High-level Regional Roundtable on Investment Facilitation for Development: The benefits and challenges of international investment facilitation frameworks for development for African economies

3-4 March 2021, 3pm-6pm Addis time

Concept Note

This ‘High-level Regional Roundtable on Investment Facilitation for Development: The benefits and challenges of international investment facilitation frameworks for development for African economies’ is co-organized by the International Trade Centre (ITC), the German Development Institute/Deutsches Institut für Entwicklungspolitik (DIE), the United Nations Economic Commission for Africa (UNECA), the African Union Commission (AUC), the African Continental Free Trade Area (AfCFTA), and the World Economic Forum (WEF). This Roundtable is organised in the framework of the Investment Facilitation for Development project, jointly implemented by ITC and DIE. The Roundtable will take place on two consecutive days, 3-4 March 2021, from 3pm to 6pm Addis time.

The Roundtable is meant to offer a platform for strategic exchange on the dynamic policy discussions and negotiations on investment facilitation for development – taking place on various levels and international fora – among a select group of high-level policy makers, government officials, private sector representatives and eminent academic scholars, focused on Africa. The event will provide an opportunity to reflect on the potential benefits and challenges of international frameworks on investment facilitation for development. Such a reflection process will help negotiators to ensure that their countries’ international engagement is in line with their sustainable development strategies and in line with their national and regional reform agenda.

Investment policy makers face a huge challenge to tackle declining flows of foreign direct investment (FDI) flows as a result of the COVID-19 pandemic. According to the United Nations Conference for Development (UNCTAD), global FDI contracted by 42% in 2020, compared to the previous year. African economies experienced a contraction of 18%. The consequences of the pandemic necessitate a discussion of the kind of policies and frameworks that are needed to facilitate FDI and domestic investment, especially investment that directly helps to promote sustainable development. While many governments are reconsidering levels of investment protection and liberalisation enshrined in their international investment agreements (IIA) and are
participating in the reform discussions on investor state dispute settlement in the context of the United Nations Commission on International Trade Law (UNCITRAL), discussions on a distinct set of investment facilitation policies have gained momentum in recent years. Investment facilitation can be understood as a set of measures concerned, among other things, with improving the transparency and predictability of investment frameworks, streamlining procedures related to foreign investors and enhancing coordination and cooperation between different stakeholders.

Negotiations on investment facilitation policies involving African countries are under way in different fora at the bilateral level, regional and multilateral levels. The different forms of investment frameworks (e.g., on protection, liberalisation, dispute settlement, facilitation, promotion and cooperation) will play a key part in the Phase II negotiations of the African Continental Free Trade Area (AfCFTA) Investment Protocol. These Continental negotiations are likely to start soon and will be key for African countries to determine their priorities towards policies and frameworks that help to attract and facilitate investment that helps African countries advance their sustainable development goals, in particular in light of the challenges posed by the COVID-19 pandemic.

Moreover, a group of currently 106 members of the World Trade Organization (WTO) entered into negotiations of a multilateral framework on investment facilitation for development. Among the 55 African economies, 20 have signed the two WTO Joint Ministerial Statements on Investment Facilitation for Development (December 2017 and November 2019). Last but not least, some African economies have signed bilateral investment facilitation agreements with Brazil or will commence negotiations on investment facilitation with other actors, such as the EU.

In all of these, sustainable development factors are integrated both as an objective and as specific measures. In fact, there is a strong consensus emerging in the African region – as elsewhere – that investment facilitation frameworks have to be oriented towards, and target, sustainable FDI.

The Roundtable will provide a brief background on the progress of the discussions on investment facilitation for development as well as an exchange on the types of concrete measures that such frameworks could contain. The Roundtable will address the main challenges and concerns that ought to be taken into consideration when negotiating international investment facilitation frameworks that are beneficial for sustainable development, also in the broader context of investment agreements.

The objective is to facilitate joint learning and capacity building among participants. The Roundtable will be held under the Chatham House Rule to facilitate open and results-oriented discussions. A report will distil key policy recommendations from the discussion at the Roundtable.