



**THE INVESTMENT POLICY REVIEW
PROGRAMME:**

**A FRAMEWORK FOR ATTRACTING
AND BENEFITING FROM FDI**



UNITED NATIONS



**THE INVESTMENT POLICY REVIEW PROGRAMME:
A FRAMEWORK FOR ATTRACTING AND BENEFITING
FROM FDI**



UNITED NATIONS
New York and Geneva, 2008

UNCTAD/ITE/IPC/2008/3

UNITED NATIONS PUBLICATION

Copyright © United Nations, 2008
All rights reserved

Preface

The United Nations Conference on Trade and Development (UNCTAD), established in 1964, promotes the development-friendly integration of developing countries into the world economy. UNCTAD has progressively evolved into an authoritative knowledge-based institution whose work aims to help shape current policy debates and thinking on development, with a particular focus on ensuring that domestic policies and international action are mutually supportive in bringing about sustainable development.

UNCTAD serves as the focal point within the United Nations Secretariat for all matters related to foreign direct investment as part of its work on trade and development. This function was formerly carried out by the United Nations Centre on Transnational Corporations (1975-1992). UNCTAD's work is carried out through intergovernmental deliberations, research and analysis, technical assistance activities, seminars, workshops and conferences.

Over the past few years, UNCTAD has experienced a growing demand from member States for strategic advice on foreign direct investment (FDI) with concrete and actionable recommendations. The Investment Policy Review (IPR) programme, launched by UNCTAD in 1999, provides an independent and objective evaluation of the policy, regulatory and institutional environment for FDI and proposes recommendations to Governments to attract and maximize the benefits from increased flows of investment.

The IPR is a multi-phase programme that starts with a country-specific evaluation and advisory report, which undergoes a national and international technical peer review and intergovernmental review at the ministerial level. The report's outcome leads to technical assistance activities to support beneficiary countries in implementing the policy recommendations.

The aim of this document is to describe the IPR process, its phases and highlight its key features. The approach used to prepare the evaluation and advisory report encompasses an analysis of FDI trends and impact, an assessment of the investment framework and a country-specific FDI strategy. The report ends with a summary of the findings, the policy recommendations and an action plan.

To date with UNCTAD's assistance, 23 member States have completed IPRs and 5 more are in the review process. An additional 21 countries have requested IPRs. The process has had significant impact in generating

consensus among stakeholders and obtaining the endorsement and commitment of national authorities at the highest levels to implement the recommended actions. The IPR programme also benefits from continued support from donors and has been recognized as valuable for evaluating the investment environment.

Contents

Preface	iii
Introduction	1
1. An integrated assistance approach	3
2. The IPR evaluation and advisory report	6
2.1. FDI trends and impact	6
2.2. The policy and regulatory investment framework	7
2.3. Country-specific FDI strategy	9
2.4. Findings, recommendations and action plan	11
3. Intergovernmental peer review and country ownership	11
4. Implementation of recommendations and follow-up technical assistance	12
5. Implementation report and further actions	14
Conclusion	15
 Figure	
Figure 1. The IPR process	5
 Boxes	
Box 1. Adopting the right investment strategy	10
Box 2. IPR-related technical assistance	13
 Annex	
Annex 1. Status of IPRs and follow-up activities	17

Introduction

UNCTAD is the focal point of the United Nations Secretariat for issues dealing with trade and development, including foreign direct investment (FDI). In this capacity, it is recognized as a centre of excellence for investment advisory services and capacity-building assistance related to FDI. UNCTAD has a long history of research and technical assistance programmes to strengthen the capacity of countries to attract higher desirable levels and types of FDI – and by extension, increase the opportunities for sustainable development and poverty reduction.

The Investment Policy Review (IPR) is one of these programmes. The IPR is a comprehensive, demand-driven and country-specific process of technical assistance over a medium- to longer-term horizon. It evaluates a country's policy, regulatory and institutional environment for FDI, in line with its overall economic and social development objectives. The programme starts with policy advice, continues with support for putting the recommendations into action and follows on with a formal implementation report with proposed further actions.

Although the benefits of FDI are well known, the magnitude of the potential effects is determined by the economic characteristics of a given country and a host of other factors. FDI can have a direct impact on economic growth, income generation and job creation. Higher levels of FDI can also trigger increasing levels of total trade of goods and services and a variety of other linkages with the domestic economy, such as technology transfer, human capital formation, creation of new industries and greater integration into the world economy.

