

UNCTAD World Investment Forum 2018

Summary of achievements

3 December 2018

Executive summary

This note provides an overview of the just-concluded UNCTAD World Investment Forum, which took place from 22-26 October in Geneva. The Forum devises strategies and solutions for global investment and development challenges and facilitates multi-stakeholder collective action to stimulate investment in development. Marking the 10th year anniversary, the 2018 UNCTAD World Investment Forum drew over 6,000 investment-development stakeholders from 186 countries, bringing together eleven Heads of State, over fifty ministers and seventy parliamentarians. Just under 2,000 private sector participants participated, including executives of global companies, stock exchanges and investment funds. The gathering thrashed out investment-led solutions to further sustainable development in the context of current global challenges for international investment in the new era of globalization and industrialization. It sought to foster global partnerships to advance the Agenda 2030 and yielded a package of outcomes, relevant to the development agenda and within the ambit of UNCTAD's work in the area of investment and enterprise for development. These outcomes can be broadly aligned along three strands: (i) providing direction and content on investment policy for sustainable development; (ii) efforts to identify and unlock financing for the SDGs; (iii) identifying the needs of vulnerable groups and exploring solutions to include them in advancing SDG objectives. This note provides more detail about the outcomes of the Forum and charts their relevance against the United Nations Secretary-General's recent Strategy for Financing the 2030 Agenda, which sets out the actions the United Nations will take to help accelerate and deepen SDG delivery.

Introduction:

The 2018 UNCTAD's World Investment Forum took place from 22-26 October 2018 at the Palais des Nations in Geneva. In line with paragraph 100(c) of the Nairobi Maafikiano, the forum serves as a platform for the regular exchange of experience and best practice in the area of investment and enterprise policies for development with as wide as possible a range of stakeholders. Its overriding function is to provide a universal, inclusive and transparent forum to review high-level progress on the implementation of the Sustainable Development Goals through investment and entrepreneurial activity. Set up to fill an institutional gap for investment in the international economic governance architecture the forum serves as the leading platform to leverage investment policy for sustainable development. 2018 marked the 10th anniversary edition of the UNCTAD's World Investment Forum. Previous editions took place in Accra (2008), Xiamen (2010), Doha (2012), Geneva (2014) and Nairobi (2016).

The UNCTAD's World Investment Forum's orientation towards investment and enterprise for development puts the forum at the centre of implementation efforts for the sustainable development goals (SDGs). Investment has become one of the driving forces of the global economy, responsible for almost a quarter of global output and 80% of international trade. It is therefore also key to advance the SDGs. UNCTAD estimates developing country needs for SDG advancement at between \$3.3 trillion to \$4.5 trillion per year. Current rates of investment leave an annual investment shortfall of \$2.5 trillion.

The just concluded 2018 World Investment Forum constituted a rich and productive dialogue that rendered a package of highly relevant outcomes for the international community working towards the delivery of the SDGs. Moreover, the outcomes also complement the United Nations Secretary-General, António Guterres's Strategy for Financing the 2030 Agenda for Sustainable Development (2018-2021). Released in September 2018, the SG's strategy expounds the critical role of the United Nations to support the mobilization of finance for sustainable development, sets out the key elements of this role, and enumerates the actions the United Nations will take to help accelerate and deepen the transformation of financial systems to advance the Development Agenda up to 2021.

The 2018 UNCTAD's World Investment Forum outcomes constitute a key plank in the role envisaged for the UN in the Secretary-General's Strategy to advance Agenda 2030. By convening the 2018 Forum as a platform for government leaders, public officials, global private sector executives, thought leaders, and attracting almost 6 000 participants to over sixty events, the Forum succeeded in advancing the Strategy's objectives to (1) align global economic policies and financial systems with sustainable development, (2) enhance sustainable financing strategies and investments at the regional and country levels and (3) exploit the potential of financial

innovation, new technologies and digitalization to provide equitable access to finance. The rest of this document maps the outcomes of the UNCTAD's World Investment Forum on the objectives of the Secretary-General's Strategy, elucidating their relation and relevance to the strategy. More detailed information on the key deliverables are set out in the appendices.

Objective One: Aligning global economic policies and financial systems with the 2030 Agenda.

