The Investment Facilitation for Development Agreement: What it Means for Developing Countries and SMEs

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This report has been financed by the ICC Sweden-administered CN70 Foundation

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Executive Summary

Investment Facilitation for Development (IFD) emerges as a pivotal approach aimed at fostering transparent, efficient, and investment-friendly environments, particularly in developing countries. The recently concluded WTO IFD Agreement, distinct from traditional investment protection models, focuses on improving transparency, streamlining administrative procedures, and promoting sustainable investment practices. It sets clear benchmarks for investment facilitation, aiming to help bridge the substantial investment gap required for achieving the 2030 Sustainable Development Goals.

The measures provided in the IFD Agreement could help developing countries unlock private investment. Simplified administrative procedures, transparent regulations, and efficient investment processes make these countries more attractive destinations for investors compared to countries with cumbersome bureaucracies and opaque regulations. Preliminary estimates suggest that the IFD agreement could yield global welfare gains ranging from 0.56 to 1.74 %, contingent on the extent of the prospective agreement, with the greatest welfare enhancements anticipated for low and middle-income nations.

The IFD Agreement also holds relevance for SMEs. For those seeking to invest abroad, IFD measures offer critical support in navigating the complexities of internationalization. Enhanced transparency, streamlined processes, and investor support services empower SMEs to invest in foreign markets with greater confidence and efficiency. Moreover, for those SMEs not currently operating internationally, implementing IFD measures create opportunities for them to integrate global value chains given their potential to spur market expansion, facilitate technology transfer, and enhance access to finance.

This document presents a case study supported by qualitative evidence gathered from interviews with governmental and private sector representatives from Brazil and Kenya, along with relevant findings in existing literature providing a comprehensive understanding of the IFD Agreement and its potential impact. The objective is to illustrate how developing countries stand to benefit from participation in the IFD Agreement and to advocate for broader engagement. Currently, the agreement has over 120 participants; however, the absence of several African countries is noticeable.

Qualitative Evidence: What the Investment Facilitation for Development Agreement Means for Developing Countries and SMEs

<u>Brazil as a pioneer in the implementation of investment facilitation agreements: the case of the Angola-Brazil CFIA</u>

- *Brazil stands out as a pioneer in implementing investment facilitation initiatives, notably through its Cooperation and Facilitation Investment Agreement (CFIA). Developed in consultation with the private sector, this model prioritizes cooperation and risk mitigation over traditional protection models. We interviewed government officials overseeing Brazil's Direct Investments Ombudsman (DIO) office, a key feature of the country's model, providing essential support services for investors to foster a favorable investment climate.*
- *The Angola-Brazil CFIA serves as a practical example of how investment facilitation agreements can positively impact the business environment. Our interview with Eduardo Arantes, President of the Angola-Brazil Chamber of Commerce, reveals the agreement appears to have contributed to improvements in Angola's investment environment, though challenges persist, highlighting the need for ongoing cooperation and support.*

What the private sector wants

- *Findings from a survey of investment facilitation measures in Latin America and the Caribbean (LAC): A survey of investors in LAC reveals the significant importance attached to investment facilitation measures. Key findings show high value placed on measures such as advance opportunities for feedback on regulations and the availability of e-government services, among other measures provided in the IFD Agreement. One of the survey's authors emphasized that the findings offer valuable guidance for policymakers implementing the IFD Agreement, and underscored the pressing need for developing countries to strengthen their capacity to implement these measures effectively.*
- *Findings from interviews with private sector representatives in Kenya: We interviewed Richard Fox – Board Member of the Agriculture Sector Network (ASNET) in Kenya – on the country's business climate and the relevance of IFD measures for foreign investors, and Anne Wambui Gaitha – Kenyan small entrepreneur in real estate investing – on the perceived importance of IFD measures for local enterprises. Insights from these private sector representatives shed light on the challenges faced by investors in emerging economies. Kenya's struggle with bureaucratic obstacles and opaque policies underscores the need for a more transparent and predictable investment climate. Stakeholders emphasize the necessity to align Kenya's efforts with broader multilateral frameworks to boost its investment environment and foster sustainable development.*

Overall, the findings underscore the critical role of investment facilitation measures in fostering a conducive business environment for enterprises of all sizes. Participation in initiatives like the IFD Agreement presents opportunities for countries to attract investments, retain existing ones, and support the growth of local SMEs, contributing to sustainable development goals and fostering inclusive economic growth.

1. Introduction: a new WTO agreement on investment facilitation

> *Investment Facilitation for Development (IFD) refers to a set of policies and measures aimed at creating a more transparent, efficient and investment-friendly business climate by making it easier for investors to establish, operate, and expand their investments in host countries, while promoting sustainability.*

In July 2023, over 110 WTO Members concluded negotiations on the text of the Investment Facilitation for Development (IFD) Agreement following three years of intense text-based negotiations.

The initiative was launched at the WTO 11th Ministerial Conference (MC11), in December 2017, when 70 Members, led by the Friends of Investment Facilitation for Development (FIFD), called for "structured discussions" aimed at developing a multilateral framework on investment facilitation for development (IFD). Formal textual negotiations began in September 2020.

Some WTO Members, particularly India, South Africa, and Namibia, have challenged this and other similar initiatives, questioning their consistency with core principles of the WTO's Marrakesh Agreement on consensus. They also argue against negotiating investment matters within the WTO, concerned that such initiative could fragment the multilateral trading system, marginalize critical issues like agriculture and development, and compel Members to engage in discussions that do not align with their economic development levels and priorities.

Their main argument, however, became void when, in October 2023, IFD participants agreed to pursue the plurilateral avenue as the most pragmatic and viable option, which requires consensus for the incorporation of the IFD Agreement into the WTO legal architecture.[1]

At its core, the IFD Agreement aims to attract and retain more and higher quality investment, taking into account the respective development priorities of members. By enhancing transparency, accountability and good governance in investment procedures, the Agreement will also foster a business climate more conducive to sustainable development. Provisions within the consensus text address novel issues within the WTO such as "Responsible Business Conduct" and "Measures Against Corruption".

IFD participants see the IFD Agreement as instrumental in creating an enabling environment for investment to foster economic development, particularly in developing countries. An agreement aimed at facilitating investment within the WTO, covering over two-thirds of its membership, would serve as a significant tool in this sense. A recent study suggests that the IFD agreement could yield global welfare gains between 0.56 and 1.74 %, along with a rise in

[1] Under Annex 4 on Plurilateral Trade Agreements as established in Article X.9 of the WTO Agreement, which was one of the options outlined by India, South Africa and Namibia in their presentation.

world GDP ranging from 0.33 to 1.41 %, contingent on the extent of the prospective agreement, with the greatest welfare enhancements anticipated for low and middle-income nations. Against the backdrop of a challenging global economic landscape, characterized by the persistent aftermath of the pandemic, the conflict in Ukraine, and tightening financial circumstances, an agreement that could unlock private investment is highly anticipated and urgently needed.

