Session 12. Best Practice & Compliance for Investment Promotion

(1:45)

Objective

Understand the key elements of international environmental and social best practice in investment promotion. Explore how these do (or should) manifest in USAID programming, and how they should be addressed in the context of 22 CFR 216 determinations and conditions.

Format

Presentation, Q&A, and Discussion

Summary

Investment promotion is an increasingly common and important element of USAID programming in multiple sectors. Investment promotion comes in many "flavors," but its objective is to stimulate private (and sometimes public-sector) investment in a particular sector, industry or service, without USAID itself directly funding these investments.

Investment promotion is critical both because it leverages limited USAID resources and because sustained economic development is impossible without a self-sustaining "economic culture" of investment in key sectors and opportunities.

Investment promotion may come in the form of:

- Enhancing availability of credit via DCAs or other mechanisms
- "Matchmaking" TA in which vetted prospective investors are paired with vetted prospective investmens/investees
- TA to help enterprises, early-stage or otherwise, develop business cases and loan applications
- Capitalization of revolving loan funds to support early stage businesses
- Support to policy development/reform to reduce transaction costs, uncertainty and risk of investments in given sector(s)
- Etc.

The justification for USAID investment promotion programming is that current levels of investment are inadequate to meet human or economic needs, and the agency strives to measure investment promotion success by the overall, attributable increase in targeted types of investments.

By that same logic, investment promotion brings with it a set of indirect and cumulative environmental and social impacts for which USAID has some responsibility. Typically USAID has only very limited (or no) control over the actions of individual investors on the ground. .

This session will explore the key elements of international environmental and social best practice in investment promotion, how these do (or should) manifest in USAID programming, and how they should be addressed in the context of 22 CFR 216 determinations and conditions.