

Investment Policies and Promotion for Sustainable Development

Shaping investment policies for sustainable development: the Investment Policy Reviews

WAIPA World Investment Conference 2015

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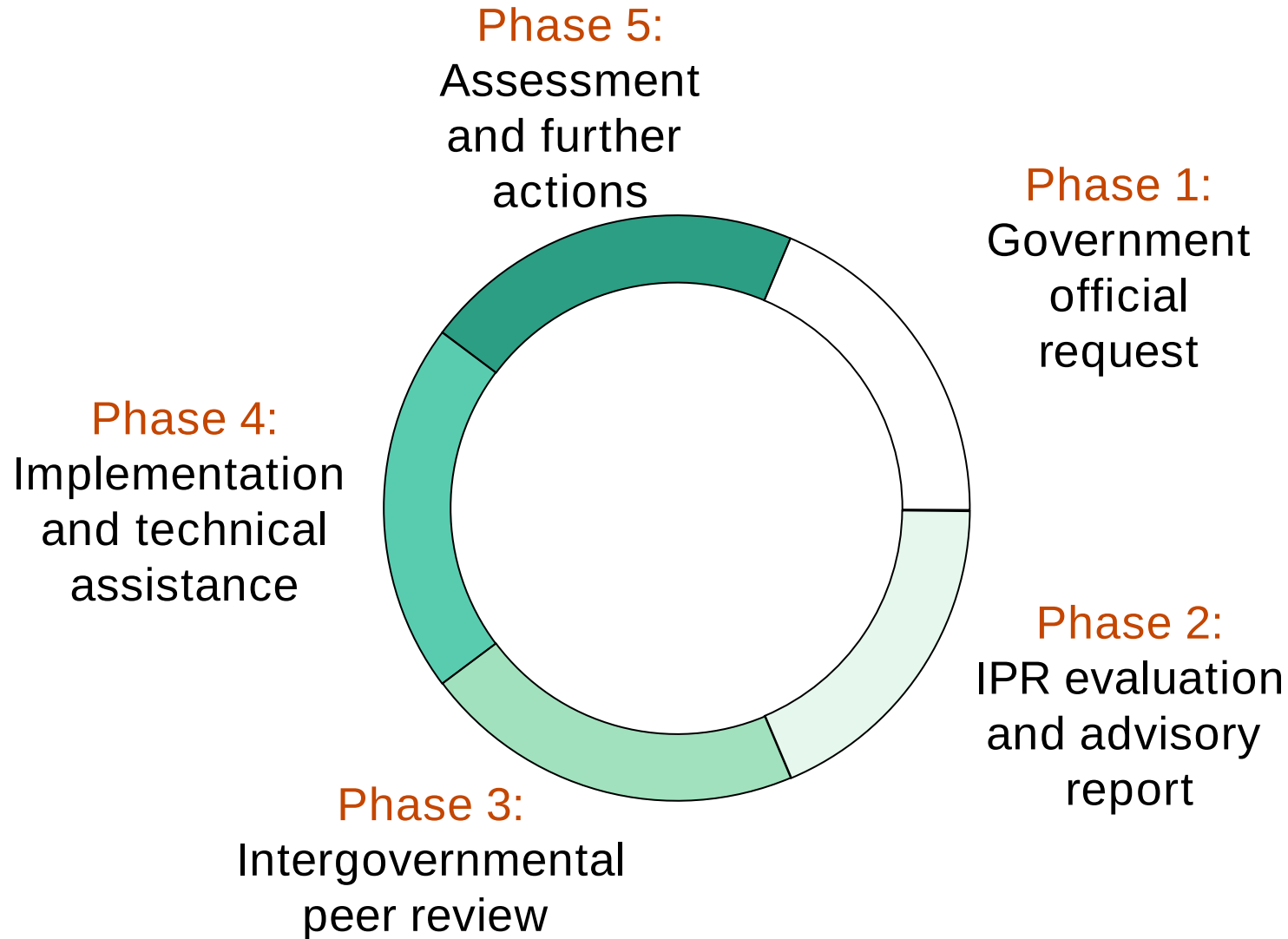
Investment Policy Reviews Section