This document presents a case study supported by qualitative evidence derived from interviews with governmental and private sector representatives from Brazil and Kenya. By incorporating personal narratives, it offers nuanced insights into the practical implications of investment facilitation measures. These qualitative findings are complemented by an extensive review of existing literature, including relevant studies, reports, and scholarly articles, providing a comprehensive understanding of the IFD Agreement and its potential impact. The objective is to illustrate how developing countries stand to benefit from participation in the IFD Agreement and to advocate for broader engagement.

2. Methodology: a report based on qualitative evidence

In formulating the business case, our methodology relies on a combination of qualitative evidence, literature review and analysis. Qualitative evidence has been collected through interviews with both governmental and private sector representatives in Brazil and Kenya. Incorporating these personal narratives is important to gain a nuanced understanding of the practical implications of investment facilitation measures. Qualitative evidence provides a valuable human perspective, offering insights into the challenges faced by entrepreneurs.

This qualitative information was complemented by an extensive review of existing literature, encompassing relevant studies, reports, and scholarly articles. Additionally, a comprehensive analysis of the available data further strengthens our approach. This triangulation of qualitative evidence, literature review, and data analysis aims to ensure a comprehensive and well-rounded foundation for our business case, striking a balance between qualitative insights and a robust understanding of the existing body of knowledge in the field.

Limitations

While qualitative evidence, such as the insights gathered from interviews, offers a personalized understanding of specific business challenges, it is crucial to acknowledge its inherent limitations when constructing a business case.

Qualitative evidence is subjective and may not be representative of a broader population or market trends. The information obtained through interviews is based on personal experiences and perceptions, introducing the potential for bias and selective memory. Biases may also arise from the interviewers' framing of questions, specific inquiries and guidance (for instance on the IFD Agreement and its potential implications), that could inadvertently shape responses.

Additionally, qualitative evidence lacks the statistical rigor and generalizability of more extensive research methodologies, making it challenging to draw universally applicable conclusions. The reliance on a single individual's account may overlook diverse viewpoints and variations within the target audience or industry. Moreover, gaps in information may emerge when certain aspects of the business or industry are not explicitly probed during the interview. To mitigate these limitations, the qualitative evidence collected in this study could be complemented at a later stage with quantitative data, expert opinions, and a comprehensive analysis of the broader business landscape.

3. Background: relevance of the investment facilitation approach for developing countries and SMEs

3.1. What is the Investment Facilitation for Development?

Investment Facilitation for Development (IFD) encompasses a set of policies, measures, and initiatives designed to create an enabling environment for investment, particularly in developing countries.

It aims to establish a transparent, efficient, and investment-friendly business climate, making it easier for investors to establish and expand their investments, as well as to conduct their day-to-day business in host countries, while promoting sustainability. IFD also encourages cooperation between host and home governments to attract, facilitate, and retain investments in key sectors of the economy, fostering economic development and growth.

The focus of the IFD Agreement is not on liberalization and protection policies; it does not address market access, investment protection, nor Investor-State dispute settlement (ISDS).[2] Government procurement and certain subsidies are also excluded from the scope of the Agreement.

The IFD Agreement aims to:

[2] The IFD Agreement also includes a so-called 'firewall provision', aimed at insulating the Agreement from International Investment Agreements (IIAs) to prevent spillover effects of the IFD Agreement on IIAs and vice versa.

- Improve the transparency and predictability of investment-related measures;
- Streamline and speed up investment administrative procedures and requirements, and promote e-government;
- Facilitate interactions between investors and local administrations through the establishment of focal points and stakeholder consultations, and;
- Encourage sustainable investment by promoting responsible business conduct and the fight against corruption.

The Agreement will apply to foreign direct investment (FDI) in all sectors of the economy, helping promote economic diversification. It will also cover the whole investment lifecycle, including the operation and expansion of investment, with a view to ensuring a long-term positive impact on the host country. A core objective of the framework is to facilitate greater participation by developing and least-developed WTO Members in global investment flows.

The proposed IFD Agreement comprises seven sections:

Proposed Disciplines on IFD
'Draft IFD Agreement'

Preamble

Section I: Scope and General Principles

- Objectives; scope of application; exclusion of market access, investment protection and ISDS; definitions
- 'Firewall' provision (aimed at insulating the Agreement from international investment agreements);
- Most-favoured-nation (MFN) Treatment

Section II: Transparency of Investment Measures

- Publication of measures and relevant information (including online publication)
- Publication of proposed/draft measures and opportunity to comment on proposed measures
- Single information portal
- Notification to the WTO
- Publication of requirements and procedures on the entry/temporary stay of natural persons to conduct investment activities

Section III: Streamlining and Speeding up Administrative Procedures

- General principles for authorization procedures
- Investment authorization procedures: processing of applications; acceptance of authenticated copies; authorization fees; submission of applications online
- Independence of competent authorities
- Appeal or review

Section IV: Focal Points, Domestic Regulatory Coherence and Cross-border Cooperation

- Focal points for assisting investors and persons seeking to invest
- Promoting domestic regulatory coherence
- Domestic supplier databases
- Cross-border cooperation on investment facilitation
- Supplier development programmes

Section V: Special and Differential Treatment for Developing and Least-developed country (LDC) Members

- General principles on SD&T
- Notification of dates for implementation based on categorization of provisions
- Technical assistance and capacity building support

Section VI: Sustainable Investment

- Responsible business conduct (RBC)
- Measures against corruption

Section VII: Institutional arrangements and final provisions

- WTO IFD Committee
- Exceptions
- Dispute settlement
- **Final provisions**

Source: WTO, Investment Facilitation for Development in the WTO, INT/SUB/SERV/379

3.2. Why does Investment Facilitation for Development matter for developing countries?

The significance of IFD for developing countries is underscored by the urgent need to finance the 2030 Sustainable Development Goals (SDGs) and facilitate the low-carbon transition, which require a massive mobilization of investments. Yet, according to UNCTAD estimates, developing countries face a staggering US$ 4 trillion annual investment gap to finance the SDGs by 2030.

