

ASEAN Forum on Sustainable Investment

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COMMITTED TO
IMPROVING THE STATE
OF THE WORLD



Global investment policy and practice



Sustainable Investment: leverage new findings on policies and measures to increase sustainable investment flows



Investment Facilitation: help inform and provide inputs to new WTO agreement on investment facilitation



Outward FDI: leverage new outward FDI community and toolkit for two-way investment flows



Digital FDI: create 'digital friendly' investment climates through enabling frameworks



New Alliance and Projects: high-level cooperation, including on projects that combine investment policy reforms with sustainable finance mobilization



Frontier Thinking: contribute technical inputs to inform policy dialogues, frameworks, and activities

Sustainable Investment Framework:

Five complementary dimensions



Sustainable investment is defined as “investment that follows responsible business conduct (RBC) practices and contributes to the sustainable development of an economy”.

[Launching an Alliance to Enable Action on Sustainable Investment \(EASI\)](#)

World Economic Forum
June 2021

[WEF Sustainable Investment Framework](#), elaborated from UNCTAD WIR14 and consultations with James Zhan

Sustainable Investment Framework:

Five dimensions outlined

Dimension	Elements	Tools	Actors	Explanation
Sustainable investment policies	International law, national law, international process standards, national process standards, industry process standards	IAs, OECD Guidelines, firm-level CSR guidelines, domestic labour codes, Environmental and Social Impact Assessments, supply chain guidelines for mining or for agriculture	Policies can apply to both host governments and home governments, as well as host firms and home firms	Sustainable investment requires investment to take place in the context of respect for human rights, health and safety standards, social and environmental protection, and respect for core labour rights; policies can encompass both 'carrots' and 'sticks'
Sustainable finance mobilization	Corporate sustainability ratings, financial standards, corporate sustainability reporting	Sustainability Accounting Standards (SASB), Global Reporting Initiative (GRI), Sustainable stock exchange initiative, WEF supported alignment on ESG metrics (21 core and 34 expanded)	Sustainable finance mobilization is mainly targeted to firms, whether portfolio investors, institutional investors, impact investors, sustainable investors, etc.	Sustainable investment requires stakeholders to have information regarding the sustainability behaviour of different firms, for policymakers, regulators, investors, media, and civil society to reward or punish investment behaviour through incentives and sanctions, providing market signals to better align market mechanisms with SDG goals
Sustainable investment promotion	National strategy for attracting investment, targeted promotion to SDG sectors, targeted promotion to sustainable investors	Recognized Sustainable Investor (RSI) measure, behavioural incentives, home-country measures conditional on sustainability performance, pipeline of bankable projects, promotion campaigns, roadshows, investment conferences	Host economy IPA, home economy IPA, other policymakers, host economy firms, home economy firms.	Sustainable investment can be furthered through (a) targeting investors in sectors that are particularly conducive to the SDGs, (b) targeting investors with a sustainability mission, and (c) creating a pipeline of sustainable bankable projects
Sustainable investment facilitation	Administrative procedures and requirements, transparency, aftercare, quality standards, insurance, etc.	Focal point, One-stop shop, ombudsperson, databases of domestic suppliers, guarantees and insurance targeted to support and protect sustainable investment, investment cooperation platform	Host economy IPA, home economy IPA, other policymakers, insurance providers, host economy firms, home economy firms.	Sustainable investment can be furthered through providing greater facilitation services and support to investment that is aligned with sustainable development goals of the economy; this can be facilitated by partnership between home and host IPAs, as well as regional cooperation
Sustainable development impact	Business linkages, training, technology transfer, indicators, stakeholder engagement	PPPs, supplier-development program to create linkages, SEZs focused on SDGs, OECD FDI qualities indicators, UNESCAP FDI indicators, firm reporting on ESG impact, public-private dialogues	Host economy IPA, home economy IPA, other policymakers, civil society, international organizations, development institutions, donor governments	Sustainable investment also involves programs and initiatives to maximize positive development impact and minimize potential negative impacts. This can take place through increasing the absorptive capacity in economies, tools to measure sustainable impact, stakeholder engagement, public scrutiny and pressure, and making trade-offs