Yet, FDI may also entail risks, such as displacement of local industries, environmental degradation or loss of sovereignty. In the case of countries with lower levels of development, key binding constraints to fully benefit from FDI are associated with low levels of skilled labour, non-functioning or nonexistent infrastructure, poor access to basic services, limited technology and lack of or underdeveloped financial markets.

The IPR programme has played a key role in consolidating UNCTAD's solid reputation as a provider of technical assistance on FDI-related policies. Through this programme, UNCTAD has advised and assisted many countries in Africa, Asia and Latin America, including least developed countries (LDCs), post-conflict countries, middle-income economies and

economies in transition. Between its inception in 1999 – with the first IPRs for Egypt and Uzbekistan – and early 2008, 23 member States have completed IPRs, 5 countries are being reviewed – Belarus, Burkina Faso, Burundi, Nigeria and Sierra Leone – and an additional 21 countries have requested an IPR (*see Annex 1 for a detailed list*).

This document sets forth a framework by describing and providing a rationale for the consecutive phases of the IPR. The first section provides an overview of the integrated nature of the process. Section 2 details the main chapters of the IPR evaluation and advisory report. The third section explains the national and international peer review processes that underpin the finalization and endorsement of IPRs by member States. The last two sections examine the technical assistance available for the implementation phase as well as for the longer term.

1. An integrated assistance approach

The IPR and follow-up activities are requested by member States and tailored to their needs in order to promote strong ownership. The process involves taking into account the views of a broad array of interested parties, as detailed in this framework.

As illustrated in Figure 1, the IPR process takes place in five consecutive phases, which are sequenced to promote synergies:

- Government request to UNCTAD expressing commitment to policy reforms;
- IPR evaluation and advisory report, including an action plan;
- Intergovernmental review and country ownership;
- Implementation and follow-up technical assistance, including capacity building; and
- Implementation report and additional follow-up actions.

The preparation of the IPR report, a central element of the programme, starts with a diagnostic phase that includes a fact-finding mission to the field by UNCTAD technical staff and a detailed and comprehensive examination of the investment environment. At this stage, policy makers at the highest level and a wide range of stakeholders are brought into the process, including Government ministries and agencies, such as the line ministries, the Central Bank, the Central Statistical Office as well as universities and research institutions. Meetings are also held with representatives of the private sector, non-governmental institutions and the donor community active in the country. If considered necessary, UNCTAD carries out survey questionnaires and structured interviews to gather additional information and data.