The SG's Strategy highlights the importance of clear cut and consistent public policy formulated to achieve sustainable development as well as the need to change and strengthen investment policy frameworks to finance sustainable activities with a strong emphasis on engaging with policymakers, regulators and the private sector. The range and scope of stakeholder engagement during the UNCTAD's World Investment Forum will ensure that this objective is emphatically advanced.

- The Forum brought together over 6,000 stakeholders from 186 countries, 11 heads of State/Government, 55 economic ministers, many senior policymakers, over 70 parliamentarians (many overseeing national budgets and finance), as well as heads of investment promotion agencies, capital market regulators and investment treaty negotiators from over 100 countries. This unprecedented number and range of stakeholders, many at decision-making level, ensured close UN collaboration with global policymakers and regulators, which will assure SDG-oriented policy proposals will be disseminated widely and will gain traction on the ground.
- The UNCTAD's WIF2018 attracted a very large number of business executives from multinational companies, stock exchanges, pension funds, sovereign wealth funds, impact investment, social entrepreneurs, business location experts and other companies, big and small. A total number of 1,700 participants represented the business sector, which included umbrella business associations such as the International Chamber of Commerce, thereby ensuring broad private sector buy-in to the SDG partnership.
- The Forum consisted of over sixty events, including a substantive opening (with a video message from the UN Deputy Secretary-General), two Global Leaders Investment Summits, the Global Investment Game Changers Summit, six ministerial roundtables, conferences on a broad spectrum of subjects, private sector-led sessions, high-profile stakeholder roundtables, an investment village and awards for outstanding performance. All of the sessions were organized under the overarching theme of Financing for Sustainable Development thereby ensuring a multi-faceted, multi-stakeholder exploration of approaches and channels to enhance SDG delivery.
- The high number and diversity of events can for a large part be attributed to the successful partnership with over 50 international organizations that are key players whose work directly relate to aspects of

the SDGs. They include International Chamber of Commerce, World Federation of Exchanges, World Economic Forum and Inter-Parliamentary Union, the World Association of Investment Promotion Agencies, as well as many sectoral agencies of the UN family, all the regional commissions and many regional groupings. The partnership with these organizations amplifies our collective strength and cohesion, which are important factors to ensure effectiveness and efficiency in SDG implementation.

- The WIF2018 also successfully integrated the voices of other sectors of society, including thought leaders, academia, non-governmental organizations, as well as the media. For instance, the forum concluded with a one-day Academic Conference on setting the future investment research agenda.

The Strategy also places an emphasis on working closely with private financial institutions to understand today's environmental, social and governance challenges and why they matter to finance. To advance this aim and support the exchange of private sector best practice, the World Investment Forum was used as a platform by UNCTAD to:

- launch the "Toolbox on Financing for the SDGs", together with the President of the 72nd United Nations General Assembly. The toolbox is an online global resource platform for initiatives on sustainability financing.
- issue a global ranking of capital markets' transparency on environmental, social and governance (ESG) performance by the UN Sustainable Stock Exchanges (SSE) Initiative (a partnership between UNCTAD, the UN Global Compact, UNEP-FI and the Principles for Responsible Investment).
- launch the global capital market regulators' handbook for promoting best practice in SDGs financing, also by the UN SSE.
- launch Core Indicators for companies to report on their SDG contributions, in collaboration with key agencies.

Objective Two: Enhancing sustainable financing strategies and investment at the regional and country levels.

The SG's Strategy focuses on the importance of mobilizing sufficient resources to advance the SDGs, specifically identifying the importance of supporting the development of sustainable financing strategies at the country and regional levels, providing capacity-building support and to address the challenges of domestic resource mobilization efforts. Several outcomes from the UNCTAD's World Investment Forum meaningfully speak to this objective and have the potential to make a significant contribution to advance countries' SDG efforts.

- The conclusions of the Ministerial deliberations on the core elements of sustainable investment policymaking in the 21st century outlined six policy nodes where sustained efforts are seeing

sustainable development inculcated in the business and investment environment. Ministers also pinpointed modalities that have successfully advanced this aim (See annex A).

