

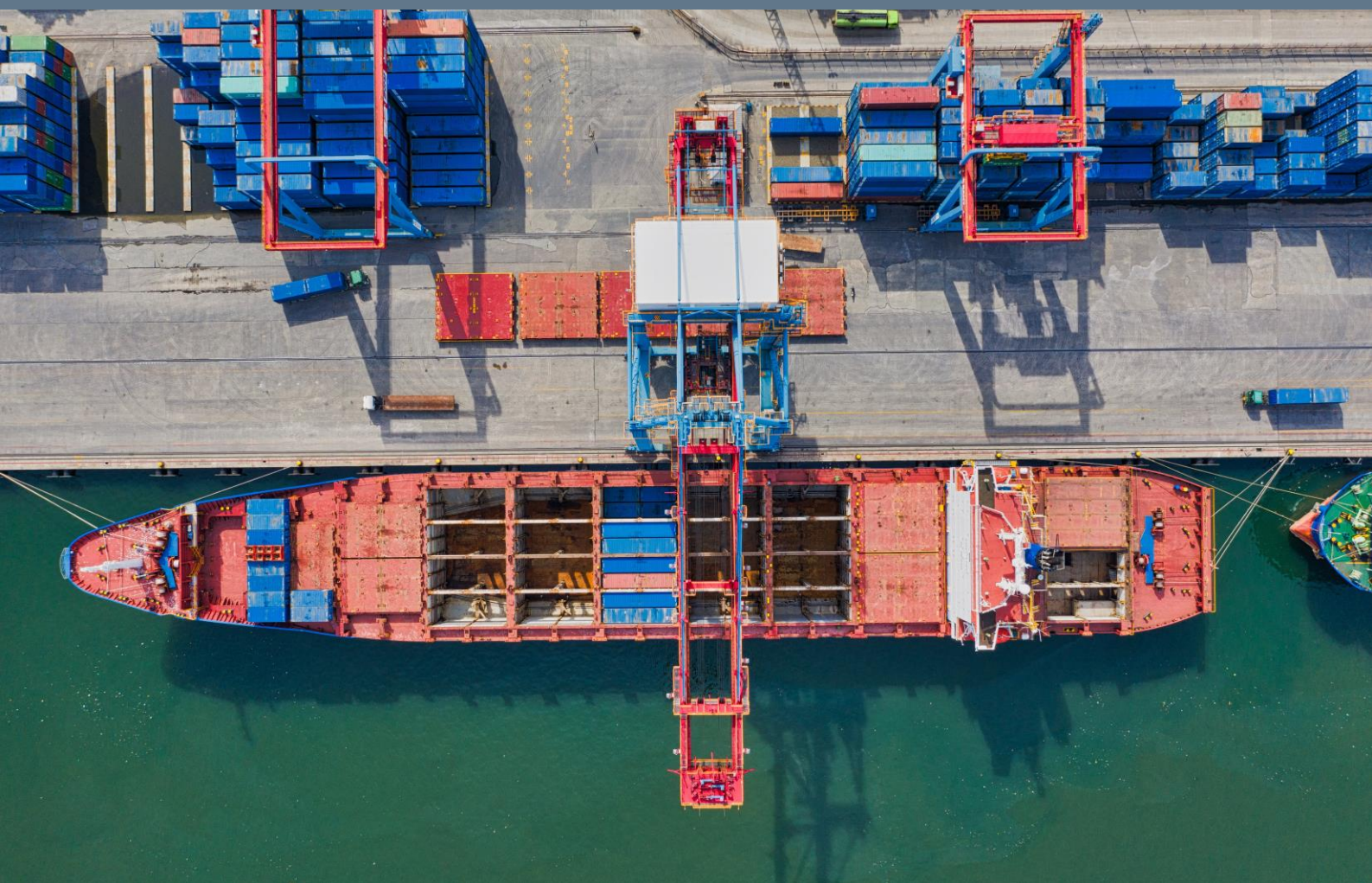
DONOR COMMITTEE FOR ENTERPRISE DEVELOPMENT

Research Report

# WTO Investment Facilitation for Development Agreement:

An overview of reform measures, good practice and  
potential donor support

Business Environment Working Group



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The Donor Committee for Enterprise Development

## **Business Environment Working Group**

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## List of acronyms

ADB	Asian Development Bank
AfCFTA	African Continental Free Trade Area
ASEAN	Association of Southeast Asian Nations
APEC	Asia-Pacific Economic Cooperation
BIAC	Business and Industry Advisory Committee to the OECD
BIT	Bilateral Investment Treaty
CEO	Chief Executive Officer
COMESA	Common Market for Eastern and Southern Africa
DCED	Donor Committee for Enterprise Development
ECOWAS	Economic Community of West African States
EU	European Union
FDI	Foreign Direct Investment
GATS	General Agreement on Trade in Services
GIZ	Gesellschaft für Internationale Zusammenarbeit
G2B	Government to Business
GVC	Global Value Chains
ICR	Investment Climate Reform
ICT	Information and Communications Technology
IFDA	Investment Facilitation for Development Agreement
IGM	Investor Grievances Mechanism
IIA	International Investment Agreement
ILO	International Labour Organisation
IPA	Investment Promotion Agency or Authority
MNC	Multinational Corporation
MoU	Memorandum of Understanding
OECD	Organisation for Economic Co-operation and Development
OFDI	Outward Foreign Direct Investment
RBC	Responsible Business Conduct
RIA	Regulatory Impact Assessment
SIFA	Sustainable Investment Facilitation Agreement
SIRM	Systematic Investment Response Mechanism
SMEs	Small and Medium-sized Enterprises
SOP	Standard Operating Procedures
TFA	Trade Facilitation Agreement
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UN-ESCAP	United Nations Economic and Social Commission for Asia and the Pacific
USAID	United States Agency for International Development
WBG	World Bank Group
WEF	World Economic Forum
WTO	World Trade Organisation



# Introduction

**Measures of investment facilitation to attract, retain and expand ‘good investments’ come increasingly into the focus of governments and donor organisations.** This is also reflected in the international legal framework on investments. Bilateral, plurilateral and multilateral investment agreements cover more and more measures to facilitate investments in addition to the establishment of investor rights and investment protection. Examples of this trend are the elaborated investment facilitation clauses in Brazil’s recent Cooperation and Facilitation Investment Agreements (CFIA)<sup>1</sup>, the investment facilitation chapters in the first-ever concluded Sustainable Investment Facilitation Agreement (SIFA) between EU-Angola, or the investment facilitation clauses in the draft Investment Protocol to the AfCFTA.

**Members of the World Trade Organisation (WTO) are currently finalising a multilateral Investment Facilitation for Development (IFD) Agreement.** The focus of the negotiations is on improving transparency, efficiency, and effectiveness of investment-related administrative procedures in a bid to attract higher levels of sustainable foreign direct investment (FDI)<sup>2</sup>.

**Subject to the currently negotiated IFDA Text (hereafter: ‘Text’ or ‘Text as currently being finalised’)<sup>3</sup> are measures adopted or maintained by a Member affecting investment activities from an investor after establishment.** Investment measures are defined as any measure of general application by the Government or a public authority that impact the operation, expansion, management, maintenance, use, and sale or other disposal of an investment. Investor in the sense of the Text means a natural or juridical person of a Member, that attempts to make, is making or has made a foreign direct investment in the territory of another Member.<sup>4</sup> A Member is a signatory of the IFDA.

**This study was prepared for the Business Environment Reform Working Group of the Donor Committee for Enterprise Development (DCED-BEWG) to offer a brief overview of the currently negotiated IFDA Text.** The overview describes the policy areas and measures covered by the Text and sets out examples of successful reforms, including those supported by International Financial Institutions (IFIs) and donor agencies, that countries have undertaken across such policy areas. It features good practices and country examples of how processes have been simplified, better coordinated, and made more transparent and efficient to enhance the investor experience and benefited inclusive and sustainable private sector development overall.

**The overview addresses four main policy areas of the IFDA as currently being finalised.<sup>5</sup> For ease of reference, each policy area is colour coordinated throughout the report.**

1. **Transparency of investment measures;** These are measures to provide investment-relevant information to investors and potential investors, but also participatory rights when it comes to new legislation or policy.

<sup>1</sup> Based on Brazil’s 2015 Model CFIA and concluded CFIAs with 13 countries Mozambique (2015), Angola (2015), Mexico (2015), Malawi (2015), Colombia (2015), Chile (2015), Ethiopia (2018), Suriname (2018), Guyana (2018), Morocco (2019), UAE (2019), Ecuador (2019), and India (2020). The CFIAs with Angola and Mexico came into force, Information based on the UNCTAD Investment Policy Hub.

<sup>2</sup> Sustainable investment refers to investment that is greener, promotes quality jobs and upskilling, improves gender equality, and contributes to a more productive and innovative economy.

<sup>3</sup> WTO document INF/IFD/RD/74/Rev.1 dated 23 July 2021 and the summary in the WTO Fact sheet November 2021, Investment Facilitation for Development in the WTO, World Trade Organization. Later versions of the IFD Agreement text exist but are restricted and were not available to the author.

<sup>4</sup> The Text includes in ‘plain Text’ of Art. 2 the scope of the IFA and in 2 BIS and Footnote 13 a definition of the term ‘measure’ as any measure by a Member, whether in the form of a law, regulation, rule, procedure, decision, administrative action [, or any other form] as well as a definition of the term ‘investor’.

<sup>5</sup> Each of those policy areas include various components (measures) that are described in the Text

2. **Streamlining and speeding up of administrative procedures**; This area covers reforms to reduce the administrative compliance burden and regulatory costs for investors and increase predictability of authorisation procedures.
3. **Focal points, domestic, regulatory coherence, domestic supplier database, and cross-border cooperation**; This concerns measures on the availability of central bodies to disseminate data and information relevant for (potential) investors and the conduct of impact assessments and institutional coordination when preparing major regulatory measures.
4. **Sustainable investment**; This concerns the promotion of responsible business conduct (RBC) and anti-corruption measures.

The methodology of the study includes research and interviews. The overview is based on the review of background papers supporting the actual WTO negotiation process, technical studies and reports on the various policy topics addressed in the IFDA, international agreements, information on specific reform projects in the areas covered by the IFDA, and interviews with representatives from donor organisations and other experts.

Each chapter of this overview covers one of the four main policy areas mentioned, and is split into three sections: (1) the description of the policy area is followed by (2) an explanation of the measures and components covered by the policy area and (3) a description of good practice, potential reform actions and references to examples of successful reforms. A summary of the overview is provided in Annex 1. Annex 2 includes details of the referenced reform examples. The examples are presented in form of fact sheets that contains the key data as far as available.

## Context

The IFDA is envisioned as a WTO Agreement that can be signed by the WTO Member States. Its purpose is to create clear and consistent global benchmarks for investment facilitation, anchor domestic investment facilitation reforms in shared international commitments, provide a global forum to promote best investment facilitation practices, and allow developing and least-developed country Members to receive technical assistance and capacity building support.<sup>6</sup> The IFDA will be the second standalone WTO facilitation agreement after the Trade Facilitation Agreement (TFA), which deals with the facilitation of trade in goods and was adopted in 2014.<sup>7</sup> Some specific aspects of investment facilitation can also be found in various WTO Agreements<sup>8</sup> and international investment agreements<sup>9</sup>.

There is an ample discussion in the literature and among governments in the WTO negotiations on the coverage of an IFDA.<sup>10</sup> Though the negotiations are in their final stage, the ultimate content of the IFDA is not decided at the time of preparing this note. The covered policy areas and most measures covered by them

<sup>6</sup> Fact sheet November 2021, Investment Facilitation for Development in the WTO, p. 2, World Trade Organization.

<sup>7</sup> For the relation between the TFA and the IFA see, for example, Berger, A., Kagan, Y., and Sauvant, K. P., eds (2022), Chapter 3, p. 41; Echandi, R. and Sauvé, P. (2020); also OECD (2003), p. 40-49, on transparency measures.

<sup>8</sup> Berger, A., Kagan, Y., and Sauvant, K. P., eds (2022), Chapter 1, p. 1-11.

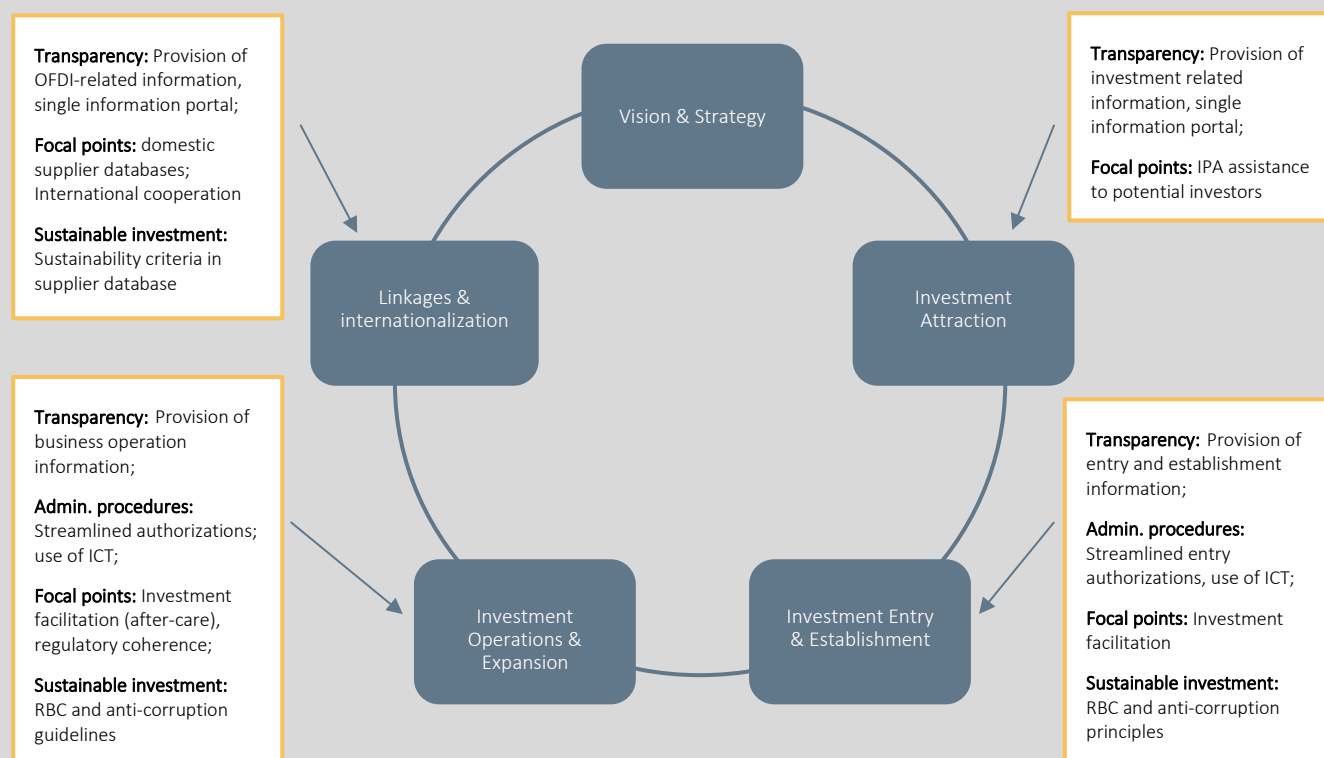
<sup>9</sup> Ibid., Chapter 2, p. 15-26.

<sup>10</sup> Summaries and suggestions can be found, for example, in: Berger, A., Kagan, Y., and Sauvant, K. P., eds (2022) recommend a range of detailed measures to be included in the IFA; DIE (2021) suggests six policy areas connected to investment facilitation (and 117 measures): Transparency & Predictability, Electronic Governance, Focal Point and Review, Application Process, Cooperation, and Outward Investment, see Table 1, p. 6. Echandi, R. and Sauvé, P. (2020) suggest adding certain measures. Sauvant, Karl P., Matthew Stephenson & Yardenne Kagan (2022) provided an inventory of concrete measures to be included in the IFA.

appear to be clear, though some of the actual measures are still in discussion. The study used the WTO revised Easter Text dated 23 July 2021 as a main reference for information on the content of the IFDA.<sup>11</sup>

**Consensus is that investment facilitation measures are applied in all stages of the investment life cycle.** This includes the host state's investment policy to investment attraction, the establishment and operational phases, and the linkages with the domestic economy as illustrated in Figure 1. The measures of the IFDA are relevant in each of the phases of investment life cycle as examples in the attached boxes show.

*Chart 1. IFDA measures are relevant at all stages of the investment life cycle*



*Source: World Bank Group 2021. Investment Policy and Promotion Brief. Published online 8 June 2021.*

Parts of the Text already negotiated but not covered by this overview are chapters on general provisions with definitions, scope of the agreement and institutional arrangements as well as a chapter on special and differential treatment of developing and least-developed countries. Provisions of the chapter establish transitional periods for IFDA commitments along three categories. Based on the countries' self-assessments, it is foreseen to grant developing and least-developed countries additional time for implementing the IFDA commitments and determine the technical assistance and support for capacity building. This overview should be seen as an effort to describe potential technical assistance and reforms for developing and least-developed countries in the context of the obligations and commitments of the IFDA.

**It is important to notice that the measures in the Text currently being finalised include commitments of the Members of various degrees.** Some of the measures are formulated as binding obligations, others as non-binding commitments, intentions, or goals to thrive for. This is expressed in formulations such as a Member 'shall', 'is encouraged', 'shall ensure', 'shall endeavor', 'should offer', 'to the extent practicable', 'to the extent

<sup>11</sup> WTO INF/IFD/RD/74/Rev.1

possible', etc. Each of these formulations imposes a different standard of implementation, compliance, and enforceability. The efforts required by Members to fulfil the agreement as expressed in the formulation of each measure is addressed below in the analysis of the specific measures.

**Consensus is also that certain policy areas are not covered by the IFDA.** The Text currently being finalised excludes from its scope rules on market access, investor rights and obligations, and investor-state dispute settlement. It shall also not apply to government procurement and public concessions.<sup>12</sup>

**Monitoring and evaluation mechanisms are not part of the current Text.** However, it should be mentioned that a range of indicators are made publicly available by International Organisations, development institutions, academia and think tanks that measure policy areas addressed in the IFDA or elements thereof.<sup>13</sup> Furthermore, there are also suggestions for indicators particularly related to investment facilitation.<sup>14</sup>

## 1. Transparency of Investment Measures

**Public sector transparency is one of the key pre-requisites for investment policy and the cornerstone of a well-functioning regulatory process.**<sup>15</sup> Openness at all levels within government—that allows for effective public scrutiny and oversight—helps ensure a well-functioning public sector and engenders public confidence in the government. The OECD defines transparency as successful two-way communication about public policy.<sup>16</sup> The principle of transparency is related to that of the rule of law since it allows citizens and enterprises to judge if government decisions, actions and transactions follow rules and regulations.

**Public sector transparency has several dimensions.** In the literature there is mostly consensus on the core elements of transparency.<sup>17</sup> It is primarily understood as access to information. This means to make relevant laws and regulations publicly available, and notifying concerned parties when laws change. It often also includes the publication of administrative practice and judicial acts. Transparency has for many also a participatory aspect when it involves offering concerned parties the opportunity to comment on new laws and regulations, communicating the policy objectives of proposed changes, allowing time for public review, and providing a means to communicate with relevant authorities. Finally, it is broadly acknowledged that international collaborative efforts have a complementary role to play in disseminating information, defining common standards, and providing peer review support and capacity building for more transparency.

**Finally, transparency has also a procedural aspect.** How information is published and presented, and how participatory rights are implemented affect their effectiveness. Plain language drafting, the use of websites, electronic communication, and downloading and uploading capabilities are crucial to give transparency rights meaning. For example, legislation published in a printed Official Gazette in a non-consolidated manner

<sup>12</sup> Art. 2 (Scope) of the Text currently being finalised.

<sup>13</sup> For example, the World Justice Project measures the Rule of Law and Regulatory Enforcement; The World Bank's Business Enabling Environment (BEE) project will succeed the Doing Business Survey and measure the business enabling environment worldwide; The World Economic Forum measures in several IFA-relevant sub-categories the global competitiveness; Transparency International measures the level of corruption. The mentioned indices cover 130 economies or more.

<sup>14</sup> DIE (2021).

<sup>15</sup> OECD (2015), p. 19. Transparency provisions have also been enshrined in virtually all modern international investment agreements, including the agreements of the WTO, regional agreements such as the NAFTA and new generation bilateral investment treaties.

<sup>16</sup> OECD (2003), p. 7. See also Box 2 presenting various concepts of transparency.

<sup>17</sup> OECD (2003), p. 20, 21, 37; OECD (2012), p. 8; See also transparency as described as one of the six guiding principles for good public sector governance by the APEC (2011), p.3. The other five are rule of law, accountability, public sector ethics and probity, stewardship, and leadership; Additional and supportive measures of regulatory transparency are often stipulated, e.g., in OECD (2003), p. 26; U.K. (2003), p.5.



formally fulfils the transparency requirement. However, it is practically useless as a tool for a foreign investor to understand the law of the land. It needs more than to formally publish information to reach people.

**From a foreign investment perspective, transparency is linked to regulatory risk while lower regulatory risk is associated with higher FDI inflows.**<sup>18</sup> The positive relation between transparency measures and FDI inflows is also supported by various studies.<sup>19</sup> Consequently, the lack of transparency and predictability often tops the list of concerns of foreign investors.<sup>20</sup> At the same time, access to meaningful information is recurrently cited as a powerful incentive to invest.<sup>21</sup>

#### *Summary: Measures on Transparency*

- Public sector transparency is one of the key pre-requisites for investment policy and the cornerstone of a well-functioning regulatory process;
- From a foreign investment perspective, transparency is linked to regulatory risk while lower regulatory risk is associated with higher FDI inflows;
- The transparency measures of the IFDA concern essential investment-related information and includes four components, which differ in scope. Some requirements concern all government measures of general nature, others only laws and regulations. They require to publish relevant legal instruments, allow reasonable time after coming into force, explain purpose of rational and make general investment information available;
- Donors can assist Members to adopt legal instruments that require publication of investment measures, set up online investor information portals that also allow submission of comments on proposed measures, and to prepare investment guides and supporting information material.

## Measures providing a predictable investment environment

**The transparency measures of the IFDA concern essential investment-related information.** The transparency measures in Text of the IFDA as currently being finalised include the publication of measures and relevant information as well as proposed measures, and the opportunity to provide comments, the installation of public single information portals with relevant information and documents and the notification of the WTO about such measures. Some of the measures are broken down into several components as shown in Chart 2. The Text also includes a negative measure to refrain from imposing fees for access to relevant information. Note that some measures of transparency may overlap with those addressed under the policy area of focal points because a fundamental function of focal points is to provide information on the investment climate and investment opportunities.

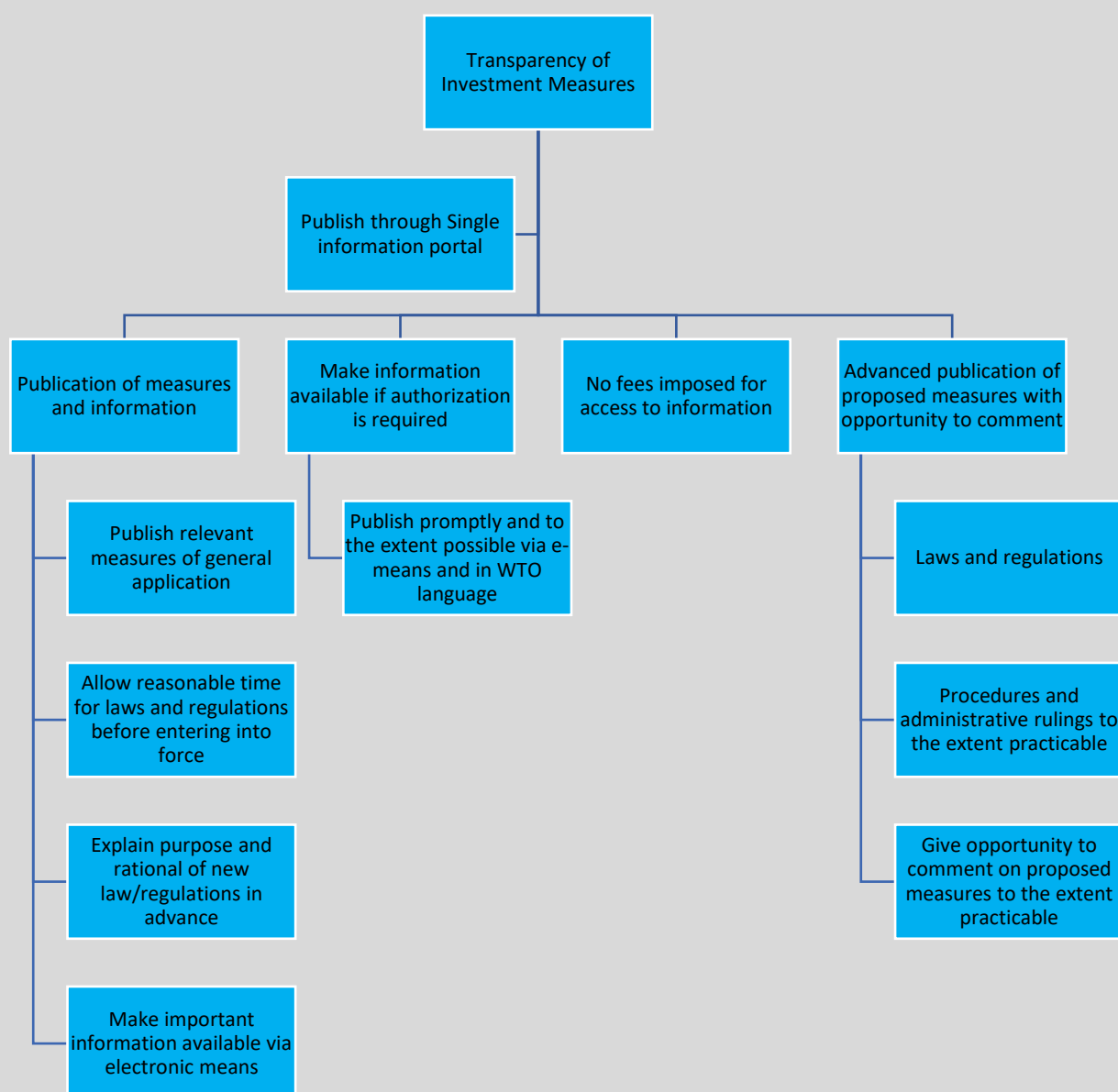
<sup>18</sup> World Bank Group (2020), p. 131.