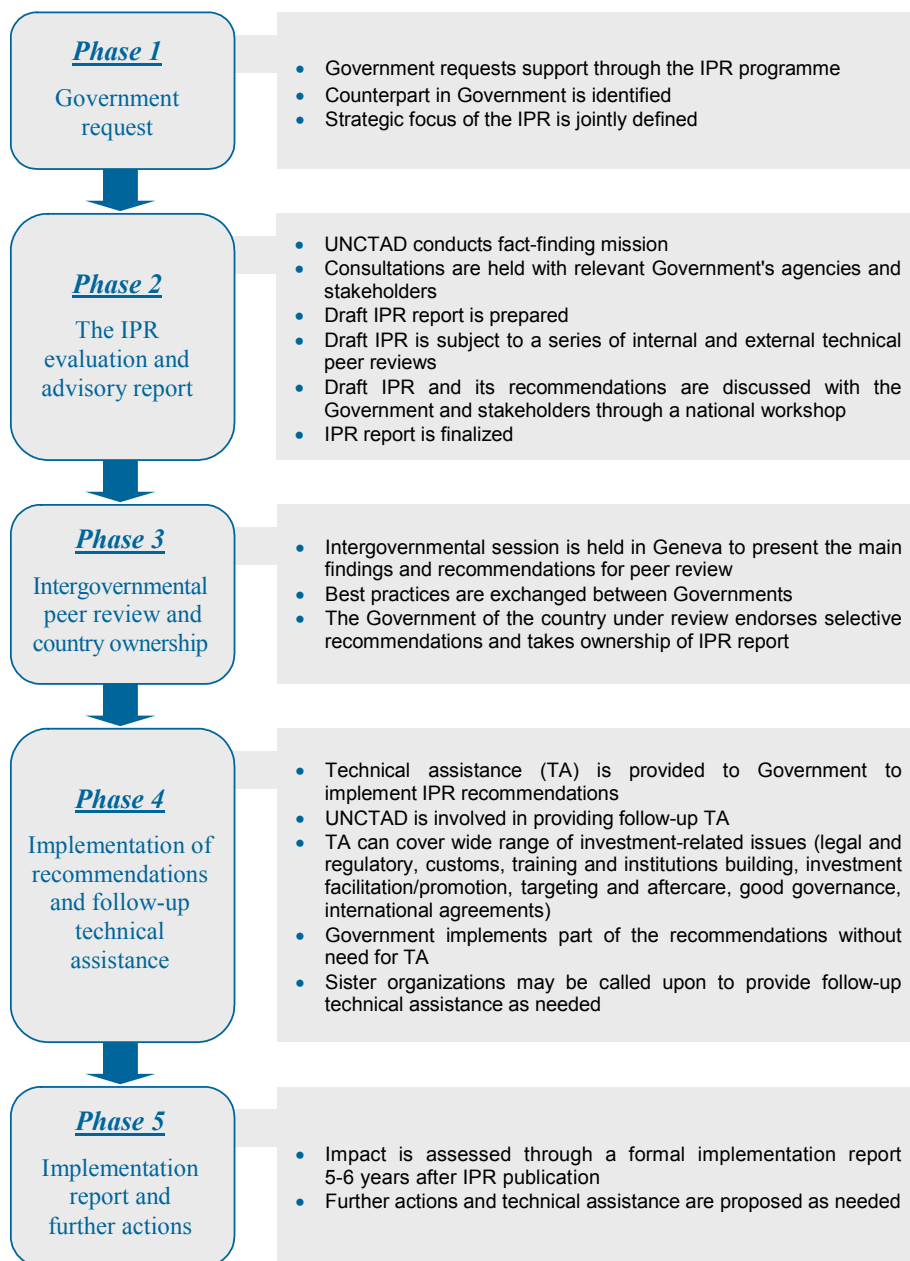
Next, the beneficiary countries agree to go through a review process, which includes a national stakeholders' workshop to discuss the findings and recommendations of the draft report and an intergovernmental peer review within UNCTAD's Commission on Investment, Technology and Related Financial Issues, a subsidiary body of the Trade and Development Board. The reviews draw upon the experiences of other countries in attracting and benefiting from investment, including benchmarking against international best practices in policy making and investment promotion. Based on a variety of input over 10-12 months, the IPRs are finalized.

The IPR takes into account each country's socio-economic context to ensure that the recommendations are specific, concrete and actionable. The IPR recommendations are put into operation through short-term action plans

and multi-agency medium-term technical assistance to help the Governments meet their development objectives.

Throughout the process, UNCTAD liaises closely with relevant ministries and Government agencies – through a high-level official counterpart – as well as other key stakeholders to keep them informed. About five or six years after the completion of the IPR report, UNCTAD prepares an implementation report and provides recommendations for further and longer-term technical assistance.

Figure 1: The IPR process



2. The IPR evaluation and advisory report

Without accurate and reliable FDI data, policymakers are hindered in the formulation of appropriate investment policies. This is particularly true in LDCs where data collection is a major challenge. To ensure a high degree of quality and accuracy in the IPR report, UNCTAD assesses the data for impartiality, reliability, comprehensiveness and timeliness.

In doing this work, UNCTAD benefits from being the main authority on international FDI statistics as well as from its research and analysis on investment, produced most notably in the context of the yearly *World Investment Report*. Furthermore, UNCTAD can also tap into its in-house expertise on a wide range of issues, including notably trade, macroeconomic policies, competition and consumer policies, commodity diversification and technology.

The IPR methodology is based on transparent sources and publicly available comments and documents. In addition, the IPRs are subject to a thorough peer review process. The technical peer review, undertaken by both internal and external experts at the national and international level, focuses on sound analysis, factual verification, identification of missing elements and gauging the suitability and feasibility of recommendations.

The IPR evaluation and advisory report consists of four main chapters:

- Analysis of FDI trends and impact;
- Assessment of the policy and regulatory investment framework;
- Focus on country-specific FDI strategy; and
- Outline of findings, recommendations and action plan.