UNCTAD

Overview

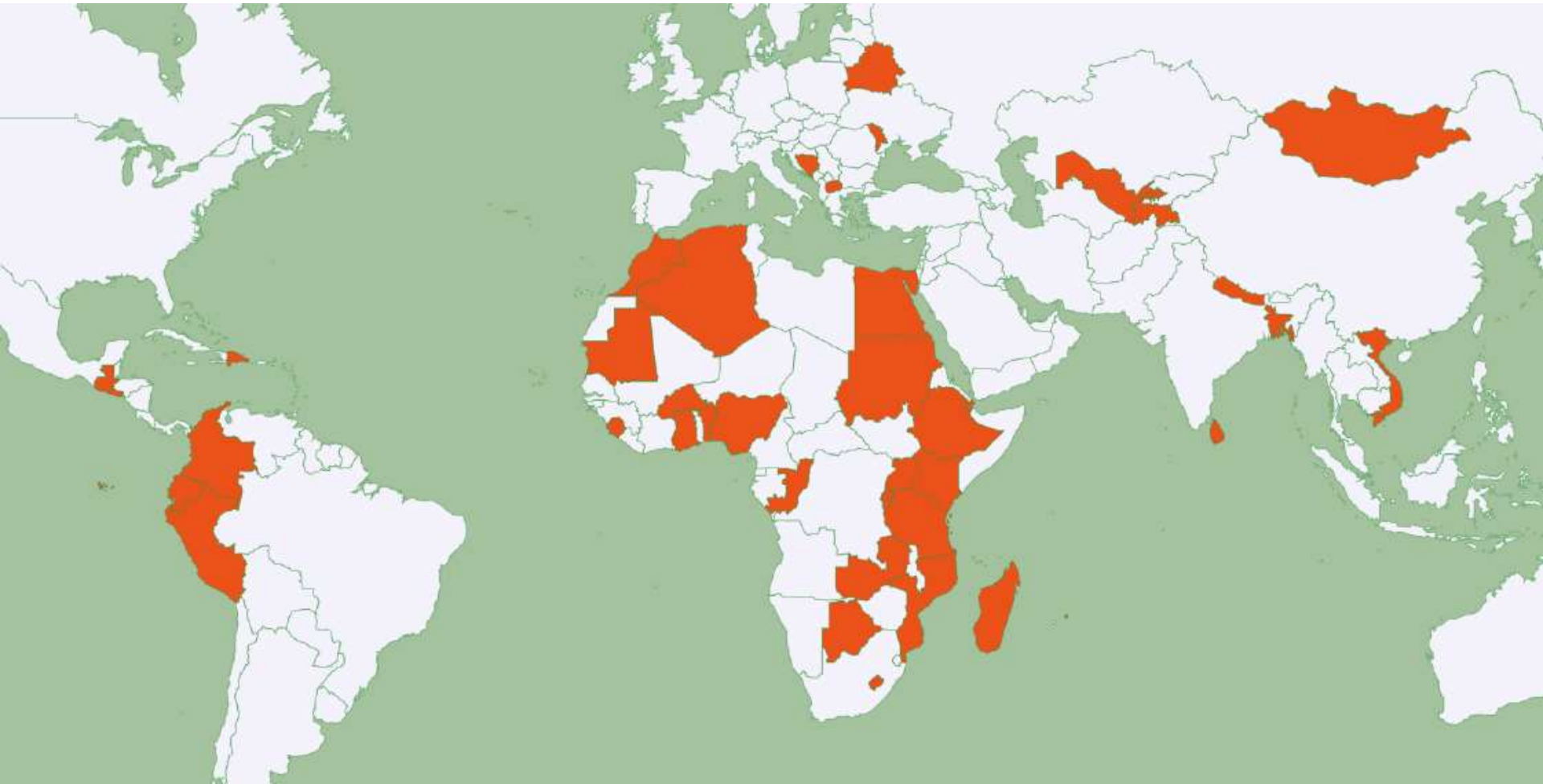
- A. The Investment Policy Review (IPR) process
- B. Achievements and Impact
- C. Some key IPR findings and policy lessons
- D. New and emerging policy challenges

A. The Investment Policy Review process



B. Achievements and impact

40 IPRs completed worldwide, new ones in progress



B. Achievements and impact (continued)

Solid evidence of impact, assessed at three levels

1. Country commitment and endorsement of recommendations
2. Effect on investment inflows
3. Improvement of the investment framework

C. Some key IPR findings and policy lessons

1. FDI can indeed play a major role for sustainable development
2. FDI policies for development evolve
3. A good investment framework is crucial
4. Effective implementation is ever more relevant
5. Infrastructure development remains a formidable challenge
6. Human resources need long term commitment and policy innovation
7. A strong local private sector is key to FDI attraction and benefits
8. Regionalization initiatives are increasingly important
9. Core principles should guide fiscal regimes
10. Effective IPAs are key institutions for FDI attraction and facilitation

C.1. FDI can indeed play a major role for sustainable development

- It brings capital, employment, know-how, technology linkages
- But it is not a panacea for development
- Long-term vision is required

C.2. FDI policies for development evolve

- *LDCs*: Weak infrastructure, small market size, unskilled labour, basic FDI laws
- *Developing countries*: competitiveness obstacles to higher value-addition
- *Middle-income countries*: sharper focus on weak governance and poor implementation of laws
- *Transition economies*: opening up for all investors and removing obstacles to SME development

C.3. A good investment framework is crucial

- It is a precondition for FDI attraction but also for positive FDI impact
- Both FDI-specific and general laws matter

C.4. Effective implementation is ever more relevant

- Significant progress towards better regulation
- But poor implementation is frequent
- Need to prioritize and follow-through

C.5. Infrastructure development remains a formidable challenge

- PPPs useful but no panacea
- Develop laws and institutions in advance
- Do not neglect smaller-scale opportunities

C.6. Human resources need long-term commitment and policy innovation

- Reform and liberalize labour laws
- Adopt work permits and residence systems fostering skills attraction and upgrading
- Invest in education, including through FDI

C.7. A strong local private sector is key to FDI attraction and benefits

- Local business development is complementary and instrumental to FDI attraction
- The benefits from FDI are higher in the presence of a receptive local economy
- Linkages promotion is a useful tool, if based on voluntary participation

C.8. Regionalization initiatives are increasingly relevant

- Regional integration agreements (RIAs) are beginning to evolve into genuine free trade areas
- Regional integration is at the core of aid for trade programmes
- Many MNEs are also integrating strategies regionally

C.9. Core principles should guide fiscal regimes

- Simplicity
- Predictability
- Promotion of development goals

C.10. Effective IPAs are key institutions for FDI attraction and facilitation

- Several IPAs still act as gatekeepers
- Data deficiencies hamper investor tracking efforts
- Human resources and budget are common issues
- Increasing delivery expectations

D. Recent trends and new policy challenges

- New sources of FDI - South South, State-owned enterprises, sovereign wealth funds, impact investors
- Non-equity modes of international production
- New "traditional" issues: e.g. agriculture and land
- Outward FDI promotion
- New sectors, including FDI attraction into "sustainable development"
- An even stronger focus on the development dimension



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