At the half-way mark between 2015 and 2030, the gap between the funds needed and the funds available has actually expanded by 60% (in 2015 the gap equalled US$ 2.5 trillion) — exacerbated by the effects of the pandemic coupled with rising inflation, high food and energy prices and debt pressures. This gap is wider than what development aid can bridge and is ten times larger than current total flows of foreign direct investment to developing countries. However, according to the OECD, if investment in global financial assets shifted a mere 1% in support of the SDGs in developing countries this gap could be closed.

Against this backdrop, the measures provided in the IFD Agreement could help developing countries unlock private investment. The IFD Agreement creates clear and consistent global benchmarks for investment facilitation, thus ensuring that (minimum) common standards are applied across economies, reducing regulatory uncertainty, minimizing transaction costs, and making it easier for investors to invest.

By aligning facilitation policies with the global benchmarks, investment facilitation measures can help countries to attract, retain and expand investment, which is key for diversifying and expanding production capacities and exports, promoting economic growth, building-up critical infrastructure and creating more resilient economies.

The focus on investment facilitation comes with the recognition that in today's integrated global economy, expanding investment flows, like trade flows, depends crucially on simplifying, speeding up and coordinating processes, not primarily on liberalizing policies. Simplified administrative procedures, transparent regulations, and efficient investment processes make these countries more attractive destinations for investors compared to countries with cumbersome bureaucracies and opaque regulations.

Notably, a recent study from the German Institute of Development and Sustainability (IDOS) analyzing the economic impacts of a multilateral Agreement on IFD in the WTO shows empirically relevant gains associated with the removal of investment barriers (e.g., publication of information and procedures affecting investment; focal points providing guidance on related legislation, processes, and responsible agencies). According to this study, the expected global welfare gains[3] range between 0.56% and 1.74% depending on the depth of a potential Agreement, with the greatest welfare enhancements anticipated for low and middle-income nations. The study also suggests that the IFD agreement could generate a rise in world GDP ranging from 0.33 to 1.41 %[4]. Hence, broader participation from developing economies in the IFD Agreement is instrumental in realizing these gains and advancing sustainable development goals.

The IFD Agreement, besides setting international benchmarks on investment facilitation, also includes comprehensive special and differential treatment (S&DT) provisions. These provisions, modeled on the ones of the WTO Trade Facilitation Agreement, enable developing and LDC members to implement the IFD Agreement at their own pace. They also stipulate that assistance and support for capacity building should be provided to help developing and LDC members implement it. Needs assessment plays a key role in assisting developing and LDC members in identifying and assessing their technical assistance and capacity building needs and priorities to fully grasp the benefits of the IFD Agreement.

3.3. Why is Investment Facilitation for Development relevant for SMEs?

SMEs seeking to invest abroad frequently encounter various burdensome challenges — including limited access to information regarding investment regulations, procedures and steps necessary to make an investment, language barriers, uncertainty regarding the predictability of regulatory frameworks, and the complexity of administrative processes. These obstacles can significantly impede SMEs, as they often lack the resources to engage expert consultancy services to navigate the intricacies of investing in foreign jurisdictions, unlike larger firms.

In this scenario, an IFD approach offers significant advantages, particularly for SMEs seeking foreign investment opportunities. These benefits include:

[3] The theory the authors of the study developed measures "aggregated welfare". According to the study, well-being (welfare) is measured as equivalent variation, which indicates the value or benefits of a policy for people. This measure shows changes in households' satisfaction driven by the adjustment of their spending after an external shock. They calculate global welfare by adding up all the changes in welfare across different regions compared to a global benchmark of private consumption.

[4] The authors note, however, that this is not their primary measure of policy impact because relative to the reported welfare measures, GDP changes can be problematic, and that the reported welfare impacts are consistent with a rigorous theory of policy evaluation, while GDP changes do not report a theory consistent welfare impact.

Enhanced Transparency: By providing clear and accessible information on investment policies, regulations, and procedures, including through the online publication, enabling SMEs to access and understand investment requirements more easily.

Streamlined Investment Processes: By expediting and simplifying administrative procedures, bureaucratic delays and procedural complexities are reduced, making it easier for SMEs to establish and operate businesses abroad and navigate the investment process more efficiently, reducing the compliance burden.

Investor Support Services: Investment facilitation fosters constructive relationships between investors and relevant authorities throughout the investment lifecycle, facilitating communication and collaboration to address investment-related challenges effectively. This can include the establishment of different investor support services, as well as consultation and/or mediation mechanisms to prevent or resolve investment concerns amicably.

These measures collectively help create a level playing field for business operation and empower SMEs to navigate foreign investment landscapes with greater ease, confidence, and efficiency, facilitating their expansion into new markets and contributing to their overall growth and success.

Implementing an IFD approach also holds relevance for SMEs in developing countries even when they do not currently operate internationally owing to its potential spillover effects. These positive ripple effects include:

Market Expansion: By facilitating trade and investment flows, IFD initiatives create opportunities for local SMEs to partner with foreign investors, access new customers and business opportunities, participate in global value chains, and, consequently, expand their market presence beyond national borders. This, in turn, could help create employment opportunities in the host country.

Innovation and Technology Transfer: Collaborating with foreign investors and multinational firms can expose SMEs to cutting-edge technologies, innovative business models, and modern management techniques, fostering technology transfer and innovation, which enhances their productivity, efficiency, and competitiveness in the global marketplace.

Access to Finance: By streamlining investment processes and reducing bureaucratic hurdles, IFD initiatives can facilitate access to finance by connecting SMEs with potential investors, venture capitalists, and financial institutions.

WTO Members' awareness of the importance of investment facilitation for SMEs is well reflected in the IFD Agreement text, through provisions encouraging Members to establish domestic supplier databases and to review their investment measures to address more effective the specific needs of MSMEs, or to take into account, when preparing major investment measures, the potential impact of those measures on SMEs. Actually, enhancing investment *in* as well as *by* MSMEs is one of the objectives of the future Agreement.

4. Qualitative Evidence: What the Investment Facilitation for Development Agreement Means for Developing Countries and SMEs

4.1. Brazil as a pioneer in the implementation of investment facilitation initiatives

Brazil stands prominently among the main proponents of the IFD Agreement within the WTO. In the past ten years, Brazil has developed and implemented a comprehensive investment facilitation approach domestically. In this context, Brazil – through the Foreign Trade Chamber (CAMEX) – developed a bilateral treaty model called the Cooperation and Facilitation Investment Agreement (CFIA) introduced in 2014.

Since then, the country has actively engaged in bilateral investment facilitation agreements, mainly with African and Latin American partners,[5] demonstrating its commitment to enhancing investment climates both domestically and internationally, through investment facilitation measures.

