Growing opportunities exist for win-win collaboration on investment between governments in different economies. Policymakers should seize these opportunities to develop partnerships that build capacity, increase investment flows and promote sustainable investment. International organizations, in turn, can provide platforms and support to such partnerships.

The benefits of partnerships are being increasingly recognized. The clearest evidence is the growing number of memoranda of understanding (MOUs) signed between investment promotion agencies (IPAs) of different economies. Between 2010 and 2018, IPAs signed a steady trickle of MOUs a year, growing to nine in 2019 (not including a MOU signed by the BRICS). These MOUs are generally broad in nature and do not often include work-programs. This Perspective proposes a two-part Program for Investment Partnerships to leverage political will and nascent frameworks and move to action.

**Part 1: IPA-IPA partnerships on knowledge sharing and good practices.** There is a natural twining that can occur between IPAs in developed and developing economies to share knowledge and experience. This could range from effective institutional arrangements to measures to increase investment’s contribution to sustainable development, from attracting digital FDI to new digital tools. IPAs from developed and developing economies could pair up for peer-learning activities, with WAIPA potentially facilitating such pairings. The costs could be covered by official development assistance as forms of technical assistance and capacity building. IPAs have expressed they would be keen on this kind of cooperation (e.g., Business France and the Burundi Investment Promotion Authority), as well as members of the OECD IPA Network (which includes IPAs from developing economies) in their annual October 2020 roundtable.

For example, knowledge sharing can concern how to evaluate large-scale investment projects. This is often a challenge for IPAs in developing economies, where specialized knowledge may be needed
to evaluate, for instance, long-term infrastructure investments. Yet, these investments are precisely those that institutional investors from developed economies are seeking to make; hence, it is in the interest of IPAs in developed economies to share knowledge and good practices, unblocking bottlenecks.

**Part 2: IPA-Outward Investment Agencies partnerships on two-way investment.** The above example presages opportunities for partnerships that facilitate two-way investment through IPAs’ cooperation with outward investment agencies.³ Crucially, one economy’s outward FDI is by definition another economy’s inward FDI, leading to opportunities for win-win collaboration. These opportunities are real: firms from developing economies are increasingly undertaking outward FDI, resulting in their share of outward FDI reaching 45% of global flows in 2018, the highest level ever recorded.⁴

The challenge to such partnerships is institutional and two-fold. First, not all economies have given institutions responsibility for supporting OFDI, with around 60% of IPAs having this function.⁵ Second, the natural home of OFDI support may be in export promotion agencies (EPAs) rather than with IPAs when these are separate institutions, given that domestic firms often progress from exporting to investing overseas.⁶ As a result, EPAs need to be part of this effort. The recognition of this growing opportunity led the World Bank Group and WAIPA to sign an agreement to foster collaboration on two-way investment. According to anecdotal evidence, this is already happening: for instance, IPAs from Israel and the U.A.E. are discussing how to increase two-way investment.

So how can two-way investment be facilitated in practice? The key is to develop joint activities between IPAs and outward investment agencies, as this assures their win-win quality and that institutions see value in their participation. Possibilities include:

- Joint business missions, promotion campaigns or roadshows.
- Joint standing committees to help with aftercare and policy advocacy.
- Joint matchmaking, linkages and supplier-development programs.
- Joint financial support by host and home institutions (e.g., joint equity).
- Jointly developed investment projects.

With jointly developed investment projects, for instance, IPAs in host economies can identify investment opportunities aligned with their development goals, while home economies’ outward investment agencies can provide local firms this information and operational support. The collaboration helps ensure that only projects contributing to sustainable development are supported, while the engagement of both host and home economies makes success more likely.

In conclusion, it is worth underscoring that investment partnerships can help advance the SDGs. SDG 17 calls for “global partnerships” to help achieve the other SDGs, and IPA-IPA or IPA-outward investment agency partnerships are excellent examples. Restarting investment flows following COVID-19 requires all hands on deck.
Policies, regulations and measures to attract FDI in the digital economy

The term “outward investment agency” is used because the function of promoting OFDI is sometimes placed with IPAs and sometimes with EPAs. Between 1999 and 2015, the number of outward investment agencies increased from around 15 to 28, and is now about 50. Armando Heilbron and Hania Kronfol, “Increasing the development impact of investment promotion agencies” (Washington D.C.: WBG, 2020).

The material in this Perspective may be reprinted if accompanied by the following acknowledgment: “Matthew Stephenson, ‘Launching a program for investment partnerships,’ Columbia FDI Perspectives No. 319, November 29, 2021. Reprinted with permission from the Columbia Center on Sustainable Investment (http://ccsi.columbia.edu).” A copy should kindly be sent to the Columbia Center on Sustainable Investment at ccsi@law.columbia.edu.

For further information, including information regarding submission to the Perspectives, please contact: Columbia Center on Sustainable Investment, Riccardo Loschi, riccardo.loschi@columbia.edu.

The Columbia Center on Sustainable Investment (CCS1), a joint center of Columbia Law School and the Earth Institute at Columbia University, is a leading applied research center and forum dedicated to the study, practice and discussion of sustainable international investment. Our mission is to develop and disseminate practical approaches and solutions, as well as to analyze topical policy-oriented issues, in order to maximize the impact of international investment for sustainable development. The Center undertakes its mission through interdisciplinary research, advisory projects, multi-stakeholder dialogue, educational programs, and the development of resources and tools. For more information, visit us at http://ccsi.columbia.edu.

Most recent Columbia FDI Perspectives

- No. 318, Marian Ingrams, Thomas Mason and Joseph Wilde-Ramsing, ‘The OECD MNE Guidelines: Recent complaints on emerging issues show the need to revise standards on responsible business conduct,’ Columbia FDI Perspectives, November 15, 2021
- No. 317, Nicolas Hachez and Allan Jorgensen, ‘National Contact Points for responsible business conduct and access to remedy: Achievements and challenges after 20 years,’ Columbia FDI Perspectives, November 1, 2021
- No. 315, Craig S. Miles, “In defense of quantum,” Columbia FDI Perspectives, October 4, 2021
- No. 314, George Kahale, III, “It’s quantum!,” Columbia FDI Perspectives, September 20, 2021

All previous FDI Perspectives are available at https://ccsi.columbia.edu/content/columbia-fdi-perspectives.