- A joint UNCTAD-ACP programme was adopted to coordinate the implementation of the UNCTAD-ACP (African Caribbean Pacific) Guiding Principles for Sustainable Investment Policymaking.
- A Plan of Action for “Geneva-Internationale” was formulated to support the financing of the SDGs: with Permanent Representatives agreeing to form a cohort to establish Geneva as the SDG investment-financing hub. (See annex B)
- The IIA Conference launched an updated Package for Reforming the International Investment Regime and improving global investment governance.
- The conclusions of the ministerial deliberations on entrepreneurship stressed the relevance of UNCTAD’s Entrepreneurship Policy Framework as a useful tool for enterprise development and a blueprint that could be tailored to address sustainable and inclusive development needs (See Annex C).
- UNCTAD and the Islamic Development Bank agreed on a comprehensive technical assistance and capacity-building package for formulating a new generation of investment policies, based on UNCTAD’s Investment Policy Framework for Sustainable Development, funded by the Islamic Development Bank.

Objective Three: Exploiting the potential of financial innovations, new technologies and digitalization to provide equitable access to finance.

The Strategy is also concerned with ensuring equitable access to finance, particularly for women, entrepreneurs, youth and those in low-income countries, through exploring opportunities arising from financial innovation, new technologies and digitalization. To advance this objective:

- UNCTAD cooperated with UN-OHRLLS, and jointly organized the dialogues between minister and business executives to identify concrete means to strengthen the implementation of the Istanbul Programme of Action for LDCs and the Vienna Programme of Action for LLDCs. (See annex D and E).
- UNCTAD-IOM-UNHCR launched a Policy Guide on Entrepreneurship for Migrants and Refugees to help governments better integrate these groups.
- UNCTAD, UN Women and the Commonwealth Businesswomen Network agreed on a joint communiqué to promote the role of women in sustainable development. The communiqué commits the three organizations to work together on capacity-building programmes for women, to collaborate on educational programmes for girls and to jointly engage the private sector in the interest of advancing women empowerment in the workplace and in markets.

ANNEX A

UNCTAD's WORLD INVESTMENT FORUM 2018

MINISTERIAL ROUNDTABLE:

21st Century Global Investment Policymaking

Chair's Summary ^{(a)*}

The Ministerial Roundtable: 21st Century Global Investment Policymaking held during the UNCTAD's World Investment Forum 2018 benefited from the participation of Ministers and Heads of International Organizations. Ministers debated how to promote and facilitate the investment required to achieve the SDGs and shared experience with modern investment policies.

Ministers observed that the SDGs implied enormous investment needs. The annual investment gap in developing countries amounts to an estimated \$2.5 trillion, in such areas as infrastructure, clean energy, water and sanitation, but also in industry to create jobs and incomes. They expressed concern about the recent downward trends in foreign direct investment.

Ministers identified three megachallenges for investment policymakers:

i) Translating the sustainable development-oriented investment imperative into action. Ministers observed that progress in boosting global investment in the SDGs is not fast enough. Policymakers therefore need to reorient investment policies towards achieving the SDGs ensuring they promote inclusive growth, a pro-poor agenda and sustainable development.

ii) Responding to the fourth industrial revolution. Ministers considered that the digital economy and new technologies will require a review of existing investment policies and investment promotion approaches.

iii) Mitigating the fallouts of protectionism in trade and investment. Ministers highlighted the importance of maintaining openness for investment for sustainable development.

Investor responsibility was highlighted as an important ingredient for national and international investment policies for inclusive and sustainable development.

Ministers highlighted their countries' key achievements and priorities in national and international investment policymaking:

National investment policy objectives

Ministers emphasized the importance of sustainable industrial development, job creation, human development and skills building, small business development, green technology development, and gender equality. Steering investment to underprivileged areas promoting a better distribution of industry and reducing migration pressures was also mentioned as an objective.

Many Ministers explicitly referred to national development plans or industrial policies as the driver of investment policies. Objectives under such plans included industrial upgrading, GVC upgrading, and movement towards higher value-added industries. The importance of policy coherence and the seamless integration of sustainable and responsible investment policies in national development plans was discussed.

Sectoral policies

Agricultural investment and agri-processing industries, power and infrastructure development, and digital connectivity were highlighted, among others, as priority sectors for SDG-relevant investment promotion. Ministers mentioned public-private partnerships (PPPs) as an important mechanism to meet investment needs in infrastructure. To determine sector priorities for investment attraction ministers referred to focusing on the development multiplier effect.

Investment promotion policies

Ministers indicated several key policy areas as important to boost countries' attractiveness for investment, including skills development, land reforms, and modernization of fiscal incentives. The development of industrial zones, clusters and SME parks, as well as special economic zones (SEZs) were also mentioned. Ministers emphasized the importance of avoiding economic enclaves.