<sup>19</sup> See OECD (2003), Box 1, p. 15.

<sup>20</sup> The Business and Industry Advisory Committee (BIAC) to the OECD formulated the benefits of public sector transparency as follows: 'From a business point of view, transparency reduces risks and uncertainties, promotes patient investment, reduces opportunities for bribery and corruption, helps unveil hidden investment barriers and draws the line between genuine and less genuine policy objectives, assists investors dealing with 'thin' rules, discourages 'conflicting requirements' situations between home country or host country, contributes to the playing field among firms and facilitates sustainable development', Cited after OECD (2003), p. 37

<sup>21</sup> OECD (2003), p. 9.

Chart 2. Transparency contributes to feedback loops between government and potential investors



Source: Based on IFDA text currently being finalised, World Trade Organisation, 2021.

## Good practice and examples of donor support

Transparency as a principle is not very controversial and its general elements of transparency are supported by a broad consensus. It is more difficult to implement actions improving the degree of transparency. The OECD concludes from its experience that improving transparency in the public sector can be difficult. Three challenges for reform are identified: overcoming political obstacles; improving the institutions needed to support transparency; and obtaining access to technology and human resources.<sup>22</sup>

<sup>22</sup> OECD (2003), p. 8, 30-31.

New Generation International Investment Agreements (IIAs) increasingly include elaborated transparency clauses that reflect high transparency standards and can serve as a guidance for its implementation.<sup>23</sup> Box 1, for example, shows the transparency clauses of the negotiated SIFA between the EU and Angola (2022), Chapter II (Predictability and Transparency), which reflects very much the content of the IFDA currently being finalised as the first of its kind, including publication requirements, advance publication and a public comment period, transparency of the investment framework, and transparency of the investment incentives.<sup>24</sup>

***Box 1. Newer IIAs can serve as guidance to implement the transparency standards of the IFDA Text (here SIFA between the EU and Angola)***

Chapter II: Transparency and Predictability

- Art. 2.2 establishes publication requirements for the Parties of all measures of general application related to matters covered by the Agreement. A measure is published when it is shown in an official publication (official journal or website).
- Art. 2.3 requires the Parties (to the extent practicable and consistent with the domestic laws) to publish in advance proposed laws and regulations related to matters addressed in the Agreement in sufficient detail to allow interested people and other Parties to assess them. The requirement is extended to procedures and rulings of general application to the extent practicable. Furthermore, the Parties shall give interested persons a reasonable opportunity to comment the proposed measures to the extent practicable. The Parties are encouraged to explain the purpose and rationale of the proposed laws and regulations. Finally, the Parties shall endeavor to allow a reasonable time between publication of laws and regulations and the date of compliance.
- Art. 2.3 requires the Parties to use electronic means and, where practicable, a single portal to make updated information on investment legislation, restrictions, conditions, and authorisation authorities available. This applies also to the extent possible to information on practical steps needed to invest in the respective country. No fees for the provision of information shall be charged.
- Art. 2.4 requires the Parties to use electronic means and, where practicable, a single portal to provide information as prescribed on investment incentives including financial incentives, fiscal incentives, and in-kind transfers. accept electronic applications (to the extent possible) and authenticated documents.
- Art. 2.5 encourages the Parties to make information on domestic suppliers available to potential investors.
- Art. 2.6 includes a confidentiality clause.

*Source: European Union, CIRCABC (Collaborative Centre for Administration, Businesses, and Citizens).*

<sup>23</sup> In this context it should be noted that the IFA Text as currently negotiated includes a provision on the relationship to International Investment Agreements clarifying that an IIA shall not serve as a means to interpret or apply the IFA and vice versa, Art. 3.

<sup>24</sup> See also Canada Model FIPA (2020) Art. 15 (Transparency) or Morocco Model BIT (2019) Art. 16 (Transparence) to name a few. Azerbaijan Model BIT (2016), Art. 3 (Access to investor information and transparency) is an example for including publication obligations but no participatory rights. The Indian Model BIT (2015) includes a transparency obligation but puts the transparency measures under two reservations: (1) to the extent possible (publication of laws and regulation), and (2) according to the domestic laws and regulations (publication of proposed measures and the right to comment).

## ➔ Measure 1: Publication and availability of measures and information

The publication and information of investment measures are important for the investment decision and promote compliance by clarifying requirements and procedures as well as restrictions. Obtaining fundamental information about the conditions to invest in a country or planned changes of the existing regulatory framework leads to higher investor confidence and lowers the investment risk. For a foreign investor, it is also important to make the information available in a commonly used language as well as providing online access.<sup>25</sup>

This Measure includes four components, which differ in scope. They may concern all government measures of general nature, only laws and regulations<sup>26</sup>, or any information of importance for investors. None of the components apply to judicial decisions. The four components are:

- Promptly publish all **relevant measures of general application** at the latest by the time of their entry into force. Publication means in this context to include the measure into an official publication.<sup>27</sup> The requirement covers laws, regulations, rules, decisions, administrative action, or any other form.<sup>28</sup>
- Endeavour to allow reasonable time for **laws and regulations** to be **published** before entering into force. This requirement is under the reservation of 'to the extent possible';
- **Explain the purpose and rationale** of a new **law and regulation** in advance of their publication. This requirement is under the reservation of 'to the extent practicable';
- Make **information of importance to investors** available **via electronic means**. This includes laws and regulations specifically on FDI and FDI restrictions. In addition, a list of procedures covered by this requirement is included, but under the reservation 'where practicable'.

While most countries publish primary and secondary legislation in an Official Gazette<sup>29</sup>, this situation is different with administrative actions, rules, decisions, or any other form of 'relevant measures of general application'. First, countries often do not have the capacity to publish updated internal administrative measures. Second, some of the internal administrative rules, decisions, actions, or manuals are often seen as an internal way to provide consistency in general but justice on a case-by-case basis. Administrations may fear that if these rules become public domain, they can be challenged and impede an efficient functioning of the administration. Finally, in practice the binding obligation to publish is formulated so vaguely that it is difficult to decide which administrative measure is relevant and of general application.

The digitalisation requirement needs specific skills and capacity, which may pose a challenge particularly for lower income countries. Sometimes documents have first to be consolidated in one document, as a first step to establish a central information portal for legislation, judgements, and administrative provisions. This work is very time and labour intensive because it often involves physically searching for documents at various locations in the government, understanding the relation of documents and making corrections.

<sup>25</sup> Sauvart, Karl P., Matthew Stephenson & Yardenne Kagan (2022), p. 12.

<sup>26</sup> The revised Easter Text refers to 'laws and regulations'. Regulations are for this note understood as any secondary legislation adopted by government. This includes Presidential Orders, Executive Orders or Decisions, By-laws, Schedules, Council of Ministers Decisions, Cabinet Orders or Decisions, or however such secondary legislation may be termed.

<sup>27</sup> See definition of 'publish' in Footnote 12 of the revised Easter Text.

<sup>28</sup> See definition of 'measure' in Footnote 13 of the revised Easter Text.

<sup>29</sup> In fact, official publication is typically a requirement for legislation to come into force. This requirement is often established in a country's constitution (e.g., Art. 116 (1) Constitution Kenya 2010, Art. 109 Peru's Constitution of 1993, Art. 84 Constitution of the Republic of Uzbekistan) and may be specified in administrative laws (e.g., Art. 82 German Constitution 1949 with Promulgations and Notices Act 2022). Some countries adopt specific laws on who is allowed to publish legislation and under what conditions (e.g., The Publication of Laws of Pakistan Act, 2016 (Act No. XIII of 2016)).

Donors can support governments to fulfil this measure by assisting in:

- ⇒ Drafting of the obligation to publish the legal instrument in domestic laws, IIAs and model BITs;
- ⇒ Consolidating and digitalizing of laws and regulations;
- ⇒ Creating and maintaining a publicly accessible investment information data base/portal/website with consolidated legislation (laws and regulations), administrative rulings of general nature relevant for investors, and relevant investment information. This may be part of a single window/one-stop-shop mechanism that also allows the submission of applications for regulatory clearances, see also *Measure 5*;
- ⇒ Developing general and specific investment guides and make them available online. Specific guides may cover issues like entry procedures, incentives, sector licensing, import and export permit procedures, rules in special economic zones, or work permit procedures.

**Annex 1, Example 1.1** provides an example for donor support (World Bank) to establish the obligation of the Fijian Government to publish laws, administrative rulings, and judicial decisions in investment-related matters.

**Annex 1, Example 1.2** provides an example for donor support (DFID, World Bank) to establish an e-registry of business regulation and for online consultations of regulatory reforms in Ghana.

## → **Measure 2: Information to be made publicly available if an authorisation is required for an investment**

Transparency of authorisation requirements promote predictability, consistency, and accountability of the regulatory regime and therefore a stable investment climate for the benefit of investors. It provides investors with essential information on doing business in the country and it contributes to a consistent and uniform application of administrative decisions by publicly stating regulatory requirements and procedures.

The term ‘Authorisation’ will be defined by the IFDA, but for the moment it can be derived from the context that the term must be broadly interpreted. ‘Authorisation’ means in this context any clearance decision from a public authority needed to legally carry out an investment-related activity. This covers not only an FDI investment certificate based on a screening process as sometimes required before an FDI can take place but any general or sector permit, license, clearance, registration, or other public decision required to make an investment.

*Measure 2* has two components, which concern only the transparency of authorisation procedures, and it overlaps with *Measure 5* to create a Single Information Portal. Good practice in the use of authorisations as a regulatory instrument is covered by policy area II (streamlining and speeding up of administrative procedures). The two components of *Measure 2* are:

1. **Prompt publication** of fundamental information on authorisation requirements and procedures in writing or to the extent practicable via electronic means;
2. The information shall be **published in one of the official WTO languages** to the extent practicable.

Donors can support governments to fulfil this measure by assisting in:

- ⇒ Collecting information on regulatory requirements (inventory of authorisations and their requirements);



- ⇒ Drafting investment guides with details of the institutional responsibilities, bureaucratic steps, regulatory requirements, conditions, award criteria, timelines, fees, etc. to establish and operate a business in the country;
- ⇒ Making the investment guides electronically available including search functions and filters to customise the information according to investments in specific sectors or regions.

**Annex 1, Example 1.3** provides an example for donor support (UNCTAD) creating an electronic iGuide for investment-related information presented on an iGuides online platform in English language. iGuides exist for nearly 30 countries in Africa, Asia, and the Caribbean.

**Annex 1, Example 1.4** provides an example for donor support (UNCTAD, Expertise France, EU) to establish a business information portal (eJraat) for various business registration and licensing procedures in Libya.

**Annex 1, Example 1.5** provides an example for donor support (World Bank) to establish comprehensive incentives inventories for analysis and publication in various countries (Jordan, Iraq, Ethiopia, Pakistan, Bosnia and Herzegovina, Armenia, Tajikistan Moldova, and Kyrgyz Republic).

**Annex 1, Example 1.6** provides an example for donor support (UNCTAD) to establish a portal under KenInvest to apply and obtain business licenses in Kenya.

**Annex 1, Example 1.7** provides an example for an online one-stop-shop established by the Saudi Ministry of Investments.

### → **Measure 3: No fees imposed for access to information**

**Members shall not charge investors for information provided under this policy area.** Public sector transparency is part of the rule of law and crucial for a well-functioning regulatory process. It is not only in the interest of the investor to obtain information on regulatory requirements but also of the state to disseminate it as much as possible to promote compliance. Charging fees for regulatory information is counter-productive to the compliance rate and impacts a country's attractiveness as investment destination.

**With regards to IPAs as prime information source for investors, it is good practice to finance them by the general budget, because investment promotion and facilitation is seen to serve the common interest to attract investments.** In fact, an OECD-IDB survey looked particularly at the budget of investment promotion agencies in 32 OECD countries and found that Governments provide the vast majority of total IPA budgets (90%). Fees for services to firms account for 2.2% of the IPAs budget on average but did not include publicly available regulatory information. When looking at investment promotion only, public sector budgetary allocation is an even bigger share of total budget sources, with 98% of all reporting IPAs. This suggests that firms are mostly paying fees for services outside the scope of IPAs' inward foreign investment promotion activities, particularly for export promotion activities.<sup>30</sup>

**Donors can support governments to fulfil this measure by assisting in:**

- ⇒ Including the prohibition to charge fees for information in the investment legislation or specifically in the mandate or mission statement of authorities.

<sup>30</sup> OECD (2018), p. 29.

**Annex 1, Example 1.8** provides an example for donor support (USAID) of the IPA in the Kyrgyz Republic that explicitly states in its Mission Statement that services are free of charge.

#### ➔ **Measure 4: Publication in advance and opportunity to comment on proposed measures**

This measure shall improve transparency, stability, and predictability of the investment climate. ‘Surprise’ changes without prior notice such as changes to the tax and incentive regime or customs procedures are one of most heard complaints from investors. The participatory element to comment on proposed measures enables investors to raise their concerns but also allows the government to better understand the impact of legislation on the economy.

This Measure includes three components. The Member shall **publish in advance**:

1. **Proposed laws and regulations** as well as documents that provide details on the former;
2. **Proposed procedures and administrative rulings** of general application; The publication requirement is under two reservations: Members are only ‘encouraged’ to fulfil it and only ‘to the extent practicable’;
3. Members shall give investors, other interested persons, and other Members a reasonable **opportunity**, to the extent practicable, **to comment** on the above-mentioned documents and measures.

**Generally, the publication of proposed legislation and policies is less common.** This may be due to capacity constraints to collect and update the various Government initiatives that influence the investment climate. It may also have political reasons because Governments prefer to develop new ideas and legislation without outside interference before presenting it publicly to Parliament. However, it should be noticed that the obligation to advanced publication and the opportunity to comment find increasingly entry in investment agreements.<sup>31</sup> Either way, as described above, it is good practice to publish also proposed legislation and policies as it is not only a pre-requisite for participation but also important information for businesses to prepare for regulatory changes in advance.

**However, it is considered good practice to allow investors’ participation in the legislative process.** Participation of the business community and interested citizens in the government’s investment policy process can be achieved in different ways. It can be done in a more ad hoc publication of an invitation to provide comments. It can also be done in more formalised public hearings of experts, advocacy groups, associations, or interested citizens. There are also various rights connected to this measure: submission of written comments, right to be heard, right to receive a response within a certain time frame. Each of those rights require a different level of government capacity and involvement, which influences whether they are formulated as binding obligations or commitments to non-binding principles.

**Conduits to provide information and discuss legislative projects can be various forms of organised public-private dialogues.** Investor roundtables include all forms of informal, high-level, public-private dialogue, such as occasional investor conferences, meetings between business leaders and the government, or regular fixed meetings (jour fixe) between business and government representatives. Public-private dialogue is an

<sup>31</sup> See Art. 2.3 of the negotiated SIFA between the EU and Angola (2022).

engagement mechanism to ensure more inclusive and sustainable policy reforms through a structured and participatory reform process.<sup>32</sup>

**Donors can support governments to fulfil this measure by assisting in:**

- ⇒ Setting up a process and guidelines to publish proposed legislation;
- ⇒ Establishing a process to effectively and efficiently invite the public for comments and to hearings;
- ⇒ Creating and maintaining a publicly accessible data base/portal with proposed legislation and investment policies and the opportunity to submit comments online;
- ⇒ Organizing forms of public-private dialogue or formalised set ups in which the private sector is involved in the discussion of reform projects.

**Annex 1, Example 1.2** provides an example to establish an e-registry of business regulation and for online consultations of regulatory reforms in Ghana.

**Annex 1, Example 1.9** provides an example for donor support (ICR-Facility) to establish a roadmap for an effective public-private dialogue (PPD) in Cape Verde.

**Annex 1, Example 1.10** provides an example for donor support (EBRD) to establish an Investment Council in Georgia. The Investment Council includes all major private investors and business associations and functions as a policy advocacy and information exchange body.

### → **Measure 5: Use of internet and electronic means (single information portal)**

**Single information portals for investors and potential investors are central websites that contain relevant information and documents for investors.** Such portals or websites are often operated and maintained by IPAs or they are part of the IPA's website. They have the advantage of being user-friendly, fast, accessible worldwide, easy to be updated and flexible in terms of services to be added or linked.

**This measure applies all other measures of transparency.** It also overlaps with the policy area of focal points (3.) and is strongly connected to the policy area of administrative streamlining (2.) as the establishment of such portals can be used to trigger investment-related regulatory reforms.

**The kind of information and documents to be published in the Single Information Portal are determined by Measures 1 and 2.** It includes legal texts, information on the regulatory framework and the investment climate, authorisation procedures such as administrative procedures to establish and operate a business, administrative practices, data on the value proposition of a country/sector, or information on incentives, linkages, special economic zones, land availability, potential business cooperations, public procurement opportunities, etc. The information must be reliable, regularly updated and contain a fair amount of detail to be of use for the investor.

**Donors can support governments to fulfil this measure by assisting in:**

- ⇒ Collecting the data and information to be displayed on the portal. This may be an inventory of incentives, key data and process maps for regulatory procedures and application requirements, legal texts, and lists of BITs, etc.;

<sup>32</sup> For principles of good practice in using public-private dialogue see Herzberg, B. and Sisombat, L. (2016), p. 38-46.

- ⇒ Setting up a central information website/portal that includes updated legal texts, judgements, administrative procedures, implementation practice, and policy proposals in an easily accessible way with a search function and preferably with explanations and further links;
- ⇒ Setting up an interactive website that allows for the submission of comments, opinions, and suggestions to proposed investment policies.

**Annex 1, Example 3.5** provides an example for donor support (UNCTAD, Multi-donor) to establish a series of web-based digital government systems to help countries improve their investment, trade and business climates through transparency, simplification and automation of rules and procedures related to enterprise creation and operations.

**Annex 1, Example 1.2** provides an example to establish an e-registry of business regulation and for online consultations of regulatory reforms in Ghana.

**Annex 1, Example 1.11** provides an example for donor support (German and Swiss Governments via GIZ) to establish an information portal for general and sector investment information maintained by the IPA in Moldova in Moldovan, and English.

## 2. Streamlining and speeding up of administrative procedures

**Investment attraction depends on a country's ability to establish a predictable and transparent business regulation that encourages productive investments.** Business regulations and the way in which they are implemented shape a firm's operating environment. They impact the cost and risk of doing business, the composition of players in the market, and the nature of competition.

**Administrative procedures address a wide range of public policy objectives.** They govern everything from the procedures required to start and operate a new business, to the digitisation of government-to-business services, licensing and inspection regimes, contract enforcement and real estate transfers.<sup>33</sup> The Text appears to address general and sector-specific regulation. Policy objectives of business regulation include the protection of values like public health, welfare, safety, environment, consumers, and competition.

**Reforming business regulation is an important factor to make a country more competitive and attract investments.**<sup>34</sup> To achieve policy objectives at the lowest costs, it is important that business regulation is as efficient as possible. Well-designed, streamlined, and expedient administrative procedures help lowering the administrative burden of regulation for businesses.<sup>35</sup> Regulatory reforms include removing red tape, abolishing unnecessary administrative procedures, reducing administrative steps, streamlining requirements, shortening timelines, and increasing transparency.

<sup>33</sup> World Bank (2022), p.4.

<sup>34</sup> For research on the impact of business environment reforms see World Bank (2013).

<sup>35</sup> World Bank (2022a), p. 17.

There is no one-size-fits-all approach to reform the business environment in general and authorisations in specific. However, successful reforms share common characteristics, including a strong commitment at the highest levels, a long-term vision, effective coordination mechanisms, as well as an involvement of the private sector in the reform process. Roadmaps, with specific actions, deadlines, and responsibilities, form the basis for monitoring reform progress and establish accountability.<sup>36</sup>

***Summary: Measures on Streamlining and Speeding up of Administrative Procedures***

- Investment attraction depends on a country's ability to establish a predictable and transparent business regulation that encourages productive investments;
- Reforming business regulation is an important factor to make a country more competitive and attract investments;
- Many international and national organisations developed and published general principles of good regulatory practice;
- The IFDA measures aim to lower the administrative burden for investors. They include components like good practice principles for authorisation procedures, the time, costs and burden of obtaining authorisations, the use of online services, and the right of review;
- Donors can assist Members in a wide range of measures that increase the effectiveness and efficiency of authorisation procedures including to adopt and implement good regulatory practice principles, re-design process flows, promote internal exchange of information between authorities, establish timelines and fast-track procedures, disseminate information on authorisation procedures, rationalise administrative fees, and establish online authorisation portals.

## Measures lowering the administrative burden for investors

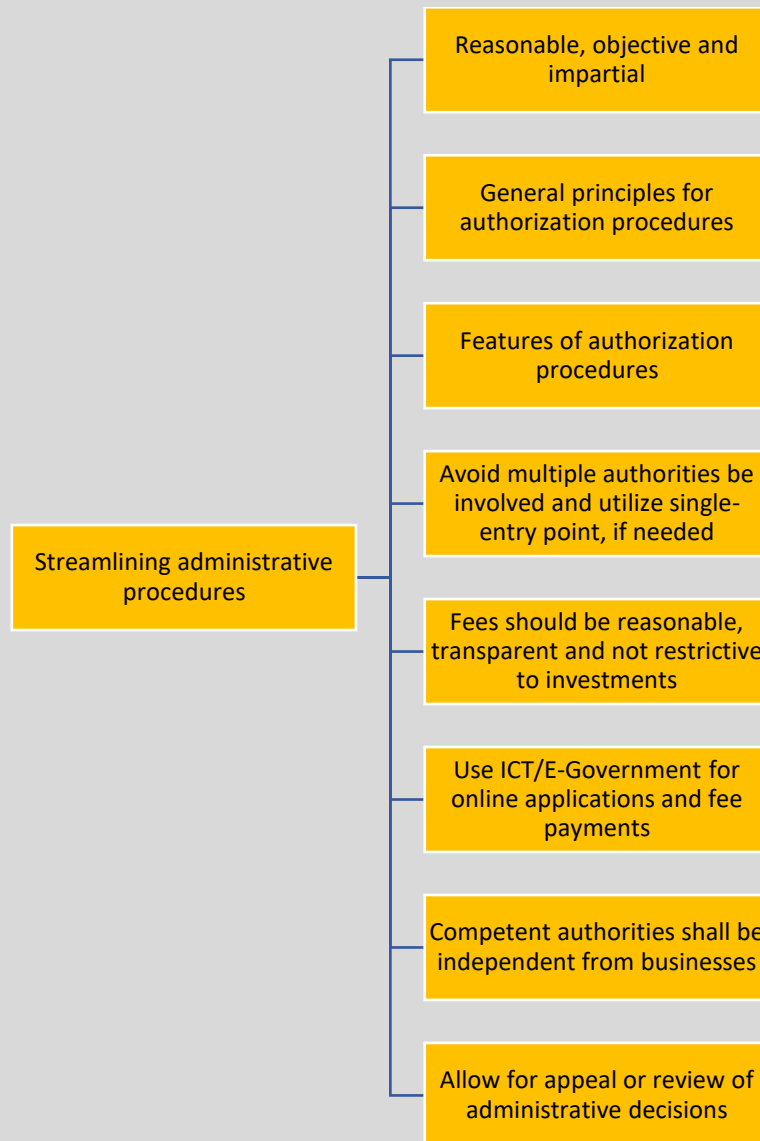
The following provides measures, good practice reforms and examples of donor support in the policy area of streamlining and speeding up of authorisation procedures as part of the IFDA currently being finalised. Some of the measures described under the title of streamlining and speeding up administrative procedures apply to any foreign investment-related action of public authorities (Measures 1, 8 and 9), but most apply only to authorisation procedures (all other Measures). Whereby 'authorisations' in this context are understood as the administrative act by which an authority of a Member approves an investment activity while laying down the conditions for its exercise or its realisation that an investor from another Member must meet in order to legally carry out its investment activity in that Member.

The measures aim to lower the administrative burden for investors. They include components like good practice principles for authorisation procedures, the time, costs, and burden of obtaining authorisations, the use of online services, and the right of review. Chart 3 shows the elements of this policy area.

<sup>36</sup> World Bank (2020a), p. 19. See also World Bank (2022a), Table 1 with key features of effective reform governance.



Chart 3. Transparent, effective, and efficient business regulation make a country more attractive for investment



Source: Based on IFDA text currently being finalised, World Trade Organisation, 2021.