2.1. FDI trends and impact

All IPRs are grounded on a thorough analysis of the past trends, structure and impact of FDI flows to date on the economic and social conditions of the country under review in order to provide tailored recommendations that fit its specific situation, level of development and national policy priorities. The first chapter of the report assesses the following:

- **Economic background.** This section elaborates on the country's stage of economic development, economic structure, degree and nature of integration into the global economy, binding constraints on investment and its macroeconomic policy framework. It also

discusses the country's specific conditions and challenges and identifies its comparative advantages. In addition, this section sheds light on the appropriateness and coherence of economic and institutional policies vis-à-vis strategies for investment promotion.

- **FDI trends.** This section provides a snapshot of the size and growth of FDI, analysis of the country's performance in attracting it and the mitigating factors. It presents FDI distribution by sector, industry and region; an account of main historic and recent source countries of FDI; and the main forms of FDI (e.g., greenfield or mergers and acquisitions). The section also discusses key sector opportunities not yet fully exploited for FDI attraction.
- **FDI impact.** This section analyses the response of key economic variables – such as output growth, employment, capital accumulation, technology and human capital – to recent FDI flows. It also studies the linkages between foreign affiliates and local suppliers and the extent to which FDI has contributed to integration into the global economy.
- **General assessment.** This section concludes with a general assessment of the prospects for FDI, including its estimated impact on sustainable development and poverty reduction.

2.2. The policy and regulatory investment framework

The second chapter of the IPR report offers a comprehensive view of policies and laws that concern investors in establishing and running their businesses. The investment framework is based on a standard set of assessments comprised of FDI-specific measures and general measures affecting investment. This chapter ends with strategic priorities to maximize the benefits from FDI while protecting the national interest.

FDI-specific measures

Each IPR reviews the central policy and regulatory provisions that guide and control the entry, establishment, treatment and protection of FDI. This encompasses general provisions (e.g., as set forth in the Constitution), specific FDI law and sector approaches. To avoid duplication of effort among the different entities responsible for investment matters, the IPR framework is set up to ensure the consistency and coordination of investment policies with other economic and sector policies. The analysis centres on matters, such as the following:

- Institutional structures and mechanisms in place to promote and facilitate investment and provide aftercare services;
- Consistency of treatment of foreign investors in domestic law (e.g., investment protection, expropriation, dispute settlement and compensation);
- International investment agreements (i.e., bilateral and multilateral treaties); and
- Coherence between overall development objectives and FDI-related legal provisions.

General investment measures

There are many other general business-related policies and regulations that can affect FDI and its impact on the host economy. Each IPR provides an in-depth analysis of the policies, rules and regulations that apply to the following:

- Taxation;
- Foreign exchange controls, trade permits and transfer of capital;
- Labour markets, including measures affecting employment of foreigners;
- Land and property rights;
- Environmental management;
- Corporate governance and accounting practices;
- The Judiciary and rule of law;
- Competition;
- Intellectual property protection;
- Transfer of technology;
- Sector-specific regulations (i.e., telecommunications, power, banking or mining); and
- Regional trade agreements and integration.

Overall assessment and recommendations

The proposed improvements and modifications to make the country attractive and competitive are designed to be appropriate and realistic. The approach taken in the investment framework is to ascertain whether policies and regulations protect the public interest and support development while not posing an undue burden of compliance on investors. An important aspect in recommending a coherent package to achieve this balance is to take into

account the Government's administrative capacity to implement policies and enforce regulations.

2.3. Country-specific FDI strategy

As a flexible, country-specific process, the IPR is designed to take into account member States' binding constraints on investment and their particular policy priorities. Each IPR analyses a set of strategic issues that are key to achieving a country's national development plan objectives. These topics are identified at the beginning of the process by the beneficiary Government in consultation with stakeholders and UNCTAD. Taking a case-by-case approach and providing a set of tailor-made policy recommendations in each report is a unique feature of the IPRs.

The strategic FDI-related issues reviewed in the past IPRs can be summarized in four main categories:

- Overall strategy to attract and benefit from FDI;
- Investment promotion strategy and institutional set-up;
- Promising sectors for investment; and
- Specific barriers to investment.

