



Policy Guidebook on Promoting FDI in the Digital Economy in Asia and the Pacific Launch

February 22, 2023

13:00-14:00

Public Foyer, UNCC

Foreign direct investment (FDI) can significantly contribute to the sustainable development of both home and host countries in several important ways: through expanding production and access to markets, bringing in foreign exchange, contributing to skills development/ human capital growth, technology transfer and increasing competition in local markets. It can also support industry upgrading and facilitate regional and global value chain integration, including of small and medium-sized enterprises, and can even trigger outward FDI by local enterprises. Consequently, it is possible for governments, either directly or through their investment promotion agencies (IPAs), to promote and facilitate FDI which targets their country's specific sustainable development priorities. For instance, some countries see FDI as a means to create more employment opportunities and transfer capital, while other countries see it more as a vehicle to generate a change in the structure of their economies through encouraging diversification, competition and digital transformation.

Regardless of which sustainable development effect countries aim to generate through FDI, two things are clear in today's socio-political and economic climate:

1. FDI will be an especially important resource for all economies in building back better in the COVID-19 recovery period; and
2. The digital transformation of our economies is fundamentally transforming people's lives and creating new ways for all economies to attract, promote and facilitate FDI.

The COVID-19 pandemic accelerated the digital transformation, especially in developing countries. Measures enacted by governments to contain the pandemic propelled businesses towards digitalization and the provision of online operations and services. At the same time, demand for digital services has exponentially grown. Firms that were more digitally agile adapted to this new environment most successfully, while those that were not started to focus on digitally skilling-up their business models.

At the policy level, several countries in the Asia-Pacific region have already begun developing and even implementing national digital economy strategies and policies, but FDI is often left out of these plans. Yet, developing robust digital infrastructure and improvements in and access to digital education and training systems will require extensive public and private sector investments, including FDI. Policymakers in the various line ministries responsible for each component of the digital economy must therefore coordinate with the national IPA to design a coherent digital investment strategy and regulatory framework as a part of the wider national digital economy plan.

The **Policy Guidebook on Promoting FDI in the Digital Economy in Asia and the Pacific** aims to support policymakers in their endeavor to do just that. It identifies three areas in which FDI can support host country digital transformation – namely, in building digital infrastructure; in supporting the digital transformation of traditional firms, in particular MSMEs and value-chain linked firms; and in supporting the development of indigenous digital businesses. A key priority of this guidebook is to help policymakers understand each of these three areas, how FDI can contribute to their further development, and what would entice foreign direct investors to invest in one or more of these areas in a desirous host country. By understanding the evolving context, trends and investor needs, policymakers in line ministries and IPAs can jointly develop coherent investment policies to target and promote FDI in the digital economy more effectively. Since levels of digital economy development vary across countries, the types of digital FDI they will seek to attract and promote, and the actions they need to attract it, will differ. For this reason, this guidebook also provides a set of policy recommendations specific to each area in which FDI can support digital economy development.

This event will serve as the official launch of the guidebook. Several high-level speakers will welcome the audience and discuss the relevance of FDI for developing Asian-Pacific economies. This will then be followed by a brief presentation of the guidebook, and question and answer round. Lunch will be served during the event.

This Guidebook is the third knowledge product produced under the project Building the capacity of Asia-Pacific countries to utilize digital economy policies to accelerate progress on SDGs, funded by the government of China.

PROGRAMME

13:00

Opening Remarks

Ms. Armida Salsiah Alisjahbana, Executive Secretary of UN ESCAP and Under-Secretary General of the United Nations

Mr. Ke Yousheng, Permanent Representative of the People's Republic of China to ESCAP

Mr. Ismail Ersahin, Executive Director, World Association of Investment Promotion Agencies

13:20-13:35

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Ms. Rupa Chanda, Director, Trade, Investment and Innovation Division, UN ESCAP

13:35-13:45

Discussion and wrap-up
