

## INVESTMENT POLICY REVIEWS

### LEVERAGING INVESTMENT POLICIES FOR DEVELOPMENT



#### GLOBAL CONTEXT

Foreign direct investment (FDI) is a major catalyst for development, as higher levels of FDI can trigger growth in overall levels of trade in goods and services. FDI is also an integral part of an open and effective economy. With its many potential linkages with the domestic economy – such as technology transfer, human capital formation and creation of new industries – for developing countries, it can also stimulate greater integration into the global economy.

To fully reap the benefits of FDI for development, FDI inflows should be directed towards national actions that lead to transforming a country's economy. Yet the benefits of FDI do not automatically follow nor are they spread evenly across countries. Developing countries need diversified production capacities, supporting national policies and the international investment architecture to attract greater shares of FDI.

To support developing countries in attracting FDI, UNCTAD conducts diagnostic studies – Investment Policy Reviews – of the legal, regulatory and institutional framework for investment specific to each country. These studies are aimed not only at attracting more FDI for beneficiary countries but also at obtaining increased benefits for them. The Reviews, published as reports, provide concrete policy advice. As follow-up, UNCTAD provides technical assistance activities to support countries in addressing the Reviews' concrete policy recommendations and improve the prospects for sustainable development.

#### WHAT MAKES REVIEWING INVESTMENT POLICIES WORK?

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 counterpart ministry or agency is involved throughout the process and takes ownership of the policy recommendations.

Each Review focuses on a country-specific strategy to attract and benefit from FDI. The publication of the Investment Policy Review report is followed by technical assistance activities to support implementation of the recommendations.

#### RESULTS AND IMPACT AT A GLANCE

- Review countries across different regions experienced increases in FDI inflows and displayed less volatile FDI inflows, e.g. least developed countries in Africa.
- Country commitment to the Reviews is evident, with endorsement of policy recommendations and their implementation as demonstrated by implementation reports, such as those for Colombia, Egypt, Ethiopia, Ghana, Kenya, Lesotho, Rwanda, Uganda, the United Republic of Tanzania and Zambia. The reports showed a good to strong implementation record, increased interest by existing investors and increased capacity to market investment opportunities.

#### PROGRAMME FACTS AND FIGURES

**Investment Policy Review  
programme scope:** all regions

**Programme start date:** 1999

**Reviews per year:** 3 to 4 (average)

**Number of Reviews to date:**  
42, including 17 least developed countries  
and 24 African countries

**Upcoming Review:** first regional Investment  
Policy Review (2015), covering 8 economies  
in South-East Europe

**Programme website:**  
[unctad.org/ipr](http://unctad.org/ipr)



- Interest in the programme is illustrated by the 30 countries – of 42 with Reviews – requesting follow-up technical assistance and the 28 new countries that have requested to benefit from the Reviews.
- Over 300 policy recommendations have been implemented to date.

**Brief highlight:** *The Investment Policy Review of Mongolia resulted in concrete actions, such as a revamping of the country's entire investment law and the establishment of a national investment promotion agency.*

**DONORS/  
FUNDING SOURCE**

**Current:** China, Finland, Germany, Norway, Sweden, Switzerland

**Past:** Dominican Republic, France, Ireland, Norway, Spain, Sweden, Switzerland, United Nations Development Programme, Inter-American Development Bank

**Investment Policy Reviews**

