

ITC Webinar on Investment Facilitation for Development: Why it Matters for Central Asia?

25 July 2024

The session on Investment Facilitation for Development: Why it Matters for Central Asia took place on 25 July 2024, 11:00 am to 12:00 pm, Central European Time (CET) (14:00 am to 15:00 Astana time) virtually via zoom. It hosted 50 participants online.

The session discussed the importance of the [Investment Facilitation for Development \(IFD\) Agreement](#), as well as strategies that countries in Central Asia could use to leverage this new agreement to improve investment climate and attract investment for sustainable development. It also focused on the exchange of best practices for investment facilitation measures and the exploration of regional priorities among stakeholders. Additionally, the session addressed the needs and support required by Central Asian stakeholders to advance the implementation of investment facilitation measures and ensure the domestic alignment with international standards.

The session was organized to facilitate joint learning among stakeholders in Central Asia, including government officials and representatives from the public and private sectors, about the IFD Agreement and its benefits for the region.

The workshop's programme is annexed to this report.

Summary of the main outcomes of the webinar

A. The importance of the IFD Agreement for Central Asia

Central Asia is now a dynamic market with over 76 million people. All five Central Asian countries are landlocked, making enhancing transport and trade connectivity and reducing trade and investment costs crucial for the region. Intraregional investment ties are also strengthening, with accumulated direct investment in Central Asia reaching \$1.1 billion. Kazakhstan and Uzbekistan are

among the main investors in the region, playing a critical role in fostering regional economic integration.

With respect to the WTO IFD Agreement, 3 out of 5 Central Asian countries, Kazakhstan, Kyrgyzstan, and Tajikistan have already joined the Agreement, while Turkmenistan and Uzbekistan are in the process of accession to the WTO. In the case of Kazakhstan, the IFD Agreement is seen as aligned with its national priorities of diversifying the economy and improving the investment and business climate. In 2023, the President of Kazakhstan set a strategic target for the government to attract \$150 billion in investments by 2029. Between 2017 and 2022, Kazakhstan received \$138.031 billion in foreign direct investments (FDI). The implementation of this Agreement is expected to significantly enhance FDI growth, supporting Kazakhstan in meeting those objectives.

It was mentioned that the potential of the IFD Agreement to strengthen regional cooperation is substantial. Through collaboration on investment policies, Central Asian countries can achieve shared economic goals and foster unity. A unified approach to investment policies will create a cohesive regional market, making it more attractive to investors and enhancing the region's competitiveness. Streamlined and transparent investment policies will boost investor confidence and increase foreign direct investment (FDI) in the region. This, in turn, will drive economic growth, create employment opportunities, and support development.

The importance of responsible business conduct (RBC) and anti-corruption measures was also emphasized in facilitating high-quality and sustainable investment. Additionally, this Agreement aims to support and increase investments in micro, small, and medium enterprises (MSMEs), which are crucial for economic stability and growth. Harmonized policies across Central Asia will help reduce barriers to trade and investment within the region, facilitating the movement of goods and services across borders. This will contribute to deeper economic integration among the countries.

However, to realize these outcomes, it was emphasized that strong support and effective implementation of the agreed upon policies, and ongoing collaboration between the countries are required. International standards on investment facilitation measures can play a key role in this process. Adopting such standards helps create a more consistent and predictable environment for investors across the region.

B. Investors' perspectives on investment facilitation measures

Recent surveys of investors in developing regions highlight the importance of investment facilitation measures in their investment decisions abroad. [A World Economic Forum survey](#) focused on investors in Asia and Africa, while [a joint survey by the ITC and Inter-American Development Bank \(IDB\)](#) targeted investors in Latin America and the Caribbean. The results from both surveys indicate that measures to increase transparency and streamline investment facilitation, which are central to the IFD Agreement, are highly valued by investors in these regions. Specifically, the surveys found that investors place great importance on:

- Publication and availability of information on investment measures and opportunities influence decision-making
- Simplification and acceleration of administrative procedures for foreign investments
- Strengthened cooperation and information sharing between host countries and investors such as a focal point

The survey results highlight the potential of the IFD Agreement to address common practical issues that are most important to investors, thereby facilitating increased investment flows and promoting sustainable development across all regions, including in Central Asia. Participation in the Agreement can send a positive signal to investors that a country is committed to creating a favorable investment climate.

Uzbekistan is undertaking several key reforms and initiatives to meet investors' needs and align with international standards on investment facilitation measures. The government recognizes that these measures are crucial for attracting and retaining foreign direct investment. Some of the major steps being taken include:

- Revising investment legislation to achieve transparency and predictability and to align with WTO requirements. The new law will streamline administrative procedures, ensuring transparency and predictability for investors.
- Considering to develop a new law on Special Economic Zones (SEZs) which will incorporate innovative economic zone models, featuring residential, social, and industrial facilities; and
- Developing an online single-window platform which aims to digitalize Uzbekistan's interactions with investors, making the country a more attractive and efficient investment destination.