Examples of concrete policies and measures that can directly support sustainable investment

1. Include **international standards and guidelines** (from the UN, OECD, and ILO) in domestic frameworks and international investment agreements
2. Make **responsible business conduct (RBC)** a requirement for firms above a certain size
3. Adopt **sustainability reporting requirements** for firms
4. Align incentives with sustainability behaviour of firms (e.g. by creating a special category of **Recognized Sustainable Investors**, adopting **smart incentives**)
5. Create linkages between foreign investors and local firms (e.g. by creating **supplier databases with sustainability dimensions**) → [ACIA, Article 25\(e\)](#)
6. Ensure **consultation and feedback mechanisms** between public and private sectors to fine-tune policies and measures and **monitor impact and effectiveness** → [ACIA, Article 25\(f\)](#)
7. Support **outward FDI and condition** some home-country measures (e.g. financial support on sustainable investment behaviour) → [ACIA, Article 25\(g\)](#)

Those measures could help support ACIA's principles

Article 2 Guiding Principles

This Agreement shall create a liberal, facilitative, transparent and competitive investment environment in ASEAN by adhering to the following principles:

- (a) provide for investment liberalisation, protection, investment promotion and facilitation;
- (b) progressive liberalisation of investment with a view towards achieving a free and open investment environment in the region;
- (c) benefit investors and their investments based in ASEAN;
- (d) maintain and accord preferential treatment among Member States;
- (e) no back-tracking of commitments made under the AIA Agreement and the ASEAN IGA;
- (f) grant special and differential treatment and other flexibilities to Member States depending on their level of development and sectoral sensitivities;
- (g) reciprocal treatment in the enjoyment of concessions among Member States, where appropriate; and
- (h) accommodate expansion of scope of this Agreement to cover other sectors in the future.



An Inventory of Concrete Measures to Facilitate the Flow of Sustainable FDI: What? Why? How?

Karl P. Sauvart
Matthew Stephenson
Khalil Hamdani
Yardenne Kagan



Access the Inventory by pointing your phone camera to the QR code

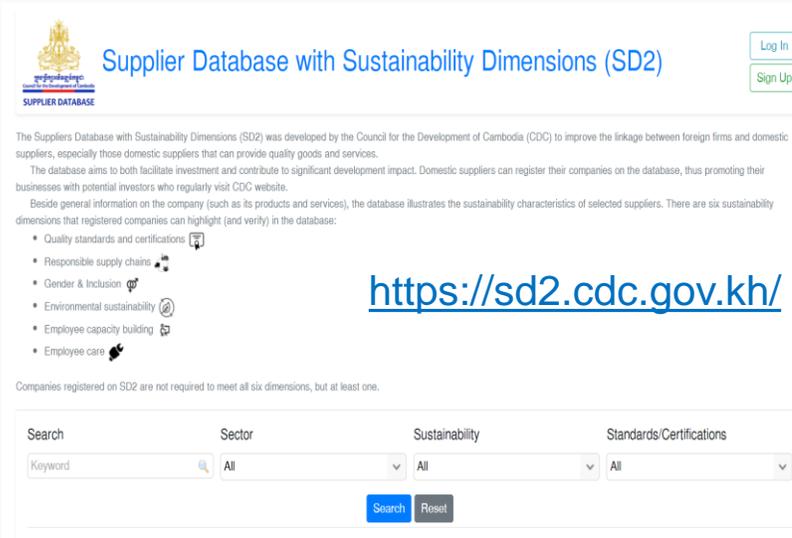
Example of adoption of sustainable investment policies/measures by Cambodia



“Sustainability disclosures database for local firms launched”
(Phnom Penh Post, 12 May 21)

“CDC expects more investment inflows into Cambodia as it launches investment facilitation database”
(Khmer Times, 13 May 2021)

Official launch of Cambodia’s supplier database by HE Sok Chenda Sophea
27 April 2021



Smart Incentives in New Investment Law, which allows for incentives to be aligned with sustainable development

We plan to give incentives to merit based activities such as R&D, human resource development, and machinery upgrades. Among the sectors we consider to be a priority and eligible to be qualified investment projects (QIP), are investments in environmental protection and management, and green energy... Skills training also receives special attention, as many of the new industries included in the draft law rely on a highly-trained workforce: a 150% tax deduction would be offered when investments include education and vocational training.