Specifically, for the promotion of investment in SDG-relevant sectors, the development of bankable projects was pointed out as a valuable tool.

Investment facilitation

Ministers described their efforts to improve the business and investment climate in their countries and emphasized the importance of providing the necessary legal certainty for investors, transparency, streamlined administrative procedures, one-stop shops and information portals and single windows. They thanked UNCTAD for its support in developing iGuides as one example of such online tools.

Other measures that were highlighted included the simplification of the tax regime, and the development of stronger governance and institutional frameworks and improvement of interdepartmental coordination for investment facilitation.

International investment agreements

International investment agreements and regional economic cooperation were pointed out as important areas of work for sustainable development-oriented reform; several Ministers described their efforts in developing new generation investment treaty models based on UNCTAD's policy tools. Regional cooperation and regional investment policymaking were highlighted as an important opportunity to attract more investment.

Ministers mentioned that outward investment policy could also be important to promote sustainable investment.

Global cooperation

Ministers emphasized the importance of continued global cooperation, through the sharing of experiences and best practice (such as those contained in the Financing for SDGs Toolbox launched at the Forum), and by building of partnerships for the promotion of investment in the SDGs.

Promoting dialogue and international collaboration on investment policy was also considered important and should be strengthened. Ministers agreed that UNCTAD's biennial *World Investment Forum* provided an important platform for continued global dialogue on investment and sustainable development.

At numerous points during the debate, Ministers referred to UNCTAD's World Investment Reports in citing investment trends and SDG investment needs. They also referred to the Reform Package for the International Investment Regime, the Investment Policy Framework for Sustainable Development, and the Action Plan for Investment in the SDGs.

(a) Chair: H.E. Ms. Amelia Kyambadde, Minister of Trade, Industry and Co-Operatives, Uganda

ANNEX B

UNCTAD's WORLD INVESTMENT FORUM 2018

FORUM CLOSING:

Ambassadors' Roundtable on Investing in SDGs

Chairs' Summary ^{(b)*}

The Ambassadors' Closing Roundtable of the World Investment Forum 2018 benefited from the participation of Ambassadors based in Geneva. Ambassadors discussed how to strengthen the role of ambassadors in pursuit of the SDGs; how to improve and facilitate interactions between Ambassadors and the private sector to promote Geneva as a global SDG implementation hub; and how to strengthen interaction between international organizations in Geneva to make investment work for development and advancing the SDGs.

Ambassadors observed that investment is a key driver for sustainable development and that it plays a critical role in pursuit of the SDGs. The SDGs imply enormous financing needs. According to UNCTAD, the annual financing gap in developing countries amounts to an estimated \$2.5 trillion, in such areas as infrastructure, clean energy, water and sanitation, but also in industry to create jobs and incomes.

Ambassadors recognized Geneva as providing a unique environment for sharing best practice between international organizations on how to work with the private sector to advance the SDGs through investment. The Ambassadors also noted that there was a need to coordinate the work between permanent missions, civil society, the private sector and international organizations.

Ambassadors identified several challenges for advancing investment-led SDGs

- i) How to ensure that investment is contributing to the SDGs. Ambassadors highlighted that investment itself was not enough to attain the SDGs. Ambassadors underscored that for investment to be value added, it needed to be linked to the SDGs, and be part of a strategic approach.
- ii) Involving the private sector and civil society. Ambassadors observed that there was a need to ensure that the private sector was involved in the process of attaining the SDGs. A lack of alignment between development policy objectives and private sector goals was mentioned as a challenge for increasing private sector participation.
- iii) Strengthening the collaboration between different organizations in Geneva on working towards the SDGs. Investment for the SDGs is a cross-cutting issue with linkages to different themes being

discussed in various organizations based in Geneva. Ambassadors recognized there was a need for further collaboration between organizations to attain the SDGs via investment.

Ambassadors addressed how to channel investment to the SDGs

Investment for sustainable development

Several ambassadors provided examples referring to national development strategies or industrial transformation strategies as the driver of investment policies. Objectives under such strategies included industrial transformation, GVC upgrading, and movement towards higher value-added industries. The importance of policy coherence and integration of sustainable and responsible investment policies in national development strategies was discussed.

The linkages between investment, trade and gender equality were mentioned as key elements in both national and international investment policy to attain the SDGs.