Certain aspects of regulatory reform are not mentioned in the Text currently being finalised, because they are rather a means to deliver a better regulatory service and not the reform itself. They are preparatory work or pre-requisites to achieve an improvement of the regulatory framework for businesses. Though not part of the Text, the preparatory measures to deliver reforms are mentioned here because they are crucial for a successful reform implementation and donors offer a wide range of support for it. Preparatory work and reform administration includes:

- *Diagnostic studies or regulatory reviews*; A proper diagnostic is necessary as a basis to develop a reform plan. The analysis can target specific procedures (e.g., start-up procedures, licensing reform, sector regulation reform) or the overall regulatory regime including the performance of administrative institutions to identify bottlenecks. Examples of such regulatory diagnostics are UNCTAD's Investment

Policy Reviews or the World Bank's Investment Policy and Regulatory Reviews.<sup>37</sup> The Toolbox of the Investment Climate Reform Facility includes a step-by-step approach to a diagnostic leading to investment climate reform projects.<sup>38</sup>

- *Inventory of authorisations*; An inventory of existing procedures is often necessary to understand the size of the reform and identify those authorisations that have no sufficient justification and should therefore be abolished.<sup>39</sup>
- *Reform plan*; A detailed regulatory reform program or reform road map must be developed and adopted to establish tasks, responsibilities, inputs, targets, milestones, timelines, and a monitoring framework.<sup>40</sup>
- *Institutional framework for project and reform management and implementation*; This concerns the administration of the reform plan from the start to the end as well as the reform body. Tasks of project and reform implementation are of planning nature (e.g., drafting the reform plan and strategy), technical nature (e.g., review of licenses, monitoring of progress), and administrative nature (e.g., budgetary oversight, communications, hiring/seconding of experts, or reporting).

Some of these issues mentioned above will be addressed under the policy area focal point.

**Annex 1, Examples 2.1 + 2** provide examples of donor support (World Bank/UNCTAD) to prepare an in-depth analysis of the regulatory regime for investments Vietnam (World Bank) and an investment policy review with implementation report for Ecuador (UNCTAD). The reviews cover many policy areas of the envisioned IFDA.

Furthermore, an important administrative service closely linked to authorisations and vital for an effective and efficient authorisation regime is the area of inspections. The Text currently being finalised does not cover inspections. However, it should be noted that plenty of literature is available on good practice inspection reforms and donor support is also provided in this area.<sup>41</sup>

## Good practice and examples of donor support

Many international and national organisations developed and published general principles of good regulatory practice.<sup>42</sup> At its core, these principles are similar though they differ in detail. Four sets of prominent examples of general principles for good regulation are described under *Measure 1*. These principles can serve as good overall guidance for the assessment of a regulatory regime and the development of a reform process. However, when it comes to individual reform measures, a closer look is needed to develop and implement successful reforms. Good practice for specific aspects of the regulatory regime is described under the respective measure.

<sup>37</sup> More than 50 UNCTAD Investment Policy Reviews, see <https://investmentpolicy.unctad.org/investment-policy-review>; World Bank Investment Policy and Regulatory Reviews, Examples: Brazil 2019, Malaysia 2019, Thailand 2019, Vietnam 2022, Kazakhstan 2020;

<sup>38</sup> ICR (2021).

<sup>39</sup> World Bank (2010), p. 12-14.

<sup>40</sup> World Bank (2010), p. 11-29.

<sup>41</sup> For example, World Bank (2011). As an example for inspection reforms see IFC (2021): Kyrgyz Republic – Inspection Reform Case Study.

<sup>42</sup> For example, World Bank (2010), How to Reform Business Licenses, Box 12, p. 24. the 12 principles of good governance of the Council of Europe ([www.coe.int/good-governance](http://www.coe.int/good-governance)); the 10 principles for good regulatory practice of the Government of Australia ([www.vic.gov.au/towards-best-practice-guide-regulators](http://www.vic.gov.au/towards-best-practice-guide-regulators)).

More practical guidance for measures under the policy area of good practice regulation may also come from investment and promotion clauses in latest BITs and Model BITs.<sup>43</sup> Box 2 describes the content of the provision on authorisations of the Canadian Model FIPA 2021. It shows how measures to streamline the authorisation process can be addressed in a legal instrument.

***Box 2. The Canadian Model FIPA is an example for a legal instrument with measures to ensure streamlined authorisation procedures***

*Article 19: Processing of Applications for an Authorisation*

1. Each Party shall ensure that authorisation procedures it adopts or maintains do not unduly complicate or delay the establishment, acquisition, expansion, management, conduct, operation and sale or other disposition of an investment in the territory of a Party.
2. A Party's competent authority should:
  - (a) accept applications for an authorisation in electronic format under similar conditions of authenticity as paper submissions; and
  - (b) accept authenticated copies, if considered appropriate, in place of original documents.
3. At the request of an investor of a Party, a Party's competent authority shall provide, without undue delay, information concerning the status of the application for an authorisation.
4. If a Party's competent authority considers an application for an authorisation to be incomplete, the competent authority shall, within a reasonable period of time, inform the applicant for an authorisation, identify the additional information required to complete the application for an authorisation, and provide the applicant for an authorisation an opportunity to correct deficiencies.
5. Each Party shall ensure that the processing of an application for an authorisation, including reaching a final decision, is completed within a reasonable timeframe from the submission of a complete application for an authorisation.
6. Each Party shall ensure that an authorisation, once granted, enters into effect without undue delay, in accordance with the terms and conditions specified therein.
7. If a Party's competent authority rejects an application for an authorisation, the Party shall ensure that its competent authority:
  - (a) informs the applicant in writing and without undue delay;
  - (b) upon request of the applicant, informs the investor of the reasons the application for an authorisation was rejected and of the timeframe for an appeal or review against the decision; and
  - (c) permits the applicant to resubmit an application for an authorisation.

*Source: UNCTAD Investment Policy Hub.*

<sup>43</sup> See also Chapter C of the EU -Angola SIPA 2022.

## ➔ Measure 1: Reasonable, objective and impartial administration of measures

A basic set of good practice principles of business regulation is similar and widely acknowledged in the literature. They are developed as benchmark to assess the quality of a regulatory regime and go somewhat beyond good principles for authorisation procedures. However, they are also applicable to authorisation procedures.<sup>44</sup> The European Union's principles of 'Better Regulation', for example, consists of an approach that is comprehensive, coherent, proportionate, participative, evidence-based, transparent, and open to learning from experience.<sup>45</sup> A similar list was developed by the OECD (1997, 2005) with seven principles for regulatory quality and performance based on the lessons of experience drawn from 20 country reviews and other studies. Other examples are the six ASEAN's (Association of Southeast Asian Nations) Core Principles of the Guidelines of Good Regulatory Practice<sup>46</sup> or the UK's principles of good regulation.<sup>47</sup>

The measures include special foreign investment authorisation (often called investment certificate) that some countries require foreign investors to obtain before establishing and investing in the domestic market. Good practice for FDI certificates, however, is to abolish them, second best is to replace them with a reporting requirement and third best is to make them as easy as possible to obtain.

**Annex 1, Example 2.3** provides an example for donor support (World Bank) to abolish the mandatory Foreign Investment Registration Certificate (FIRC) and establish a reporting requirement in Fiji.

**Donors can support governments to fulfil this measure by assisting in:**

- ⇒ Drafting or acknowledging leading principles of good (business) regulation for the adoption by the Government or specific authorities; This can be an expression of a general approach towards regulation or more specifically as part of an Investment Policy Statement. They can be established, for example, in Standard Operating Procedures (SOPs), investor maps, vision, mission or values statements of authorities, or provisions on the purpose/objectives of an administrative law.

**Annex 1, Example 2.4** provides an example for donor support (World Bank/European Union) to prepare a common Investment Policy Statement of six Western Balkans economies (Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, Serbia).

<sup>44</sup> Good practice principles specifically for licensing see World Bank (2010), Box 17, p. 33. See also the APEC-OECD Integrated Checklist on Regulatory Reform, APEC-OECD (2011). The Checklist highlights key issues that should be considered during the process of development and implementation of regulatory policy.

<sup>45</sup> European Commission, Better Regulation Guidelines, November 2021, p. SWD(2021) 305 final: [https://ec.europa.eu/info/sites/default/files/swd2021\\_305\\_en.pdf](https://ec.europa.eu/info/sites/default/files/swd2021_305_en.pdf); see also The European Code of Good Administrative Behaviour, <https://www.ombudsman.europa.eu/en/publication/en/3510>

<sup>46</sup> ASEAN (2018).

<sup>47</sup> U.K. (2003), p. 4-6.

## → Measure 2: General principles for authorisation procedures

General principles for authorisation procedures target specifically the process to issue authorisations.<sup>48</sup> As mentioned above, many institutions, national and international, have published general principles of good regulatory practice.

Measure 2 includes several characteristics of an authorisation procedure. These are that authorisation procedures shall **not unduly complicate or delay** the investment, and an authorisation procedure shall have **objective and transparent criteria, be impartial and adequate**, and not in itself unjustifiably prevent the fulfilment of the requirements. These general principles can be implemented through various features of the authorisation procedure. Many of these features are mentioned in *Measures 3-8*.

Concrete actions that address the principles in *Measure 2* could be for example:

- Standardised administrative procedures established in internal documents like standardised operational procedures, manuals, internal rulings, flow charts, etc.;
- Detailed description of the procedure in a legal instrument (law, regulation, decree);
- Published information, preferably online, of the process, eligibility criteria, requirements, timelines, decision criteria, appeal option;
- Coordination and cooperation of involved authorities (MoUs);
- Internal review of decisions and conduct of officials;
- Clear and published timelines of the various procedural steps;
- Availability of fast-track process;
- Online authorisation process that allows for download of forms, submission of application, tracking of status, receipt of decision;
- Introduction of silence-is-consent rule;
- Code of Conduct, mission statement, pledge for public authorities and their officials.

## → Measure 3: Authorisation procedures

This Measure concerns specific elements of an authorisation procedure and includes five requirements:

1. To the extent practicable, it shall be allowed to **submit applications throughout the year**;
2. **Competent authority shall accept authenticated copies** in place of originals, paper copies in case another authority holds the original;
3. To the extent practicable, provide an **indicative timeframe** for the process, inform about the **status** of the application at request, **process complete applications** and **inform** the applicant about the decision in writing;
4. To the extent practicable, authorities shall **inform applicants when the application is incomplete**, identify the missing information and provide an opportunity to rectify the application;
5. Applicants shall be informed about the **reasons in case an application is rejected** and not be prevented to re-submit the application because of the previous incompleteness;

These five requirements reflect good practice of regulation and are suitable to make an authorisation procedure more efficient. It is good practice to provide administrative services that are important for the establishment and operation of a business throughout the year to avoid delays. Most countries do that for

<sup>48</sup> Good practice principles specifically for licensing see World Bank (2010), Box 17, p. 33. See also the APEC-OECD Integrated Checklist on Regulatory Reform, APEC-OECD (2011). The Checklist highlights key issues that should be considered during the process of development and implementation of regulatory policy.



most regulatory clearances. It is also good practice to require from applicants only documents that are necessary for the administrative decision and not available internally. Authenticated copies should be accepted instead of requiring originals to avoid an unnecessary administrative burden for applicants. Investors often complain about a lack of information on the status quo of an application. Much time is lost because applicants did not know and were not informed that the competent authority is waiting for additional documents, or the application was already rejected.

**The mentioned requirements under *Measure 3* address these issues by making authorisation procedures more efficient and reduce the regulatory costs for the investor.** They can be part of a broader effort to reduce the administrative burden for investors, like abolishing unnecessary authorisations that do not fulfil a regulatory purpose, replacing authorisations with lighter obligations such as reporting requirements or self-regulation, reducing specific requirements and administrative steps, making use of online procedures, offering a fast-track procedure against special fees, setting of time limits for each stage of the process, introducing silence-is consent rules, or improving the coordination of involved authorities.

**Donors can support governments to fulfil this measure by assisting in:**

- ⇒ Preparing a diagnostic of the regulatory regime or specific procedures;
- ⇒ Drawing an inventory of all or selected procedures with data on rationale, steps, requirements, time;
- ⇒ Developing a reform agenda or road map with performance criteria, training plans, and monitoring and evaluation mechanisms;
- ⇒ Setting up the institutional pre-requisites for reform implementation;
- ⇒ Implementing the reform by abolishing unnecessary procedures and requirements and provide supporting documents (standard operating procedures, process maps, manuals, videos, etc.) and training;
- ⇒ Establishing fast-track procedures for special fees.

**Annex 1, Examples 2.2 + 3** provide examples of donor support (World Bank/UNCTAD) to prepare an in-depth analysis of the regulatory regime for investments Vietnam (World Bank) and an investment policy review with implementation report for Ecuador (UNCTAD). The reviews cover many policy areas of the envisioned IFDA.

**Annex 1, Example 2.5** provides an example for donor support (World Bank) to move business registration from the court system to a newly established Agency and streamline the registration procedure in Serbia.

**Annex 1, Example 3.5** provides an example for donor support (UNCTAD and Multi-donors) to establish web-based digital government systems to help countries improve their investment, trade and business climates through transparency, simplification and the automation of rules and procedures related to enterprise creation and operations.

**Annex 1, Example 1.7** provides an example for an online one-stop-shop established by the Saudi Ministry of Investments.

### → Measure 4: Multiple applications

This Measure demands that applicants, to the extent practicable, should not be required to apply with multiple competent authorities for one authorisation. Members shall also utilise single-entry points if more than one authority is involved in a process.

It is good practice to have as few procedural steps as possible and organise them behind the counter (one-stop-window) among involved administrative units to reduce the time and efforts for investors. To avoid that the one-stop-window becomes only a new vehicle for a poorly organised procedure, the involved procedures should be streamlined before they are offered at the window.

Donors can support governments to fulfil this measure by assisting in:

- ⇒ Assessing authorisation procedures in terms of their effectiveness and efficiency. Assessed should be purpose, steps, time, requirements, performance, and decision criteria;
- ⇒ Re-designing the authorisation process to reduce the contact with authorities and eliminate redundancies;
- ⇒ Establishing an online one-stop window to submit applications for investment-related licenses, authorisations and permits. Electronic payment of fees should be one feature of the portal. The window can also allow for complaints about specific authorisations and the behavior of competent authorities.

Annex 1, Example 1.6 provides examples to apply and obtain business licenses in Kenya.

Annex 1, Example 1.7 provides an example for an online one-stop-shop established by the Saudi Ministry of Investments.

Annex 1, Example 2.6 provides an example for donor support (JICA) to establish a One Stop Service Center with a single window to obtain business licenses and approvals in Bangladesh.

### → Measure 5: Authorisation fees

**Authorisation fees add to the cost of doing business.** While administrative fees are a source of income for the state, they can be a significant cost factor for businesses. To avoid excessive administrative fees, it is international good practice to set fees according to the principle of cost recovery of individual authorisation procedures. Fees in general and for businesses should be reasonable, proportionate to the cost of the administrative service and not exceed the cost of the procedure.<sup>49</sup>

**Measure 5 requires that authorisation fees should be reasonable, transparent, based on an empowerment, and not restrictive to investments.** New or amended fees shall be published an adequate time before entry into force.

Donors can support governments to fulfil this measure by assisting in:

- ⇒ Developing a methodology to calculate administrative fees;
- ⇒ Adjusting existing fee structures, which may include legislative changes and an awareness campaign;
- ⇒ Implementing the calculation method through preparation of manuals, handbooks, and training.

<sup>49</sup> Art. 13 (2) of the Directive on Services in the internal market 2006/123/EC.

**Annex 1, Example 2.7** provides an example for donor support (World Bank) to reform the administrative fee structure in Bulgaria.

### → **Measure 6: Use of ICT/E-Government**

**This measure concerns the applications and fee payments.** Members shall endeavor to accept electronic submission of applications and documents as well as fee payments. According to the World Bank, regulatory technology for the investment climate (RegTech) combines real-time data and emerging technologies, such as artificial intelligence (AI), for innovative regulatory models and service delivery to businesses and citizens.<sup>50</sup>

**This measure is challenging for lower income countries.** E-government services are severely lacking in lower-income countries. The outcome of the UN e-government survey suggests that despite investments in technology and the development gains achieved in many countries, the digital divide exists. The path to digital inclusion and sustainable development remains fraught with obstacles and uncertainties, especially in Africa and among Least Developed Countries and small island developing states.<sup>51</sup>

**Donors can support governments to fulfil this measure by assisting in:**

- ⇒ Digitalizing existing data and managing databases;
- ⇒ Setting up interactive websites to provide online information and services like downloading of forms, submission of applications and registrations, uploading of documents, tracking;
- ⇒ Preparing the legal and technical requirements for the active use of web-based services such as electronic signatures or data protection legislation.

**Annex 1, Examples 2.8 + 9 + 10 + 11** provide examples of donor support to implement an online construction permit administration system in Antigua & Barbuda (Compete Caribbean), a digitalisation of business registration process in Belize (Compete Caribbean), the establishment of a business registration portal for small businesses in Bhutan (UNCTAD), and the use of IT solutions for inspection services in Kyrgyz Republic (World Bank).

**Annex 1, Example 1.13** provides an example for donor support (German and Swiss Governments through GIZ) to introduce electronic signatures in Moldova.

**Annex 1, Example 1.6** provides an example to apply and obtain business licenses online in Kenya.

### → **Measure 7: Independence of competent authorities**

**Competent authorities shall be independent from enterprises active in the same economic field for which authorisation is required.** Regulatory authorities have the power to determine the behavior of enterprises within their mandate. It is essential for a level playing field and fair competition that enterprises do not

<sup>50</sup> World Bank (2022), p. 23.

<sup>51</sup> UN E-Government Survey 2022, <https://publicadministration.un.org/egovkb/en-us/Reports/UN-E-Government-Survey-2022#0>

influence the conduct of regulatory authorities vis-a-vis competitors. Measure 7 aims to prevent such improper influence and protect the independence of authorities.

**Donors can support governments to fulfil this measure by assisting in:**

- ⇒ Developing a Code of Conduct for public administration that includes the independence and accountability of authorisation (and inspection) services;
- ⇒ Establishing an internal review process in authorities;
- ⇒ Offering a complaints system for investors;
- ⇒ Including a provision on the independence in the administrative law;
- ⇒ Establishing a monitoring system that ensures independent service delivery.

### → **Measure 8: Appeal and review<sup>52</sup>**

**Investors shall have the right to access judicial, arbitral, or administrative tribunals for a prompt, impartial and independent review of administrative decisions.** Investors shall have reasonable opportunity to defend their position and the right to a decision based on evidence and submissions of record.

**The Text currently being finalised requires several features of the review process.** The reviewing institution shall be a tribunal, which is usually one or more adjudicators. However, the Text does not require the tribunal to be a permanent establishment or its members to be assigned permanently. Ad hoc formations appear to suffice. Furthermore, the tribunal shall be of judicial, arbitral, or administrative nature. Judicial appears to refer to the regular court system, arbitral usually means a binding settlement procedure selected upon agreement of the parties, and administrative may refer to an internal review of the government. Finally, the review must be promptly delivered, which usually means without delay, and the decision must be made impartial (without predisposition) and independent (without undue influence).

The Measure does not require more than one review stage.

**The broad formulation of *Measure 8* leaves a wide range of review mechanisms that meet the requirements.**

Covered are, for example, the regular court system, review panels, councils or boards, a department or unit within the administration (same authority or separate authority), practitioner review tribunals, arbitration, etc. Each of these review institutions have their strengths and weaknesses depending on the way they are established, the procedures they must follow and the quality of the adjudicators.

**Donors can support governments to fulfil this measure by assisting in:**

- ⇒ Preparing the legal framework for internal or external review of administrative decisions. This concerns the institutional responsibility, review requirements and procedures, and the decision-making process. The legal and institutional framework must ensure that review decisions are delivered in a prompt, impartial and independent manner;
- ⇒ The establishment or strengthening of the review institution. This concerns capacity building and training, monitoring and evaluation measures, but also awareness campaigns and information dissemination.

**Annex 1, Example 2.12** provides an example for donor support (World Bank) to streamline the tax appeal process in Jamaica.

<sup>52</sup> The terms appeal and review are not defined and it is assumed that terms like ‘complaints’, ‘protests’, ‘grievances’, or any similar word, are also covered by the Measure.

Another aspect not explicitly mentioned in the Text currently being finalised under this title are **pre-trial dispute resolution mechanisms**. They are not necessarily tribunals but give the investor the right to request an internal review of administrative actions. Pre-trial dispute resolution mechanisms are addressed under III, *Measure 1*.

### → **Measure 9: Periodic review**

**Members are encouraged to periodically review their authorisation procedures and fee structure with regards to potential improvements.** General or sector-specific regulatory needs and objectives change over time as well as the methods and tools to achieve them. A periodic review mechanism ensures that the regulatory requirements are continuously updated and adjusted to improve the most effectiveness and efficiency of the regulatory regime and reduce red tape and bureaucracy.

It is part of the good regulatory practice principles to include a **periodic review of the regulatory regime to identify ineffective regulation and inefficient regulatory practices**.<sup>53</sup> The OECD outlines and categorises different approaches to ex post review. The broad categories and distinctions of these approaches are: ‘Programmed’ reviews, ad hoc reviews, and ongoing stock management.<sup>54</sup> Some jurisdictions establish a separate independent regulatory review institution such as the European Commission’s Regulatory Scrutiny Board<sup>55</sup> or the Hawaiian Small Business Regulatory Review Board.<sup>56</sup>

**Donors can support governments to fulfil this measure by assisting in:**

- ⇒ Setting up a periodical review system of authorisation procedures and fee structures;
- ⇒ Establishing a review process with guidelines, process maps, review agenda;
- ⇒ Provide training for the reviewing personnel to conduct regulatory reviews including the Standard Cost Model (SCM);
- ⇒ Establishing the institutional mandate and framework for periodical regulatory reviews;
- ⇒ Conduct regulatory reviews.

**Annex 1, Example 2.13** provides examples of donor support for regulatory reviews.

## 3. Focal points and cross-border cooperation

**This policy area concerns mostly institutional aspects of investment facilitation.** In addition, it requires the conduct of a regulatory impact assessment to promote regulatory coherence.

**Evidence indicates that institutional structures and governance arrangements significantly affect the effectiveness of FDI promotion efforts.**<sup>57</sup> If poorly designed, FDI-related institutional clusters can be

<sup>53</sup> OECD (2020) provides the best practice principle in relation to ex post evaluation, p. 10.

<sup>54</sup> OECD (2020), p. 11.

<sup>55</sup> Available at: [https://commission.europa.eu/law/law-making-process/regulatory-scrutiny-board\\_en](https://commission.europa.eu/law/law-making-process/regulatory-scrutiny-board_en)

<sup>56</sup> Available at: <https://sbrrb.hawaii1.gov/>

<sup>57</sup> World Bank (2019), p. 5; ECORYS (2013); Lim (2018); Wells and Wint (2000).



constrained by incompatible functions housed in the same institution, inadequate resource allocation, conflicts of interest, duplication or gaps in service delivery, and poor coordination, all of which can lead to weak FDI performance.

**In fact, studies show a positive correlation between the quality of a country's public institutions and the attraction of FDI.**<sup>58</sup> The World Bank found a positive correlation between the quality score for public institutions from the World Economic Forum's 2018 Global Competitiveness Report (Pillar 1) and the number of FDI projects attracted.<sup>59</sup> Other research confirms that institutional quality affects FDI positively and that when institutions are underdeveloped, the benefits of FDI cannot be effectively captured.<sup>60</sup>

**In addition to an investment promotion agency/authority (IPA) as the lead institution mandated with investment promotion, successful countries in attracting investment have mastered a whole-of-government approach to investment promotion and facilitation.** Effective co-ordination among various authorities with investment promotion mandates, including at local government levels, and implementing agencies (be they in charge of investment promotion, export and trade promotion, special economic zones, business registration, or land allocation) can be a daunting task.<sup>61</sup>

***Summary: Measures on Focal Points and Cross-border Cooperation***

- The measures under this policy area concerns mostly the institutional aspects of investment facilitation including assistance to investors through investor focal points, ensuring regulatory coherence, the promotion of linkages and cross-border cooperation in investment facilitation;
- There is a variety of ways to set up a focal point for investors. Independent investment promotion agencies/authorities have proven as most effective to service investors;
- A well-designed One-Stop-shop for regulatory approvals can be an efficient way to lower administrative burden for investors;
- An Investor Grievances Mechanism (IGM) can be an instrument to avoid costly investor-state disputes;
- A common effective tool to assess the regulatory coherence of a legal instrument is a Regulatory Impact Assessment (RIA);
- An important benefit of FDI for domestic businesses is to supply goods and services to them. A lack of information often prevents the linkages and spill-over effects between FDI and domestic businesses. Domestic supplier databases play an important role to create linkages between foreign investments and domestic businesses;
- Formal and informal cross-border cooperation and coordination can help to lower barriers to cross-border investment as well as mitigate investment risk;
- Donors can assist Members to establish effective investment promotion intermediaries, domestic supplier databases or legal instruments for cross-border information exchanges.

<sup>58</sup> World Bank (2019), p. 2.

<sup>59</sup> World Bank analysis of the relationship between the World Economic Forum's 2018 Global Competitiveness Report data on the adequacy of public institutions (Pillar 1) and FDI markets data showed that a 1-point score increase in institutional adequacy is associated with a 23 percent increase in the number of FDI projects. Data from 2007 to 2017 and covering 150 countries were used. The relationship was tested for robustness for the most important confounding factors such as gross domestic product, gross domestic product per capita, average differences between countries and global time trends.

<sup>60</sup> Kurul and Yalta (2017); Nelson (2009).

<sup>61</sup> OECD (2015), p. 39, 40.

