Investment Facilitation for Development (IFD) **Agreement**

Origin, objectives, and state-of-play of the Agreement

- Initiative launched by a group of developing countries in 2017. Preparatory work and negotiations lasted over six years. Bottom-up, inclusive negotiations.

- **125 IFD Members parties (over ¾ of WTO Membership)** have finalized the Agreement in February 2024 and requested its incorporation as an Annex 4 agreement under the WTO. **Plurilateral** agreement, open to all WTO Members, based on Most-Favoured Nation treatment.

- **First <u>global</u> agreement on investment facilitation,** establishing global benchmarks for best practices on transparency of investment measures; streamlining and enhancing the governance of investment authorization procedures; building strong and effective relationships with investors (focal points); fostering MNC-supplier relationships; and facilitating **sustainable investments**, including RBC and measures against corruption.

Investment facilitation for Development (IFD) Agreement

Article: 1 Objectives

"The purpose of this Agreement is to improve the transparency of measures, streamline administrative procedures, adopt other investment facilitation measures and promote international cooperation, **as a means of** facilitating the flow of foreign direct investment between the Parties, **particularly to developing and least-developed country Parties,** with the aim of **fostering sustainable development.**"

- **Focus:** **ground-level obstacles** when investing abroad such as lack of easily accessible information on investment laws, regulations, procedures, and practical steps to invest; lack of predictability of regulatory environment; opaque, overly complex investment authorization procedures.
- Nothing in the Agreement shall create any new or modify existing commitments or rules on **market access, investment protection, ISDS: excluded from the scope.**
- **Covers** **pre- and post-establishment** ("investment activities") **in all sectors**

IFD Members parties (June 2024)

125 co-sponsors of the request to incorporate the IFDA into the WTO, from all regions, great majority are developing countries (89) including **27 LDCs**

Afghanistan; Albania; Angola; Antigua and Barbuda; Argentina; Armenia; Australia; Austria; Kingdom of Bahrain; Barbados; Belgium; Belize; Benin; Bolivia; Brazil; Bulgaria; Burkina Faso; Burundi; Cabo Verde; Cambodia; Cameroon; Canada; Central African Republic; Chad; Chile; China; Congo; Democratic Republic of Congo; Costa Rica; Côte d’Ivoire; Croatia; Cyprus; Czech Republic; Denmark; Djibouti; Dominica; Dominican Republic; Ecuador; El Salvador; Estonia; European Union; Finland; France; Gabon; Gambia; Georgia; Germany; Greece; Grenada; Guatemala; Guinea; Guinea-Bissau; Honduras; Hong Kong, China; Hungary; Iceland; Indonesia; Ireland; Italy; Japan; Kazakhstan; Korea, Republic of; the State of Kuwait; Kyrgyz Republic; Lao People’s Democratic Republic; Latvia; Liberia; Lithuania; Luxembourg; Macao, China; Malawi; Malaysia; Maldives; Mali; Malta; Mauritania; Mauritius; Mexico; Moldova, Republic of; Mongolia; Montenegro; Morocco; Mozambique; Myanmar; Netherlands; New Zealand; Nicaragua; Niger; Nigeria; North Macedonia; Norway; Oman; Panama; Papua New Guinea; Paraguay; Peru; Philippines; Poland; Portugal; Qatar; Romania; Russian Federation; Kingdom of Saudi Arabia; Seychelles; Sierra Leone; Singapore; Slovak Republic; Slovenia; Solomon Islands; Spain; Suriname; Sweden; Switzerland; Tajikistan; Thailand; Togo; Turkey; Uganda; United Arab Emirates; United Kingdom; Uruguay; Vanuatu; Bolivarian Republic of Venezuela; Yemen; Zambia; Zimbabwe

Structure of the IFD Agreement

Preamble

Scope of application

Section I – Scope and general principles

Substantive provisions

Section II – Transparency of Investment measures

Section III – Streamlining and speeding up administrative procedures

Section IV – Focal points, domestic regulatory coherence and cross-border cooperation

Section VI – Sustainable investment (RBC, anti-corruption)

Horizontal matters and issues related to implementation

Section V – Special and different treatment for developing and LDC Members (technical assistance)

Section VII – Institutional arrangements and final provisions

Benefits of IFD Agreement

- **Establishes global benchmarks of good practice →** reduces regulatory & policy uncertainty as well as transaction costs (notably for MSMES), makes it easier for investors to invest. In today's integrated global economy, expanding investment flows depends on **simplifying, speeding up and coordinating processes,** not just on liberalizing policies.
- **Anchoring** domestic investment facilitation reforms in **shared international commitments →** strengthens Members' reform efforts and sends a positive signal to investors.
- **Provides a global forum** to facilitate investment for home and host governments to work cooperatively; fosters cross-border regulatory cooperation, improves transparency and information exchanges; prevents potential disputes from escalating.
- Links investment facilitation reforms to **Members' ability to implement them** → make sure developing countries obtain the **TACB support** they need to implement and benefit from the Agreement.

Documents and information available on the dedicated IFD portal on the WTO webpage:

https://www.wto.org/english/tratop_e/invfac_e/invfac_e.htm

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