Sok Chenda Sophea, Secretary General
Council for the Development of Cambodia and
Minister attached to the Prime Minister
“Investment Policy: The Gatekeeper” Southeast Asia Globe
1 February 2021

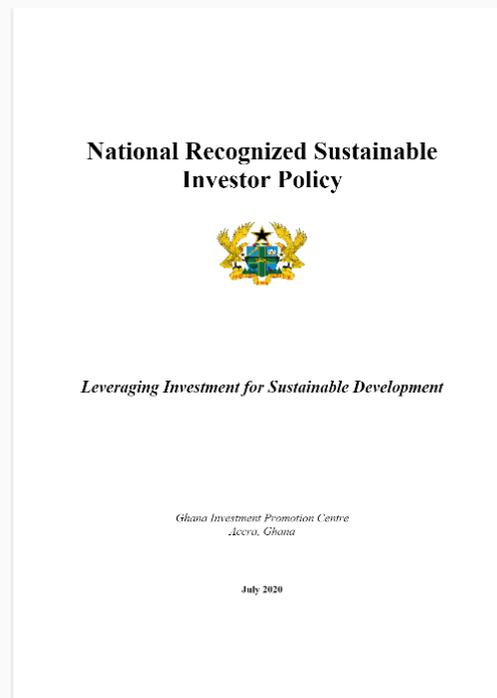


Example of adoption of sustainable investment policies/measures by Ghana



Ghana created a new category of Recognized Sustainable Investor, one that makes a commitment to invest sustainably.

These investors can receive additional support, for instance shorter timeframes for approvals, a “green channel” for imports and exports, or “red carpet” treatment for aftercare.



Webinar on sustainable incentives,
with presentation by
Yofi Grant, CEO of GIPC
on Ghana's RSI
1 June 2021

At GIPC, one of the suggestions we Have made in the exemptions [tax] reform is to move away from strategic Investors to another tier called the 'responsible sustainable investor' where we are suggesting that we should apply our incentives to foreign direct investors who enable us achieve the SDGs, partner with the local people in production processes and engage in other things that are useful to the economy and bring back value to the economy.

