INVESTMENT POLICY REVIEWS LEVERAGING INVESTMENT POLICIES FOR DEVELOPMENT

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GLOBAL CONTEXT

FDI is a major catalyst for development and can boost growth, offer new employment opportunities and enhance trade in goods and services. FDI is also an integral part of an open and effective economy. With its potential linkages with the domestic economy – such as technology transfer, human capital formation and creation of new industries – it can also stimulate the greater integration of developing countries into the global economy.

The benefits of FDI do not automatically materialize, nor are they spread evenly across countries. To fully reap them, FDI inflows should be promoted through conducive national policies geared at transforming and diversifying a country's economy and supported by an effective international investment architecture.

To support developing countries in attracting FDI, UNCTAD conducts diagnostic studies – Investment Policy Reviews – of the legal, regulatory and institutional framework for investment. The Reviews, specific to each country, are published as advisory reports containing concrete policy advice. UNCTAD then provides technical assistance activities to support beneficiary countries in implementing the Reviews' recommendations and improving the prospects for sustainable development.



WHAT MAKES INVESTMENT POLICY REVIEWS EFFECTIVE?

Investment Policy Reviews are carried out in different phases. The approach promotes national ownership and encourages countries to learn from others. Best practices are exchanged, as well as stories of failures.

A Review begins at the request of a Government. The national counterpart, either a ministry or an agency, is involved throughout the process and takes ownership of the policy recommendations.

Each Review takes a country-specific approach to attracting and benefiting from FDI. The publication of the Investment Policy Review report is part of a process that promotes the implementation of recommendations.



RESULTS AND IMPACT AT A GLANCE

- Review countries across different regions experienced significant increases in FDI inflows and displayed less volatile FDI inflows, for example the least developed countries (LDCs) in Africa.
- Country commitment to the Reviews is evident, with endorsement of policy recommendations and their implementation as displayed by follow-up assessments. Several implementation reports among the 14 completed to date have shown a good to strong implementation record, increased interest by existing investors and strengthened capacity to market investment opportunities.
- Interest in the programme is illustrated by the many countries of 48 with Reviews – requesting follow-up technical assistance and the 27 new countries that have requested to benefit from the Reviews.
- Over 350 policy recommendations have been implemented to date.



Brief highlights

- The Investment Policy Review of Mauritius recommended several reforms to upgrade and intensify the country's diversification drive. Over 95 per cent of the recommendations were implemented, with dramatic impacts on FDI levels, economic diversification and poverty reduction.
- Out of 32 countries for which a Review was published more than three years previously, 29 experienced an increase in FDI inflows in subsequent years, and for 19 of these countries, such increases were dramatic, with FDI inflows having more than doubled.

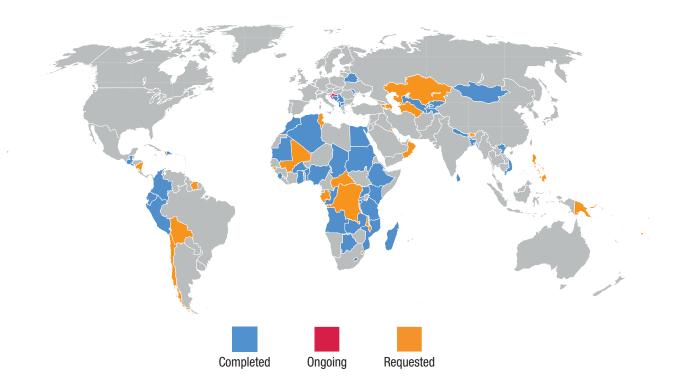
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DONORS/ FUNDING SOURCE

Current: Norway, Sweden and Switzerland

Past: China, Dominican Republic, Finland, France, Germany, Ireland, Spain, United Nations Development Programme and Inter-American Development Bank

Investment Policy Reviews



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