Brazil's model seeks to facilitate investments as a key element to stimulate capital flow and promote a more dynamic and long-term interaction between the parties. Instead of focusing on investment protection and liberalization, the CFIA –like the IFD Agreement– focuses on facilitation, institutional governance and cooperation, and risk mitigation and dispute prevention.

The CFIA was conceived as an alternative to traditional Bilateral Investment Treaties (BITs)[6] for inward investment, while also serving to safeguard Brazilian investments abroad.[7] It was

[5] The list of countries with which Brazil has signed agreements includes: Angola, Argentina, Chile, Colombia, United Arab Emirates, Ecuador, Ethiopia, Guyana, India, Malawi, Morocco, Mozambique, Mexico, Paraguay, São Tomé and Príncipe, Suriname, and Uruguay.

[6] Brazil has traditionally avoided signing conventional BITs. Despite this stance, the country has sustained its position as one of the largest recipients of foreign capital. For instance, in 2022, Brazil was the 5th country that received the most Foreign Direct Investment (FDI), with 86 billion dollars.

[7] Since the 2000s, Brazil has shifted from being solely an FDI recipient to becoming an exporter of capital, mainly to countries in Africa and Latin America, creating the need to protect Brazilian investments abroad.

crafted to accommodate Brazil's dual role as both a recipient and exporter of capital, with a focus on fostering local sustainable development.

—More importantly, **the model is the result of an extensive consultation by the government with the private sector** to identify those key areas businesses would prioritize in making their investments. The CFIA was jointly developed by the Brazilian government and the private sector, represented by the National Confederation of Industry (CNI) and the Federation of Industries of the State of São Paulo (FIESP). The Brazilian private sector continues to advocate for the signing of more investment facilitation agreements, also with developed countries like the United States and Japan.

Box 1: How the CFIA was jointly developed by the Brazilian government and the private sector

In 2012, CAMEX conferred a formal mandate to a Technical Group for Strategic Studies on Foreign Trade (GTEX) to explore, among other topics, the development of a new investment agreement sensitive to Brazilian needs, limitations, and aspirations on the international stage. Therefore, GTEX initiated the process of consultations with the private sector, represented by the CNI and the FIESP, regarding the main challenges for the internationalization of Brazilian companies based on their recent experience as capital exporters.

The stance of the Brazilian private sector was articulated through a survey concerning investment facilitation. Throughout the consultations, Brazilian investors have voiced their primary concerns and challenges when investing in foreign territories, including: • the mitigation of specific issues; • the difficulty of accessing information in foreign territories; • the need for thematic business agendas; and • the strengthening of institutional dialogue.

Building upon the findings of the survey and additional investigations led by GTEX, three components were incorporated: • the establishment of a focal point to provide guidance and assistance throughout the investment life-cycle; • provisions for risk mitigation and dispute prevention; and • the development of a thematic investment facilitation work program, primarily addressing visa and licensing procedures, among other matters.

A draft for this agreement, addressing the demands of the private sector and positions of Brazilian foreign policy, was ready in 2013, when it was approved by CAMEX for further bilateral negotiations.

—**One of the key features of Brazil 's investment facilitation model is the establishment of a foreign investment "ombudsman" or Focal point in each of the parties**, with a similar purpose of that of the "focal points" provided for in the IFD Agreement. The Ombudsman serves as a facilitator in the relationship between investors and the government of the host country. Its role is to provide an additional means of dialogue and governmental support to enhance the investment environment. The Ombudsman also typically has the responsibility of preventing disputes and facilitating their resolution in coordination with government authorities and in collaboration with private entities, as well as providing information on regulatory matters related to investments in general or specific projects.

The Brazilian Direct Investments Ombudsman (DIO) office, established in 2016, serves as the dedicated entity providing support services for investors. In our endeavor to explore the potential impacts of the IFD agreement, we conducted an insightful interview with key Brazilian government officials directly involved in investment facilitation initiatives. The interviewees are in charge of the *Direct Investments Ombudsman (DIO) office* in Brazil, established within the CAMEX (Chamber of Foreign Trade). Their expertise and firsthand experience offer invaluable insights into Brazil's implementation of this approach, significant within the broader context of the IFD Agreement.

The DIO was first created to offer support to foreign investors from countries with which Brazil had a CFIA in force. Since 2019, the DIO office is open to all foreign investors in Brazil, irrespective of their nationality. The DIO may also receive requests and inquiries from the domestic investors regarding their investments abroad, in particular in those countries with which Brazil has CFIA in force.

One of the interviewees explained that the Brazilian Ombudsman model was inspired by the system adopted by the Korean Office of the Foreign Investment Ombudsman, in place since 1999. It also drew inspiration from the National Contact Points provided for in the OECD Guidelines for Multinational Enterprises.

> *"It is based on its positive national experience that, in February 2018, Brazil proposed at the WTO a set of principles for the debate on the topic of investment facilitation. Among several other points, this proposal included the creation of a national focal point to provide investors with relevant information and the creation of a single electronic window to be an exclusive gateway for the presentation of all documents required by government bodies and agencies regulatory authorities in relation to the admission, establishment and expansion of investments."*

Brazilian government official in charge of investment facilitation policies at the CAMEX.

The second interviewee outlined the two different types of services provided by the DIO office. Firstly, the OID's mandate includes providing guidance and clarifying general doubts about investment-related legislation and administrative procedures. Secondly, the OID is tasked with addressing investor concerns, actively seeking solutions to inquiries on matters related to government agencies that are concretely affecting their investments in Brazil.

> *"The Ombudsman's office works with an extensive network of focal points that includes representatives from federal, state, and municipal public agencies, as well as parastatal entities. This collaborative network is the key to the office's effectiveness in addressing investor doubts and concerns."*

Brazilian government official in charge of investment facilitation policies at the CAMEX.

In 2023, the DIO office implemented a new tool to foster closer relations with investors. Now, investors have the opportunity to schedule meetings directly with the DIO office, facilitating more personalized and direct engagement This initiative signifies a proactive approach by the DIO office to address investor inquiries and concerns promptly.

When discussing the activity of the DIO's office, although the interviewees could not disclose information on particular enterprises or concerns, they explained that the services provided are not limited to SMEs; larger companies also utilize them. The most common topics of consultation include tax, labor, financial, and administrative issues. The utilization of the DIO's services by both SMEs and larger enterprises underscores the importance and relevance of the office in facilitating investment activities in Brazil.

> *"SMEs typically seek guidance and clarification on general matters, while larger companies often engage the office regarding specific concerns with government agencies."*

Brazilian government official in charge of investment facilitation policies at the CAMEX.

