APPENDIX 3

INVESTMENT FACILITATION ACTION PLAN (IFAP)

IEG RECOMMENDATION ON NEXT STEPS AND MEASURING PROGRESS

The Investment Experts Group (IEG) submits to the Committee on Trade and Investment (CTI) the following proposed plan for the next stage of APEC’s Investment Facilitation Action Plan (IFAP). The plan addresses two issues: (1) how IFAP will be implemented in the years ahead; and (2) how APEC economies can demonstrate progress in IFAP implementation. The plan seeks to sustain and build on the positive results achieved to date under the IFAP, and to respond to appeals from APEC stakeholders – and in particular from the APEC Business Advisory Council (ABAC) – to develop a credible mechanism for demonstrating IFAP progress.

The key elements of the IEG’s proposed plan are as follows:

- Re-affirmation of APEC economies’ commitment to IFAP implementation beyond 2011;
- Review of IFAP priority areas during IEG1 2012 in order to establish a focus for the following two-year period, and to similar review every two years going forward;
- Refocusing of IFAP activities towards those with strong analytical and empirical foundations, guided and driven by IEG and those that seek to incorporate hard lessons from previous APEC projects and that produce concrete, tangible outcomes that can be widely distributed;
- Providing annual updates on collective actions in pursuance of IFAP goals, including expected timeframes for implementation;
- Cataloguing basic factual information corresponding to quantitative indices of IFAP implementation; and
- Voluntary reporting of activities undertaken by member economies that respond to, or contribute to, achievement of specific IFAP actions.

Details of each of these recommendations are provided below. The IEG submits this plan to the CTI for its consideration, and recommends that it be put forward to Ministers for their endorsement.
I. PROPOSAL FOR IFAP IMPLEMENTATION — NEXT STEPS

The IEG proposes the following plan for future implementation of the IFAP:

1. Re-affirmation of IFAP as a continuing process

The IFAP sets out actions and general principles that economies can implement and adhere to, in order to improve their investment climates and facilitate investment. Every economy, irrespective of system of government or level of development, can continually take new action in one or more IFAP areas to improve its investment climate, while the IFAP’s eight guiding principles provide a timeless framework for investment facilitation. The IFAP, therefore, is a continuing process, as affirmed by its inclusion in the Roadmap or Investment endorsed by Ministers in Yokohama in 2010.

As a first component of the plan for IFAP next steps, the IEG proposes that APEC economies re-affirm their commitment to IFAP implementation beyond 2011, confirming that the IFAP will continue to serve as a key component of APEC’s strategy on investment, and a critical tool in continued achievement of the Bogor Goals.

2. Determining IFAP implementation priorities

Since its endorsement in 2008, the IFAP has been a highly valuable planning tool around which many of the activities of the IEG are based. For the first three years of IFAP’s implementation, APEC economies agreed to focus on three priority themes and 15 priority actions (the IFAP contains eight themes and nearly 60 actions). Given the breadth of recommended actions in the IFAP, the occasional identification of priority areas can be useful for focusing APEC’s investment facilitation work. At the same time, it is important that economies preserve flexibility of implementation, in order to keep pace with new policy challenges, and to ensure that APEC activities remain responsive to evolving member-economy and stakeholder priorities.

In this regard, the IEG proposes that APEC economies hold a discussion at IEG1 of 2012 to review IFAP priority areas. During this discussion, the IEG would solicit member-economy and ABAC input on IFAP priorities, and decide which areas of IFAP should be the focus of collective APEC actions for the following two-year period. A similar discussion and review would take place every two years.

3. Assuring more concrete IFAP outcomes

The first three years of IFAP implementation have seen a number of investment facilitation activities, including a range of different projects. Many of these projects have taken the form of workshops or seminars. Though extremely valuable as forums for education and exchange of information, seminars can often have a limited impact, benefiting only those officials who are able to attend, and often lack follow-up potential or sustainable benefits.

In order to increase the value of IFAP as a tool for capacity building and for making a lasting contribution to improvement of investment climates, the IEG proposes that APEC economies agree on a refocusing of IFAP activities towards: activities with strong analytical and empirical foundations, guided and driven by IEG (for example, case studies and expert reports); activities that seek to incorporate hard lessons from previous APEC projects; and activities that produce concrete, tangible outcomes that can be widely distributed. Rigorous capacity-building should remain an essential component of IFAP implementation.
II. PROPOSAL FOR DEMONSTRATING IFAP PROGRESS

Credibility of the IFAP depends upon a robust mechanism for demonstrating progress in its implementation. The IEG therefore proposes the following three-part process for demonstrating IFAP progress. Collection of information relevant to each component of the reporting process would be arranged by the IEG Convenor, and compiled into a report that would be submitted to Annual Ministerial Meetings. The burden on individual members would therefore be minimal.

1. Reporting of collective APEC actions

As noted above, the IFAP is primarily composed of a set of recommended actions, organized on the basis of eight investment facilitation principles. However, the IFAP also contains a ‘timetable’ column that describes the timeframe within which APEC economies expect to implement certain of the IFAP’s actions, as well as an appendix of ‘actions underway’, which describes the work APEC has undertaken – and is undertaking – in pursuance of IFAP goals.

As a first component of demonstrating progress in IFAP implementation, the IEG proposes that economies update these two elements of the IFAP document annually, to reflect new APEC projects and initiatives that are relevant to the IFAP. In this respect, the IFAP will become a “living document,” and stakeholders will be more directly aware of the range of APEC activities that are contributing to IFAP objectives.

2. Reporting of factual developments

The IFAP includes a number of actions, the achievement of which can be measured in simple numerical terms. These include, for example, its recommendation to “Adopt central registry of laws” or “Establish an investment promotion agency or similar body”. Cataloguing information such as the number of investment promotion agencies in the APEC region or the number of international investment agreements among APEC economies is a relatively easy task. Much of the “raw data” for such a catalogue already exists in publications of UNCTAD, the WTO, and the World Bank, as well as in the data already collected and published in the Guidebook for Investment Regimes of APEC Economies.

Therefore, as a second component of describing IFAP implementation progress, the IEG proposes that economies catalogue quantitative indices of IFAP implementation. By compiling these numerical indicators into a single document that is updated annually, APEC economies will provide stakeholders a single reference point for information about institutions and agreements relevant to investment facilitation.

3. Voluntary reporting of individual actions

The IFAP contains a comprehensive range of recommended actions that touch on all aspects of economies’ investment regimes. All APEC economies are continuously undertaking reforms and policy improvements that are directly relevant to IFAP actions, but that often go unreported or unrecognized.

As a final component of a plan to demonstrate progress in IFAP implementation, the IEG proposes that APEC economies voluntarily report activities they have undertaken within the last year that respond to or contribute to achievement of specific IFAP actions. Such reporting would provide economies a high-profile avenue for highlighting measures undertaken to improve their investment climates, while ensuring that the APEC stakeholder community is aware of the range of actions being implemented by economies that are directly responsive to IFAP actions and principles.