## Measures improving the institutional investment framework

The policy area includes four measures and elements (see also Chart 4):

1. ***Focal points for assisting investors and persons seeking to invest.*** Focal points for investment promotion and facilitation are typically departments in a ministry or under the Prime Minister's office, or autonomous investment promotion agencies that provide investment information and investor facilitation services aiming to generate new or retain existing investments. In addition to investment facilitation and after-care services such as investor grievances mechanisms, the mandate of such institutional set up may include image building, investment attraction, and policy advocacy.
2. ***Promotion of domestic regulatory coherence.*** This measure shall ensure that the domestic regulatory framework for investments and efforts of investment facilitation are consistent with the policy objectives, and not redundant, contradictory, or superfluous. Measures addressed in the Text currently being finalised are the conduct of RIAs for major regulatory measures important for investors but also institutional coordination mechanisms.
3. ***Provision of domestic supplier databases.*** An updated domestic supplier database is a key instrument to promote linkages mainly between foreign investors and domestic businesses. It has not only to be permanently maintained but also be as comprehensive and detailed as possible as well as easily accessible.
4. ***Cross-border cooperation.*** Cross-border cooperation could have various objectives and therefore various outcomes. The cooperation can include the adoption of bilateral or regional trade and investment facilitation agreements, the exchange of data to be used to facilitate outward direct investments, or the establishment of more cross-country heterogeneity.

## Good practice and examples of donor support

### ➔ Measure 1: Focal points for assisting investors and potential investors (investment facilitation)

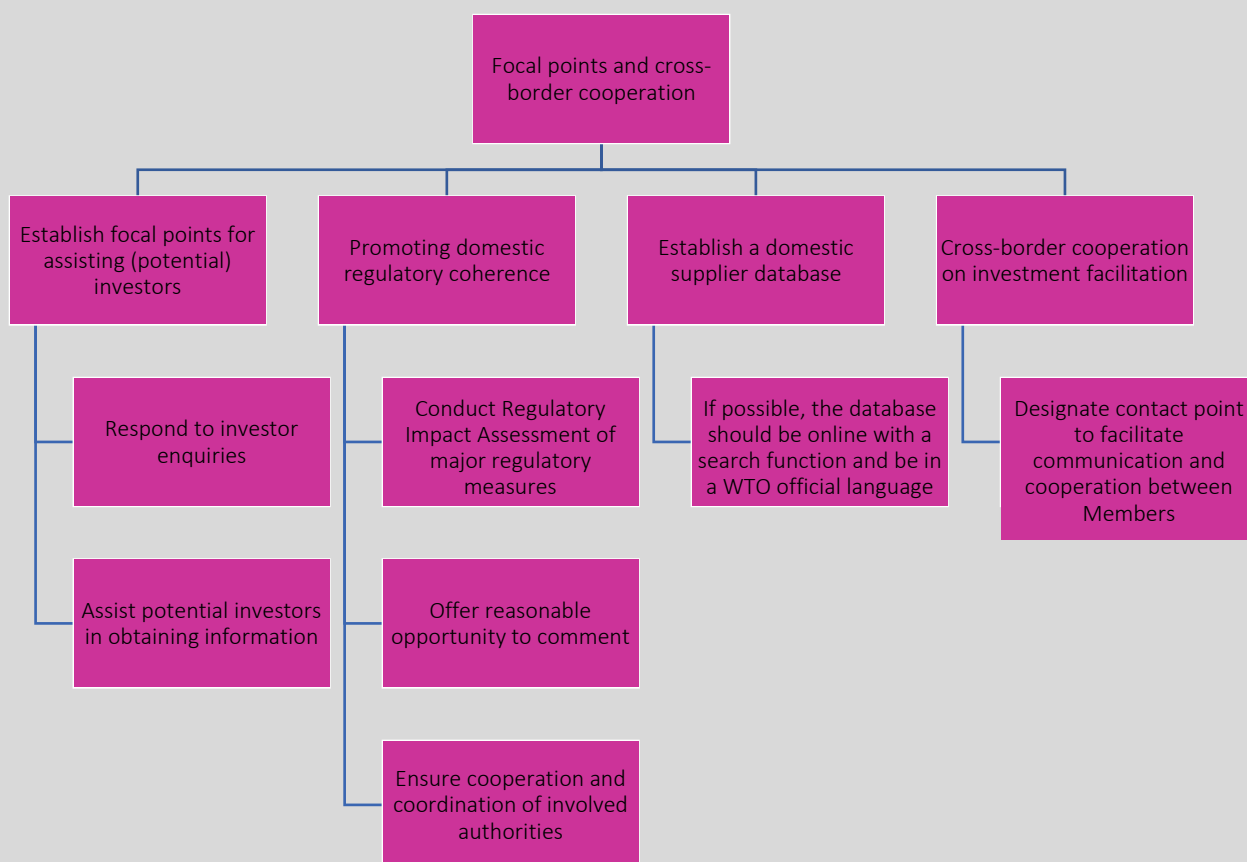
Governments can adopt a wide array of investment promotion and facilitation structures.<sup>62</sup> Many countries establish an independent investment promotion agency as the main focal point for investment promotion and facilitation as well as the coordination of FDI implementation efforts. Others have investment promotion and facilitation as a task of a department in a ministry. Others again, have different institutions in charge for investment promotion and facilitation on national and sub-national level.

Many countries have several agencies, authorities, ministries, or government entities in charge of investment promotion and facilitation or specific aspects thereof. Within their mandates, investment promotion and facilitation services may be delivered in addition to a central or regional IPA or a Ministry in charge of investments by an special economic zones authority, embassies abroad, an export promotion agency, a PPP unit, a privatisation agency/unit, an investment ombudsman, a One-Stop-Shop, an Investment Council, a tourism authority/ministry, an agriculture authority/ministry, a natural resources authority/ministry, a municipality, to name just a few.

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<sup>62</sup> See summary in World Bank (2019).

Chart 4. Institutional measures for investment facilitation and coordination improving the investment climate



Source: Based on IFDA text currently being finalised, World Trade Organisation, 2021.

The more public institutions oversee investment promotion and facilitation or specific aspects of it, the more important becomes the establishment of a coordination mechanism. Only well-coordinated institutions ensure an effective and efficient delivery of promotion and facilitation services. Good coordination avoids redundancies of efforts, overlaps of functions and the sending of unclear, confusing, or false messages to the business community. Inter-institutional collaboration and coordination can be of informal nature through networks established by the involved institutions and their individual employees.

Good practice features of an effective IPA that delivers high-quality investment promotion services include:<sup>63</sup>

- A **strong alignment across government** that stems from a clear national development plan or objective, vision, or strategy—including FDI—with clear priorities and sequencing;
- **Government support** for FDI promotion from the highest level (for example, the president or prime minister) that directly or indirectly champions the needed policy, legal, regulatory, and institutional reforms
- Service provision is based on a **concise legal instrument** that addresses the fundamental institutional set up such as legal status, mandate, functions, corporate governance (board, CEO), budget, reporting, and coordination;

<sup>63</sup> ECORYS (2013), p. vi, 36, 59 (Table 5.2: Summary of Good Practices in Investment Promotion); World Bank (2019, p. 6); World Bank (2019), p. 6.

- A **strong, clear, and uncontested mandate** and functions of the Agency and its organs (board, CEO) but also for each institution that also stems from the national development objectives and avoids any possible conflicts of interest;
- **Sound strategy** and corporate plan for effective implementation of that strategy;
- **Independence** from government interference in its daily operation, and setting of priorities and strategy;
- **Private sector involvement.** As members of the board if the IPA has a board structure but also a systematic and reform-oriented consultation with the private sector
- A clear focus on results management with **measurable KPIs** and a strong monitoring and evaluation framework;
- Strong partnerships and **coordination mechanisms** with both public and private sectors at both national and subnational levels to ensure consistency between institutions;
- Sufficient and **sustained financial and human resources** to properly deliver the mandate of each agency;
- Staff with **private sector experience**.

**An important investment promotion service is the provision of information.** This includes relevant legislation, national and sub-national regulatory procedures, and forms to be submitted, incentives, institutional responsibilities, and other government stakeholders (e.g., embassies and trade missions), etc. It is important to present the information in a user-friendly way in simple language with process maps and other visual tools. The information could be provided in person, online or preferably both, and in commonly used languages. It can be of general nature or customised.

**Effective one-stop-shops can be a critical factor in investment decisions, especially if they cut down the investor's transaction costs.** Effective investment facilitation can also reduce corruption risks by decreasing the number of steps involved in the decision-making process. A core mandate of investment facilitation includes filling an information gap created by incoherent or inaccurate policies. Investment facilitation can thus provide investors with much needed clarity vis-à-vis public administration and policies.<sup>64</sup>

**Another form of investor facilitation are investor after-care services aimed at retaining and expanding existing investments.** An important element of investor after-care can be a pre-trial Investor Grievances Mechanism (IGM) or Systemic Investment Response Mechanism (SIRM) targeting specifically investment-related disputes and complementing the regular appeal process<sup>65</sup> provided by the investment promotion agency or an Ombudsperson. As a minimum, a jurisdiction ought to allow investors to request an internal review of an aggravating decision. OECD (2018b) provides a checklist of actions to develop dispute prevention policies as well as examples from the MENA region and case studies from Colombia, South Korea, and Peru<sup>66</sup>. The World Bank (2019c) provides ten international good-practice principles for internal tax reviews.

**Donors can support governments to fulfil this measure by assisting in:**

- ⇒ Setting up one or more focal points for investors to obtain investment information and facilitation services by giving an institution like the IPA the mandate, function, and capacity to act as central focal point for investors and establish coordination mechanisms like inter-institutional meetings, consultations, standardised information exchanges, MoUs, SLAs;
- ⇒ Improving the investment information and facilitation services of existing focal point(s) by supporting to set up effective units/departments in IPAs, preparing supporting documents and visuals;
- ⇒ Establishing the services as an online facility/platform.
- ⇒ Analyzing the institutional framework to find the best suited institutional set up for an IGM/SIRM;

<sup>64</sup> OECD (2015), p. 39, 40.

<sup>65</sup> World Bank (2019), p. 4; World Bank (2019c), p. 39, 43, 44, 60-66. For tax appeals see OECD (2013), p. 320

<sup>66</sup> OECD (2018b), p. 35-38.

- ⇒ Providing the legal base for an IGM/SIRM including main procedural steps;
- ⇒ Training of unit in charge of dealing with submitted investor grievances.

**Annex 1, Example 3.1** provides two examples from OECD-countries for the inter-institutional coordination of investment promotion and facilitation on national and sub-national level in Ireland and Germany.

**Annex 1, Example 3.2** provides an example for donor support (European Commission, World Bank) to establish an investment promotion coordination framework with the IPA as main focal point in Greece.

**Annex 1, Example 3.3** provides an example for donor support (ICR-Facility) to review the IPA's information material and train the staff developing improved information material and website content in Antigua and Barbuda.

**Annex 1, Example 3.4** provides an example for donor support (UNCTAD and Multi-donors) to establish web-based digital government systems to help countries improve their investment, trade and business climates through transparency, simplification and the automation of rules and procedures related to enterprise creation and operations.

**Annex 1, Example 1.8** provides an example for an online one-stop-shop established by the Saudi Ministry of Investments.

**Annex 1, Example 3.5** provides examples of donor support (World Bank) to establish IGM/SIRM pilots in Bosnia & Herzegovina, Georgia, Mongolia, Colombia, Ethiopia, Rwanda, Vietnam, Iraq.

## ➔ **Measure 2: Promotion of domestic regulatory coherence**

This measure includes to:

- Be encouraged to carry out impact assessments when preparing major regulatory measures;
- Offer interested persons a reasonable opportunity to comment on such measures and take the comments into consideration;
- Ensure that competent authorities coordinate and cooperate their investment facilitation activities.

A common tool to assess the regulatory coherence of a legal instrument is a **Regulatory Impact Assessment (RIA)**. The general aim of a RIA is to assist governments in making their policies more effective, efficient, and targeted to the pursued objective. They support the process of policymaking by providing valuable empirical data to policy decisions. Institutionally it is important that a regulatory oversight body is established that issues the standard methodology for conducting an RIA, delivers the training of officials from ministries and regulatory authorities, and monitors the processes and quality of RIAs. RIAs should be carried out from the very early stages of identifying a policy challenge, throughout the development of policy options, as well as public consultations and final decision-making (all that applies to ex-ante stage).

Another important factor for effective investment promotion is **institutional cooperation and coordination**. In addition, international good practice in investment promotion shows that effective investment promotion coordination is typically built on a broadly agreed and clear national investment promotion policy and strategy, institutions legally mandated to implement and coordinate both, and a broad set of applied coordination and monitoring tools.

Donors can support governments to fulfil this measure by assisting in:

- ⇒ Adopting the legal and institutional framework to conduct Regulatory Impact Assessments (RIA) including the law and regulations on impact assessments and the establishment of an oversight body in charge of all factors that guarantee the quality of RIAs (methodology, material, training, monitoring);
- ⇒ Assist in training regulators and officials from ministries and authorities to conduct an RIA;
- ⇒ Drafting a manual or other supporting documents to conduct an RIA;
- ⇒ Setting up an institutional framework for the coordination and cooperation of investment facilitation activities.

**Annex 1, Examples 3.6 + 7** provide examples of donor support (World Bank/ADB) to prepare a mechanism for a Regulatory Impact Assessment (RIA) in Bangladesh (World Bank) and roll out an RIA project in Cambodia (Asian Development Bank).

**Annex 1, Example 3.8** provides an example for donor support (German and Swiss Governments through GIZ) to establish a methodology for a Regulatory Impact Assessment in Moldova.

### → Measure 3: Provision of domestic supplier databases

An important benefit of FDI for domestic businesses is to supply goods and services to them. The attraction of a sufficient level of MNC investments is necessary but not sufficient to ensure that domestic firms benefit from productivity spillovers. Host economy governments can promote these linkages by providing an economic environment in which MNC affiliates and domestic firms can operate efficiently and where the extent and effects of inter-firm linkages between these two types of firms are facilitated.<sup>67</sup>

While large multinationals often express a strong interest in increasing their share of local content, two main challenges prevent them from doing so:<sup>68</sup>

- **Information Asymmetries:** Newly established (international) firms often do not have extensive local networks, and so are unfamiliar with all the inputs that domestic suppliers may be able to provide. As a result, firms instead rely on their previous set of trusted international suppliers.
- **Quality-constrained local suppliers:** Many firms rely on imports because the specific types of high-quality technical inputs *cannot be found domestically*. Improved local sourcing would thus only be possible if domestic supplies are of comparable quality to imported goods and can therefore function as substitutes.

Successful policy making must address a number of market failures, constraints, and conditions that influence the various components of the processes underlying linkages and productivity spillovers. Especially when MNC affiliates are new to a host economy, input markets provide incomplete information about the availability and quality of domestic suppliers. Because it is costly and time-consuming to solve these informational market failures, they often result in fewer linkages between MNC affiliates and domestic firms.

To lower the costs associated with identifying (potential) demand and supply of inputs, governments can create databases containing sector-specific information about local firms that want to become suppliers to

<sup>67</sup> Jordaan (2020), p.3.

<sup>68</sup> Sutton (2014)



**MNC affiliates.** This can be done in combination with the provision of qualification and certification programs for domestic firms that make it easier for MNC affiliates to identify suitable local suppliers. Matchmaking and networking events also facilitate the creation of backward linkages. They bring MNC affiliates and domestic firms into direct contact, allowing them to share information about potential input demand and supply and explore the possibilities for business relationships.

**Domestic supplier databases play an important role to create linkages between foreign investments and domestic businesses.** The presence and operations of MNCs can help improve the productivity of local firms through backward linkages and offer an important channel for the integration of local firms into global value chains (GVC).

**Donors can support governments to fulfil this measure by assisting in:**

- ⇒ Collecting local supplier data;
- ⇒ Establishing and maintaining an online local supplier data portal.

**Annex 1, Example 3.9** provides two examples of International Good Practice for the establishment and maintenance of an online domestic supplier database in the Czech Republic and in Tunisia.

**Annex 1, Example 3.10** provides an example of donor support (German and Swiss Governments through GIZ) to establish a domestic supplier database in Moldova.

## ➔ **Measure 4: Cross-border cooperation**

**The global economy is increasingly characterised by the emergence of regional and global value chains and cross-border fragmentation of production.** Investment and trade are interlinked and are important engines of global growth and development. In this context, national investment facilitation can be supplemented by bilateral, plurilateral and multilateral cooperation to ensure that countries benefit from the whole value chains. Measure 4 includes items like international cooperation, information sharing, the exchange of best practices, and cross-border relations with relevant stakeholders, the establishment of contact points, and cooperation among competent authorities.

**There are various forms of formal and informal, general, and specific cross-border coordination in investment facilitation.** General and formal cross-border cooperation in investment matters can often be found in international investment agreements of bilateral or multilateral kind, but it could also be institutionalised through memberships in international or regional organisations like the World Association of Investment Promotion Agencies (WAIPA), the Caribbean Association of Investment Promotion Agencies (CAIPA), or the ASEAN Heads of Investment Agencies (AHIA). In addition, several international organisations maintain a platform for the exchange of best practices and information of investment promotion agencies such as the OECD Investment Promotion Agency network.<sup>69</sup>

**International Investment Agreements, for example, often include some degree of a cooperation.** This may be a consultation clause in which the parties agree to consult on the content of the respective agreement but may go beyond this and includes the exchange of information upon request on regulatory measures that affect

<sup>69</sup> Available at: <https://www.oecd.org/investment/investment-policy/investment-promotion-and-facilitation.htm>

investors from the other party.<sup>70</sup> For example, the Investment Agreement to the COMESA Common Investment Area includes in its Schedules an Investment Cooperation and Facilitation Program (Schedule I) as well as a Promotion and Awareness Program (Schedule II). In recent years, Brazil's move in signing new Agreements on Cooperation and Facilitation of Investment represents the most innovative and comprehensive approach to the inclusion of investment facilitation provisions in investment treaties. These agreements focus on investment facilitation and risk mitigation and include, among others, provisions dealing with transparency, the exchange of information and the establishment of an ombudsman as a focal point within government for all investors.

**Donors can support governments to fulfil this measure by assisting in:**

⇒ Assisting in cross-border information exchange between IPAs and regulatory institutions.

**Annex 1, Example 3.11** provides an example of IPA cooperation network within the OECD framework.

**Annex 1, Example 3.12** provides an example of donor support (ICR-Facility) to harmonise business law in the ECOWAS region.

**Annex 1, Example 3.13** provides an example of donor support (JICA) to train officials from IPAs in investment promotion policies and approaches.

## 4. Sustainable investment

**Investment strategies that integrate social and environmental criteria into investment decisions are becoming increasingly popular.** Most countries have policy objectives to advance sustainable development as reflected in the UN Sustainable Development Goals (SDGs). Sustainable investment principles aim to promote positive contributions by enterprises to economic, environmental, and social progress.<sup>71</sup> 'Sustainable Investing' is one of many terms used to describe strategies that aim to maximise social good and financial returns. Others include 'social', 'sustainable', 'ethical', 'mission-based' or 'impact' investing.

**Companies contribute to economic and social development but they may also have adverse effects on people, the environment and society.** To mitigate these effects, companies must act responsibly, and governments must foster responsible business behavior through a combination of mandatory and voluntary measures. At the same time, responsible business practices can improve the performance of the company and have positive impact on operations by managing risks more efficiently, generating an improvement in corporate reputation, among other benefits.

<sup>70</sup> For example, Art. 21 of the BIT Hungary – United Arab Emirates (2021): 'Upon request by either Contracting Party, information shall be exchanged on the impact that the laws, regulations, decisions, administrative practices or procedures, or policies of the other Contracting Party may have on investments covered by this Agreement.'

<sup>71</sup> OECD (2011), p. 15.

***Summary: Measures on Sustainable Investment***

- Sustainable investment measures include standards and guidelines on Responsible Business Conduct, anti-corruption, anti-money laundering and anti-financing of terrorism;
- Key non-binding standards on responsible business conduct are adopted by the OECD (2011), ILO (2017), and the UN Global Compact;
- The UN Convention Against Corruption is a legally binding anti-corruption instrument setting universal anti-corruption standards;
- Donors can assist Members to adopt a policy to promote sustainable investment, to agree and implement minimum standards, to strengthen the institutional framework for the promotion of sustainable investment and the enforcement mechanisms.

**Measures stimulating sustainable investment flows**

The Text currently being finalised includes the policy area of the promotion of sustainable investment with **two measures**. There are various alternative formulations under discussion in the policy area of sustainable development but at its core is the promotion of responsible business conduct (RBC) and anti-corruption measures. Anti-corruption components addressed in the IFDA currently being finalised are to adopt and maintain measures to prevent and fight corruption, money-laundering, and terrorism financing.

Responsible business conduct includes measures to:

- Encourage investors to **voluntarily adopt internationally recognised principles, standards and guidelines of responsible business conduct** addressing areas such as labour, environment, gender equality, human rights, community relations and the rights of indigenous peoples;
- Encourage investors to undertake and maintain a **meaningful engagement and dialogue** in line with international responsible business conduct principles, standards and guidelines **with Indigenous peoples, traditional communities, and local communities**;
- Recognise the importance of investors implementing **due diligence** to identify and address **adverse impacts** of their doing **on the environment and labour conditions**.

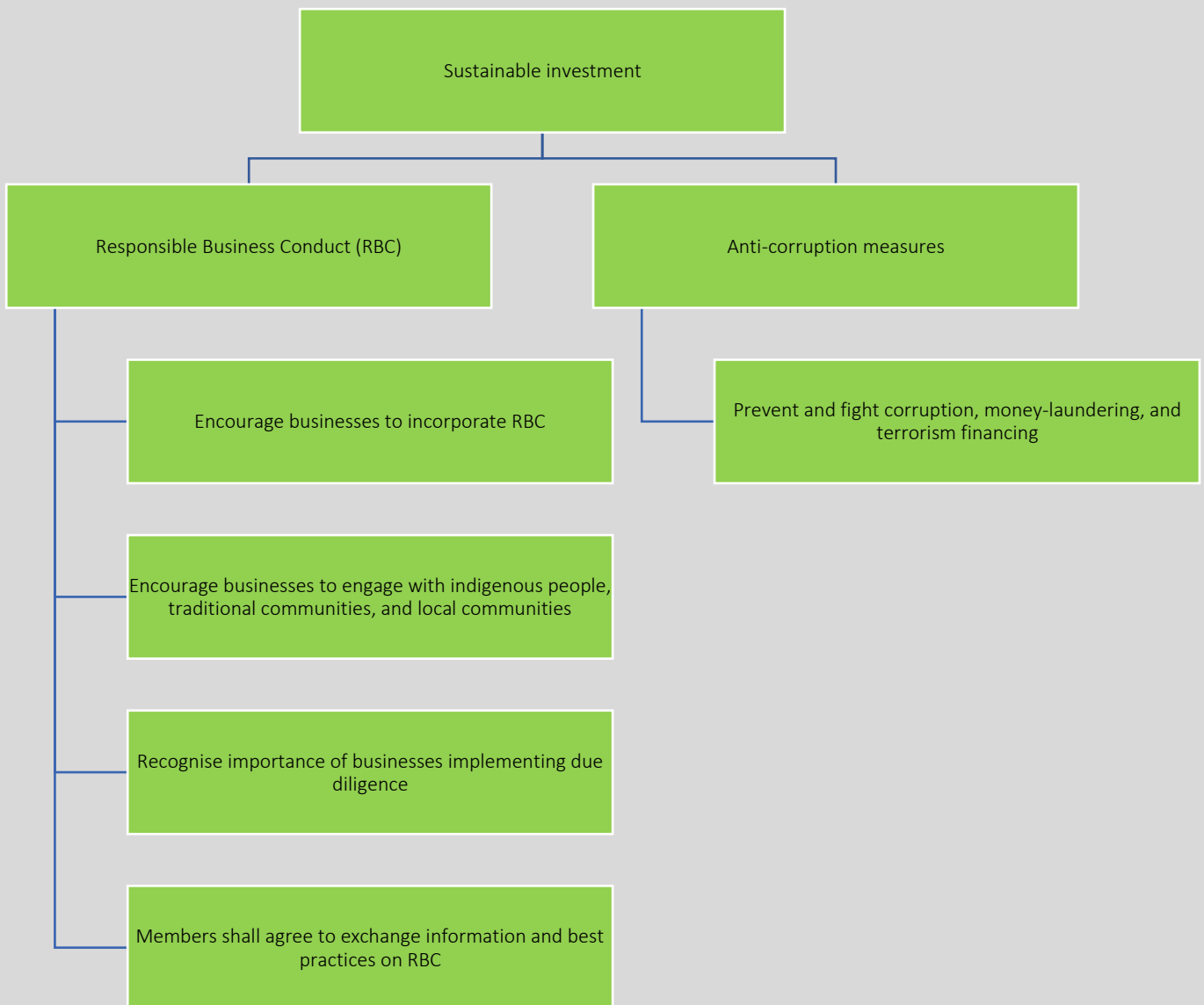
**Good practice and examples of donor support**

Many international organisations have developed standards and instruments that provide guidance on **responsible business conduct**. Good practice on sustainable development and responsible business conduct is reflected in guidelines and principles of international organisations, NGOs, and business associations. Most used and cited are the following non-binding international responsible business conduct standards of good practice. Though they differ in focus, they are aligned with, and complement, each other:

- **OECD (2011):** OECD Guidelines for Multinational Enterprises. Adopted in 1976 and updated in 2011, the guidelines cover all area of business responsibility, including labour and human rights issues, environment, disclosure, bribery, consumer protection, science and technology, competition, and taxation.
- **ILO (2017):** ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. The principles include recommendations on employment, training, working conditions, forced labour, child labour, non-discrimination, freedom of association and collective bargaining

- **UN:** UN Global Compact. A widely regarded corporate sustainability initiative of the UN with over 12,500 participants including 9,500 companies and 3,000 non-business participants. The ten principles of the UN Global Compact on corporate sustainability entail principles of human rights, labour, environment, and anti-corruption, see Box 3.<sup>72</sup>

Chart 5. Effective measures to foster sustainable investment



Source: Based on IFDA text currently being finalised, World Trade Organisation, 2021.