By providing guidance and assistance across a range of topics, the DIO plays a pivotal role in supporting businesses of all sizes navigate the complexities of regulatory frameworks and administrative procedures. Additionally, the introduction of the new meeting scheduling tool reflects the office's commitment to enhancing accessibility and responsiveness to investor needs, ultimately contributing to a more conducive investment environment. Both emphasized the DIO office plays a key role in fostering constructive interactions between investors and regulatory authorities, which in turn helps mitigating investment risks, preventing litigation and enhancing investor confidence.

The work of the DIO office is complemented by that of APEX-Brasil – the Brazilian trade and investment promotion agency – which also supports international investors as they analyze the opportunities to establish an enterprise in Brazil, start a partnership with a Brazilian company, or commit capital to Brazil through funds and companies. APEX also provides a team of sectoral experts that investors can contact to answer their questions and help them make a decision. At the sub-federal level, most States also have their own investment promotion agencies.

4.2. Investment facilitation agreements put into practice: the Angola-Brazil CFIA

To grasp the practical implications of an investment facilitation agreement for businesses, we interviewed *Eduardo Arantes*, President of the Angola-Brazil Chamber of Commerce. Our discussion focused on the current business environment in Angola and the implementation of the investment facilitation framework in the country. The Angola-Brazil CFIA, signed in 2015, was the first CFIA to enter into force (in July 2017).

On the current investment climate in Angola, *Eduardo* mentioned that there have been significant improvements since President João Lourenço first took office in 2017, which coincides with the entry into force of the CFIA. According to him, day-to-day business operations in Angola have moderate but manageable obstacles and there is relative transparency in investment-related regulations.

> *"There is still much to be done, but efforts to create a favorable business environment are already visible. For instance, the process for establishing a company, as well as for submitting investment projects to AIPEX, is very streamlined. There are some measures recently taken that help; there are cooperation and investment facilitation agreements, tax and customs benefits, profit repatriation, all of which are now starting to be more clearly defined and are factors of attractiveness."*
>
> *Eduardo Arantes, President of the Angola-Brazil Chamber of Commerce.*

The Agency for Private Investment and Promotion of Exports (AIPEX) is the new promotion agency established in 2018. This new entity is responsible for all aspects of private investment, the promotion of exports and international business partnerships. It also has exclusive responsibility for registering investment proposals, institutional support, as well as receiving, negotiating and approving private investment projects, and monitoring and supervising their implementation. AIPEX is the investor's sole interlocutor at all stages of the investment process, and it supports investors through institutional articulation. When asked about how he would describe the interaction with AIPEX in terms of support and assistance for investments, *Eduardo* defined it as "collaborative".

In February 2024, it was announced that Angola had joined the IFD initiative, a strategic step that will help strengthen current endeavors and gain global visibility. Besides the CFIA, in 2022, Angola and the European Commission concluded negotiations on a Sustainable Investment Facilitation Agreement (SIFA) – the first EU agreement of this kind. Angola is also a party to the 2023 Protocol on Investment to the African Continental Free Trade Area (AfCFTA), which reflects and signals a common African position on various key areas related to investment governance.

4.3. What the private sector wants: Findings from a survey of investment facilitation measures in Latin America

In 2021, the International Trade Centre (ITC) and the German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE), in cooperation with the Inter-American Development Bank (IDB), within the framework of a project on "Investment Facilitation for Development" to support the WTO IFD Agreement, conducted a survey of members of the Americas Business Dialogue (a private sector led initiative facilitated by the IDB) active as foreign investors in Latin America and the Caribbean (LAC) on the importance they attach to a key set of investment facilitation measures and, also, their perception of the need for capacity building in government agencies to effectively deliver these measures. The objective of the report was to inform negotiators at the WTO working on the IFD Agreement.

Box 2: ITC-DIE-IDB survey of investors in Latin America and the Caribbean on investment facilitation measures

Background

The survey queried foreign investors –members of the Americas Business Dialogue– active in the LAC region on the importance they attach to a key set of investment facilitation measures. It is based on 67 anonymous responses. The survey covered key investment facilitation measures that were being discussed in the framework of the WTO IFD negotiations, as well as a small number of selected additional measures that were not part of the discussions at the WTO. The survey focused on investment facilitation measures that host countries can implement, although attention was also given to some investment facilitation measures implemented by home countries.

In the main part of the survey, respondents ranked the importance of measures on a scale of 1 ("unimportant"); 2 ("somewhat important"); 3 ("important"); 4 ("very important"). Respondents were also given a fifth option "choose not to answer/not applicable"

The measures were grouped into the following seven topic areas: information and transparency; investment promotion agency; streamlining administrative procedures; stakeholder-government consultations; e-investment and online services; one-stop-shop services; outward FDI support services (by home countries).

Findings

Overall, the survey findings underscore the significant value investors place on all investment facilitation measures assessed. Each measure listed in the survey was considered as "very important" or "important" by at least 60% of respondents. Given that the IFD Agreement covers several of these measures, the survey also serves to showcase the relevance of such agreement. The following table summarizes the findings for each measure listed:

Topic / Measure	**% enterprises considering the measure "very important" or "important"**	**Included in IFD Agreement (Y/N)**
information and transparency		
publication of relevant laws and regulations affecting FDI	*94%*	Y
publication of timeframes and feed of relevant investor application processes	*94%*	Y
investment promotion agency		

availability of a government focal point to provide information and address enquiries related to an investment project	96%	Y
list of support measures/incentives offered to inward investors	93%	Y
"red carpet" services for investments having a significant positive sustainable development impact	89%	N
support with your recruiting or training needs	61%	N
availability of a supplier database to increase opportunities for local sourcing	75%	Y
availability of supplier development programs to support local suppliers to upgrade to meet standards of international investors	78%	Y
streamlining administrative procedures		
accepting copies of documents instead of originals necessary for applications	76%	Y
"silent yes" for administrative procedures --meaning that, if no response is received till the stated deadline, the investor's application is automatically approved, unless otherwise notified	89%	N
availability of an ombudsperson-type mechanism to handle investment grievances	85%	Y
fast-track approvals for reinvestments	95%	N
possibility to have a review of administrative decisions	93%	Y
stakeholder-government consultations		
regular government-investor-roundtables to discuss relevant issues	86%	N
advance opportunity to comment on proposed changes in laws and regulations	98%	Y
availability of a CSR coordinator in IPAs to facilitate investor relations with local communities and stakeholders	85%	N
acceptance of international standards for responsible business conduct and/or guidelines for CSR	93%	Y
e-investment and online services		

availability of e-government services to submit necessary applications for e.g. online submission of applications, use of electronic forms, documents, payment of fees and charges	98%	Y
ability to track status of applications online	98%	N
<u>one-stop-shop services</u>		
availability of single window/one-stop-shop service to file all relevant applications simultaneously	96%	Y
provision of multiple entry visas for investors or other visa and work permit support services	96%	N
<u>outward FDI support services</u>		
transparency of support measures for outward investors, e.g., through online portals in home countries	92%	N
publication of information on requirements and procedures for outward investment, if any by home country	90%	N