Ambassadors emphasized the importance of sustainable industrial development. Quality infrastructure was mentioned as an example of how to make investment contribute to the SDGs. Innovative financing and development assistance were also given as examples of how to facilitate and accelerate private financing in developing markets. Improvement of transit capacity and connectivity were highlighted as crucial for landlocked countries to reach the SDGs through infrastructural investment.

National institutions supported by UNCTAD were mentioned as a way of increasing capacity building for the implementation of the SDGs.

Investor responsibility was emphasized as an important ingredient for national and international investment policies to work for inclusive and sustainable development.

Ambassadors addressed how to improve cooperation between organizations and strengthen the role of the Ambassadors to promote Geneva as a global SDG hub:

Strengthening the role of Ambassadors in Geneva

Ambassadors identified themselves as being well positioned for enhancing and strengthening cooperation between international organizations in Geneva.

Several Ambassadors stressed the need of establishing a forum to share best practice and expertise between Ambassadors and international organizations based in Geneva on how to make investment contribute to the attainment of the SDGs.

Since the established forums available today have a broader view towards financing the SDGs, there is a need for a more targeted approach towards investing in the SDGs. Such approach could benefit from the strategic advantage that Ambassadors based in Geneva have from working with locally based international organizations.

A number of Ambassadors therefore called for periodical meetings in the form of an Ambassadors' roundtable to engage in dialogue with international organizations and private sector representatives on financing and investing in SDGs.

A number of Ambassadors proposed the establishment of a Geneva Group of Friends of financing and investing in the SDGs to provide a platform in Geneva for sharing experience between Ambassadors. It was noted that the Geneva chapter of the Group of Friends on SDG financing could also lend itself to the pursuit of this idea. It was highlighted that UNCTAD could backstop such a mechanism by providing the platform, expertise and global networks. The establishment and collaboration would further strengthen Geneva as a global SDG implementation hub.

Cooperation with the private sector and civil society

Ambassadors highlighted collaboration between the public and private sectors and civil society as crucial for increasing SDG-relevant investment. Geneva was mentioned to provide a unique platform, with multilateral organizations and forums such as the UNCTAD's World Investment Forum, to bridge the gap between the private and public sector. Engagement with the private sector in Geneva was also highlighted as important to find opportunities for financing and investing in the SDGs, for example through collaboration with the World Business Council for Sustainable Development (WBCSD).

Investment policy to encourage private participation was mentioned as an element to enhance private sector contributions. The pursuit of strategic partnerships through private sector discussions with Ambassadors were highlighted as ways of enhancing participation from the private sector. Proactive pursuit of Public Private Partnerships (PPP) was suggested to strengthen the collaboration with the public sector.

The need of packaging the SDGs in a manner that appeals to the private sector's demand for viable and sustainable business options was mentioned as important to attract the interest of the private sector.

Cooperation between international organizations

The variety of international organizations based in Geneva provides for a unique environment for sharing best practice between organizations. Geneva was signposted as a good platform for becoming the global SDG hub. The implementation of many of the SDGs is intertwined with the work of ambassadors in different organizations in Geneva, Ambassadors were therefore considered well positioned to explore further co-operation between organizations in their daily work.

Global cooperation

Ambassadors emphasized the importance of continued global cooperation, through the sharing of experiences and best practice and by building of partnerships for the promotion of investment in the SDGs.

Development banks were highlighted as an important stakeholder to engage in discussions on investment and the SDGs.

Ambassadors agreed that UNCTAD's biennial World Investment Forum provides an important platform for continued global dialogue on investment and sustainable development.

(b) Chairs:

H.E. Ms. Monique T.G. Van Daalen, Ambassador and Permanent Representative of The Kingdom of the Netherlands to the UN and other international organizations in Geneva

H.E. Mr. Negash Kebret Batora, Ambassador and Permanent Representative of Ethiopia to the UN and other international organizations in Geneva

ANNEX C

UNCTAD's WORLD INVESTMENT FORUM 2018

Conclusions of the Ministerial Roundtable on Entrepreneurship*

The Ministers and their representatives responsible for small and medium-size enterprises (SMEs), met in Geneva at the UNCTAD's World Investment Forum, on 25 October 2018, under the Chairmanship of H.E. Mr. Alan John Kwadwo Kyerematen, Minister of Trade and Industry, Ghana, and Ms. Armgard Wippler, Deputy Director General for SME Policy, Ministry of Economic Affairs and Energy, Germany.