<sup>72</sup> A detailed Guide on Anti-Corruption Risk Assessment is issued by the UN Global Compact, 2013.

**Box 3. Ten Principles of the UN Global Compact on Corporate Sustainability relevant for Sustainable Investment**

**Human Rights**

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

**Labour**

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

**Environment**

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

**Anti-Corruption**

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Source: [UN Global Compact](#)

Many other good practice principles developed by international and domestic, governmental, and non-governmental as well as business organisations. Ivanov (2022) provides a detailed overview of the various standards and guidelines.<sup>73</sup> International organisations are also in the process to develop practical guides, material and tools on the assessment, implementation, and monitoring of the sustainability of investments.<sup>74</sup> Furthermore, there are also platforms for investors to identify investment opportunities with potential to contribute to sustainable development.<sup>75</sup>

A good place to find investment facilitation provisions formulated as commitments or obligations are new generation bilateral investment treaties, recent Model BITs, or investment chapters in free trade agreements.<sup>76</sup> Box 4 contains the content on sustainable investment of the first-ever Sustainable Investment Facilitation Agreement (SIFA), which was concluded between the European Union and Angola (2022). It is part of the EU's Africa investment and development strategy to conclude more SIFAs with African countries. Another example for a regional investment agreement with an elaborated chapter (Chapter 4) on the

<sup>73</sup> Ivanov (2022), Templates 1-3, p. 11-14, 17.

<sup>74</sup> OECD (2023-1), OECD (2023-2).

<sup>75</sup> For example, the UNDP SDG Investor platform: <https://sdginvestorplatform.undp.org/>

<sup>76</sup> For example, The Netherlands Model BIT (2019), Italy Model BIT (2022): Art. 19 (Corporate Social Responsibility and Responsible Business Conduct, Art. 20 (Investment and Environment), Art. 21 Investment and Climate Change), Art. 22 (Investment and Labour), Art. 23 (Dialogue and cooperation on investment-related sustainable development issues). See also Morocco Model BIT (2019): SECTION III: Obligations Et Responsabilités Des Investisseurs et des Investissements, Art. 18 (Respect des lois internes et des obligations internationales), Art. 19 (Lutte contre la corruption, le blanchiment des capitaux et le financement du terrorisme), Art. 20 (Responsabilité sociale et environnementale).

promotion of sustainable investment is the draft of the Protocol on Investment to the Agreement Establishing the African Continental Free Trade Area (AfCFTA), which is currently under negotiation by the members of the AfCFTA.

**Box 4. Guidance in setting sustainable investment standards from the SIFA concluded between the EU and Angola (2022)**

The goal of the SIFA is to unlock economic potential, foster economic diversification, and promote inclusive and sustainable growth. It is designed to further enhance sustainable trade and investment links between both Parties in line with the Global Gateway.

**Key elements of the agreement**

Making investments easier by:

- Enhancing transparency and predictability of investment-related measures, for example by publishing all investment laws and conditions and promoting the use of single information portals for investors.
- Simplifying investment authorisation procedures and fostering e-government.
- Facilitating interactions between investors and the administration, establishing focal points and stakeholder consultations.

Making investments more sustainable by:

- Promoting sustainable development, including commitments to effectively implement international labour and environmental agreements, such as the Paris Agreement.
- Promoting responsible business conduct through the uptake of international standards in companies.
- Strengthening bilateral cooperation on investment-related aspects of climate change policies and gender equality policies.
- Ensuring dialogue with civil society on the implementation of the agreement.

Source: [European Union](#). [Text of the Agreement](#) also available.

**➔ Measure 1: Responsible Business Conduct (RBC)**

**This measure includes four elements.** Members shall encourage businesses to incorporate RBC, encourage businesses to engage with indigenous people, traditional communities, and local communities, and recognise importance of businesses implementing due diligence. Furthermore, Members shall agree to exchange information and best practices on RBC.

**Donors can support governments to fulfil this measure by assisting in:**<sup>77</sup>

- ⇒ Providing coherent strategic direction on fostering investment in support of sustainable development, and foster policy continuity and effective implementation of such policies. For example, by supporting efforts to assess and monitor the impact of FDI, and related policies, on sustainable development;
- ⇒ Taking steps to ensure that domestic policy, legal and regulatory frameworks support positive impacts of investment on sustainable development. For example, by supporting efforts to join major

<sup>77</sup> For more details see also OECD (2022).



international agreements and conventions that promote sustainable development and foster RBC, or supporting alignment of national legislation with sustainability standards;

- ⇒ Prioritizing sustainable development objectives when providing financial and technical support to stimulate investment. For example, by providing support to build the domestic capabilities of firms, entrepreneurs, and workers to foster decarbonisation, productivity and innovation, as well job qualities, skills, and gender equality;
- ⇒ Facilitating investment and sustainable development opportunities by addressing information failures and administrative barriers. For example, by raising awareness and facilitating implementation of corporate sustainability standards, including RBC due diligence, or developing, supporting, or partaking in industry and / or multi-stakeholder initiatives to promote SDG alignment and supply chain linkages;
- ⇒ Developing of an investor certification process and, for example, create a special category of 'Recognised Sustainable Investor' which gives access to preferential treatment, fast-track procedures or other privileges;
- ⇒ Strengthening of monitoring and enforcement mechanisms that are designed to promote sustainable investments.

**Annex 1, Example 4.1** provides an example for donor support (EU) to assist several Latin American and Caribbean countries in their efforts to strengthen the corporate responsibility. The project has three components: (1) developing and implementing RBC policies, (2) implementing human rights due diligence practices in businesses, and (3) supporting a regional platform on RBC practices.

**Annex 1, Example 4.2** provides an example for donor support (WEF) to include sustainable development criteria in the domestic supplier database in Cambodia and the incentive regime in Ghana.

**Annex 1, Example 4.3** provides 11 examples of support from various donors to assist countries in their effort to promote sustainable investment with a range of reforms.

## → Measure 2: Anti-corruption measures

**Anti-corruption measures include two related components.** In addition to prevent and fight corruption, this measure requires Members also to prevent and fight money-laundering and terrorism financing.

**There are several multilateral treaties against corruption that set minimum standards.** Particularly mentioned should be the UN Convention Against Corruption<sup>78</sup>, which is the only legally binding universal anti-corruption instrument. The Convention covers five main areas: preventive measures, criminalisation and law enforcement, international cooperation, asset recovery, and technical assistance and information exchange. Most United Nations Member States are parties to the Convention. Other internationally agreed standards and commitments are the UN Convention against Corruption and the Convention on Combatting Bribery of Foreign Public Officials in International Business Transaction, or the Inter-American Convention Against Corruption.

**On preventing and fighting money laundering, there exist standards and guidelines on international level, which may be integrated in national law.** There are, for example, the International Standards on Combating Money Laundering and the Financing of Terrorism (2012, updated in March 2022) of the Financial Action Task

<sup>78</sup> General Assembly resolution 58/4 of 31 October 2004, United Nations Convention against Corruption.

Force (FATF), an independent inter-governmental body.<sup>79</sup> An example for regional legislation is the EU Regulation on the minimum action to mitigate Money-laundering and financing of terrorism risk in certain third countries.<sup>80</sup>

**Donors can support governments to fulfil this measure by assisting in:**

- ⇒ developing of an anti-corruption compliance program with standards and guidelines, risk assessment and management, gifts and hospitality rules, political contributions, whistleblower protection;
- ⇒ establishing or improving an anti-corruption institution.

**Annex 1, Example 4.4** provides an example for donor support (GIZ) to assist the Indonesian National Corruption Eradication Commission (KPK) by strengthening the Corruption Prevention Department of the institution, particularly in structurally weak provinces, and anchoring selected innovative measures to prevent corruption in the forestry sector.

<sup>79</sup> Available at: [www.fatf-gaf1.org](http://www.fatf-gaf1.org)

<sup>80</sup> Delegated Regulation 2019/758 of 31 January 2019 on the minimum action and the type of additional measures credit and financial institutions must take to mitigate ML/FT risk in certain third countries. Also, Regulation 2018/1672 of 23 October 2018 on controls on cash entering or leaving the union.

## Annex 1: Summary of measures, donor support and examples

IFDA Commitment/Obligation	How can donors support	Examples of donor support
<b>1. Transparency of investment measures</b>		
1. Publication of measures and information	<ul style="list-style-type: none"> <li>Assist in drafting of the publication obligation in domestic FDI-related laws, IIAs and model BITs;</li> <li>Assist in consolidating and digitalizing laws and regulations;</li> <li>Assist in creating and maintaining a publicly accessible data base/portal with consolidated legislation and administrative rulings relevant for investors.</li> <li>Assist in developing general and specific FDI guides and make them available online.</li> </ul>	<p>Example 1.1 Fiji (WBG)</p> <p>Example 1.2 Ghana (DFID)</p>
2. Publication of information on authorisation requirements	<ul style="list-style-type: none"> <li>Assist in collecting information on authorisation requirements (inventory of authorisations and their requirements);</li> <li>Assist in drafting investment guides with details of the regulatory requirements to establish and operate a business in the country;</li> <li>Assist in making the investment guides electronically available including search functions and filters to customise the information on authorisations according to investments in specific sectors or regions.</li> </ul>	<p>Example 1.3 iGuides (UNCTAD)</p> <p>Example 1.4 Libya (UNCTAD, Expertise France, EU)</p> <p>Example 1.5 Various countries (WBG)</p> <p>Example 1.6 Kenya</p> <p>Example 1.7 Saudi Arabia</p>
3. No fees imposed for access to information	<ul style="list-style-type: none"> <li>Assist in writing the prohibition to charge fees for information in the investment legislation or specifically in the mandate of IPAs.</li> </ul>	<p>Example 1.8 Kyrgyz Republic (USAID)</p>
4. Publication in advance and opportunity to comment on proposed measures	<ul style="list-style-type: none"> <li>Assist in setting up a process and guidelines to publish proposed legislation;</li> <li>Assist in establishing a process to effectively and efficiently invite the public for comments and to hearings;</li> <li>Assist in creating and maintaining a publicly assessable data base/portal with proposed legislation and investment policies and the opportunity to submit comments online;</li> <li>Assist in organizing forms of public-private dialogue or formalised set ups in which the private sector is involved in the discussion of reform projects</li> </ul>	<p>Example 1.2 Ghana (DFID)</p> <p>Example 1.9 Cape Verde (ICR- Facility)</p> <p>Example 1.10 Georgia (EBRD)</p>
5. Use of internet and electronic means (Single information portal)	<ul style="list-style-type: none"> <li>Assist in collecting the data and information to be displayed on the portal;</li> <li>Assist in setting up a central information website/portal;</li> <li>Assist in setting up an interactive website that allows for submission of comments, opinions, and suggestions.</li> </ul>	<p>Example 3.5 Various countries (UNCTAD)</p> <p>Example 1.2 Ghana (DFID)</p> <p>Example 1.11 Moldova (GIZ)</p>

2. Streamlining and speeding up of administrative procedures		
Preparatory work and reform administration (not in IFDA as specific measure but input to Measures 1-9)	<ul style="list-style-type: none"> <li>Assist in diagnostic studies or regulatory reviews;</li> <li>Assist in preparation of Inventory of authorisations;</li> <li>Assist in development of a reform plan;</li> <li>Assist in setting up in institutional framework for project and reform management and implementation.</li> </ul>	<p>Example 2.1 Vietnam (WBG)</p> <p>Example 2.2 Ecuador (UNCTAD)</p> <p>Example 2.3 Fiji (WBG)</p>
1. Reasonable, objective and impartial administration of measures	<ul style="list-style-type: none"> <li>Assist in drafting or acknowledging leading principles of good (business) regulation for the adoption by the Government or specific authorities.</li> </ul>	Example 2.4 Western Balkans (WBG/EU)
2. General principles for authorisation procedures	<ul style="list-style-type: none"> <li>Assist in streamlining administrative procedures and introducing features that increase the transparency and efficiency of authorisation procedures.</li> </ul>	See examples of Measures 2.3–8.
3. Authorisation procedures	<ul style="list-style-type: none"> <li>Preparing a diagnostic of the regulatory regime or specific procedures;</li> <li>Drawing an inventory of all or selected procedures with data on rationale, steps, requirements, time;</li> <li>Developing a reform agenda or road map with performance criteria, training plans, and monitoring and evaluation mechanisms;</li> <li>Setting up the institutional pre-requisites for reform implementation;</li> <li>Implementing the reform by abolishing unnecessary procedures and requirements and provide supporting documents (standard operating procedures, process maps, manuals, videos, FAQs, etc.) and training;</li> <li>Setting up time limits, fast track procedures and silence is-consent rules.</li> </ul>	<p>Example 2.1 Vietnam (WBG)</p> <p>Example 2.2 Ecuador (UNCTAD)</p> <p>Example 2.5 Serbia (WBG)</p> <p>Example 3.4 Various countries (UNCTAD)</p> <p>Example 1.7 Saudi Arabia</p>
4. Multiple applications (authorisations)	<ul style="list-style-type: none"> <li>Assist in assessing authorisation procedures in terms of steps, time, and requirements;</li> <li>Assist in re-designing the authorisation process to reduce the contact with authorities and eliminate redundancies;</li> <li>Assist in establishing a one-stop-window to submit applications for investment-related authorisations.</li> </ul>	<p>Example 1.6 Kenya</p> <p>Example 1.7 Saudi Arabia</p> <p>Example 2.6 Bangladesh (JICA)</p>
5. Authorisation fees	<ul style="list-style-type: none"> <li>Assist in the develop a methodology to calculate administrative fees;</li> <li>Assist in adjusting existing fee structures, which may include legislative changes and an awareness campaign;</li> <li>Assist in the implementation of the calculation method through preparation of manuals, handbooks, and training.</li> </ul>	Example 2.7 Bulgaria (WBG)
6. Use of ICT/E-Government (authorisations)	<ul style="list-style-type: none"> <li>Assist in digitalizing existing data and managing databases;</li> <li>Assist in setting up interactive websites to provide online information and services like</li> </ul>	Example 2.8 Antigua & Barbuda (Compete Caribbean)

	<p>downloading of forms, submission of applications and registrations, uploading of documents, tracking;</p> <ul style="list-style-type: none"> <li>Assist in preparing the legal and technical requirements for the active use of web-based services such as electronic signatures or data protection legislation.</li> </ul>	<p>Example 2.9 Belize (Compete Caribbean)</p> <p>Example 2.10 Bhutan (UNCTAD)</p> <p>Example 2.11 Kyrgyz Republic (WBG)</p> <p>Example 1.6 Kenya</p>
7. Independence of competent authorities issuing authorisations	<ul style="list-style-type: none"> <li>Assist in developing a Code of Conduct for public administration that includes the independence of authorisation (and inspection) services;</li> <li>Establishing an internal review process in authorities;</li> <li>Offering a complaints system for investors;</li> <li>Assist in including a provision on the independence in the administrative law;</li> <li>Assist in establishing a monitoring system that ensures independent service delivery.</li> </ul>	
8. Appeal and review of measures	<ul style="list-style-type: none"> <li>Assist in preparing the legal framework for internal or external review of administrative decisions;</li> <li>Assist in the establishment or strengthening of the review institution. This concerns capacity building and training, monitoring and evaluation measures, but also awareness campaigns and information dissemination.</li> </ul>	Example 2.12 Jamaica (WBG)
9. Periodic review of measures	<ul style="list-style-type: none"> <li>Assist in setting up a periodical review system of authorisation procedures and fee structures;</li> <li>Assist in establishing a review process with guidelines, process maps, review agenda;</li> <li>Assist in providing training for the reviewing personnel to conduct regulatory reviews including the Standard Cost Model (SCM);</li> <li>Assist in establishing the institutional mandate and framework for periodical regulatory reviews;</li> <li>Assist in conduct regulatory reviews.</li> </ul>	Example 2.13 Various countries
<b>3. Focal points and cross-border cooperation</b>		
1. Focal points for assisting investors and persons seeking to invest	<ul style="list-style-type: none"> <li>Assist in setting up a focal point (virtual and online) for investment information and facilitation by giving an institution like the IPA the mandate, function, and capacity to act as central focal point for investors and establish coordination mechanisms like inter-institutional meetings, consultations, standardised information exchanges, MoUs, SLAs;</li> <li>Assist in improving information and facilitation services by preparing documents;</li> <li>Assist in moving the service to an online platform;</li> </ul>	<p>Example 3.1. Germany, Ireland</p> <p>Example 3.2. Greece (EC, WGB)</p> <p>Example 3.3 Antigua and Barbuda (ICR-Facility)</p> <p>Example 3.4 Multi-country (UNCTAD)</p> <p>Example 1.8 Saudi Arabia</p>

	<ul style="list-style-type: none"> <li>Assist in analysing the institutional framework to find the best suited institutional set up for an IGM/SIRM;</li> <li>Assist in providing the legal base for an IGM/SIRM including main procedural steps;</li> <li>Assist in providing training of unit in charge of dealing with submitted investor grievances</li> </ul>	Example 3.5 Bosnia and Herzegovina, Georgia, Mongolia, Colombia, Ethiopia, Rwanda, Vietnam, Iraq (WBG)
2. Promotion of domestic coherence	<ul style="list-style-type: none"> <li>Assist in adopting the legal and institutional framework to conduct Regulatory Impact Assessments (RIA) including the law and regulations on impact assessments and the establishment of an oversight body in charge of all factors that guarantee the quality of RIAs (methodology, material, training, monitoring);</li> <li>Assist in drafting supporting documents and training material to conduct an RIA;</li> <li>Assist in training regulators and officials from ministries and authorities to conduct an RIA;</li> <li>Setting up an institutional framework for the coordination and cooperation of investment facilitation activities.</li> </ul>	<p>Example 3.6 Bangladesh (WBG)</p> <p>Example 3.7 Cambodia (ADB)</p> <p>Example 3.8 Moldova (GIZ)</p>
3. Provision of domestic supplier database	<ul style="list-style-type: none"> <li>Assist in collecting local supplier data;</li> <li>Assist in setting up an online local supplier data portal.</li> </ul>	<p>Example 3.9 Czech Republic and Tunisia</p> <p>Example 3.10 Moldova (GIZ)</p>
4. Cross-border cooperation	<ul style="list-style-type: none"> <li>Assist in information exchange between IPAs and regulatory institutions;</li> <li>Assist in negotiating bilateral and regional investment (facilitation) agreements.</li> </ul>	<p>Example 3.11 OECD IPA Network</p> <p>Example 3.12 ECOWAS Member States (ICR-Facility)</p> <p>Example 3.13 Various countries (JICA)</p>
<b>4. Sustainable investment</b>		
1. Responsible business conduct	<ul style="list-style-type: none"> <li>Providing coherent strategic direction on fostering investment in support of sustainable development, and foster policy continuity and effective implementation of such policies;</li> <li>Taking steps to ensure that domestic policy, legal and regulatory frameworks support positive impacts of investment on sustainable development;</li> <li>Prioritizing sustainable development objectives when providing financial and technical support to stimulate investment;</li> <li>Facilitating investment and sustainable development opportunities by addressing information failures and administrative barriers;</li> <li>Developing of an investor certification process and, for example, create a special category of 'Recognised Sustainable Investor'. which gives</li> </ul>	<p>Example 4.1 Various Countries (EU)</p> <p>Example 4. 2 Cambodia, Ghana (WEF)</p> <p>Example 4.3 Selected examples of various donors and countries</p>



	<p>access to preferential treatment, fast-track procedures or other privileges;</p> <ul style="list-style-type: none"> <li>• Strengthening of monitoring and enforcement mechanisms that are designed to promote sustainable investments.</li> </ul>	
2. Anti-corruption measures	<ul style="list-style-type: none"> <li>• Assist in drafting and implementing anti-corruption laws;</li> <li>• Assist in setting up of anti-corruption monitoring and enforcement bodies.</li> </ul>	Example 4.4 Indonesia (GIZ)

# Annex 2: Examples of good practice and donor supported reforms

## 1. Transparency of Investment Measures

### Example 1.1: Transparency of investment measures

⇒ Measure 1: Publication and availability of measures and information

**Country:**

Fiji

**Donor:**

World Bank

**Time of reform:**

2018-2022

**Issue:**

The existing Investment Law was based on control and regulation of foreign investors and investments. Foreign investment certificates were obligatory and issued at discretion. Though laws and regulations were published in the Official Gazette, this was not the case for investment-related administrative decisions and policy decisions, and online publication was random.

**Reform measure:**

The Investment Law was replaced by two modern laws. The investment Law focusses on liberalised market access and standard investor rights. The Invest Fiji provides the institutional framework for investment generation and facilitation.

Section 9 (2) (b) of the new Investment Law clarifies that transparency is part of the guarantee of fair and equitable treatment:

*'Fair and equitable treatment—*

*[...]*

*(b) includes that the Government of the Republic of Fiji take measures such as making publicly available laws, regulations, procedures, administrative rulings, and adjudicatory decisions in matters related to this Act.'*

Section 6 Investment Fiji Law 2020:

*'The functions of Investment Fiji are to –*

*(k) provide information and guidance services that may be required by investors during pre, current or post investment stages, in collaboration with relevant institutions;...*

*(t) establish and maintain an investment portal with information on the regulatory and institutional framework for investment and detailed data on investment opportunities in Fiji;...'*

**Donor support:**

The World Bank Group assisted in the underpinning liberalisation policy, preparing the legislation, and implementing regulations as well as re-directing the investment promotion agency from a regulatory institution issuing investment certificates to foreign investors to an agency responsible for investment generation and facilitation. The WBG advised on the reduction and rationalisation of the negative list with activities that are prohibited or restricted for foreign investors, the extension of investor rights and protections in line with good

practice including safeguards for the government policy decisions, and the replacement of the catch-all requirement to obtain an investment certificate by an investor visa for individual foreign investors.

The transparency clause in the new Investment Law was an important feature of the new Investment Law and was complemented by the new mandate and functions of the IPA in the IPA Law to provide information and maintain an investment portal.

**Output/Outcome:**

Adoption of new investment and investment facilitation laws that include a transparency clause. It is too early to determine the outcome and for transparency it is very difficult to isolate its effect from many others.

*Source: World Bank Group*



**Example 1.2: Transparency of investment measures**

⇒ *Measure 1: Publication and availability of measures and information*

**Country:**

Ghana

**Donor:**

Initially DFID, subsequently World Bank.

**Time of reform:**

2017-2020; 2020-2025.

**Issue:**

Increase transparency and civil participation of regulatory business reform projects.

**Reform measure:**

In 2020, the Ghana Regulatory Reforms Portal was established where business regulatory reforms are published and comments can be launched. The Ghana Business Regulatory Reforms Portal is an interactive portal to enable policy makers easily consult affected businesses and individuals in a transparent and timely way, and at a considerable cost savings. It also provides free and transparent access to business regulations, through its Electronic Registry of Acts, Legislative Instruments, Regulatory Notices, Administrative Directives, Procedures, Forms and Fees.

E-consultations is one of the important steps envisaged in the simplified process for Ministries preparing draft memorandum for submission to Cabinet, according to the 2017 revised guidelines. It is expected in advance to ensure that the real-world impacts of proposed policies and regulations are anticipated and considered by Government, and cumulative or overlapping regulations are avoided. Inputs from the Business Consultation portal will feed into Regulatory Impact Analysis and significantly improve the evidence basis for Inter-Ministerial decision-making.

The E-Registry component of the Portal is a one-stop repository of up-to-date information on all business regulations in force in Ghana. These business regulations are indexed and classified into various subjects with appropriate cross referencing of these regulations governing specific sub sectors as well as related services such as Procedures, Fees, and Charges. The platform provides a simple search and query functionality which gives easy and timely access to specific provisions and sections of the various Business Regulations. These Business Regulations and Forms can be viewed online, shared via social media, or downloaded.

Users must register and login to provide comments.

**Donor support:**

The Ghana Business Regulatory Reforms Portal had an initial development support from the DFID. DFID's technical assistance enabled to fully develop and launch the Portal. This included the IT design of the portal as well as the content of the portal. Currently, the World Bank through the Ghana Economic Transformation Project (GETP) is supporting its implementation and general administration.

The objective of the GETP is to promote private investments and firm growth in non-resource-based sectors. This project has four components with an overall commitment of US\$ 200 million from 2020 to 2025. Support for the Portal is provided under Component (1) - Enabling investments, will focus on improving the enabling business environment, investment attraction capacity and the quality infrastructure support system for companies that want to invest and grow their businesses in Ghana (US\$ 35 million).

**Output/Outcome:**

Establishment of the Ghana Business Regulatory Reforms Portal that includes all business-related regulatory reforms to the public and provides an opportunity to submit comments online.

Source: <https://www.bcp.gov.gh/new/>; World Bank Projects & Operations: Ghana Economic Transformation Project.



**Example 1.3: Transparency of investment measures**

⇒ *Measure 2: Information to be made publicly available if an authorisation is required for an investment*

**Countries:**

Antigua and Barbuda, Bangladesh, Barbados, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, Comoros, Congo, East African Community, Ethiopia, Kenya, Lao, Madagascar, Malawi, Mali, Mongolia, Morocco, Mauretania, Mozambique, Nepal, Nigeria, Rwanda, Tanzania, The Silk Road Region, Uganda, Uzbekistan, Zambia.

**Donor:**

UNCTAD, The Netherlands (funding)

**Status:**

Program is since 2018 in execution

**Issue:**

Lack of investment-related information available on a developing country as investment destination.

