

Remarks at UNCTAD High Level IIA Conference
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Breakout Session: Multilateral Processes and their contribution to Phases 1 and 2 of SD-oriented IIA reforms “Promoting and facilitating investment”

Excellencies, Ladies and Gentlemen, Dear Colleagues,

I would like to first thank UNCTAD for organizing this high-level conference and for inviting the World Economic Forum to participate.

Please allow me to briefly outline an initiative the Forum has been leading on Sustainable Investment Facilitation, with the support of the Governments of Denmark and the Netherlands. The **outputs** of this work could serve as **inputs** into efforts to modernize the existing stock of old generation IIAs.

In particular, our work on sustainable investment facilitation supports 3 areas of Phase I Reform: 1. Promoting and facilitating investment, 2. Ensuring responsible investment, and 3. Enhancing systemic consistency. It also supports 2 options in Phase 2 reform: Option 6. Referencing global standards and Option 7. Engaging multilaterally.

Our contribution is to focus on identifying sustainable investment **measures**. We define these as measures that increase both the **quantity** and **quality** of investment flows. The work aims to be very practical and action-oriented, identifying measures through a multistakeholder process that engages directly with firms and investment practitioners in developing countries, at present in Ghana and Cambodia. We have used a detailed survey instrument to carry out 35 structured interviews in Ghana and 47 in Cambodia.

In these interviews, amongst other questions, we ask

1. Which potential measures to facilitate investment are most important
2. Which measures can lead to sustainable development impact

In addition, we constituted a consultative group of leading global firms investing across multiple jurisdictions to act as a sounding board to findings from any one economy.

We use our country-level work to inform regional-level engagement on investment facilitation through our summits, whether in Africa or on the margins at UNGA a few months ago or in Latin America and Asia next year. We also use the findings to help inform the development of multilateral efforts. We presented at the WTO two weeks ago and will publish a short paper next month.

So what have we found out?

I would like to share three main takeaways.

First, we need to unpack the concept of investment facilitation and identify what is really important in practice. The identification of important measures can then be used to inform the provisions in IIA reform. To illustrate, UNCTAD has identified a number of Action Lines on investment facilitation. We now have survey evidence of the importance of many of these measures. For instance, 57% of those surveyed stated that a one-stop-shop mechanism would be important to facilitate investment, 57% also said that a pipeline of bankable projects would be important, 62% said the same about outward FDI support, 81% about cross-border institutional cooperation, 86% about creating a focal point, and fully 90% agreed with the importance of mechanisms for increased domestic coordination. I will not go into all of the results, but this gives you a sense of the findings.

Second, it is important to move from **identifying** measures to **implementing** them in practice. Here public private partnership can help, marrying insights of firms and investment practitioners if measures are to have the desired impact on the ground.

Third, there are a number of measures that may provide more development impact. To offer some examples, **lists of qualified domestic suppliers** can both facilitate investment and also increase development benefits through jobs, revenue generation, and skills transfer. We have learned that these lists may be most useful to identify professional service supplies, such as lawyers and accountants.

Another example is **mutual recognition of standards**, which can facilitate export-oriented investment while also helping domestic firms upgrade.

Still a third may be **extra support** to investors that commit to investing in ways that contribute to sustainable development, **first** through committing to observe certain internationally

recognized guidelines, whether from the OECD, UN, ILO, FAO, etc. and **second**, through a best endeavour effort at specific development objectives identified by the host economy, whether jobs, skills enhancement, etc. Extra support could include reduced regulatory oversight, priority assistance, a designated focal point, extra support for connecting with qualified local suppliers, etc.

These kinds of measures could be included as provisions in reformed IIAs or in an international framework, such as the one being developed at the WTO. They are in line with the most recent developments in IIA reform where four treaties signed in 2019 refer to one or more specific global standards, and two treaties from the past few years refer to the 2030 Agenda.¹

I look forward to your questions or comments and to further discussing these ideas.

¹ UNCTAD, *Recent developments in the international investment regime: Taking stock of phase 2 reform actions*, 2 September 2019, TD/B/C.II/42, pp. 10-11.