The meeting resulted in the following conclusions:

- Entrepreneurship and its contribution to the development have been recognized widely, including in the United Nations General Assembly resolution 71/221 *Entrepreneurship for Sustainable Development* that was adopted on 21 December 2016. The role of entrepreneurship in development has been also recognized in the 2030 Agenda for Sustainable Development especially in Goal No. 8, Target 3 which calls for countries inter alia to: “Promote development-oriented policies that support productive activities, decent job creation and entrepreneurship,” as well as SDG 4 target 4 to “increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship”; SDG 5 target c to “adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels; and SDG 8 target 6 to substantially reduce the proportion of youth not in employment, education or training.
- Participants observed that entrepreneurship makes an important contribution to sustainable development by creating jobs and driving economic growth and innovation, improving social conditions, contributing to economies industrialization and diversification, addressing social and environmental challenges. The discussions stressed that it is important to promote policy, business and regulatory environments that foster the long-term growth potential of SMEs. In particular, delegates recognized the contribution of enterprise clusters and industrial parks in enhancing productivity, innovation, and inclusive growth.
- Participants agreed to further engage at the global and national levels, to promote policies, initiatives and programmes that support the development of an enabling entrepreneurial ecosystem including employing specific measures aimed at removing regulatory roadblocks, facilitating access to finance, developing innovation and technology exchanges and putting emphasis on raising public awareness as well as reinforcing local support and regional networks. They also stressed the importance of training and education programmes,

including those based on behavioral and soft skills methodologies, such as Empretec programme of UNCTAD, which seeks to raise motivation to start or expand a business venture, improve the recognition of a high value of entrepreneurship for society, reduce negative preconceptions of entrepreneurship.

- The role of the digital economy was highlighted, particularly in enhancing access to global markets and driving innovation for SMEs. The importance of leveraging the digital economy to expand internationalization opportunities for SMEs was noted, including by widening access to the internet and building capacities to enable SMEs to adopt internet-based business models.
- Participants acknowledged the need to further integrate youth and women entrepreneurship strategies and programmes into national policies, creating a nurturing environment for the full realization of the rights and capabilities of young people and women, as well as measures favoring the most vulnerable groups.
- Delegates noted with satisfaction UNCTAD's work on entrepreneurship policies at national and international levels. They agreed that the Entrepreneurship Policy Framework (EPF) of UNCTAD has become a useful tool that helps countries to identify, formulate, implement and assess coherent policy measures on entrepreneurship and the promotion of MSMEs, including on policy support needed for the start a business. In this regard they noted that the EPF would be further developed and disseminated as called for in Nairobi Maafikiano declaration (22 July 2016) Paragraph 76 (w), including with a view to address issues of the internationalization of SMEs and their integration into global supply chains; and based on the results and lessons learned in the process of its implementation in several countries. In this connection the need to develop relevant methodologies on data design and collection in the area of entrepreneurship promotion and its impact on development was underlined; as well as the importance of conducting further research on emerging issues was underlined.
- Delegates also stressed the cross-cutting nature of entrepreneurship and the importance of a multi-stakeholder dialogue in this area involving the public and private sectors, investment community, civil society, academia at national, regional and international levels. They discussed that partnerships and cooperation are critical to ensure synergies, enhanced impact and complementarity of actions of many important players in the area of entrepreneurship and SME promotion. They commended UNCTAD for its efforts on organizing the Ministerial Roundtable on Entrepreneurship during its World Investment Forum 2018 as a valuable means of facilitating a policy dialogue at the highest level of decision making, sharing good practice, identifying challenges and ways to address them. Participants expressed their wish to further support and engage in forging a common global agenda for enhancing the contribution of entrepreneurship to sustainable and inclusive development.

ANNEX D

WORLD INVESTMENT FORUM 2018

Summary of the Meeting on Promoting FDI in LLDCs*

On 25 October 2018, ministers and ambassadors from over 20 Landlocked Developing Countries (LLDCs) and Friends of LLDCs met during a luncheon at the UNCTAD World Investment Forum 2018. The meeting, co-organized with UN-OHRLLS, was chaired by Ms. Isabelle Durant, Deputy Secretary-General of UNCTAD.

Interventions were made by the ministers of Nepal, Malawi and Zimbabwe as well as by the Ambassador of Paraguay, UN-OHRLLS and the Deputy Executive Director of the ITC. Ambassadors and high-level representatives from Bolivia, Ethiopia, Kazakhstan, Laos and Mongolia provided comments and suggestions.