**Reform measure:**

Providing developing country governments with the necessary capacity to better market their countries or territories as investment destination to the global community. Providing transparency on the investment process is a fundamental to effective investment facilitation. The iGuides online platforms, designed by UNCTAD and the International Chamber of Commerce, provide international investors with essential up-to-date information on rules, economic conditions, procedures, business costs and investment opportunities in developing countries. The platforms are developed jointly with beneficiary governments, at their request.

**Donor support:**

UNCTAD in a strategic partnership with The Netherlands provides funds to prepare and update the iGuides.

**Output/Outcome:**

Investment Guide (iGuide). Following a request from respective governments, starting July 2021 field missions were undertaken in the Dominican Republic, Guyana, Mauritius and Namibia to research information and train government officials. The guides will be launched in the second quarter of 2022. Under an existing partnership with the Economic Commission for Africa, agreement was also reached to produce guides for Cameroon and Gabon.

Source: [https://unctad.org/system/files/official-document/wpd317\\_add1\\_en.pdf](https://unctad.org/system/files/official-document/wpd317_add1_en.pdf), A6 (page 26); [www.theiguides.org](http://www.theiguides.org)

**Example 1.4: Transparency of investment measures**

⇒ *Measure 2: Information to be made publicly available if an authorisation is required for an investment*

**Country:**

Libya

**Time of reform:**

2019-2023

**Issue:**

Providing up-to-date investment information online on a single digital portal.

**Reform measure:**

eJraat Libya Portal was launched in 2021 and is a step-by-step guide aiming to provide helpful information to the Libyan people as well as to foreign investors on all administrative and business procedures.

The platform provides total transparency on rules and procedures, through a detailed, practical, and up-to-date descriptions of steps to go through, as seen from the user's point of view. Users have a possibility to obtain detailed and updated online information on the required licenses or registrations in simple and understandable language. A link to Google Translate allows for any language translations. In addition to the administrative steps, the portal includes information on, forms to be submitted, where to apply, waiting time, fees.

The goal is to enhance access to information and build positive relationship of transparency and cooperation between the public and government institutions and agencies, to encourage investment and improve business environment in Libya, which leads to strengthening the Libyan economy and attracting foreign investments.

Procedures covered by the eJraat are: Business registration (local company, foreign company branch, partnership company); Commercial agency permit; Paying taxes; Getting a hiring permit; exporters support services; business licenses for 7 activities; Registering an investment project (foreign company).

**Donor support:**

Technical support from UNCTAD, implemented by Expertise France (EF), funded by EU (a component of the EU4PLS program in Libya with an overall program budget of EUR 10 million). The system is based on UNCTAD's digital government platform for investment facilitation, which is a standardised digital that can be customised for any procedure and level of government without changing any laws.

**Output/Outcome:**

Publicly available and accessible investment information on regulatory legislation and regulatory requirements to obtain authorisations.

Source: <https://ejraat.gov.ly/Team?l=en>



### **Example 1.5: Transparency of investment measures**

⇒ *Measure 2: Information to be made publicly available if an authorisation is required for an investment*

#### **Countries:**

Jordan, Iraq, Ethiopia, Pakistan, Bosnia and Herzegovina, Armenia, Tajikistan, Moldova, and Kyrgyz Republic.

#### **Time of reform:**

2015-2018

#### **Issue:**

Lack of transparency on available investment incentives.

#### **Reform measure:**

Each country published comprehensive investment incentives inventories meeting standard criteria for transparency, accessibility, comprehensiveness, and sustainability, improving investor confidence.

#### **Donor support:**

The World Bank Group assisted in stock-taking and categorisation of incentives and its publication. The inventory was often only the first step. Next steps were the legal review, benchmarking of the incentives against international good practice, process mapping of the procedure to receive incentives, and finally, rationalizing and improving the value for money of the incentive regime.

#### **Output/Outcome:**

Publicly available and accessible inventory of all investment incentives.

Source: World Bank Group



### **Example 1.6: Transparency of investment measures**

⇒ *Measure 2: Information to be made publicly available if an authorisation is required for an investment*

#### **Country:**

Kenya

#### **Time of reform:**

2017

#### **Problem:**

High administrative burden for businesses to obtain licenses.

**Reform measure:**

Establishment of an e-business portal. Users can obtain the following business permits online: Single Business Permit (Mombasa County), New MV Dealers License and renewal, Second Hand MV Dealers License and renewal, KG Plate Application and renewal, Fire Certificate (Mombasa County), Evisa.

Registered users can apply for the licenses, pay fees, track their application, and download the license.

**Donor support:**

Implemented with assistance from UNCTAD, financially supported by the Dutch Ministry of Foreign Affairs. UNCTAD supported KenInvest with the installation and customisation of its digital government platform for investment facilitation as well as with the collection of procedural information, which became the content of the platform.

**Output/Outcome:**

Establishment of a business portal where businessowner can apply and obtain various business-related licenses.

Source: [www.ebusiness.go.ke](http://www.ebusiness.go.ke) and [www.government.nl/topics/business-for-development/weblogs](http://www.government.nl/topics/business-for-development/weblogs)

**Example 1.7: Transparency of investment measures**

⇒ *Measure 2: Information to be made publicly available if an authorisation is required for an investment*

**Country:**

Saudi Arabia

**Time of reform:**

2018-2022

**Problem:**

Bureaucratic and time-consuming process for foreign investors to establish and operate a business in Saudi Arabia

**Reform measure:**

Ministry of Investment through Invest Saudi established an investor journey website that provides information on relevant general and sector licenses and permits to set up a foreign-owned business in the Kingdom. It also includes a licensing portal to obtain a foreign investor license. After registration as a foreign investor, the applicant can apply for investment licenses, obtain a temporary certificate to submit proposals for government projects, benefit from e-services provided by the Ministry, and contact an official for questions.

**Output/Outcome:**

Establishment of foreign investor e-services.

Source: <https://investsaud1.sa/en/investor/guide> and <https://investsaud1.sa/en/login#register-apply>





### Example 1.8: Transparency of investment measures

⇒ Measure 3: No fees imposed for access to information

**Countries:**

Kyrgyz Republic

**Time of reform:**

2018-2023

**Issue:**

Ensure that all services including the provision of information is free of charge.

**Reform measure:**

The National Investment Agency of the Kyrgyz Republic includes the following Mission Statement:

*'Our mission is to attract and retain foreign direct investment that is of strategic importance to the economic development of Kyrgyz Republic. In all our services, we apply the following core values: passion, integrity, professionalism, customer service, business friendliness and responsiveness. We offer free advice and services to support companies from the planning stage right through to the launch and expansion of their business.'*

**Donor support:**

USAID financed the establishment and maintenance of the investment map on the Investment Portal of the Kyrgyz Republic as part of the USAID Enterprise Competitiveness Project (total of US\$22.7 million).

**Output/Outcome:**

Mission statement on Agency's portal explicitly ensures that services are free of charge.

Source: <https://invest.gov.kg/contact-us/>



### Example 1.9: Transparency of investment measures

⇒ Measure 4: Publication in advance and opportunity to comment on proposed measures

**Country:**

Cape Verde

**Donor:**

Investment Climate Reform (ICR)-Facility funded by the European Union (EU), the Organisation of African, Caribbean and Pacific States (OACPS) under the 11th European Development Fund (EDF), together with the German Federal Ministry for Economic Cooperation and Development (BMZ) and the British Council total fund: 22,750m € for the period of 2019-2025. Projects are implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), British Council (BC), Expertise France (EF), Stichting Nederlandse Ontwikkelingsorganisatie (Netherlands Development Organisation, SNV).

**Time of reform:**

2021-22

**Issue:**

Promotion of a structured and regular public-private dialogue in the country. The PPD shall contribute to a more participatory and better-informed decision-making process to improve the investment climate and business environment in Cape Verde.

**Reform measure:**

The ICR Facility supports the European Union Delegation and the government in assessing the status of public-private dialogue in the country. After a participatory consultation process is made, a report with the findings of the consultation process and a roadmap for PPD implementation will be developed and presented at a workshop with public and private stakeholders.

**Donor support:**

Technical assistance to establish the PPD and adopt operating procedures.

**Output/Outcome:**

Roadmap for PPD validated by public and private stakeholders laying the ground for a structured PPD in the country. Since the intervention technical groups have been created in the country to discuss and decide on key topics such as taxes.

Source: <https://www.icr-facility.eu/public-private-dialogue-in-cape-verde>



**Example 1.10: Transparency of investment measures**

⇒ *Measure 4: Publication in advance and opportunity to comment on proposed measures*

**Country:**

Georgia

**Donor:**

UK Government's Good Governance Fund (GGF) through the EBRD.

**Time of reform:**

2015

**Issue:**

Insufficient communication between Government and private sector, lack of knowledge about investor needs in the government and lack of participation of the business community in the policy-making process.

**Reform measure:**

The IC in Georgia was established in 2015 as a public-private dialogue initiative following extensive consultations with the Government, as well as with the private sector and donors/IFIs, auditors, lawyers, and consultants in Georgia. These consultations ensured that sufficient political will and buy-in was in place to launch an IC in Georgia focused on improving the business climate.

The IC acts as an independent advisory body to the Prime Minister of Georgia, with the objective of promoting dialogue between the business community, international organisations, donors, and the Government of Georgia for the development of a favourable and transparent business and investment climate in Georgia. The role of the IC typically includes identification of the main impediments to businesses and investors in different sectors of the

economy; formulation of intervention strategies to address these constraints and maximise their impact; reviewing and evaluating relevant draft legislation and proposing changes accordingly.

**Donor support:**

The objective is to provide continued funding for the Investors Council Secretariat to equip it with professional staff and other resources required to ensure the effective functioning of the Council.

**Output/Outcome:**

Establishment of the Investment Council in 2015 by Regulation and operation since then with representatives from the Government and private sector. Private representatives are from the Business Association of Georgia, the American Chamber of Commerce, The Georgian Chamber of Commerce and Industry, the EU-Georgia Business Council, and the International Chamber of Commerce.

Source: European Bank for Reconstruction and Development, <https://www.ebrd.com/work-with-us/projects/tcpsd/759.html>



**Example 1.11: Transparency of investment measures**

⇒ Measure 5: Use of internet and electronic means (Single information portal)

**Country:**

Republic of Moldova

**Time of reform:**

2016 - ongoing

**Issue:**

Lack of consolidated up-to-date investment information on a single digital portal.

**Reform measure:**

Invest.gov.md portal is providing comprehensive and updated information for investors interested in Moldova. According to Emerging Europe Investment Promotion Report, in 2021 the portal of the Invest Moldova Agency was rated 1<sup>st</sup> in validity of information. The MEPA project, implemented by GIZ supported elaboration of specialised catalogues for industries, such as BPO/SSC, automotive, electronics etc. Those summaries include relevant data about the industry, investment opportunities etc. The website also provides links to relevant sectoral associations, which also were supported by the projects ([www.absl.md](http://www.absl.md), [www.acem.md](http://www.acem.md)).

**Donor support:**

German Federal Ministry for Economic Cooperation and Development (BMZ) and Swiss Agency for Development and Cooperation (SDC) through the projects 'Economic Policy Advice to the Moldovan Government' and 'Strong Businesses and Communities for Moldova' implemented by GIZ. The support financed the collection of industry and sector data as well as details on investment opportunities in Moldova, and the establishment of the portal.

**Output/Outcome:**

Publicly available and accessible investment information on general and specific conditions for industries in the country.

Source: Invest Moldova, [www.invest.gov.md](http://www.invest.gov.md)

## 2. Streamlining and Speeding Up of Administrative Procedures



### **Example 2.1: Streamlining and speeding up of administrative procedures**

⇒ *Analysis of the regulatory regime for investments*

**Country:**

Vietnam

**Donor:**

World Bank in partnership with the UK Government

**Time of reform:**

2022

**Issue:**

Vietnam intended to improve the business regulation for investments with a targeted agenda based on an in-depth analysis of the investment climate.

**Reform measure:**

A comprehensive analysis of the investment policy framework that reviews the legal and institutional framework for FDI, the procedures to entry and establish, the provided investment protection, the incentives regime, linkages between FDI and domestic businesses, outward FDI, the rules for responsible investment and FDI in the digital economy.

**Donor support:**

The donor prepared a review of Vietnam's investment policy and regulatory regime for investment. The review provides an overview of the investment policy framework and the applicable regulation for investment entry and establishment, investment protection, incentives, and linkages. Finally, it covers emerging investment policy and regulatory areas like outward FDI, responsible investment, and the digital economy.

**Output/Outcome:**

A review that serves as basis for a reform agenda.

*Source: World Bank Group, 2022 Investment Policy and Regulatory Review – Vietnam, Washington, D.C.*

<https://openknowledge.worldbank.org/bitstream/handle/10986/37982/P1739380c178d50340a5e30b51d6df72784.pdf?sequence=1&isAllowed=y>



### **Example 2.2: Streamlining and speeding up of administrative procedures**

⇒ *Analysis of regulatory regime*

**Country:**

Ecuador

**Donor:**

UNCTAD in partnership with Switzerland

**Time of reform:**

2021

**Issue:**

UNCTAD provided in 2001 an Investment Policy Review as one of over 50 policy reviews prepared from 1999 to 2020. In 2020, the Government of Ecuador requested additional technical assistance on investment policies, including an assessment on how the implementation of the IPR recommendations had contributed to improve the investment environment and what actions should be taken to further strengthen it.

**Reform measure:**

The Implementation Report summarises the progress made and provides recommendations for additional investment policy reforms to support the country's objectives and foster sustainable development. The report recommends areas of actions for investment policymaking.

**Donor support:**

The update report takes stock of the changes made to the Investment Policy Review (IPR) in 2001, which analyzed the bottlenecks to Ecuador's competitiveness to attract FDI and the diversification of the economy. The update assesses how the implementation of the IPR recommendation contributed to improve the investment environment and what actions should be taken to further strengthen it. The update report summarises the progress made and provides recommendations for additional investment policy reforms to support the country's objectives and foster sustainable development.

**Output/Outcome:**

A review that serves as basis for a reform agenda.

Source: UNCTAD, *Report on the Implementation of the Investment Policy Review – Ecuador, United Nations 2021* (UNCTAD/DIAE/PCB/2021/2). [https://unctad.org/system/files/official-document/diaepcb2021d2\\_en.pdf](https://unctad.org/system/files/official-document/diaepcb2021d2_en.pdf)

**Example 2.3: Streamlining and speeding up of administrative procedures**

⇒ *Measure 1: Reasonable, objective and impartial administration of measures*

**Country:**

Fiji

**Donor:**

World Bank Group

**Time of reform:**

2022

**Issue:**

Fiji's Foreign Investment Act of 1999 and the Foreign Investment Regulations of 2009 required foreign investors to obtain a Foreign Investment Registration Certificate (FIRC) from the IPA. This certificate had to be annually renewed. The effect of the requirement was that the IPA spend most of its time and resource for issuing and administering the certificates. It was also a source of uncertainty and unpredictability for foreign investors. In addition, the IPA became a form of Ersatz immigration department because the certificate was the basis for foreigners to enter and stay in the country. Abuse was rampant partly because the legislation had loopholes and partly because the IPA was not equipped to ensure compliance. As an additional effect, the IPA had little resources left for investment attraction and facilitation.

**Reform measure:**

The new Investment Fiji Act of 2021 and Invest Fiji Act abolished the investment certificate and gave the IPA a clear mandate to attract and facilitate investments. Individual foreign investors or business owners must go through the Immigration Department to obtain an investor visa before entering the country, foreign owned legal entities must register with the business registry that also administers the Negative List.

Investors must report via the business registry certain investment data that are used for statistical and policy purposes.

**Donor support:**

Technical Assistance in the preparation of a process map of the status quo, the design of the new procedure, and the drafting of the legal base for the changes including the Investment Law, IPA Law and implementing regulations.

**Output/Outcome:**

A new legal framework for the IPA that abolishes the FIRC.

*Source: World Bank Group*

**Example 2.4: Streamlining and speeding up of administrative procedures**

⇒ *Measure 1: Reasonable, objective and impartial administration of measures*

**Country:**

Western Balkans 6

**Time of reform:**

2019

**Issue:**

Improve alignment of the investment climate of six economies in the Western Balkans. Establishment of non-binding principles as a guidance for investment policymaking in the region.

**Reform measure:**

Non-binding guiding principles in the official 'Investment Policy Statement of the Western Balkans Economies' made on the Western Balkans Summit in 2019 included establishing and/or maintaining open, *non-discriminatory, transparent, and predictable conditions* for investment, and keeping *regulation* related to investment *transparent* with the opportunity for all stakeholders to participate in a timely manner.

**Donor support:**

World Bank Group and European Union assisted in the consultations of the six Western Balkan economies, provided technical advice to each of the six participants and helped drafting the policy statement in line with international good practice.

**Output/Outcome:**

Adoption of an Investment Policy Statement by six Western Balkans economies in 2019 that include principles of good investment regulation.

*Source: World Bank Group, European Union.*



### **Example 2.5: Streamlining and speeding up of administrative procedures**

⇒ *Measure 3: Authorisation procedures*

**Country:**

Serbia

**Time of reform:**

2005

**Issue:**

Business registration was done in Serbia by the court system. It caused significant bottlenecks and inefficiency due to the application of the regular court procedures and requirements. Business registries managed by courts are less efficient, costlier for businesses, and due to their discretionary nature increase uncertainty for investors.

**Reform measure:**

A Business Registration Law and Companies Act were enacted in late 2004, and a new administrative agency was established to take over business registration from the courts and municipalities- the Serbian Business Registers Agency (SBRA) replaced an inefficient, court-based registration system with a new administrative, self-sustainable agency with an electronic central business register for its entire territory linked to other business-related registers such as the Collateral Registry and the Financial Accounts Registry. This was complemented by a new Companies Law that modernised the framework for entrepreneurship. a re-registration campaign was implemented, requiring all active companies to re-register in the SBRA free of charge. In one year, the registry was centralised, up to date and accessible via the Internet, leading to far greater legal certainty.

For the first time in public administration, the ‘silence is consent’ rule was applied, mandating that if the SBRA fails to formally respond a request for registration, either by granting it or by requesting more information, in the term of a maximum of 5 days, it shall be deemed that the company has been registered. The Company Law of 2004 reduced the minimum capital requirement for limited liability companies (90% of all companies in Serbia) from approximately €5,000 to €500 and eased requirements for establishing companies by making the rules more flexible. The minimum capital requirement was further reduced by the Company Law of 2011 to less than €1. The SBRA exchanges information with all relevant stakeholder agencies and has grown into a one-stop shop that currently manages more than 20 business related registries. For business entry, the SBRA became a fully operational one-stop shop in 2009 (including tax registration, social security, and health insurance).

**Donor support:**

World Bank Group assisted in moving business registration from the court to a business registration agency by creating the legal, institutional, and administrative requirements for it. Assistance included to make the necessary changes in the Business Registration Law and the Companies Act, the establishment of a new administrative agency, and the design of the new business registration-related procedures.

**Output/Outcome:**

The effects of the reform were felt almost immediately. The time necessary for starting a business was reduced from 51 days in 2004 to 15 in 2005 (World Bank, 2006). During its first year, the Serbian Business Registry Agency registered almost 11,000 new companies, 70 percent more than in 2004. In two years, the number of registered businesses more than doubled. Analysis based on administrative data from Serbia before and after the overhaul of the business registration system found that the number of new firms increased by up to 34 percent. Additionally, the number of new firms increased more in regions with higher initial levels of distrust in the court system, by up to 34 percent, and the one- and two-year survival rates of new firms improved by 3.8 percent and 8.3 percent, respectively.

*Source: World Bank Group (2018)*





### **Example 2.6: Streamlining and speeding up of administrative procedures**

⇒ *Measure 4: Multiple applications*

**Country:**

Bangladesh

**Donor:**

Japan International Cooperation Agency (JICA)

**Time of reform:**

2017-2022

**Issue:**

Economic zones in Bangladesh are expected to provide smoother license/approval services for investors and capacity of staff of Bangladesh Economic Zones Authority (BEZA) in charge is required to be further developed in order to serve potential investors for the economic zones.

**Reform measure:**

BEZA One Stop Service Centre (OSSC), a single-window provider of 107 license/approval services in collaboration with BEZA and 29 departments of 14 ministries and agencies, was officially launched in October 2019. Among the license/approval services provided by OSSC, Standard Operation Procedures (SOPs) describing the outline of procedures, application procedures, and application forms are prepared for 74 services in 20 categories. BEZA OSSC operation capacity has been strengthened through on-the-job trainings and lectures.

**Donor support:**

The Project for Promoting Investment and Enhancing Industrial Competitiveness in the People's Republic of Bangladesh was implemented for the purpose of harmonizing investment promotion and domestic industry development for enhancing linkages between investors and local industry, contributing for industrial diversification of Bangladesh. The Component 2 of the Project aims at strengthening Economic Zone operation, focused on support for the establishment of BEZA OSSC and its operation management.

**Output/Outcome:**

Established OSSC at BEZA with Standard Operation Procedures (SOP)

*Source: JICA (2022) Japan International Cooperation Agency (JICA), Koei Research & Consulting Inc., UNICO International Corporation, and World Business Associates Co., Ltd. (2022) Project for Promoting Investment and Enhancing Industrial Competitiveness in the People's Republic of Bangladesh - Final Report: <https://libopac.jica.go.jp/images/report/12336699.pdf>*



### **Example 2.7: Streamlining and speeding up of administrative procedures**

⇒ *Measure 5: Authorisation fees*

**Country:**

Bulgaria

**Donor:**

World Bank

**Time of reform:**

2009

**Issue:**

The structure of state administrative fees and charges was considered as uncoordinated, inconsistent, and unfair. Identified shortcomings were a lack of policy objectives, insufficient legal framework, a lack of supporting internal guidelines, weak institutions, wrong incentives, a lack of transparency, and illegal practices.

**Reform measure:**

The report analysed the Bulgarian state fees against good international practice and provided recommendations and an action plan. Policy recommendations included to adopt a policy on state fees with a revised incentive regime for authorities, introduce the principle of single cost calculation for fee setting, amend the State Fees Act accordingly, adopt supporting fee calculation guidelines, and create a monitoring mechanism.

**Donor support:**

The donor prepared a report that analyzed the existing administrative fee structure and their legal bases considering good practice and EU requirements and provided practical reform recommendations with examples and good practice fee calculation methods as well as the underpinning legal adjustments.

**Output/Outcome:**

A recommended action plan that served as basis for a reform agenda of the administrative state fees structure.

*Sources: World Bank Group, Bulgaria – Reforming the Regime of State Fees, June 2009; World Bank, Bulgaria: Better Regulation for Higher Growth (vol. 1), 2010.*



**Example 2.8: Streamlining and speeding up of administrative procedures**

⇒ *Measure 6: Use of ICT/E-Government*

**Country:**

Antigua & Barbuda, High Income

**Donor:**

Compete Caribbean, a partnership of the IDB, UK aid, the Caribbean Development Bank and Canada;  
Project costs were US\$ 215,444

**Time of reform:**

2021 closed

**Issue:**

Antigua & Barbuda had a low ranking (117) in the Doing Business Dealing with Construction Permits indicator with 19 steps and 144 days to complete the procedure.

**Reform measure:**

The project aimed to streamline the procedure to obtain construction permits. To implement a digital system to facilitate a reduction of procedures, time, and cost of obtaining construction permits:

- Legal framework for digitalised construction permit system
- Improvements in Ease of Doing Business ranking (construction permit ranking)

- Digitalised construction permits in use (6 users at DCA, 200 entries)

**Donor support:**

The donor assisted in the digitalisation of the construction permitting process by establishing a platform that allows to create and submit applications for construction permits online, check the status of applications, receive notifications of key milestones including requests for additional information and scheduling of inspections, and to receive final permits and construction certificates.

*Source: Compete Caribbean (# RG-T3267), CC is a partnership of IDB, UK aid, Caribbean Development Bank and Canada*

**Example 2.9: Streamlining and speeding up of administrative procedures**

⇒ *Measure 6: Use of ICT/E-Government*

**Country:**

Belize

**Donor:**

Compete Caribbean;

Project costs were US\$ 220,000

**Time of reform:**

2021 completed

**Issue:**

Slow business registration, no use of online services. Doing Business 2020/21 rank 166 (Starting a Business).

**Reform measure:**

Leveraging digital technology for improving the business registration in Belize. To test an approach for engineering and digitizing the delivery of services that are critical to improving the business climate. Enabling the Belize Companies & Corporate Affairs Registry (BCCAR) to provide companies and business registration through an online business registry system that allows online name search and access to registered firm data. It allows for online firm and company registration including the fill in application forms online, upload of documents, and pay by bank order or mobile cash transfer (Kyash). Other online services offered by BCCAR include registration for a Tax Identification Number, registration for a trade license, and registration as employer for social security.

**Donor support:**

The donor financed technical assistance to establish the one-stop- system for business registration, digitalizing of the records of the BCCAR.

**Output/Outcome:**

Reduction to 42 days to complete a business process (example: starting a business). Increased perception of efficiency in business process (survey).

*Source: Compete Caribbean (# BL-T1110), CC is a partnership of IDB, UK aid, Caribbean Development Bank and Canada*



### Example 2.10: Streamlining and speeding up of administrative procedures

⇒ Measure 6: Use of ICT/E-Government

**Country:**

Bhutan

**Donor:**

UNCTAD

**Time of reform:**

2021

**Issue:**

Lengthy procedures to obtain business registration.

**Reform measure:**

Establishment of a small business registration portal. The new small business registration portal uses UNCTAD's online single window technology, currently operational in 10 countries. Entrepreneurs can fill in a form on their phones and receive their business documents by email in less than a minute and at no cost.

*'Our approach is to innovate first, regulate later, so as to reduce entry barriers for new businesses, embrace innovation and allow creativity to flourish,'* said Bhutan's minister of economic affairs, Tenzin Lyenpo.

