

Evaluation Brief

ESCWA's Project to Strengthen Governments Capacity to Negotiate Bilateral Investment Treaties (BITs)



ESCWA

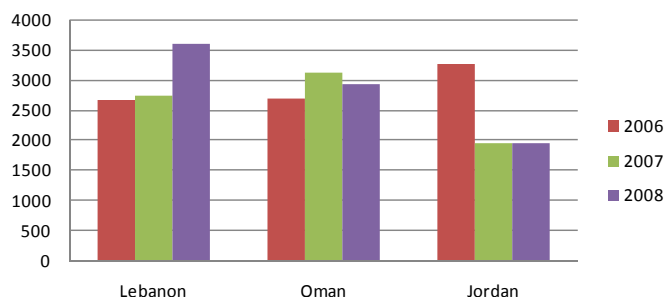
United Nations Economic and Social Commission for Western Asia

Background

Foreign direct investment (FDI) is an essential element in the development process. FDI fosters an exchange of knowledge and technology, fuels job creation, boosts productivity, and encourages entrepreneurship and competitiveness. It remains a challenge, however, for national governments to create the regulatory environments that are conducive in attracting FDI. In the wake of the 2008 recession and the decline of global economic growth, it will become increasingly important for ESCWA member countries to effectively attract and negotiate productive foreign investment.

It was in this context that ESCWA and the United Nations Conference on Trade and Development (UNCTAD) came together to establish a project that would provide technical assistance to ESCWA member countries in strengthening their capacities to negotiate bilateral investment treaties (BITs). BITs establish legal frameworks that protect investors and investments and have become a key tool in attracting and promoting FDI. The project was carried out over a three and a half year period between June 2010 and December 2013 and had two aims: first, to enhance the capacity of government officials to design and negotiate BITs in a manner that would further national and regional development goals; and second, to increase the overall number of government officials who are able to implement BITs and manage disputes that emerge between investors and the State.

FDI Inflows to Select ESCWA Countries
Millions of USD, 2006-2008



Source: *Annual review of Developments in Globalization and Regional Integration in the Arab Countries*, ESCWA, 2009

Upon the project's completion, an independent external evaluator conducted a thorough evaluation in the first quarter of 2014. The evaluator relied on three major tools: a literature review which included a thorough revision of project reporting, both technical and financial; an online evaluation survey targeting project participants; and in-person and telephone interviews with project beneficiaries plus field visits to Tunisia and Sudan. The evaluation aimed to review the project's relevance, impact, efficiency, effectiveness and sustainability in relation to its stated objectives, and to examine the project's comparative advantage and inherent ability to empower government officials in member countries.

Key Findings

The evaluation found that the project was successful in achieving its stated objective. All team members collaborated well with each other and all those involved and were focused on the project's goals.

Effectiveness: The project team's strong cooperation with regional experts and BITs stakeholders resulted in workshop environments that allowed participants improve and use their new skills.

Efficiency: Logistics and the implementation phase of the project were smooth, thanks in large part to the strong sense of teamwork and dedication displayed by the project team. All project commitments were made within the planned budget and the team had a "good grip" on the managerial aspects of the project.

Sustainability: The project created awareness in regional policy circles about the critical relationship between BITs and economic development. It has initiated momentum by building skills and increasing cooperation on the subject among member countries.

Impact: The project successfully introduced a new BIT model to the region, helped set the framework for future legislation and highlighted the aspects of BIT negotiation and formation that are critical to regional interests and needs.

Key Challenges

1. Trainers did not always have an in-depth understanding of the national context in which they were presenting workshops.
2. The project document failed to include SMART M&E indicators which are rapidly becoming the industry standard.
3. National governments did not always send the same team to attend all trainings, resulting in some teams

that were acquainted with only certain aspects of the training and who did not approach the workshops holistically.

4. There were often long periods of time between workshops which interrupted the project's continuity and flow.

Recommendations

1. ESCWA should to continue to provide a platform for brainstorming and networking between relevant stakeholders on BIT issues beyond the project life cycle.
2. In future projects, the team should make a greater effort to organize more regional workshops involving the participation of more than one member country to enhance an exchange of knowledge and experience.
3. National teams should be established by member country governments focused on BITs and committed to capacity building projects, like workshop training, which can optimize the added value that such projects have to offer.
4. An online database of experts and government contacts should be created to foster an exchange of expertise and experience among member countries.
5. Governments should ensure that their high ranking officials involved in foreign affairs, finance, economics and development are committed to and engaged in bringing about an institutional change in attitudes towards BITs.

6. Funding should be found under ESCWA's current planning for raising the issue of BITs to a higher level in national and regional decision-making pyramids.

In response to the above recommendations, the project team prepared an action plan specifying the steps it will take to enhance performance in future projects.