Among the IPRs completed, several of them dealt with national investment strategies. The report either assessed a strategy's strengths and weaknesses, if it existed, and recommended an overhaul or made policy recommendations for an overarching strategy that matched the country's investment factors and constraints.

Tapping on UNCTAD's expertise in investment promotion, the IPR has reviewed the roles and functions of investment promotion agencies (IPAs) in several countries. As a result, these countries have re-evaluated their institutional structures and focused on clearer and more specific ways for their IPAs to promote, facilitate and ensure the aftercare of investment.

Another focus of the IPR has been on sectoral issues. In many developing countries, although key industries may be promising – or identified by a country as essential for its development – their potential remains largely untapped or specific barriers or bottlenecks need to be addressed. (*Box 1 provides some examples of special issues treated in the IPRs.*)

Box 1. Adopting the right investment strategy

The IPRs completed so far have covered a wide range of strategic issues considered key by member States to attracting and benefiting from FDI.

Developing an overall strategy to attract FDI

For several countries, UNCTAD developed an overall FDI strategy. For Botswana, the IPR elaborates four core areas: exploiting market access preferences; increasing competitiveness; developing the local private sector; and enhancing human capital. In Kenya, the overall strategy centres on four pillars: manufacturing basic consumer goods and industrial inputs for the regional market; developing the country as a regional services hub; expanding the horticulture and floriculture sector; and promoting FDI in export processing zones. In Rwanda, the strategy proposes to mitigate the impact of hard infrastructure constraints by turning the country into a centre of excellence in soft infrastructure and governance in Africa, which requires addressing the shortage of skilled labour. As a result of the IPR, the Government committed, with the support of UNCTAD, to revisit the immigration policy to facilitate the entry of qualified foreign workers.

Strengthening investment promotion institutions

Countries benefit when the capacities of their investment promotion agencies are built. In Ecuador, the assistance to the Corporation of Exports and Investment Promotion (CORPEI) focused on forming and launching an investment promotion programme and conceptualizing the Ecuadorian Investment Gateway. This resulted in a 10-year national plan on investment promotion and policy reforms as well as the establishment of the Gateway. In Ghana, UNCTAD assisted the IPA to set up a one-stop shop to facilitate procedures for investors. In Sri Lanka, the IPR concentrated on restructuring the Board of Investment to streamline its operations and focus on the core tasks of investment promotion.

Promoting investment in promising sectors

Many countries can further exploit their comparative advantages. In addition to reviewing their investment frameworks, the IPRs provide a rigorous analysis of the sectors with high potential. For Egypt, the IPR details investment opportunities in four key sectors: pharmaceuticals; textiles and garments; tourism; and electronics and information technology. The IPR for Ethiopia analyses the agricultural and leather sectors and proposes ways to tap their strengths and address their weaknesses in order to attract more investment.

Identifying specific barriers to investment

Some countries have to deal with particular challenges in specific sectors. For example, in Viet Nam, as a result of its fast-growing economy, electricity demand grew at an unprecedented pace. The IPR proposes recommendations on how to attract FDI to strengthen the country's power infrastructure. In Lesotho, an unsatisfied demand existed from foreign investors for factory shells and industrial land that the Lesotho National Development Corporation (LNDC) could not meet at its own expense. To drive new construction, the IPR recommended as a matter of top priority that the LNDC continue to divest itself of estate management activities by subcontracting to the private sector.

Source: www.unctad.org/ipr.

2.4. Findings, recommendations and action plan

The final chapter of the report, an overview of the main findings and recommendations, can be used by senior policymakers and Government officials as an action plan. The recommendations are based on the detailed examination of the country's investment opportunities, the binding constraints on investment and the way in which policy actions could contribute to it being a destination of higher desirable levels and types of FDI. Based on broad policy and institutional measures and priorities, the agreed-upon action plan then serves as the basis to launch the IPR implementation phase.

To ensure optimal conditions for carrying out the recommendations, UNCTAD discusses the resource and political implications with Government representatives. UNCTAD recognizes too that "best practices" in one context are not necessarily applicable to all cases and that appropriate sequencing and timing of reforms varies in each country, given its stage of development; overall growth strategy and national plan; and human and institutional capacity to absorb and implement reforms.