Participants highlighted some of the reforms that LLDCs had carried out to promote and facilitate investment. They took note of reforms that LLDCs had undertaken to improve information on investment opportunities and streamline investment procedures— through the creation of One-Stop-Investment Services Centres. They also presented efforts to establish Special Economic Zones and industrial parks, to fight corruption, to expand bilateral tax agreements with countries where much FDI originates, and to repeal legislation that stifle FDI. Along the same line, they discussed the progress made in improving trade facilitation, including the establishment of one-stop-border posts and transport corridors. They pointed out that the above measures are aimed at reducing the cost of trade and investment and noted that trade facilitation indicators are an important consideration for large multinational corporations when making investment decisions.

Participants underlined the importance of regional integration in helping to attract and retain FDI. In particular, they underscored that improved transport connectivity will help turn LLDCs into land-linked countries and reduce the cost of doing business. They also underscored the importance of improved access to reliable energy to attracting FDI and in this regard highlighted the efforts that they were making, including in establishing common power grids and markets among countries in sub-regions. Participants emphasised that LLDCs had put in place incentives to encourage value addition and employment generation in the mining and agricultural sectors. These efforts had contributed to developing vertically and horizontally-integrated industries, hence enabling structural transformation. Participants also recalled the great economic potential and comparative advantage of LLDCs, among other things, their proximity to large markets, the vast natural resources, and low cost of production.

Despite progress made, participants also mentioned the continued challenges that their countries face in their endeavour to promote FDI. It was noted that considerable financing is required to close the infrastructure gap in LLDCs and that public funds will not be sufficient. The meeting also

underscored that LLDCs have capacity-building needs in several areas such as policymaking, institution-building and in the creation of an enabling environment for private investment.

In summary, the meeting recommended that:

- Regional integration, especially in terms of infrastructure and transportation, and the harmonization of procedures in the areas of trade and investment, be deepened so as to improve the ability of LLDCs to attract and retain FDI.
- More capacity-building support is needed to improve the business environment in LLDCs and the ability to attract FDI, especially in the development of bankable projects.
- LLDCs should seek more support in areas such as negotiating contracts, particularly in the mining industry, to ensure that FDI meets national development objectives, such as infrastructure development, job creation, value addition, and technology transfer.
- A platform for investment promotion agencies (IPAs) from LLDCs should be created to exchange experiences in promoting and facilitating FDI in LLDCs.
- More studies and collaboration on e-commerce for streamlining trade and investment should be done.
- Regular reports should be prepared on FDI in LLDCs covering trends and key issues, similar to the annual reports produced by UNCTAD on FDI in LDCs.
- LLDCs should move beyond investment generation to investment facilitation and build capacity to do so.

UN-OHRLLS, UNCTAD, and the ITC pledged support to LLDCs in improving their investment environment, strengthening their capacity to promote and facilitate investment and in helping LLDCs build a platform for the exchange of best practice, particularly for IPAs.

These recommendations will feed into the preparations of the High-Level Mid-Term Review of the Vienna Programme of Action for the LLDCs that will be held in 2019.

The Ambassador of Kazakhstan announced that the 12th WTO Ministerial Meeting will be held in Astana in June 2020 and that this would be a good occasion to announce new initiatives on investment for LLDCs.

ANNEX E

WORLD INVESTMENT FORUM 2018

Chair's Summary of the Least Developed Countries Ministerial and Business Executive Roundtable*

On 24 October 2018, ministers from Least Developed Countries (LDCs), including Afghanistan, Democratic Republic of the Congo, Lesotho, Liberia, Malawi, Nepal, and Uganda, met with business executives during a roundtable at the UNCTAD World Investment Forum 2018 in Geneva. The meeting was opened by the UNCTAD Secretary-General, Dr. Mukhisa Kituyi. The United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries, and Small Island Developing States (UN-OHRLLS) co-organized the meeting and delivered a statement at the opening.

Prior to the start of the meeting, UNCTAD prepared and distributed an Issues Note¹ providing an overview of foreign direct investment (FDI) in LDCs in 2017, including trends and key issues. Specific issues addressed in the Issues Note were the diminishing flows of FDI to LDCs during 2016 and 2017, coinciding with declining rates of return on investment, particularly in African countries; issues related to rapid urbanization in LDCs and the role of foreign investment in sustainable urban development; and the need for sound policies, investment promotion strategies, tools, and partnerships to attract and benefit from foreign investment.