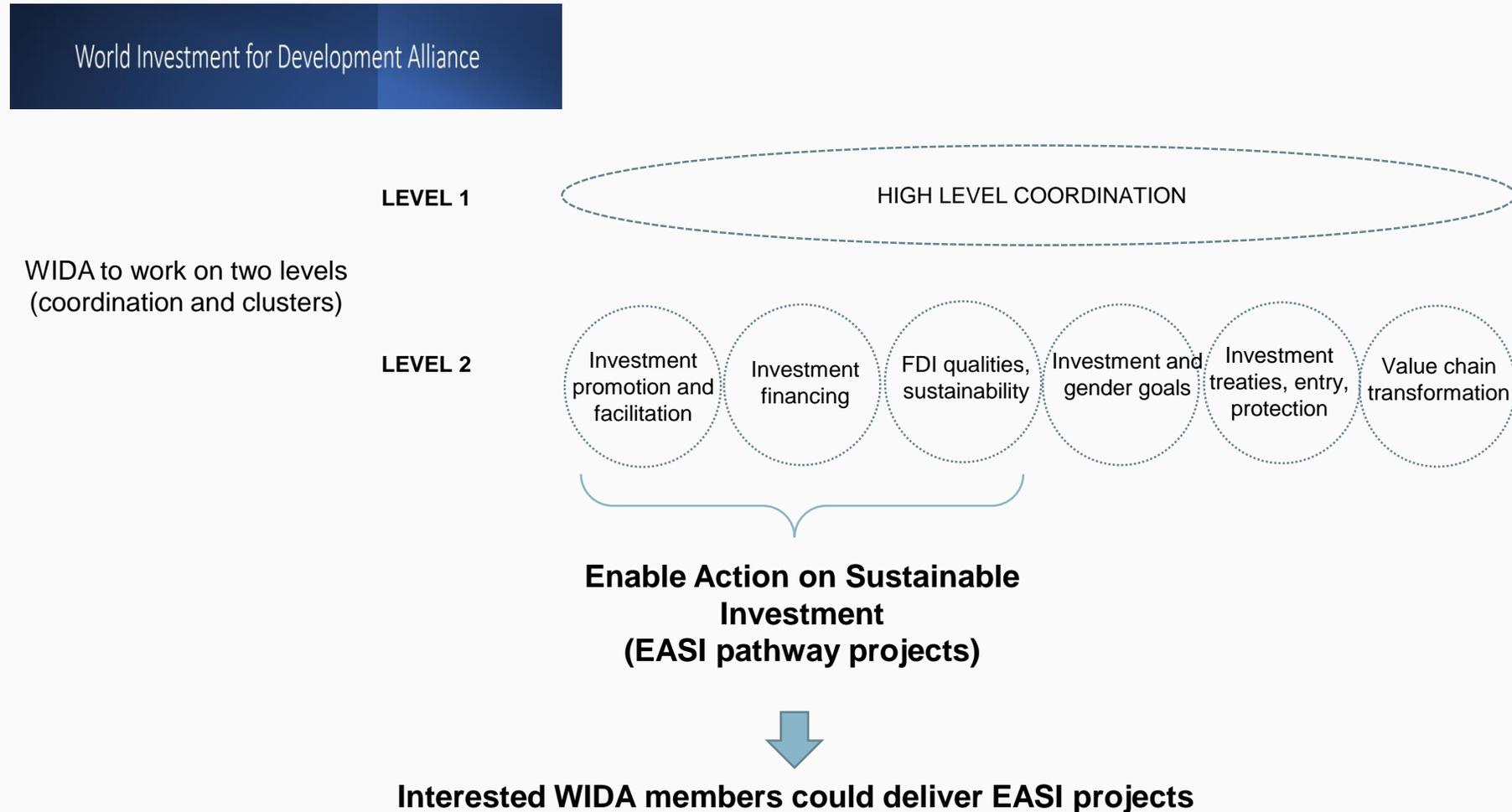
Yofi Grant, CEO, GIPC
[“GIPC proposes application of tax incentives to SDG investors in exemptions bill”](#)
26 May 2021

WIDA & EASI projects:

Institutional cooperation + project implementation

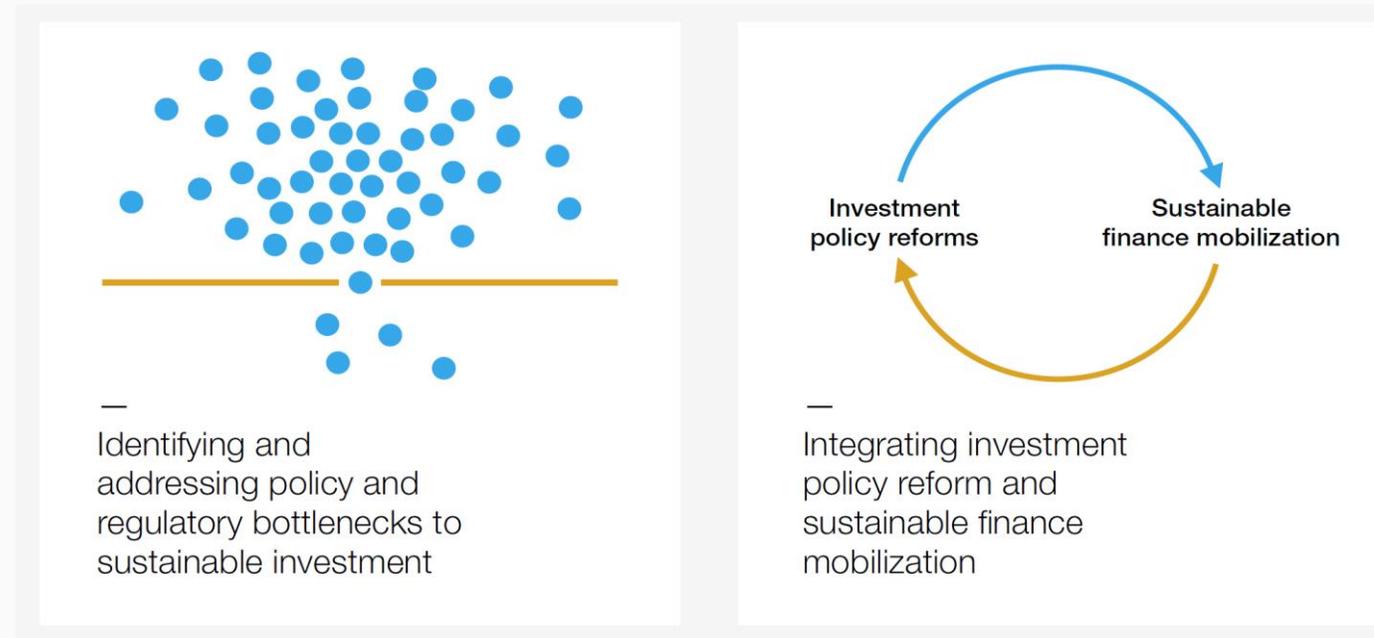
➤ Plans to work on creating WIDA were discussed during a World Investment Forum [session](#) on 18 October 2021