C. Technical assistance and capacity building support to implement the IFDA

The IFD Agreement includes a built-in mechanism to support developing and least developed countries in implementing investment facilitation measures. Modelled on the Trade Facilitation Agreement (TFA), the IFD Agreement allows countries to implement its provisions at their own pace, based on their capacity and needs.

The Investment Facilitation (IF) Self-Assessment is the first step towards the implementation of the Agreement. Through this process, countries can identify areas where they require technical assistance and capacity building support to effectively implement the agreement. ITC, in collaboration with partner agencies such as the Inter-American Development Bank (IDB) and World Economic Forum (WEF), has been assisting countries such as Ecuador, the Philippines, and Caribbean countries in this process and will work together with countries in Central Asia to support the investment facilitation assessments.

At the webinar, various types of support were identified as necessary to further enhance the investment climate and regional cooperation in Central Asia, including:

- Regulatory Guillotines: Conduct regular reviews to streamline and eliminate unnecessary regulations that hinder investment, ensuring conformity with international standards and best practices;
 - Development of a Single Window for Investors: Create a centralized platform to simplify and expedite investment processes. Assistance in designing business procedures to ensure the digitization of efficient services for foreign investors is required;
 - Formulating a SEZ Law in line with the WTO Rules: Develop legal frameworks for SEZs that are aligned with international standards; and
 - Implementing Responsible Business Conduct: Integrate principles of responsible business conduct into the legal framework to promote sustainable and ethical investments.
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**25 July 2024 (Thursday), 11:00-12:00 CET
(14:00-15:00 Astana time)**

The WTO Joint Initiative on Investment Facilitation for Development (IFD) was initiated by 70 WTO Members during the 11th WTO Ministerial Conference in December 2017.¹ It emerged from the necessity to tackle procedural barriers that hinder and constrain investment across economies. On 25 February 2024, a Joint Ministerial Declaration was issued by 123 WTO members, marking the finalization of the textual negotiation. To date, 90 developing economies and 26 least-developed countries have endorsed the initiative, which include Kazakhstan and Tajikistan.

In the post-pandemic era, Central Asia has demonstrated notable resilience in the face of recent economic and geopolitical challenges. Investment is important for Central Asian countries to increase value-added in the exports of raw materials from the region. Nonetheless, investment remains crucial to the region to advance economic diversification and enhance value chain resilience to future shocks. Significant efforts are being made in advancing national investment climate and frameworks. For instance, Uzbekistan has digitalized 50% of

government services and eliminated redundant licensing procedures, while Kyrgyzstan has established the first one-stop shop to ease business registration and license application. 2 These measures have proven effective in attracting foreign investors and align with the objectives set by the WTO IFD initiative.

However, inadequate information transparency, opaque procedures, and frequent changes of regulations without sufficient notice remain key obstacles for investors and SMEs during the implementation process. Further enhancement through regulatory assessments and technical implementation of investment-related procedures and policies, as guided by the WTO IFD provisions, can serve as a blueprint for Central Asia countries to progress and create synergies between their national reform priorities and international engagement.

This webinar aims to provide a platform for strategic exchange on the WTO IFD initiative for stakeholders in Central Asia, including investors and SMEs. Through the exchange of best practices and exploration of regional priorities, the webinar seeks to support policymakers and investors in the region to effectively engage in and advance the implementation of investment measures they deem most necessary. The webinar also aims to unfold the key provisions and explore the needs and support that Central Asian stakeholders require for domestic alignment.

The webinar will be conducted in English and Russian. Link to registration is [here](#).

The webinar will have the following speakers:

Opening Remarks

Representative from ITC

Moderator

Daria Karman, Associate Programme Officer, Trade Policy and Investment Facilitation, ITC

Panellists

- **Quan Zhao**, Senior Officer, Trade Policy and Investment Facilitation, ITC – ***“How can developing countries benefit from the WTO IFD agreements?”***
 - **Matthew Stephenson**, Head, Investment and Services, World Economic Forum – ***“What can governments do to facilitate investment in Central Asia?”***
 - **Nurlan Kulbatyrov**, Deputy General Director, QazTrade – ***“Why the WTO Investment Facilitation for Development negotiations matter for Central Asia”***
 - **Zhanna Baidasheva**, Director of Kazakhstan Foreign Investors’ Council Association – ***“An investor’s perspective on the importance of investment facilitation”***
 - **Tengiz Asanov**, Deputy Head of Investment Climate Department, Ministry of Investment, Industry and Trade of Uzbekistan – ***“Which investment facilitation measures are most important and what kind of support is needed”***
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