Host country measures that indirectly contribute to development

Among the measures that indirectly contribute to development (i.e., those that help to increase the volume of FDI, which, in turn, contributes to development), those related to • advance opportunity to comment on proposed changes in laws and regulations; • availability of e-government services; and • ability to track status of applications online are considered the most valuable ones — each considered important by 98% of respondents. The latter is not covered by the IFD Agreement.

Other measures addressed by the IFD Agreement deemed as important by over 90% of respondents include: • availability of single window/one-stop-shop service to file all relevant applications simultaneously; • availability of a government focal point to provide information and address enquiries related to an investment project; • publication of relevant laws and regulations affecting FDI; • publication of timeframes and feed of relevant investor application processes; • list of support measures/incentives offered to inward investors; • possibility to have a review of administrative decisions.

There are a number of indirect measures that were covered in this survey and that are of high importance to investors, but that do not yet seem to be included in the consensus text of the IFD negotiations: • the ability to track the status of applications online; • the provision *of multiple entry visas for investors or other visa and work permit support services; • fast-track approval for reinvestments; • "silent yes" for administrative procedures; • regular government-investor roundtables to discuss relevant issues; • support with recruiting or training needs.*

Regarding the availability of an ombudsperson-type mechanism to handle investment grievances, the consensus text of the IFD Agreement merely recognizes that Parties may assign additional functions to the focal points, such as assisting in resolving problems of investors that may arise regarding measures covered by this Agreement.

Host country measures that directly contribute to development

The survey also showed that there is broad support for measures that directly increase the development contribution of FDI (e.g., by strengthening the domestic enterprise sector). Among these direct measures, the following are considered as most important: • acceptance of international standards for responsible business conduct; • "red carpet" service for investments to have a significant positive sustainable development impact; and • availability of a CSR coordinator in Investment Promotion Agencies (IPAs) to facilitate investor relations with local communities and stakeholders — each considered important by more than 85% of respondents. Except for the first, these measures are not covered by the IFD Agreement.

Another kind of direct measure that is of importance to investors relates to the ability to connect to local suppliers: • availability of a supplier database to increase opportunities for local sourcing; and • availability of supplier development programmes to support local suppliers to upgrade to meet standards of international investors. The IFD Agreement encourages Parties to adopt these two kinds of measures.

The value investors attach to certain measures depends on the firm size, sector and headquarters location

The survey yielded notable differences in the value investors attach to certain measures when disaggregated according to firm size, sector and headquarters location.

• Larger firms see such regulatory measures as the opportunity to review and comment on draft laws as "very important" (Advance opportunity to comment on proposed changes in laws and regulations; Possibility to have a review of administrative decisions; & 'Red-carpet' service for investments having a significant positive sustainable development impact), whereas smaller firms mainly favor information and operational support measures (List of

support measures/incentives offered to inward investors; Support with recruiting or training needs; Availability of one-stop-shop service to file all relevant applications simultaneously).

- *Investment facilitation is relatively more important in the services and manufacturing sectors than in extractive industries. This is likely because companies in extractive industries must invest where resources are situated and may lack flexibility to choose locations based on better investment facilitation frameworks. These firms also often count with substantial in-house capabilities. Conversely, for manufacturing and service firms, investment facilitation might hold greater significance as it directly affects the location attractiveness, potentially influencing investment decisions.*

- *Investors from developed economies see measures related to the topics of stakeholder engagement and sustainability as "very important" ("Red-carpet" service for investments having a significant positive sustainable development impact; Regular government-investor roundtables to discuss relevant issues; & Acceptance of international standards for responsible business conduct and/or guidelines for CSR), whereas investors from developing economies mainly favor information and operational support measures (Publication of relevant laws and regulations affecting FDI; Publication of timeframes and fees of relevant investor application processes; & Support with recruiting or training needs).*

—We interviewed one of the researchers who conducted the survey, who is also a consultant for the Integration and Trade Sector of the IDB. From his perspective, the survey yielded crucial insights that are not only useful for investment facilitation discussions at the WTO – that have now concluded – but could also significantly contribute to orient countries efforts in implementing the IFD Agreement, as well as other international investment negotiations focusing on investment facilitation.

> *"In many cases, the IFD Agreement imposes minimum standards, a floor upon which countries will build their investment facilitation frameworks. The types of measures identified in the survey serve as a parameter for policymakers on what to prioritize and in which direction to orient these frameworks. It also offers guidance on other measures that, although not included in the Agreement, are of great relevance for investors and that can also have positive spillovers in the host country. For instance, providing 'red carpet' services for investments with significant sustainable development impact and appointing a coordinator to facilitate investor interactions with local communities and stakeholders."*

Survey author, IDB consultant.

He explained that the LAC region serves as a pivotal case study to shed light on investor preferences and trends more generally given that this region is composed of a diverse array of host countries, representing various income levels, and comprising economies with varying degrees of openness. Additionally, the LAC region attracts substantial FDI inflows from a diverse range of home countries, both within and outside the region. Yet, while insights from the survey may shed light on investor perspectives regarding investment facilitation across LAC, he acknowledges the survey's limitations, including the relatively limited number of responses and the fact that respondents may not fully represent investors worldwide. Despite this, he noted:

> *"Unexpectedly, more than half of the respondents were enterprises headquartered in Central and South America and, although this overrepresentation might suggest a certain bias, the finding is all the more interesting from a development perspective, because we are looking at the preferences of firms from developing countries investing in similar economies."*

Survey author, IDB consultant.

He further mentioned that the survey also underscores the crucial role investment facilitation plays for smaller enterprises, with many companies boasting annual turnovers of less than USD 50 million actively engaging in the survey.

Lastly, the interviewee noted that the survey findings also indicate a correlation between the investors' perceptions on the importance of investment facilitation measures and the corresponding need for technical assistance and capacity building. He emphasized:

> *"The findings indicate a pressing need for developing countries to bolster their capacity to effectively implement investment facilitation measures and fully capitalize on the potential benefits of the IFD Agreement. The fact that the Agreement particularly addresses technical assistance and capacity building for developing and least-developed WTO Members is definitely a first step in the right direction."*

Survey author, IDB consultant.