➤ AIB, AUC, IISD, ITC, ESCAP, UNCTAD, OECD, WAIPA, WBG, WEF could be initial members, with others welcome to join



EASI projects: Objectives

Public-private pathway projects with a dual objective:



Policy reforms and finance mobilization
are **sympiotically** connected

EASI projects: 2x2 approach

2 working methods, 2 levels of work

Working methods:	PUBLIC-PRIVATE MULTISTAKEHOLDER PROCESS	TOP-LEVEL POLITICAL AND BUSINESS ENGAGEMENT
Levels of work:	COUNTRY-LEVEL and REGIONAL PROJECTS	REGIONAL AND GLOBAL COOPERATION AND REPLICATION

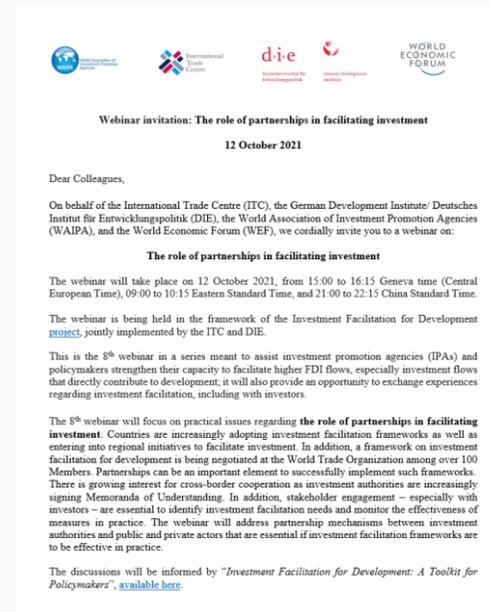
ACIA
Article 26
Enhancing ASEAN
Integration

...In order to enhance ASEAN economic integration, Member States shall endeavour to, among others:

- (a) harmonise, where possible, investment policies and measures to achieve industrial complementation;
- (b) build and strengthen capacity of Member States, including human resource development, in the formulation and improvement of investment policies to attract investment
- (c) share information on investment policies and best practices, including promoted activities and industries; and (d) support investment promotion efforts amongst Member States for mutual benefits.

Regional investment cooperation platform could:

1. Help match investment authorities with each other for cooperation as well as investment projects and capital
 - Contribute to knowledge and experience sharing
 - Contribute to facilitating two-way investment flows
 - Help with potential alignment and complementarity between host and home country measures, to 'push' and 'pull' in the same direction
2. Focus on sustainable investment projects, as well as frontier investment areas, e.g. digital FDI, green FDI, etc.
3. Build on the expertise of and cooperation between relevant regional and international organizations



Investment cooperation platform can facilitate win-win partnerships: between investment authorities in different jurisdictions, and between public and private sectors



Investment cooperation platform can facilitate cooperation on frontier issues, e.g. Digital FDI

Thank you for your time and attention, and we look forward to continuing to grow our collaboration with the ASEAN region and actors.

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