3. Intergovernmental peer review and country ownership

The IPR programme puts a strong emphasis on the ownership of recommendations by the requesting Government. It also recognizes the importance of involving national stakeholders for the successful implementation of proposed reforms. As no recommendations are binding, ownership is essential. Thus, in addition to the technical peer review, the IPR also benefits from peer reviews in national workshops and feedback from other countries.

During a national workshop, the IPR is presented in draft form to the Government and national stakeholders, including private investors, civil society representatives and other key actors involved in investment policy. The forum is designed to promote open and candid discussions between UNCTAD and national stakeholders. The draft report is later finalized by the UNCTAD Secretariat, based on the comments and feedback received during the workshop.

The finalized version is presented in Geneva at an intergovernmental meeting, which takes place at UNCTAD's Commission on Investment, Technology and Related Financial Issues, a subsidiary body of the Trade

and Development Board. The meetings are usually attended by more than 100 countries and include wide non-governmental stakeholder participation at senior levels. The value of the process is acknowledged by the beneficiary Governments and has included participation at the level of the Prime Minister and cabinet ministers of the countries being evaluated.

The peer review provides a forum for Governments to exchange experiences in investment policy and share success stories as well as failures. It provides an opportunity for the Government undertaking the IPR to publicly endorse the recommendations it seeks to put into practice and formally ask UNCTAD and others for follow-up technical assistance. The peer review marks the end of the preparatory phase of the recommendations and the beginning of their implementation.

4. Implementation of recommendations and follow-up technical assistance

UNCTAD's technical assistance to implement the recommendations of the IPR is entirely demand driven, as Governments select the recommendations they wish to act upon. While in many cases, further technical assistance is needed for a period of time; in others, implementation will not require further support from UNCTAD or any other multilateral agencies.

Governments may call upon the expertise of UNCTAD's different divisions in their requests for follow-up. Areas where UNCTAD has provided technical assistance in the past include: drafting investment codes and tax policies; formulating plans to attract higher skilled labour; collecting and analysing investment statistics; promoting good corporate governance and other investment strategies; building capacity to negotiate international investment agreements; and implementing international commitments.

Follow-up activities may also include the preparation of Blue Books, which contain practical investment-related measures that can be implemented within a 12-month period. They enable beneficiary countries to take immediate achievable steps towards reaching best practice in investment policymaking and facilitation. While they are not written for all IPRs, experience has shown that they are useful adjuncts to the IPR implementation process.

In cases where UNCTAD may not have the capacity or expertise to deliver further technical assistance, sister agencies from the United Nations may be called upon. In addition, Governments may also appeal for bilateral support or for help from other multilateral organizations or private consulting firms.

Box 2. IPR-related technical assistance

UNCTAD's IPR-related technical assistance on FDI has dealt with improving policy, legal and regulatory approaches as well as strengthening institutional capacity. Below are some examples.

Enhancing investment frameworks

IPRs have led to support to several countries in improving investment regulation, including revising investment codes, proposing sectoral investment regulation and advising on investment taxation issues. This assistance was provided for countries such as the Dominican Republic, Egypt, Ghana, Lesotho, Morocco, Sri Lanka and the United Republic of Tanzania. Further technical aid was provided with the preparation of *Blue Books on Best Practices in Investment Promotion and Facilitation*, which focus on strengthening investment climates by identifying practical legal and regulatory changes that can be implemented within a year. Blue Books were prepared for Cambodia, Ghana, Kenya, Lao PDR, Tanzania, Uganda and Zambia.

Strengthening investment promotion efforts and institutions

Investment promotion capacity and institutional strengthening have been addressed in IPRs undertaken for Algeria, the Dominican Republic, Ethiopia, Rwanda and Sri Lanka. Additional assistance in promotion capacity included preparing promotional *Investment Guides* for Ethiopia, Kenya, Rwanda, Tanzania and Uganda, and for the East African Community.

Developing investment strategies

Another example of practical IPR-related assistance has been the formulation of investment strategies, including investor targeting strategies and sector-specific investment strategies. Countries that have benefited include Botswana, Ethiopia, Kenya, Mauritania, Mauritius, Morocco, Peru and Rwanda.

