



THE PROPOSED WTO AGREEMENT ON INVESTMENT FACILITATION FOR DEVELOPMENT (AIFD): AN APPRAISAL

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ABSTRACT

Being an indispensable part of an open and effective global economic system, foreign direct investment (FDI) has a significant impact on development for any country. This is particularly important for the developing countries and the Least Developed countries (LDCs) due to their dependence on FDI for development financing. Accordingly, they try to attract FDI by taking different investor-friendly measures. On the other hand, foreign investors often complain about their challenges, mostly regulatory and institutional impediments in making investments and operating business activities in the host countries. In such a context, the idea of developing a multilateral framework for facilitating investment namely the Agreement on Investment Facilitation for Development (AIFD) was conceived by some members of the World Trade Organisation (WTO), particularly from the developing countries. The framework is aimed at improving the investment and business climate in the host countries by providing foreign investors with a transparent, predictable and efficient regulatory and administrative set-up in the host states. Though the proposed AIFD pledges to contribute to the development of the contracting State parties by facilitating worldwide inflow of FDI through creating conducive environment for foreign investors, the true implication of adopting this multilateral instrument remains doubtful. As such, the paper aims at examining the potential contribution of the proposed WTO multilateral framework to the development of the state parties, when adopted finally. The paper comes to the conclusion that the proposed framework, AIFD, is hardly capable of contributing to the development of the state parties.

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