The portal is a big change for the mountain kingdom's entrepreneurs, who previously had to trek across the Himalayas to one of six government offices and wait for five days for registration. For those living in remote valleys, this could involve walking an additional two days in each direction. Online registration is currently available to Bhutan's small or cottage companies, comprising firms valued at under \$14,000. These businesses account for about 95% of the industries in Bhutan.

**Donor support:**

The donor customised and installed its online single window technology for Bhutan, which allows to submit and receive information on business registration via the phone.

**Output/Outcome:**

Online platform to register a business within 1 minute. Bhutan became the fastest place in the world to start a small business when it unveiled its [G2B portal](#).

Sources: <https://unctad.org/news/bhutans-entrepreneurs-can-now-open-business-under-minute>



### Example 2.11: Streamlining and speeding up of administrative procedures

⇒ Measure 6: Use of ICT/E-Government

**Country:**

Kyrgyz Republic

**Donor:**

IFC in partnership with Switzerland

**Time of reform:**

2012

**Issue:**

It is referred to Example 2.4.

**Reform measure:**

In 2012 the government launched a web-based, custom software that was developed using open-source technology. The proverka.kg information management system connects all 679 inspectors from 12 inspectorates.

This was the result of an evolutionary approach to implementation that began in 2007 with the Windows-based software called Contro-Pro, designed to collect inspection outcomes, and generate statistics. Proverka is a web-based, bespoke software specifically developed to implement a shared inspection management system. Proverka supports basic risk assessment of businesses and locations and facilities for inspection planning. The risk level associated with a business entity is automatically calculated based on risk indicators configured in the software, although this functionality is not applicable to all inspection domains. To compile the registry of inspection subjects and objects in Proverka, the inspectorates used their internal data sources on businesses. And while inspectors update data on businesses in the software, there is no data exchange with the business registry or with the entities responsible for business authorisation.

In preparing for an inspection, the inspector can access a business's inspection history using the software, but not the inspection results from other inspectorates (although technical capability for this exists). Inspection minutes are created at the business premises and delivered to the business representative in paper form. While inspectors are supposed to record results in the software in a structured format using inspection checklists, this is not yet applied by all the inspectorates. Nevertheless, it is mandatory for inspectors to record detected nonconformities and indicate actions taken to rectify them.

Proverka has a public portal that allows businesses to access inspection plans and outcomes using a unique business identifier. The portal also enables access to inspection checklists, legal acts, and information for businesses about the requirements.

Access to the system is provided online. Major users of the system are:

- Employees of inspectorates (including inspectors) responsible for preparing, approving, and reporting on business inspections (via special access);
- Employees of the Ministry of Economy responsible for approving inspections and reviewing reports on inspections from the inspectorates (via special access);
- Businesses and other stakeholders (via open access);
- System administrators (full technical access).

**Donor support:**

The donor assisted in the design and establishment of the online inspection system and portal as well as institutional changes in all three phases described below.

**Output/Outcome:**

- Phase 1: The initial steps carried out in 2007-2011 were in the right direction, nonetheless the achievement of the desired results of the reform was lagging. The first stage of reform did not produce the desired results because of absence of in-depth institutional change, insufficient coordinating body powers and oversight, and very limited IT solutions (at the time, the Kyrgyz Republic did not have adequate digital platforms to support meaningful data exchange). In fact, there was little evidence from private sector surveys that the situation improved at all during this period.

- Phase 2: Overall, the 2012-2017 reforms made significant changes that will affect the inspection landscape in the country for decades to come, due to sustainability of institutional reforms, mindset change of controlling agencies, and private sector support. Institutional reform, combined with IT solutions and process changes, created measurable and concrete results on the ground and reduced the burden businesses are facing. As a result of the 2017 amendments to the Inspection Law and by-laws on risk-based inspections: compliance costs for businesses fell by \$5 million, inspections coverage fell significantly from 73% to 45%, the number of inspections per business fell from 2.7 to 1.5, and the average cost per inspection to businesses fell from \$182 to \$2.50, according to the 2016 World Bank survey—a significant difference from the situations in 2009, 2011, and 2013. Institutional reform, implementation support, ICT solutions, and sound delivery of risk-based approaches in inspections was ensured by application of a comprehensive program combining policy and process reforms, ICT-based management, and information tools, surveying the business environment to track reform implementation, and large-scale outreach and training.

Source: International Finance Corporation (IFC) (2021), p. 19. Kyrgyz Republic – Inspection Reform Case Study, *The Reform Process (2006-2019): What can we learn?* Washington, D.C.



### **Example 2.12: Streamlining and speeding up of administrative procedures**

⇒ *Measure 8: Appeal and review*

**Country:**

Jamaica

**Donor:**

World Bank in partnership with the Governments of Canada and Switzerland.

**Time of reform:**

2013-18

**Issue:**

The internal appeals process was established as an alternative to an often time consuming and relatively expensive judicial review process, which effectively restricted small- and medium-sized taxpayers' right to an appeal. However, the internal appeals process as it was originally formulated did not represent an efficient and credible alternative to judicial review by the courts. This was due to several factors, including an increased demand for administrative reviews, limited human and financial resources, and an expansion of the tax administration's mandate. A considerable backlog of cases accumulated and as a result, many appeals took on average more than one year to resolve. Several factors contributed to the length of the review process: (i) a formal hearing had to be convened for every appeal; (ii) the Commissioner of RAD had to chair each hearing; (iii) both the taxpayer and the tax authority had to be present at the hearing; (iv) every appeal had to be determined by issuing a formal decision; (v) case files from the tax authorities were submitted late and in some instances not submitted; and (vi) there were no penalties in place in the event that a party delayed or obstructed the appeals process.

**Reform measure:**

Five main components of the reform program:

- (1) *Drafting a new revenue appeals law and implementing its rules.* Many of the envisioned institutional changes required legislative backing;

- (2) *Implementing institutional and procedural changes.* To make the reform worthwhile, the additional flexibility afforded to the appeals body in the new legislation needed to result in streamlined procedures. This component included an analysis of existing processes and recommendations for improvements. Outputs included detailed process flow charts, simplified forms and new templates, a Memorandum of Understanding between RAD and the tax authorities, a detailed operations manual and staff training on the new operating framework.
- (3) *Automating the process.* The goal of this component was to improve the review process' efficiency by linking the appeals body to the tax authorities, using digitalised files, assisting officers in processing an appeal, sharing file information within the organisation, and producing status reports.
- (4) *Communicating the reform and educating taxpayers on the new appeals framework.*
- (5) *Re-define performance indicators* and release some of the data to the public duration of the appeals process and success rate of appeals.

#### **Donor support:**

The donor provided technical assistance in all five components of the project described above, which includes the design of the new process and software requirements, the drafting of the legal instrument, the change management of the appeal institution, a communication plan for the public, the design of KPIs, and the training of the staff.

#### **Output/Outcome:**

The objective of the reform was to create an appeals process that enabled an average appeal time of six months from the time the case was accepted and 60 days from the date the hearing was concluded, without compromising the quality of the appeals decision.

*Source: World Bank Group (2019b), Annex 5: Case Study – Reforming the Tax Appeals Process in Jamaica.*



### **Example 2.13: Streamlining and speeding up of administrative procedures**

⇒ *Measure 9: Periodic review*

#### **Country:**

Various

#### **Reports:**

Various donors conduct regulatory reviews of developing countries. To name a few examples:

The Investment Policy and Regulatory Reviews of the World Bank present information on the legal and regulatory frameworks governing foreign direct investment and competition that affect businesses and foreign investors, e.g.:

- Brazil 2019, Malaysia 2019, Kazakhstan 2020, Kyrgyz Republic 2020, Uzbekistan 2020, Tajikistan 2020, Turkmenistan 2020

The Reviews of Regulatory Reform of the OECD present an integrated assessment of regulatory reform in framework areas such as the quality of the public sector, competition policy and enforcement, and market openness. They also contain chapters on sectors such as telecommunications, electricity, road and rail freight, and an assessment of the macroeconomic context for reform. The policy recommendations present a balanced plan of action for both short and longer term based on best international regulatory practices, e.g.:

- Brazil 2022, Slovak Republic 2020, Croatia 2019, Argentina 2019, Slovenia 2018, Peru 2016, Chile 2016, Kazakhstan 2014



The Investment Policy Reviews of UNCTAD as well as Reports on the Implementation of Investment Policy Reviews provide developing countries and countries with economies in transition concrete recommendations to improve policies, strategies, and institutions for attracting foreign direct investment (FDI) and deriving greater benefits for sustainable development. The IPR process is country-specific and involves:

1. the review of the policy, regulatory and institutional environment for investment;
2. the identification of strategic investment priorities consistent with the Sustainable Development Goals (SDGs) and in line with the national development objectives; and
3. a set of concrete recommendations.

Follow-up support to foster the integration of the IPR recommendations into the country's reform agenda and their implementation is provided as part of the review process, e.g.:

- Tajikistan 2023, Uzbekistan 2021, Seychelles 2020, Cote d'Ivoire 2020, Angola 2020, Armenia 2019, Chad 2019, Lebanon 2018

Source: World Bank Group; OECD [https://www.oecd-ilibrary.org/governance/oecd-reviews-of-regulatory-reform\\_19900481](https://www.oecd-ilibrary.org/governance/oecd-reviews-of-regulatory-reform_19900481); UNCTAD <https://unctad.org/topic/investment/investment-policy-reviews> and <https://investmentpolicy.unctad.org/investment-policy-review>

### 3. Focal Points and Cross-Border Cooperation



#### *Example 3.1: Focal points and cross-border cooperation*

⇒ *Measure 1: Focal points for assisting investors and potential investors (investment facilitation)*

#### **Countries:**

Ireland, Germany

#### **Time of reform:**

Various

#### **Issue:**

Investment promotion institutions exist on national and sub-national level due to the states' organisation. It is seen as vital for service delivery to coordinate the services provided to investors to improve efficiency and effectiveness.

#### **Coordination mechanisms:**

Ireland and the LEOs. In the case of Ireland, the IPA (Industrial Development Agency-IDA Ireland) has 8 regional offices making it easier to provide facilitation, servicing, and aftercare services at the local level. This is also the case because there are no other IPIs at the local level, which deal with foreign direct investment. Investment support is divided up into three separate types of end clients based on their size or nationality. In this regard, IDA focuses on foreign investors only; Enterprise Ireland focuses on large domestic investors (along with its nine regional offices); and Local Enterprise Offices (LEOs) focus on small and micro businesses and have 31 offices spread across the country.

GTAI and the German States. In the case of Germany, the model is considerably different given the size of the country and the administrative set up of the German Federal system in which all States have their own government and their own IP1.

In Germany, the national IPA (GTAI) acts at the national level as the first point of contact for international investors but after the initial inquiry stage, GTAI sends the leads to all 16 German states, which may or may not decide to provide an offer to the investment lead. GTAI collects all offers sent through by the states and provides these to the investor who will then decide which of the offers they would like to proceed with. Once this decision is made, GTAI sends the investor to the selected state (offer) and then the lead is taken over and serviced by the state.

In Germany, local level IPIs coordinate very closely with the states' IPIs. This is the case for example of Baden Württemberg International (BW-i) who collaborates with 12 local level development agencies through Neither GTAI nor the state IPIs have any protocols which guide the collaboration between national and sub-national IPIs. Instead, German IPIs rely on 'good communication' through periodic meetings. In the case of GTAI, it meets twice a year with the German states, while in the case of German states with local level IPIs, meetings and voluntary proactive collaboration is the norm (for example, the state IPI's often form joint task forces which provide a coordination function on all activities related to international marketing and investor support). Should differences or issues arise between GTAI and any state or states, meetings can be called at any time to resolve.

Source: <https://www.gta1.de/en/invest>; <https://www.idaireland.com/>



### **Example 3.2: Focal points and cross-border cooperation**

⇒ *Measure 1: Focal points for assisting investors and potential investors (investment facilitation)*

**Country:**

Greece

**Time of reform:**

2017-19

**Donor:**

European Commission's Structural Reform Support Service and World Bank.

**Issue:**

In addition to Enterprise Greece, the Greek IPA, many institutions conducted investment promotion activities without sufficient coordination and cooperation. Though Greece had the institutional framework for effective investment promotion and coordination in place, it lacked a common investment policy and investment strategy, the roles of key actors are not implemented or not respected, and coordination and monitoring tools are partly not developed or not applied.

**Reform measure:**

One component of a larger project as was to develop an effective investment promotion coordination framework that included all national institutions with a de lege or de facto role in investment promotion, e.g., the IPA, the Economic Office of the PM, various line-ministries, investment committees, the economic attaches in the embassies, the tourism agency, the business chambers and associations, regional governments, etc.

**Donor support:**

The technical assistance included three steps: first the preparation of an institutional mapping with all investment promotion actors in Greece, second the production of an analytical report with recommendations to improve investment promotion coordination in Greece based on best international practice, and third a detailed operational plan for the implementation of the recommendations provided in the analytical report.

**Output/Outcome:**

A detailed reform map to establish an effective coordination framework for investment promotion under the leadership of the Ministry responsible for investments and the IPA.

Source: World Bank Group and European Union

**Example 3.3: Focal points and cross-border cooperation**

⇒ Measure 1: Focal points for assisting investors and potential investors (investment facilitation)

**Country:**

Antigua and Barbuda

**Time of reform:**

2021

**Donor:**

Investment Climate Reform (ICR)-Facility funded by the European Union (EU), the Organisation of African, Caribbean and Pacific States (OACPS) under the 11th European Development Fund (EDF), together with the German Federal Ministry for Economic Cooperation and Development (BMZ) and the British Council total fund: 22,750m €) for the period of 2019-2025. Projects are implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), British Council (BC), Expertise France (EF), Stichting Nederlandse Ontwikkelingsorganisatie (Netherlands Development Organisation, SNV).

**Issue:**

The Antigua and Barbuda Investment Authority (ABIA) is the government's investment promotion agency for both local and foreign investors. It has asked for support from the ICR Facility to improve its approach to investment promotion with a focus on digital communication tools. The aim is to promote the country as a destination of choice for investors.

**Reform measure:**

Improving the investment promotion material of the IPA, updating the IPA's website with useful content, and providing training to the IPA staff on the preparation of effective investment promotion material.

**Donor support:**

The ICR Facility supported a diagnostic review of ABIA's investment promotion materials, analyzing the status quo and providing recommendations for improvement. In addition, ABIA received hands-on training to develop effective investment promotion material. The intervention combined developing specific outputs with a capacity development approach so to ensure sustainability. At the end, several pieces of new content and templates were jointly developed, such as a sector brochure for investments in tourism, a sector flyer for marine services and the content for a new website. A post implementation review showed that since the end of the intervention, ABIA has developed further investment promotion materials based on the learnings from the intervention.

**Output/Outcome:**

Training to develop effective investment promotion material with sector information and new content for the IPA website.

Source: <https://www.icr-facility.eu/promoting-investments-in-antigua-and-barbuda>



### **Example 3.4: Focal points and cross-border cooperation /Streamlining authorisation procedures/ transparency**

⇒ *Measure 1: Focal points for assisting investors and potential investors (investment facilitation)*

#### **Country:**

Multi-countries, see detailed list under output.

#### **Time of reform:**

2018-2021

#### **Donor:**

UNCTAD and Multi-donor

#### **Problem:**

A regulatory framework for businesses that lacks transparency and is overly complex.

#### **Reform measure:**

The business facilitation and digital government programme has developed a series of web-based digital government systems to help countries improve their investment, trade and business climates through transparency, simplification and the automation of rules and procedures related to enterprise creation and operations.

#### **Donor support:**

The programme helps countries create investment information portals, trade information portals and online single windows. Investment information portals show investors how to register a business and obtain all mandatory licenses step-by-step and with full transparency. Trade information portals show detailed information on import, export and transit procedures and allow countries to comply with article 1, Bali agreement, WTO. These can then be automated through online single windows which allow users to create companies entirely online, with one form, one upload of documents and one payment.

#### **Output/Outcome:**

In 2021, the programme benefitted over 25 countries and territories. The main outputs include:

- (a) Online single windows were launched or expanded with new services in Benin, Bhutan, Cameroon, Cuba, El Salvador, Iraq, Lesotho, and Mal1.
- (b) Investment information portals were launched in Libya, Mexico, and Togo.
- (c) Trade information portals were launched or expanded with new procedures in the Cook Islands, Cuba, Kenya, Kiribati, Nauru, Nigeria, Niue, Rwanda, Samoa, Solomon Islands, the United Republic of Tanzania, Tonga, Tuvalu, Uganda, Vanuatu, and Zanzibar (United Republic of Tanzania).
- (d) Additionally, through a licensing partnership with ITC, trade information portals were launched in Burkina Faso, Burundi, Jordan, Kyrgyzstan, Sri Lanka, and Viet Nam.

#### *Economic and social benefits*

In Benin, company registrations increased 91 per cent from 2020 to 2021. Fee income to the Government rose by the same percentage. One third of business owners were women, one half were under 30 and one half were based outside the capital, reflecting the greater ease with which vulnerable populations can access online systems.

In El Salvador, company registrations increased 13 per cent from 2020 to 2021. SMEs were also able to register through the system for \$600 million in COVID-19 recovery funds. The assessment and disbursement of the assistance was managed separately by the Government. In Bhutan, by the end of 2021, 52 per cent of those applying to register their cottage industries through the online single window launched earlier in the year were women. In

Lesotho, the launch of an online single window for business licenses led to the proportion of women applying for new permits to increase by 31 per cent.

### *Speed*

Benin is now the fastest place in the world to register a business online, cutting the time from five days, five forms, 12 documents and long queues to two hours online. This record received international media attention. Bhutan is the fastest place in the world to register a sole proprietorship (cottage industry) online. The time necessary is under one minute. The portal is a big change for the mountain kingdom's entrepreneurs, who previously had to trek across the Himalayas to one of six government offices and wait for five days for registration.

### *Transparency*

Altogether, UNCTAD information portals document 8,000 procedures, with approximately 3,000 steps, 52,700 forms and requirements, 6,099 norms and laws accessible online and over 8000 civil servants and entities with contact data. In 2021, almost 8 million people visited the information portals worldwide, a 100 per cent increase from 2020. The Libya investment information portal gives step-by-step information on 15 procedures related to business creation and operation. The Mexico investment information portal documents 46 procedures related to business creation and operation. The Togo investment information portal documents 35 procedures.

### *Simplification and harmonisation*

Several countries have eased trade as a result of clarification through the eRegulations/trade portal systems and trade- and investment-related procedures' simplification programmes implemented with respective government agencies.

In Kenya, 50 trade-related procedures are now undergoing simplification (eight more than in 2020). In Libya the number of steps for registering a company went down from 31 to 19 and the requirements from 65 to 30. The total processing time went down from 35 days minimum to 7 days maximum. In Rwanda, 31 trade-related procedures are now undergoing simplification (three more than in 2020). In Togo, 15 investment procedures are under simplification. They will be automated through a new online single window, reducing the administrative burden by at least 70 per cent. In Uganda, 19 new procedures underwent simplification, leading to the elimination of nine more steps and the transformation of 19 steps from physical to online ones. In the United Republic of Tanzania, 17 more steps and 18 more documents were eliminated. In the East African Community countries, the simplification programmes gathered speed and expanded in their scope under the auspices of the national trade facilitation committees.

### *Automation*

The eRegistrations system is an e-government system, designed to set up electronic single windows and computerise simple or complex administrative procedures. In Bhutan, entrepreneurs can fill in a form on their phone and receive their business documents by email, all at no cost. In Cuba 12 new services were developed in the Cuban Electronic Single Window for Foreign Trade. They will be made available to the public in 2022. In El Salvador, 10 new services were launched, allowing national and foreign investors to register and operate for Free Zones and gas trading companies. In Iraq, entrepreneurs can register simultaneously with five mandatory registries and pay online. In Lesotho, online business licensing through eRegistrations was extended to new operations such as renewal, transfer, or modification of a business license. In Mali, the Investment Promotion Agency delivered its first electronic certificates authenticated with QR code.

### *Exchange of good practices and South–South cooperation*

National experts in Benin, Bhutan, Burkina Faso, Cameroon, Cuba, El Salvador, Kenya, Lesotho, Mali, Nigeria, Rwanda, Uganda, and the United Republic of Tanzania have trained civil servants of their countries or provinces on the use of UNCTAD business facilitation tools and methodologies. Experts from El Salvador and Guatemala presented their country's experience and trained officials in the Plurinational State of Bolivia, Cuba, Ecuador, Honduras, Mexico, Nicaragua, Paraguay, Peru, and Uruguay. A delegation from Burundi visited the one-stop shop for business creation in Benin to understand the simplification and automation of procedures through

eRegistrations. Representatives of Lesotho introduced the eRegistrations platform to the one-stop shop for business creation in Namibia.

Source: [https://unctad.org/system/files/official-document/wpd317\\_add1\\_en.pdf](https://unctad.org/system/files/official-document/wpd317_add1_en.pdf), C2 (page 118-122)



### **Example 3.5: Focal points and cross-border cooperation**

⇒ *Measure 1: Focal points for assisting investors and potential investors (investment facilitation)*

#### **Countries:**

Bosnia & Herzegovina, Georgia, Mongolia, Colombia, Ethiopia, Rwanda, Vietnam, Iraq

#### **Donor:**

World Bank

#### **Time of reform:**

2015-

#### **Issue:**

Investor-state disputes that can be prevented by an early problem-solving mechanism to avoid costly and lengthy trials.

#### **Reform measure:**

Establishment of a pre-trial mechanism that is designed to monitor and track potential investor-state grievances in the earliest stage. The tracking tool is a customised technology application, as sophisticated or simple as the reality of the host country permits. The tracking tool is meant to help governments monitor and track investor grievances and the associated amount of investment and number of jobs at risk due to those conflicts. In some countries, a pre-design Excel sheet is being used to track grievances and their potential impact, and in others, like Georgia, a customised, sophisticated software was set up. Such software entails the establishment of a portal that allows affected investors to interact directly with the Office of the Business Ombudsman of Georgia. A key factor determining which type of tracking tool to use depends on the number of agencies and people involved. The smaller is the number, the easier it is to use a simple software, while the higher is the number of officials and agencies involved, the more sophisticated and costly the software will be.

#### **Donor support:**

Each of the eight pilots has four fundamental components of assistance:

- (i) Initial diagnostics: a review of the basic indicators and existing FDI regulatory frameworks as well as of the type of FDI-related grievances.
- (ii) Country-specific customisation of SIRM tools; this component includes four elements: (1) customisation of tracking tools to follow up on grievances and collect data, (2) capacity building of the lead agency to enable to filter and access submitted grievances, (3) customisation of protocols for interagency coordination and problem-solving methods, (4) institutionalisation of high-level political decision making.
- (iii) Validation of the solution package proposal with stakeholders, and
- (iv) Monitoring and evaluation based on previously designed performance indicators.

#### **Output/Outcome:**

The outputs/outcomes were assessed in World Bank (2019c) and depended on the stage in which the various pilots were at that time. Georgia was the only completed project. Four other pilots were advanced and three underway. The findings include: Three FDI projects where the amount of investment effectively retained/expanded has been

properly verified according to the World Bank Group monitoring and evaluation methodology, resulted in US\$ 200 million in investment retained, US\$20 million in reinvestments, and a conservative estimate of US\$ 10 million in public cost savings derived from verified prevention of three ISDS cases. A trend that is evident from the data collected so far is that the number of grievances that are serious enough to place investment at risk (39 in total, counting all the pilots) tends to be significantly lower than the number of minor issues and problems that investors face in their routine operations. Thus, the agencies providing aftercare services will always have a higher operational burden in number of requests, compared with any lead agency in charge of the SIRM.

*Source: World Bank Group (2019c), p. 46.*



### **Example 3.6: Focal points and cross-border cooperation**

⇒ *Measure 2: Promotion of domestic regulatory coherence*

**Country:**

Bangladesh

**Time of reform:**

2006

**Issue:**

The regulatory business environment in Bangladesh remains costly, over-regulated, and poorly administered. In addition, laws and regulations that govern business activities are often out of date, inadequate, inaccessible, and ineffective.

**Reform measure:**

Exploring the rationale for RIA in Bangladesh and recommending an approach for its set up.

**Donor support:**

The donor explored in a report the rationale for RIA in Bangladesh as a partial solution to these challenges. It suggested options and recommendations for a gradual implementation of RIA in Bangladesh. The report concluded that, at the outset, there is a critical need for tools and initiatives - such as RIA - that can reduce regulatory costs and risks in Bangladesh, and recommended a gradual, pilot-driven approach with an emphasis on training and testing at the expense of speediness and comprehensiveness. A cautious approach and realistic expectations are critical safeguards against failure and backlash. The report also recommended that a firm institutional underpinning of the RIA system be established at the centre of government, initially at the Board of Investment, with a continued and systematic involvement of the business sector.

**Output/Outcome:**

Report with recommendations to design a RIA system, piloting the proposed RIA Methodology and establishing the institutional capacities for RIA.

*Source: World Bank Group*





### **Example 3.7: Focal points and cross-border cooperation**

⇒ Measure 2: Promotion of domestic regulatory coherence

**Country:**

Cambodia

**Time of reform:**

2010-14 (RIA Pilot), 2015-2020 (RIA roll out)

**Donor support:**

Asian Development Bank

Project cost: US\$ 1.2m

**Issue:**

While there have been successful reforms in specific sectors, such as the enterprise law, the licensing and permit requirements in doing business in Cambodia are substantial and do impose a significant burden on investors and small and medium-sized enterprises.