—As an added point, in a 2016 survey conducted by APEX-Brasil – the Brazilian trade and investment promotion agency – CEOs and directors of 141 Brazilian companies investing abroad were queried about the challenges they either encountered or anticipated in the five most prioritized countries for investment over the next three years (United States, Colombia, Mexico, Argentina, and United Arab Emirates). "Understanding the legislation and procedures of the target country" emerged as one of the most frequently cited barriers,[8] ranking among the top three in all five countries. Other commonly mentioned obstacles included "Prospecting partners abroad", "Developing an international organizational structure", and "Selecting an entry mode into the target country".

The survey also assessed the degree of difficulty in planning and executing expansion in the prioritized countries. Respondents indicated encountering varying levels of difficulty in tasks such as tax analysis (77.3%), finding partners for alliances (75.89%), hiring people (70.22%), market analysis (69.5%), local installation and the process of opening a legal entity (63.13%), and selecting local service providers (51.78%), among others.

These challenges underscore the potential benefits of an investment facilitation agreement, which could help alleviate or eliminate many of the obstacles faced by companies expanding internationally.

4.4. What the private sector wants: Findings from interviews with private sector representatives in Kenya

Apart from the insights gathered from surveys focusing on Latin America, we aimed to engage with the private sector in African countries conspicuously absent from participation in the IFD Agreement. Intrigue arises particularly considering the AfCFTA 2023 Protocol on Investment addressing investment facilitation measures.

Our outreach allowed us to connect with two types of private sector representatives in Kenya: one from a large firm in the horticulture sector and, the other, a small entrepreneur in real estate investing. Like many other African nations, Kenya is not a participant in the IFD Agreement, seemingly missing out on the chance to bolster existing initiatives and garner greater global visibility.

—*Richard Fox* is the Sustainability Director for Flamingo Horticulture Kenya Ltd., with a well-established supply chain in the country, and Board Member of the Agriculture Sector Network (ASNET) – the umbrella body of the agriculture sector in Kenya and as well the Agriculture Sector Board for KEPSA (Kenya Private Sector Alliance). Our interview with him

[8] Among the potential barriers, the respondents could choose one or more of the following options: Prospecting partners abroad; Developing international organizational structure; Understanding the legislation and procedures of the target country; Choosing a form of entry into the target country; Managing issues of double taxation; Accessing instruments to finance international operations; Risk management; Managing financial and accounting issues; Managing human resources; Establishing transfer pricing registration processes; Obtaining market information or selecting the target country.

focused on the business climate in Kenya and the relevance of investment facilitation measures for foreign investors.

Based on the insights gathered from the interview with Richard several key points emerged regarding Kenya's business climate and the relevance of investment facilitation measures. To begin, Richard expressed puzzlement over Kenya's absence from the WTO IFD Agreement, highlighting the country's current challenges in encouraging investment. He noted that Kenya is facing difficulties in, not only attracting, but also retaining existing investors and fostering an environment conducive to expansion and job creation.

Richard emphasized investor's need for transparency and predictability and underscored the critical importance of investment facilitation measures given Kenya's volatile investment environment. While acknowledging Kenya's efforts to enhance these conditions, Richard noted that investors continue to encounter challenges, including bureaucratic obstacles and opaque policies.

> *"There could be a lot more transparency for investors regarding what they can expect, particularly concerning work permits and local employment… Obtaining work permits can be a problem due to the lack of predictability. While it's understandable that the government prioritizes local employment, there is no transparency on the matter. Transparent local employment requirements would be better than no guidelines at all, and would give companies more predictability in terms of what to expect when investing in Kenya. There should also be some type of understanding from the government of the fact that companies need experienced staff, familiar with the firm's operations, particularly in the initial years of the investment, until local employees are adequately trained and skilled."*
>
> *Richard Fox, Sustainability Director for Flamingo Horticulture Kenya Ltd. and ASNET Board Member.*

He also mentioned as problematic the lack of transparency and apparent inconsistency in government expenditure and certain investment policies, noting the preferential treatment afforded to Chinese investments. He continuously underscored the importance of retaining investments, advocating for a level playing field for existing investors.

> *"The perception sometimes is that the efforts are not in retaining existing investors, and allowing them to expand and create more jobs. Take for instance the VAT refund policy for exporting companies: we pay upfront with no clear repayment transparency, sometimes waiting up to 3 years. I understand the current debt burden the government*

faces, but if there was more transparency and predictability we could actually plan our business much better to reinvest in Kenya. Now, there are tax exemption incentives for new EPZ enterprises, so existing investors face an uneven playing field."

Richard Fox, Sustainability Director for Flamingo Horticulture Kenya Ltd. and ASNET Board Member.

Finally, Richard stressed the importance for Kenya to align its current efforts to address internal challenges and foster a conducive investment climate with broader regional and multilateral frameworks like the AfCFTA and the WTO. He also sees value in the measures proposed by the IFD Agreement for local companies, highlighting the importance of supplier development programs aimed at enhancing local suppliers' capabilities to meet international standards and integrate into global value chains.

—*Anne Wambui Gaitha* is a Kenyan small entrepreneur in the real estate investing sector. Our interview with her focused on the perceived importance of investment facilitation measures for local enterprises.

She began by outlining the operations of her company, Regal Africa Group, highlighting its focus on attracting investment in African real estate and offering a professional approach to fund management. Established in 2015, her company was initially dedicated to trade and investments, with real estate emerging as its central focus in the past year. Their activities span residential and commercial real estate, with a small team of four members managing operations and acting as agents for the company.

Regarding the investment climate in Kenya, Anne highlighted a lack of widely shared information and transparency, particularly affecting foreign investors. She also mentioned recent policy changes under the new administration, such as tax increases, which contributed to uncertainty and affected both foreign and local investment.

"In this context, the chance to anticipate regulatory changes and offer feedback beforehand, I believe, would foster a more investor-friendly environment."

Anne Wambui Gaitha, Kenyan small entrepreneur.

Anne discussed the importance of enhancing investment facilitation measures in Kenya, stressing the significance of transparency, readily available information, and streamlined administrative processes. She noted initiatives like KenInvest, the investment promotion agency in Kenya that works as a one-stop-shop, but underscored her perception that preferential treatment is often given to foreign investors, suggesting a need for more equitable policies.

"If implemented, the kinds of measures the IFD Agreement proposes could also benefit local enterprises."