Fostering human capital for investment

IPR activities related to attracting and developing skilled workers address the key issue of necessary human capital formation for investment. Assistance has included recommendations concerning immigration policies, residence permit systems and the return of skilled workers. These issues were addressed in the IPRs for Botswana, Lesotho, Mauritius and Rwanda. Technical assistance in the form of in-country training activities have included modules on good governance in investment promotion (Tanzania); investment aftercare (Algeria); investment trends and policies (Egypt); customer orientation (Uganda) and corporate income taxation (Kenya).

Source: www.unctad.org/ipr.

5. Implementation report and further actions

When funding is made available, UNCTAD is committed to continue work with beneficiary Governments throughout the implementation process of the recommendations. Under typical circumstances, a stock-taking exercise is carried out five to six years after an IPR report has been peer reviewed. A team from UNCTAD evaluates the extent to which the recommendations have been implemented and identifies additional steps to further enhance the investment environment, taking into account the evolving investment policy trends and emerging development challenges in the country being re-assessed. A formal implementation report is presented and reviewed at the intergovernmental level.

Designed to evaluate the impact of the IPR programme in a given country, the re-assessment also analyses the strengths and weaknesses of the process and the ability of the beneficiary country to manage external factors and sustain results over time. So far, UNCTAD has completed two IPR implementation reports – for Egypt and Uganda. The outcome of the reviews is quite positive overall.

In the case of Egypt, in terms of FDI performance, new investors are showing increasing interest in opportunities. The implementation report found that the majority of the IPR policy recommendations on the investment framework have been adopted, particularly since 2005. Regarding investment promotion, the recommendation to transform the agency in charge from more of a regulator into more of a genuine investment promoter and facilitator has been adopted and the agency is fulfilling a new mandate. The review also revealed that Egypt has expanded its bilateral investment treaty (BIT) network as recommended. However, most of the treaties had not been ratified and contained inconsistent provisions. Thus at the Government's request, UNCTAD provided assistance to rationalize the treaty provisions and renegotiate terms in accordance with a newly developed BIT model.

In terms of performance, Uganda has managed to attract larger flows of FDI since 2000, reaching a peak of US\$307 million in 2006. The implementation report shows that since the completion of the IPR in 2000, the Government has been successful in putting the recommendations into practice, resulting in significant improvements in the investment framework. For example, the majority of legal and regulatory changes proposed have been either partly or fully implemented. In spite of this encouraging picture, there have been weaknesses or delays in carrying out certain important measures, such those dealing with the rail and port bottlenecks and the unresolved power crisis.

Conclusion

Since its inception at the end of the 1990s, IPRs have been completed for more than 20 countries. Their recommendations have led to concrete policy changes in the beneficiary countries and tangible results on the ground. Through this programme, UNCTAD has cooperated extensively with several international, regional and national organizations as well as a wide range of stakeholders that help developing countries improve their legal, regulatory and institutional framework for investment.

Overall, the technical assistance activities in the area of investment have been well received by member States. The beneficiary countries have shown their appreciation for the IPR programme and their commitment at the highest policy-making level. For example, President Museveni of Uganda chaired the Cabinet meeting to discuss the action plan of the Uganda IPR. In Rwanda, the IPR was presented to Parliamentarians and national stakeholders, and was subject to a Cabinet-level discussion with the Prime Minister. Furthermore, some heads of State and Government have also participated in the UNCTAD intergovernmental meetings to discuss their country's IPRs.

The high quality of UNCTAD's work has been confirmed in a recent external evaluation, which among other things acknowledged that *"IPRs are a relevant intervention that have, for the most part, been appreciated and put to good use by the beneficiary countries"*.¹ The report also indicates that *"IPRs had an important initiation function for other investment-related advisory services"* and that they *"tend to have a high degree of sustainability impact"*.

Among the products, the IPR and follow-up support was recognized as a very useful process to promote and foster economic development in developing countries and countries with economies in transition by promoting healthier investment climates. The Trade and Development Board endorsed the 2007 external evaluation, including its recommendation that *"assistance in the implementation of IPR recommendations should be the norm and not the exception"*.²

¹ In-depth Evaluation of UNCTAD Advisory Services on Investment, TD/B/WP/196, 2 July 2007.

² "In-depth evaluation of technical cooperation programmes: Agreed conclusions: (a) In-depth evaluation of UNCTAD's advisory services on investment", TD/B/WP(49)/L129, 13 September 2007.