**Reform measure:**

The government's planned rollout of RIA to 23 line ministries builds on Council of Minister's (OCM) experience in piloting RIA in 7 line ministries from 2011 to 2014 with technical assistance from ADB. The RIA program aims to assist government improve the quality of regulation making by following a systematic regulatory review process including an assessment of the net benefits of the regulation to the economy. A systematic approach to public consultations on regulations is part of the regulatory review process. The RIA reform was initiated by OCM in 2010 when it established the Office of Regulatory Impact Assessment (ORIA) and piloted RIA in four line ministries with ADB assistance. In January 2014, OCM extended the pilot to seven line ministries. The RIA system being piloted by OCM draws on good international practice. It includes the establishment of the ORIA at the Economic, Social and Cultural Council (ECOSOCC) in OCM, which champions the RIA initiative in government, produces RIA guidelines, monitoring participating ministries' compliance with RIA guidelines, providing training and other capacity development activities to the ministries and takes responsibility for public awareness and education on good practice regulation. Each participating line ministry is responsible for carrying out RIA on a selection of existing or proposed regulations or bills and submits these with the draft regulation to the concerned minister as part of the decision-making process. The main objectives of the RIA system and documentation is to enhance transparency in the regulation making process and promote a more systematic way to assess the impact of regulations and consultations for improved decision making.

**Donor support:**

Technical assistance to support first the pilot regulatory impact assessment (RIA) program and then its national rollout in all its aspects. The set up of a systematic regulatory review process. A systematic approach to public consultations, the drafting of the legal instrument, the training of the participating ministries.

**Output/Outcome:**

Quality of laws and regulations improved. Institutional architecture for reviewing regulatory proposals strengthened. Capacity of staff at the Office of RIA developed. Capacity of staff in line ministries developed. Public outreach developed.

*Source: Asian Development Bank, Cambodia: CREST Project – Regulatory Impact Assessment Subproject, Project No. 38421, and Cambodia: National Rollout of the Regulatory Impact Assessment in Government, Project No. 48298-001*



### **Example 3.8: Focal points and cross-border cooperation**

⇒ *Measure 2: Promotion of domestic regulatory coherence*

**Country:**

Republic of Moldova

**Time of reform:**

2018-2019

**Donor:**

German Federal Ministry for Economic Cooperation and Development (BMZ) and Swiss Agency for Development and Cooperation (SDC) through the project 'Economic Policy Advice to the Moldovan Government' implemented by GIZ.

**Issue:**

Methodology of RIA is not focusing on sustainability aspects.

**Reform measure:**

The new methodology, approved in 2019 is intended to require a more extensive overview of the proposed policies, considering macroeconomic, social, environmental and security aspects, as part of options' analysis. The new template for ex-ante impact analysis was elaborated, imposing the need of detailed analysis of **social and environmental impacts**, in line with the economic effects of the proposed reform/legal draft.

**Donor support:**

Assistance to develop a new methodology towards RIA and ex-post regulatory assessments.

**Output/Outcome:**

Created conditions for more balanced and qualitative law-making process, in line with the principles of social market economy.

Source: <https://cancelaria.gov.md/ro/apc/activitatea-grupului-de-lucru-al-comisiei-de-stat-pentru-reglementarea-activitatii-de>



### **Example 3.9: Focal points and cross-border cooperation**

⇒ *Measure 3: Provision of domestic supplier database*

**Country:**

Czech Republic, Tunisia

**Domestic supplier database:**

Czech Republic: The Czech database is an online for searching Czech suppliers and potential JV partners. The database contains standardised profiles of more than 3,600 Czech manufacturing and ICT companies. The database classifies suppliers into ten key sectors and further sorted into subcategories. Updated data of the number of companies in the database by sector and the number of database accesses by country are provided.

Local companies can register online free of charge. Invest Czech offers to help foreign investors organise visits to selected suppliers and assists during such visits. The service includes formulation of an itinerary of business trips in the Czech Republic, interpreting and transport.

Tunisia: The Agency for the Promotion of Industry and Innovation (APII) maintains the Tunisian Industry Portal (TIP).<sup>81</sup> The API is the central location for investor information on the investment climate regarding the industrial sector in Tunisia. In addition to API, the Foreign Investment Promotion Agency-Tunisia (FIPA) provides investment promotion and facilitation to foreign investors.

The APII provides information on incentives and benefits, establishment of an enterprise, industry information and online services. The information is available in Arabic, French, Italian and English. The online services include two directories of local businesses: one for manufacturers and one for services. The directory for industrial enterprises includes nearly 5,000 local businesses, the services directory has 3,000 businesses. The directories have a search function with drop down lists for sector, activity branches, products, location, foreign participant country, market, share capital and employees. The TIP also includes a list of 1050 Tunisian enterprises with ISO holding certifications with a brief description of their activities and telephone contacts.

Sources: <https://www.czechinvest.org/en/For-Investors/Database-of-Suppliers>; <http://www.tunisieindustrie.nat.tn/en/db1.asp>; OECD (2021).



### **Example 3.10: Focal points and cross-border cooperation**

⇒ *Measure 3: Provision of domestic supplier database*

**Country:**

Republic of Moldova

**Time of reform:**

2021-ongoing

**Donor:**

Co-financed by the German Federal Ministry for Economic Cooperation and Development (BMZ) and the Swiss Agency for Development and Cooperation (SDC) through the project 'Economic Policy Advice to the Moldovan Government' and implemented by GIZ.

**Issue:**

Domestic suppliers' database was not existing.

**Reform measure:**

With project support, the platform businesslink.md was created. The project supported the main national institution responsible for SMEs support – the Organisation for Entrepreneurial Activity to promote the platform among private companies, associations. At backstage of the platform activity, the project is supporting B2B sessions, individual visits and other activities that provide solid foundation for platform development and growth.

**Donor support:**

The Economic Policy Advice project comprises advisory services in four, mutually reinforcing, areas:

<sup>81</sup> Available at: <http://www.tunisieindustrie.nat.tn/en/db1.asp>

**Output 1: Enabling framework** – policy advice for sustainable economic development supports reforms in line with social market economy principles to strengthen competition, enhance social security and facilitate trade. The involvement of private sector expertise and civil society actors in developing reforms as well as the consideration of gender aspects play a central role in this regard.

**Output 2: Investment promotion** – strengthening demand-oriented services for investors supports public service providers in the field of investment promotion to facilitate job creating investments. The services comprise the provision of investment relevant information and support as well as individual after-care for existing investors.

**Output 3: Linkages** – supporting local SMEs in becoming suppliers to foreign investors capacitates regional economic support structures to provide advisory services for local enterprises to integrate them into value chains of international investors.

**Output 4: Disadvantaged groups** – supporting integration into the labour market by capacitating support structures to provide employment services for high poverty risk persons (ethnic minorities, persons with disabilities, current and former prisoners).

Advisory support to the establishment of the database was provided under Output 3 (Linkages).

#### Output/Outcome:

The database is created, and support continues to develop and extend its presence and content.

Sources: [www.businesslink.md](http://www.businesslink.md) and [www.giz.de/en/worldwide/21169.html](http://www.giz.de/en/worldwide/21169.html)



### Example 3.11: Focal points and cross-border cooperation

⇒ Measure 4: Cross-border cooperation

#### Time of reform:

2016

#### Donor:

OECD

#### Measure:

Creation of a forum of national IPAs to exchange information, knowledge, good practices, and new developments as well as providing a networking opportunity for IPAs.

#### Donor support:

The OECD contributes to global thinking and international co-operation on investment promotion and facilitation through comparative analysis and experience sharing. In 2016, the OECD IPA Network was created under the auspices of the OECD Investment Committee to bring together senior investment promotion practitioners and facilitate peer-learning on issues of common interest.

#### The OECD IPA Network:

- Brings together a community of like-minded practitioners to engage in discussions, exchanges and experience sharing.
- Provides a platform for gathering, building and using knowledge and evidence-based analysis on investment promotion and related topics.
- Engages with policy makers and IPAs from regions and countries outside of the OECD area.

The OECD IPA Network has established itself as an important forum for exchange and networking among practitioners from IPAs across the OECD area and beyond. The thematic discussions, which take place during annual

meetings every October, advance collective understanding on issues of joint interest and facilitate exchanges on best practices.

The OECD IPA Network is chaired by Achim Hartig, Managing Director at Germany Trade and Invest, and closely advised by a Steering Group composed of the IPAs from Canada, Costa Rica, Czech Republic, Finland, Germany (chair), Ireland, Luxembourg, Netherlands, and the United Kingdom.

Source: OECD: <https://www.oecd.org/investment/investment-policy/investment-promotion-and-facilitation.htm>



### **Example 3.12: Focal points and cross-border cooperation**

⇒ *Measure 4: Cross-border cooperation*

#### **Country:**

ECOWAS Member States (Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea Bissau, Mali, Niger, Nigeria, Liberia, Senegal, Sierra Leone, Togo)

#### **Donor:**

ICR-Facility.

#### **Time of reform:**

2021

#### **Issue:**

The various business laws and standards increase the costs of cross-border investment and trade.

#### **Reform measure:**

The ICR Facility supports FEWACCI (Federation of West African Chambers of Commerce and Industry) on the promotion of business law harmonisation in ECOWAS Member States.

#### **Donor support:**

The project provides technical assistance to provide guidelines for the harmonisation of business law in the ECOWAS region. It also supports the production and technical validation of a limited number of draft harmonised acts in priority areas as well as the implementation of advocacy and communication strategies. The specificity of the project is the inclusive involvement of the private sector in the process of business law harmonisation in the region.

#### **Output/Outcome:**

A study report on the harmonisation of the business law was developed and shared with FEWACCI. A shortened version of the report was published and is used by FEWACCI to communicate with policymakers on the topic.

Source: <https://www.icr-facility.eu/federation-of-west-african-chambers-of-commerce-and-industry-fewacci-harmonisation-of-business-law-in-western-africa>



### **Example 3.13: Focal points and cross-border cooperation**

⇒ *Measure 4: Cross-border cooperation*

**Time of reform:**

2020-2023

**Donor:**

Japan International Cooperation Agency (JICA)

**Measure:**

Provide Knowledge Co-creation Program on Investment Promotion and Business Environment Reform for high-level government officials at investment promotion agencies or related ministries of developing countries in the format of online/face-to-face training in Japan.

**Donor support:**

This program provides opportunities to strengthen understanding on policies/systems to promote inward FDI (Foreign Direct Investment), business environment reforms and practical investment promotion approaches. Its expected outputs are: (1) Deepening understanding on FDI promotion policies, systems and business environment reforms, including those with/post Covid-19; (2) Deepening understanding on potential investors' view on the participants' countries and practical approaches for FDI promotion; (3) Deepening understanding on linkages between FDI promotion and industrial development through such as supply chains / global value chains (SC/GVC) and supporting industries' development; and (4) Improving investment-related information provisions and creating effective networks toward attracting further FDI to the participants' countries.

The 2023 edition includes a session dedicated for WTO Investment Facilitation for Development Agreement.

*Source: JICA*

## **4. Sustainable Investment**



### **Example 4.1: Sustainable investment**

⇒ *Measure 1: Responsible Business Conduct*

**Country:**

Latin America and the Caribbean; Country-specific activities are planned in Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico, Panama, and Peru.

**Donor:**

The project 'Responsible Business Conduct in Latin America and the Caribbean' (RBCLAC), designed and funded by the European Union, and implemented by the Office of the High Commissioner for Human Rights (OHCHR) - in collaboration with the UN Working Group on Business and Human Rights - together with the International Labour Organisation (ILO) and the Organisation for Economic Co-operation and Development (OECD).

Project cost: EUR 9.5m

**Time of reform:**

2019-2022

**Goal:**

Strengthen corporate responsibility.

**Reform measure:**

The project aims to promote responsible business conduct practices in line with international standards. in Latin America and the Caribbean in line with RBC international standards – the UN Guiding Principles on Business and Human Rights (UNGPS), the OECD Guidelines for Multinational Enterprises and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

**Donor support:**

Activities are implemented by OHCHR regional offices for South America and for Central America as well as OHCHR country offices in Colombia and Mexico, with the support of OHCHR Geneva and the United Nations Working Group on Business and Human Rights around these three components:

**Component I** – supporting the development and/or implementation of RBC-related public policies, in particular **national action plans on business and human rights (NAPs)**, and promoting the strengthening of access to remedy

**Component II** – Enhancing the understanding and capacity of stakeholders (especially business) to implement **human rights due diligence**

**Component III** – Support regional platform of RBC practices – the Regional Forum on Business and Human Rights in LAC

Source: United Nations Human Rights Office of the High Commissioner: <https://www.ohchr.org/en/special-procedures/wg-business/joint-project-responsible-business-conduct-latin-america-and-caribbean>



**Example 4.2: Sustainable investment**

⇒ *Measure 1: Responsible Business Conduct*

**Countries:**

Cambodia, Ghana

**Donor:**

World Economic Forum (WEF)

**Time of reform:**

TBA

**Issue:**

The sustainability of investment was requested to be part of the domestic supplier database (Cambodia) or the incentive regime (Ghana).

**Reform measure:**

The WEF has been piloting sustainable investment facilitation in several countries. These projects have informed development of the WTO agreement and shown that public-private collaboration can both identify and help support implementation of measures needed to facilitate investment for development.

**Donor support:**

In **Cambodia**, the Forum, in collaboration with the Council for the Development of Cambodia, created the first domestic supplier database with sustainability dimensions. This tool allows foreign firms to work with local firms that operate sustainably and helps match environment, society, and governance (ESG) capital to ESG investments.



At the same time, the database incentivises other domestic firms to shift to sustainable operations to attract and qualify for these funds. The country also adopted in late 2021 a new investment law, which includes the use of smart incentives for investments linked to development goals. Supplier databases are part of the new WTO agreement.

In **Ghana**, the Forum, together with the Ghana Investment Promotion Centre, is working with investors to adopt sustainable investment standards. Through tax legislation, Ghana also created a new category of recognised sustainable investor, or investors that make a commitment to follow principles of responsible business conduct and invest sustainably. These investors are then eligible to receive additional support, including shorter timeframes for approvals, a 'green channel' for imports and exports, or 'red carpet' treatment for aftercare. Responsible business conduct and transparency on incentives are part of the new WTO agreement.

#### Output/Outcome:

- Cambodia: establishment of a domestic supplier database with sustainable dimensions.
- Ghana: Introduction of a new category of recognised sustainable investor in the incentive regime.

Source: <https://www.weforum.org/impact/sustainable-investment-agreement/>; <https://sd2.cdc.gov.kh/>



### Example 4.3: Sustainable investment

⇒ *Measure 1: Responsible Business Conduct*

#### EU research support for the negotiation of AfCFTA

The European Union (EU) has been supporting the African Continental Free Trade Area (AfCFTA) since its launch in 2018 by facilitating negotiation fora or providing technical studies upon African Union demand, as well as supporting AfCFTA advocacy via financing the United Nations Economic Commission for Africa (UNECA). The EU, in co-operation with the International Trade Center (ITC), also contributed to establishing the African Trade Observatory, which aims to provide an evidence-based basis for conducting trade in Africa. The EU's supports identifying the potential impacts of international agreements on specific sectors or industries as well as the economy as a whole and informing them of governments concerned. Such an assessment can explicitly consider the quality aspects of FDI, consisting of the four sustainability areas outlined in the OECD FDI Qualities Initiative.

Source: [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_19\\_890](https://ec.europa.eu/commission/presscorner/detail/en/IP_19_890); [https://ec.europa.eu/international-partnerships/system/files/aap-panafricanprogramme-annex8-c20187378-20181031\\_en.pdf](https://ec.europa.eu/international-partnerships/system/files/aap-panafricanprogramme-annex8-c20187378-20181031_en.pdf);

#### Australia's Sustainable Trade and Investment in the Indo-Pacific (STIR) programme

The Australian Department of Foreign Affairs and Trade (DFAT) supports STIR programme implemented by the Global Reporting Initiative (GRI). The STIR programme aims to increase corporate transparency on social and environmental impacts to drive sustainable trade and investment in the Indo-Pacific region. Through this programme GRI supports the capacity of listed companies to disclose their sustainability impacts, and promotes a reporting environment conducive to transparency, by engaging market regulators and stock exchanges in the region.

Source: <https://www.globalreporting.org/public-policy-partnerships/strategic-partners-programs/sustainable-trade-and-investment-in-the-indo-pacific/>

#### Extractive Industries Transparency Initiative (EITI)

The EITI aims to implement a global standard to promote an open and accountable management of oil, gas, and mineral resources. The initiative is supported by a coalition of government, companies, and civil society. In the Netherlands coalitions of businesses, stakeholders and government actors have been formed in several sectors

(e.g., garment and textile, gold, banking, forestry, etc.) to promote sustainable practices. Some initiatives can also have a targeted SDG focus.

Source: <https://eit1.org/About>

#### **Dutch Good Growth Fund (DGGF)'s financial support for the investments in developing countries**

DGGF provides financial support to businesses exporting or investing in developing countries, as well as domestic firms. To access funding from the DGGF, businesses must comply with a range of criteria, including international corporate social responsibility standards, and contributing to the country's sustainable development – 1.e., to local employment, production capacity and/or knowledge transfer.

Source: <https://english.dggf.nl/finance-opportunities/dutch-entrepreneurs-exporting>

#### **EU's supports to facilitate AfCFTA negotiations**

The EU has been supporting the African Continental Free Trade Area (AfCFTA) since its launch in 2018 by facilitating negotiation fora or providing technical studies upon African Union demand. The EU has also been supporting AfCFTA advocacy via financing the United Nations Economic Commission for Africa (UNECA). The EU, in co-operation with the International Trade Center (ITC), also contributed to establishing the African Trade Observatory, which aims to provide an evidence base for conducting trade in Africa. Funding research that informs developing country governments about the potential impacts of international agreements on specific sectors or industries as well as the economy as a whole. Such an assessment can explicitly consider the sustainable development impacts of FD1.

Source: [https://www.eesc.europa.eu/sites/default/files/files/madame\\_synowiec\\_.pdf](https://www.eesc.europa.eu/sites/default/files/files/madame_synowiec_.pdf)

#### **Responsible Supply Chains in Asia programme by EU, ILO, and OECD**

Responsible Supply Chains in Asia programme, funded by the EU and implemented jointly by EU, ILO, and OECD, helps companies improve respect for human and labour rights and environmental standards across global supply chains and create an enabling environment for responsible business conduct. The project is carried out in partnership with six partner economies, including countries that have signed trade and investment agreements including sustainability provisions.

Source: <https://www.ilo.org/asia/projects/rsca/lang-en/index.htm>

#### **Denmark's support for ILO's Better Work Programme**

Denmark is a major supporter of the Better Work programme, a partnership between the ILO and the IFC, which brings together governments, MNEs, local factories and unions and workers to improve working conditions in the garment industry. Based on assessments of factories that act as suppliers to MNEs, as well as training, advisory, advocacy and research, the programme works with 1 700 factories across eight countries: Bangladesh, Cambodia, Ethiopia, Haiti, Indonesia, Jordan, Nicaragua, and Viet Nam. An independent impact assessment showed that Better Work has positively affected working conditions such as abusive practices, weekly pay, contracts and working hours. Such co-operation to improve the working conditions in specific contexts, in partnership with multinational companies and developing country governments can support companies to execute the sustainable employment practices and actions to improve them.

Source:

[https://www.ilo.org/wcmsp5/groups/public/@dgreports/@exrel/documents/publication/wcms\\_726219.pdf](https://www.ilo.org/wcmsp5/groups/public/@dgreports/@exrel/documents/publication/wcms_726219.pdf)

#### **UK's Ethical Training Initiative**

UK supports the Ethical Trading Initiative, an alliance of multinational companies, trade unions and NGOs which seeks to improve the lives of workers producing or growing consumer goods. Member companies commit to following and reporting against a code of conduct which protects workers' rights and integrates ethical trade into their business practices. This initiative is one of 14 responsible business initiatives (RBIs)<sup>1</sup> to help build corporate capability that will improve business practices and generate a positive impact on workers in their supply chains.

Source:

[https://www.ethicaltrade.org/sites/default/files/shared\\_resources/ETI%20Annual%20review%202018\\_19%20spr eads\\_0.pdf](https://www.ethicaltrade.org/sites/default/files/shared_resources/ETI%20Annual%20review%202018_19%20spr eads_0.pdf)

### **Australia's support to integrate gender equality considerations in investment promotion efforts Pacific Trade Invest (PTI)**

Australia develops and promotes businesses and people from the Pacific through trade, investment, tourism, and labour mobility. PTI Australia is an agency of the Pacific Islands Forum Secretariat funded by Australia's Department of Foreign Affairs and Trade. Its mandate is driven by the Pacific Islands Forum Secretariat to support the 16 Pacific Island Forum Countries. PTI works closely with investment promotion agencies to identify and target priority sectors and investors suitable for partner countries. As part of these initiatives, PTI partnered with investment promotion agencies in Fiji and Samoa to develop promotional material to attract potential investors. In its efforts, PTI promotes and focuses on gender equality with the use of webinars and one-on-one meetings and facilitation with gender specialists to further expand knowledge and work on how to empower women led businesses through impact investment.

Source: <https://www.dfat.gov.au/geo/pacific/development-assistance/economic-growth-and-private-sector-development>; <https://pacifictradeinvest.com/>

### **Green Climate Fund (GCF)'s Funding to green venture capital in Rwanda and Kenya**

GCF creates a new investment fund, KawiSafi, to drive off-grid solar power in East Africa and invest in 10-15 clean energy companies, initially in Rwanda and Kenya where 70 to 80% of population live off-grid. The project aims to drive a low-carbon paradigm shift and leapfrog fossil fuel grids to clean energy, using equity capital from GCF to leverage investment, and grant capital to set up a Technical Assistance Facility. Through this fund, each energy company is invested USD 2-10 million who are contributing to the quality of life of low-income population in developing countries. Such project might also be a good way to enlighten the local population toward low-carbon development and build the robust base for future FDI in low-carbon technologies.

Source: <https://www.greenclimate.fund/project/fp005>

### **Redstone Concentrated Solar Project by AfDB and IFC**

The solar power project, developed by the Saudi company, ACWA Power, an investor and operator of power plants and water desalination plants and financed by the African Development Bank (AfDB) and the International Finance Corporation (IFC), aims to balance South Africa's energy mix, which currently consists of more than 80% of coal, and accelerate the transition to renewable energy. The project is expected to create more than 3 500 jobs over its life cycle. The financing conditions required that the project fulfils social development requirements on citizens employed, Black Economic Empowerment, procurement from SMEs, local content, and shareholding by local communities. The Redstone CSP project introduces a novel technology to store solar energy in a molten salt thermal energy storage system, which will enable the power plant to deliver a stable electricity supply to more than 200 000 South African homes during peak demand periods, even well after the sun has set. First introduced and tested in the US, this way of generating and storing energy is particularly prone to the desert environment in South Africa and other African countries.

Source: <https://www.afdb.org/en/news-and-events/press-releases/south-africas-largest-renewable-energy-project-redstone-csp-achieves-first-debt-draw-down-49098>

### **Develop sustainable and inclusive growth-driving industries in Asia (Japan International Cooperation Agency (JICA))**

The strategy on 'Promotion of Investment and Industry in Asia' has been recently prepared and launched to achieve the goals of the JICA Global Agenda for Private Sector Development. The purpose is to develop growth-driving industries in the country through the combined focus on Investment Climate / Industrial Policy, business linkages, and strengthening cooperate competitiveness with the ultimate aim of achieving sustainable and inclusive economic growth. The intent of the strategy is to effectively expand development projects in the region and achieve sustainable and quality economic growth. In the strategy, 'attracting responsible investment that drives growth and reform the foundations for growth' is set as the intermediate target and responsible FDI is considered as interim outcome. JICA has been conducting investment promotion programs in various countries in order to attract sustainable/quality investment.

Source: JICA Global Agenda – Private Sector Development

[https://www.jica.go.jp/Resource/english/our\\_work/thematic\\_issues/private/agenda.html](https://www.jica.go.jp/Resource/english/our_work/thematic_issues/private/agenda.html)

(Detailed documents are forthcoming very soon on the website above)

Sources: OECD - FDI Qualities Guide for Development Co-operation: Strengthening the Role of Development Co-operation for Sustainable Investment, Annex C, 2022; JICA



#### **Example 4.4: Sustainable investment**

⇒ Measure 2: Anti-corruption measures

**Country:**

Indonesia

**Donor:**

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)

**Time of reform:**

2019-2021

**Issue:**

Despite the establishment of the National Corruption Eradication Commission (KPK) in 2003 and an impressive track record, systemic corruption is the most prevalent factor obstructing development. Particularly, the widespread corruption in the forestry sector boosts illegal logging and hampers the sustainable economic activity of land allocation and land utility. The effect also reaches the poor and disadvantaged sections of the population. Women in rural areas are especially affected by corruption in sub-national levels - also because they are particularly dependent on natural resources.

**Reform measure:**

Strengthening of the anti-corruption measures against illegal logging in the forestry sector.

**Donor support:**

The Indonesian-German joint cooperation focuses on the development and testing of innovative prevention measures at the subnational level and in the forestry sector. The approach focuses on three areas:

- Strengthening the Corruption Eradication Commission's Prevention Department, specifically the Corruption Prevention Department to be more efficient, coordinated, and strategic.
- Strengthening the corruption prevention of subnational governments in structurally weak provinces to directly benefit the (local) population.
- Anchoring of selected, proven, innovative measures to prevent corruption in the forestry sector, which consider gender issues, into national recommendations contributing directly to improving corruption prevention at the subnational level and stronger social support.

Source: GIZ, [https://www.giz.de/en/downloads/giz2020\\_en\\_apcc\\_factsheet.pdf](https://www.giz.de/en/downloads/giz2020_en_apcc_factsheet.pdf)

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