Anne Wambui Gaitha, Kenyan small entrepreneur.

Anne particularly emphasized the relevance of establishing databases for local sourcing and implementing supplier development programs. Currently, while some chambers of commerce provide these services, there are associated costs that may be burdensome for many small entrepreneurs.

—In conclusion, the interviews with Richard and Anne underscore the relevance of investment facilitation measures for enterprises of all sizes. Participation in initiatives promoting investment facilitation could be crucial not only for attracting investments but also for retaining existing investments and supporting the development of local SMEs. Therefore, it becomes imperative for more African countries to engage in such initiatives actively. By joining agreements like the IFD Agreement that enhance visibility and cooperation, these nations can amplify their efforts towards creating a more investor-friendly landscape, unlocking new avenues for sustainable development.

5. Conclusion: potential beneficial impacts of an investment facilitation approach

The IFD Agreement holds significant potential for promoting sustainable economic development, particularly for developing countries and SMEs. Insights garnered from interviews with private sector representatives in Brazil and Kenya, as well as the ITC-DIE-IDB LAC survey, underscore the diverse advantages of embracing investment facilitation measures. Some of the potential benefits of the IFD Agreement are exemplified below.

- Creating a Conducive Investment Environment

Overall, the IFD Agreement aims to create a conducive investment environment that attracts investments, supports economic growth, and fosters inclusive development. By embracing investment facilitation measures, nations can unlock new avenues for sustainable development and economic prosperity.

The Angola-Brazil CFIA serves as a practical example of successful bilateral investment facilitation efforts, signaling tangible improvements in the host country. *Eduardo Arantes*, President of the Angola-Brazil Chamber of Commerce, highlighted improvements in Angola's business environment coinciding with the CFIA entry into force, stating, "*There is still much to be done, but efforts to create a favorable business environment are already visible*. [...] *There are some measures recently taken that help*; [...] *and are factors of attractiveness*."

In the case of Kenya, *Richard Fox*, Sustainability Director for Flamingo Horticulture Kenya Ltd. and Board Member of ASNET, stressed the importance for the country to align its current efforts to address internal challenges and foster a conducive investment climate with broader regional and multilateral frameworks like the AfCFTA and the WTO. He noted that Kenya is facing difficulties in, not only attracting, but also retaining existing investors and fostering an environment conducive to expansion and job creation and that participation in initiatives promoting investment facilitation could be crucial not only for attracting investments but also for retaining existing investments.

- Enhanced Transparency, Predictability and Streamlined Administrative Procedures

The IFD Agreement promotes transparency in investment-related regulations which helps provide investors with clear expectations and reduces uncertainty. Regarding the investment climate in Kenya, for example, *Anne Wambui Gaitha*, a Kenyan entrepreneur, highlighted a lack of widely shared information and transparency, particularly affecting foreign investors. *Richard Fox*, in turn, underscored investor's need for transparency and predictability and the importance of investment facilitation measures given Kenya's volatile investment environment, stating "*Transparent [...] requirements would be better than no guidelines at all, and would give companies more predictability in terms of what to expect when investing in Kenya*."

In the *ITC-DIE-IDB survey*, the publication of relevant laws and regulations affecting FDI and the publication of timeframes and feed of relevant investor application processes, among other measures addressed by the IFD Agreement, were deemed as important by 94% of respondents.

- Stakeholder Engagement and Consultations

An investment facilitation approach encourages meaningful stakeholder-government relations, fostering trust and collaboration between investors and host countries. *Anne Wambui Gaitha*, reflecting on the investment climate in Kenya, highlighted the impact of recent policy changes, such as tax increases, which introduced uncertainty for both foreign and local investment. She emphasized, *"In this context, the chance to anticipate regulatory changes and offer feedback beforehand, I believe, would foster a more investor-friendly environment."*

In the *ITC-DIE-IDB survey*, the advance opportunity to comment on proposed changes in laws and regulations as well as the availability of a government focal point to provide information and address enquiries related to an investment project – both addressed by the IFD Agreement – were deemed as important by 98% and 96% of respondents, respectively. The establishment of the DIO office in Brazil exemplifies the relevance of these focal points in enhancing the investment environment and addressing investor concerns promptly.

- Promotion of Local Enterprise Development and Fostering Sustainable Investment

The agreement encourages the integration of local enterprises into global value chains by encouraging local supplier databases and supplier development programs. According to the Kenyan entrepreneur *Anne Wambui Gaitha*, "*If implemented, the kinds of measures the IFD Agreement proposes could also benefit local enterprises.*" Richard Fox also sees value in the measures proposed by the IFD Agreement for local companies, highlighting the importance of supplier development programs aimed at enhancing local suppliers' capabilities to meet international standards and integrate into global value chains.

The IFD Agreement also promotes responsible business conduct and sustainable investment practices, contributing to long-term economic and environmental sustainability. According to the *ITC-DIE-IDB survey*, investors from developed economies see measures related to the topics of stakeholder engagement and sustainability as "very important".

- Capacity Building and Technical Assistance

Recognizing the importance of capacity building, the IFD Agreement supports developing countries in implementing effective investment facilitation measures. One *ITC-DIE-IDB survey author* highlights the importance of this, stating, "*The findings indicate a pressing need for developing countries to bolster their capacity to effectively implement investment facilitation measures and fully capitalize on the potential benefits of the IFD Agreement.*" Moreover, the survey reveals a correlation between the importance investors attach to these measures and the corresponding need for capacity building and technical assistance within government agencies, highlighting the need to prioritize and orient investment facilitation efforts effectively.

Unlocking Potential: Embracing Investment Facilitation Measures

Insights from interviews, surveys, and pioneering efforts, show that the journey towards enhancing investment environments in host countries is multifaceted and requires concerted efforts from governments, private sector entities, and international organizations. By participating in initiatives like the IFD Agreement, nations can amplify their efforts towards creating a more investor-friendly landscape, unlocking new avenues for sustainable development and economic growth.

The agreement's focus on transparency, streamlined administrative procedures, stakeholder engagement, and capacity building offers a pathway towards creating a more investor-friendly environment. From enhancing regulatory frameworks to fostering long-term economic cooperation, embracing investment facilitation measures aligns with the aspirations of developing countries and SMEs for inclusive growth and prosperity.

Moreover, from a more systemic standpoint, as the first WTO Joint Statement Initiative concluded as a plurilateral agreement, its adoption by more WTO Members and its formal incorporation into the WTO legal architecture hold promise for catalyzing negotiations on other JSIs, such as the one centered on E-commerce.