In his opening address, UNCTAD's Secretary-General presented UNCTAD's latest figures on FDI to LDCs, reporting that in 2017, FDI inflows to LDCs declined by 17 per cent, to US\$26 billion, comprising just 4 per cent of flows to all developing economies. Although Asian and Oceanian LDCs registered robust FDI growth, aggregate FDI flows to African LDCs and Haiti sank by 31 per cent. Moreover, the value of greenfield FDI projects announced in 2017 plummeted by 43 per cent to a four-year low as foreign investors scaled down their capital spending plans. However, FDI to LDCs could see a recovery, with an expected increase of FDI in Africa and a positive outlook for FDI in ASEAN LDCs. The UNCTAD Secretary-General described the potential for private investment to contribute to achieving the SDGs and the need to strengthen investment promotion and develop new partnerships. He described efforts of UNCTAD to support LDCs but noted that more remains to be done: "In nearly five decades, only five countries have graduated from LDC status. Concerted attention, efforts, and resources are essential to make meaningful progress towards achieving the SDGs and getting on the path towards graduating from LDC status."

Mr. Oumar Diallo, Senior Economic Affairs Officer and Special Assistant to the United Nations Under-Secretary-General and High Representative for Least Developed Countries, Landlocked Developing Countries, and Small Island Developing States, presented a statement on behalf of the High

¹ This annual publication was prepared as part of a United Nations interagency effort led by UN-OHRLLS and UNCTAD to enhance the effectiveness of support of the United Nations system aimed at increasing the flow of FDI to the LDCs and their ability to attract such investment.

Representative. In the statement, the High Representative noted that foreign investment is crucial to foster the sustainable development of LDCs. Improving the business climate and providing a transparent regulatory environment remain key objectives for LDCs and are necessary but often not sufficient conditions to attract sustainable FDI. The High Representative noted that information asymmetries pose serious obstacles to increasing FDI in LDCs, including by leading to inaccurate risk assessments. LDCs, through their investment promotion agencies (IPAs), need to provide relevant, accurate, and timely information to investors. The High Representative noted that investment promotion needs to be given attention in domestic policymaking and budget allocations. The High Representative highlighted activities that her office has initiated, together with UNCTAD and other stakeholders, to support investment promotion and retention in LDCs.

Participants discussed how to strengthen the investment environment of LDCs. Ministers described investment climates and new initiatives to attract investors in their respective countries, but also the challenges in attracting investment for development. They noted the potential of public-private partnerships as a key development opportunity and presented a range of reforms and initiatives including liberalization of sectors, reform of tax regimes and licensing laws and costs, removal of non-tariff barriers, development of strategies and investment guides, the introduction of standards, infrastructure development, and the creation of one-stop shops, business incubators and special economic zones.

Participants underscored the need to ensure peace, stability, and effective governance, and provide attention to gender and youth. They emphasized the importance of education, and skill development as well as improved access to information and communications technologies and called for diversification and deeper regional integration. Participants also appealed for more support from international organizations and sought technical assistance, guarantees and political risk insurance.

Business executives, including the Group CEO of Ethiopian Airlines, the Vice-President of China Railway Group Limited and the Managing Director of the Swiss-African Business Circle, called for stronger action of LDCs towards better governance and improved collaboration between private sector and other major stakeholders, including governments and civil society. They emphasized the need for consistent and fair enforcement of established rules and regulations. They also underscored the need for policy reforms and smoother business facilitation, in particular for SDG-related investments, such as infrastructure.

Ministers and business executives agreed on the importance of providing transparency and clarity in rules and regulations and of inclusive dialogue among governments and the private sector. They also called for collaboration on measures to improve the business environment.

In summary, the meeting:

- confirmed the important role of FDI in building productive capacity, in diversifying economies, and in achieving the SDGs in LDCs;
- sought support on investment issues, particularly in investment facilitation;
- called for improved collaboration and new partnerships in improving the business environment for investment in LDCs; and
- encouraged international organizations to assist LDCs in promoting and facilitating investment through joint projects.

The outcome of the meeting will be shared with the Trade and Development Board of UNCTAD and the United Nations General Assembly annual review of progress in the implementation of the Istanbul Programme of Action for LDCs.

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