The programme also enjoys strong support from the donor community. The declaration of the G8 Summit in Heiligendamm in June 2007 described the IPRs and follow-up actions as a “*valuable mechanism*” for investment climate assessment. In addition, in *The DAC Guidelines: Strengthening Trade Capacity for Development* of 2001, the Organisation for Economic Co-operation and Development (OECD) endorsed UNCTAD’s IPR as a useful mechanism to raise awareness of impediments to investment in developing countries and help ensure coherence between regulatory regimes and overall development goals.

The success of the programme has led to a long list of new requests from other developing countries and economies in transition, including for follow-up activities. Through its research and analysis, technical assistance activities, knowledge-sharing forums and intergovernmental deliberations, UNCTAD will continue to seek ways to strengthen and improve the IPR programme.

To better serve its member States, UNCTAD is devoting more resources to the programme and, as a result, will increase the number of IPRs completed per year. In addition, UNCTAD will further improve the quality of the analysis in the IPRs by using better statistical information, tools and techniques. The forthcoming IPRs will also take into account the work done in the context of the new UNCTAD programme on best practices in investment policies, which includes policy analysis of an inventory of success cases and lessons learned about specific aspects of investment policymaking. Furthermore, the analysis provided in the IPRs will pay more attention to assessing the impact of recent FDI flows on the economy and poverty reduction.

Annex 1. Status of IPRs and follow-up activities

STATUS (as of March 2008)	COUNTRIES
Completed IPR reports (23)	LDCs (9): Benin (2005), Ethiopia (2002), Lesotho (2003), Mauritania (2008), Nepal (2003), Rwanda (2006), Uganda (2000), United Republic of Tanzania (2002) and Zambia (2007) Others (14): Algeria (2004), Botswana (2003), Colombia (2006), Dominican Republic (2007), Ecuador (2001), Egypt (1999), Ghana (2003), Kenya (2005), Mauritius (2001), Morocco (2007), Peru (2000), Sri Lanka (2004), Uzbekistan (1999) and Viet Nam (2007)
IPR ready for workshop with national stakeholders (1)	Nigeria
IPRs under preparation (4)	Belarus, Burkina Faso, Burundi and Sierra Leone
Follow-up activities (17)	Completed (9): Botswana, Ecuador, Egypt, Ethiopia, Lesotho, Mauritius, Peru, Sri Lanka and Uganda Ongoing (8): Algeria, Benin, Dominican Republic, Ghana, Mauritania, Morocco, Rwanda and Zambia
Implementation reports (2)	Egypt and Uganda
Requests for IPRs (21)	LDCs (6): Bangladesh, Central African Republic, Chad, Democratic Republic of Congo, Guinea-Bissau and Mali Other countries in Africa (3): Gabon, The Congo and Swaziland Asia (1): Philippines Central Asia (2): Kyrgyzstan, Mongolia Europe (1): Moldova Latin America and the Caribbean (5): Bolivia, Chile, Nicaragua, Suriname and Trinidad and Tobago Middle East (3): Bahrain, Kuwait and Lebanon
Requests for IPR follow-up activities (11)	LDCs (4): Mauritania, Nepal, Rwanda and United Republic of Tanzania Other countries in Africa (3): Kenya, Morocco and Nigeria Asia (1): Viet Nam Latin America and the Caribbean (3): Colombia, Dominican Republic and Peru

Source: UNCTAD.

Contacts:

James X. Zhan
Head, Policies and Capacity-building Branch
Division on Investment And Enterprise
UNCTAD
Tel.: +41 22 917 5797
Fax: +41 22 917 0498
Email: james.zhan@unctad.org

Chantal Dupasquier
Chief, Investment Policy Reviews
Policies and Capacity-building Branch
Division on Investment And Enterprise
UNCTAD
Tel.: +41 22 917 1512
Fax: +41 22 917 0197
Email: chantal.dupasquier@unctad.org

Lena Chia
Officer-in-Charge, Policy Implementation
Policies and Capacity-building Branch
Division on Investment And Enterprise
UNCTAD
Tel.: +41 22 917 5848
Fax: +41 22 917 0197
Email: lena.chia@unctad.org

For more information about UNCTAD and the IPR programme, visit the website
www.unctad.org/ipr

GE.08-50786-March 2008-1,200
UNCTAD/ITE/IPC/2008/3
United Nations publication