGRAMMES**

Each Member [shall] [is encouraged to] implement supplier development programmes with the aim to strengthen the capabilities and competitiveness of local companies in light of FDI local sourcing demand and standards. Such programmes shall, inter alia, exhibit the following good practices:

- (a) be designed in close cooperation with domestic and foreign investors;
- (b) be demand-driven;
- (c) identify, select and audit companies (SMEs) with potential to be long-term suppliers;
- (d) identify buyer needs and transmit these to participating firms;
- (e) provide initial certification that SMEs meet buyers’ needs and facilitate linkages;
- (f) support the development of formal relationships between suppliers and buyers;

- (g) engage in ongoing and customized mentoring/advisory support to strengthen competitiveness and help companies to help themselves;
- (h) conduct business review of individual SME and develop an improvement plan, including management processes, technology, adoption of standards, plant lay-out;
- (i) facilitate access to financial instruments, as necessary, for firms to implement their improvement plans;
- (j) provide tailored consultancy support to follow-up on business review results;
- (k) actively match opportunities (suppliers and investors).

*Source: Research by the World Bank Group and in the framework of this project.*

### **Annex 12: Example text of a provision on investment project-evaluation assistance**

#### **INVESTMENT PROJECT EVALUATION**

Investment project-evaluation assistance should be provided to requesting Members, in particular least developed country Members, properly to evaluate investment project proposals, especially when they involve large-scale investments with returns planned over the long term and significant impact on development. Targeted assistance and support should be provided to developing country and least-developed country Members so as to help them build capacity to undertake/conduct project evaluation of large-scale investment project proposals.

This could be done directly in cooperation with countries or through organizations with capacity in this area, such as the African Legal Support Facility, the CONNEX Support Unit, the International Senior Lawyers Project, and the Investment Support Programme for Least Developed Countries of the International Development Law Organization.

*Source: Research conducted in the framework of this project.*

### **Annex 13: Example text of an investment facilitation provision concerning transparency on home country measures**

1. Members recognize that home country measures should be, where possible, adopted to facilitate flows of outward foreign direct investment and especially flows of sustainable foreign direct investment.
2. Members are encouraged to adopt appropriate measures to facilitate outward foreign direct investment flows, and especially sustainable foreign direct investment flows, including through legal frameworks (e.g., double taxation agreements), investment guarantees, political-risk insurance, technical assistance, investor support services (e.g., feasibility studies, business missions, matchmaking), financial and fiscal measures (e.g., loans, equity, tax exemptions, tax deferral), and the provision of information.
3. All home country measures shall be made transparent in publicly available databases.
4. Members undertake to cooperate and to share information on the operations of investors from their territories. In this respect, each Member shall, on request, and in a timely manner, provide to another Member such information as is requested and available.
5. Home country measures shall protect confidential business information.

#### **Annex 14: Example text of good practice elements for the design of an Investment Grievance Mechanism**

##### INVESTMENT GRIEVANCE MECHANISM

Each Member shall [to the extent practicable and] in a manner consistent with its legal system designate, maintain or establish a mechanism with the responsibility to receive, resolve and track grievances. The mechanism shall, inter alia, exhibit the following good practice principles:

- (a) A designated 'lead agency' that as a first step would determine if an investor complaint constitutes a grievance or not (a grievance being actions that have broken legal commitments and thus for which there could be legal consequences)
  - (i) If the complaint does not constitute a grievance, then it would be referred to the aftercare mechanism;
  - (ii) If the complaint does constitute a grievance, then it would be referred to the IGM.
- (b) The lead agency would be responsible for implementing the IGM empowered with problem-solving methods to coordinate with relevant government agencies, obtain information from them and effectively solve grievances (examples of methods are: simple exchanges of information, peer pressure or legal advisory opinions);
- (c) Continuous information sharing by the lead agency to other institutions on content and breadth of the obligations included in different international investment agreements and domestic law;
- (d) Early Alert Mechanisms that enable the lead agency to learn about grievances as early as possible, either passively or actively (e.g., coupled with aftercare programs);
- (e) Filtering and assessment of grievances to allow for prioritization, based on two types of assessment: economic (value and jobs at risk, potential tax losses) and legal (potential current and future liability arising from the grievance, impact on the investment project);
- (f) Escalation mechanisms that foresee elevation of a grievance to political decision-makers if it cannot be solved at the technical level;
- (g) Use of a tracking tool which quantifies the investment at risk, retained, expanded or lost, allowing to evaluate the effectiveness of the IGM and to inform policy advocacy.
- (h) Sustained financial resources and staffing with sufficient legal and economic expertise.

*Source: Research by the World Bank Group.*

#### **Annex 15: Investment alert mechanism**

Identifying and addressing investors' complaints at an early stage is key to prevent the escalation of complaints to legal grievances and to investor-state disputes. It also enables governments to respond to complaints in a transparent, fair and timely manner, and it improves investors' perceptions of investor protection.

"Early warning" systems have been piloted by ITC in trade through its Trade Obstacle Alert (see, <https://ntmsurvey.intracen.org/what-we-do/trade-obstacle-alert/>). Such a mechanism involves setting up an online platform to collect complaints information, determining whether these complaints could constitute legal grievances, identifying patterns of complaints, and addressing complaints through cooperation among the regulatory agencies.

### Example text for an investment alert mechanism provision

#### Investment Alert Mechanism

1. Each member shall, to the extent practicable, establish an Investment Alert Mechanism to address investment-related complaints before they become legal grievances. The Investment Alert Mechanism shall be comprised of the agencies responsible for investment and shall ensure cooperation of the agencies involved.
2. The Investment Alert Mechanism shall:
  - provide channels, such as a hotline or an online platform for parties in an investment, including investors and actors affected by the investment, to transmit information about complaints related to the investment;
  - register complaints in a database and circulate information about complaints to the relevant investment agencies;
  - identify which complaints have the potential to become legal grievances as those actions contravene legal commitments, and prioritize resolution of these grievances, such as through an Investor Grievance Mechanism;
  - provide timely remedy to complaints, including resolution through the coordination among the investment agencies, or providing guidance on the process to remedy complaints;
  - to the extent practicable, make publicly available information about complaints and grievances and actions taken to address them.

*Source: Research conducted in the framework of this project.*

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