

# Workshop on Sharing of Best Practices and Approaches to Impact Investing and the Role of IPAs within the APEC Region

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APEC Investment Experts' Group

June 2026



Asia-Pacific  
Economic Cooperation





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**Workshop on Sharing of Best  
Practices and Approaches to Impact  
Investing and the Role of IPAs  
within the APEC Region**

**APEC Investment Experts' Group**

**June 2026**

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## Executive Summary

Impact Investing is crucial in meeting sustainable development objectives, especially on sustainable management and the use of environment, socially inclusive development, and good practice of corporate governance with a healthy financial return on investment. The Investment Promotion Agencies (IPAs) within the APEC region have had various levels of success in tracking investment activities, measuring the Key Performance Indicators (KPIs), the number of jobs created, FDI inflows and the export of goods, among others, to ascertain how Impact Investing is indeed shaping and changing the standard of living in APEC's communities.

The **“APEC Capacity Building Workshop on Sharing of Best Practices and approaches to Impact Investing and the role of IPAs with the APEC region”** was held on Tuesday, 2 February 2026. One of its main objectives was to determine ways to improve the capacity of APEC economies to discuss and share ideas, best practices and models on assessing impact of FDIs in host economies. While the discussions focused on impact investing and how it affected the livelihood of the communities, in a nutshell, it expounded the need for a leveled relationship between FDIs and how they informed investment strategies and promotion practices within the region. It directed attention of Impact investors towards areas such as climate action, health, education and social inclusion aligned with the UN SDGs and the concerns of its lagging progress to date.

Most of the commentaries during the panel discussions focused on the need for investors to be also transparent, coordinated, and efficient, with policy consultations being the most important factor and for FDIs best practices to be shared among the economies since most of these investments are required in APEC's lower to middle-income economies. Further, in some economies such as PNG, impact investment emphasized the need for a unified framework earmarked with the establishment of the Inclusive Green Finance Policy in 2023, and a dedicated Green Finance Centre in 2024, with the goal to mobilize USD1 billion from 2025 onwards.

Impact Investment focusing on grassroot farmers and digitizing their financial inclusivity, such as the example provided by Nancy Irwin of her experiences in PNG is evidence that impact investment can work if it is supported at all levels of the community, meaning ensuring investment facilitation. Similar achievements in other parts of APEC can also be hampered by climate change impacts as well.

This being so, we are guided by APEC's Putrajaya Vision 2040 calling for a Strong, Balanced, Sustainable and Inclusive Growth that will foster quality growth so as not to leave anyone behind. There is now call to action for all APEC member economies to ensure that Impact Investment - whether we are from a developed economy or from APEC's last rural frontier, such as PNG – is now critical to ensure that Smart Solutions and partnership must equate smart growth, leading to shared prosperity. This will ensure that APEC, as a family, moves in unison towards its goals, thereby, leaving no one behind.

## Introduction

Impact investment is crucial to meeting sustainable development objectives, especially on sustainable management and use of environment, socially inclusive development and good practice of corporate governance with a healthy financial return on investment. The Investment Promotion Agencies (IPAs) in the APEC region have a role to play in shaping this outcome by tracking investment activities, measure key performance indicators, the number of jobs created, the FDI inflows, and the export of goods and services, amongst other similar activities.

The **APEC Capacity Building Workshop on Sharing of Best Practices and Approaches to Impact Investing and the Role of IPAs within the APEC region** was convened to bring together IPAs in the APEC region, policymakers, private sector stakeholders, and academia, to share ideas and models of best practices and approaches.

### Workshop objectives

The main objective of the workshop was to – improve the capacity of APEC member economies through discussion and sharing of ideas, best practices and models of assessing the impact of FDIs in host economies. Responsible investment and the use of technology to track the impact of these investments can greatly contribute to economic prosperity in the region.

The global investment landscape is rapidly changing with revolutionary technological advancements. The monitoring and assessing of these investment activities along broadened dimensions of financial, social (especially socially inclusive policies targeting women), and environmental impacts is critically important to ascertain and augment the economic contributions of investments (both domestic, and FDI) in host economies.

### Underlying issue(s) of impact investing

Issues remain in assessing the impact of investment, especially in developing economies. These issues include - the capability to assess the impact of investment despite efforts by companies and investors in self-reporting their performance especially with regards to Environmental Social and Governance (ESG), the UN Sustainable Development Goals (SDGs), Global Reporting Initiatives (GRI), and Corporate Social Responsibility (CSR), among other initiatives and reporting guidelines. Some of these reporting initiatives may not be creating the desired outcomes in these economies, despite the efforts of the stakeholders.

In most cases, the most affected are indigenous peoples, and those businesses located at the periphery of society who continue to lack socially inclusive programs and policies. Rural poverty, lack of decent incomes and challenging employment conditions for women persist. Given these challenges, this workshop starts a process whereby IPAs from the APEC region come together to share ideas, views, and best practices in working closely with corporate investors and comply with international standards, thereby, creating the impact on the host economy.

### Alignment with APEC objectives and priorities

The Putrajaya Vision 2040 calls for a Strong, Balanced, Secure, Sustainable and Inclusive Growth that will foster quality growth that brings palpable benefits and improve health and wellbeing to all peoples and communities in the APEC region. This includes ensuring that MSMEs, women, and the marginalized with untapped economic

potential, benefit from technical cooperation initiatives that will better equip them with the necessary skills and knowledge for the future. Further, it will promote economic policies, cooperation and growth which will support and complement global efforts to address all environmental challenges.

The workshop was in line with the Collective Actions of the Aotearoa Plan of Action (APA) for economic, financial and social inclusion, advancing inclusive policies, gender equality and economic empowerment for women that supports the call made under the La Serena Roadmap for Women and Inclusive Growth, promoting startups and advancing MSMEs' access to finance and create opportunities for Indigenous peoples from remote and rural communities.

More importantly, the workshop complemented the IEG work program in assessing the long-term impacts of FDI in promoting inclusive and sustainable development, to align with Inclusive and Responsible Business and Investment (IRBI). The IRBI toolkit enables business and investing institutions to provide reports and assessments on impact of investment projects and programs. Self-assessment and reporting by businesses and institutional investors can be difficult to qualify from the host economy perspective. Therefore, the workshop was convened to share best practices and examine IPAs' roles in ensuring that impact of investment is reflective and meets host economy's targets.

## Introductions and Welcome

The Project Overseer, Mr. Kamis Yalakun, of the PNG Investment Promotion Authority (PNGIPA) and organizer of the workshop commenced the workshop by welcoming participants from the APEC economies and also acknowledged the 2026 APEC host, China, for the great hospitality. Following his introductory remarks all workshop participants were invited to introduce themselves. Mr. Clarence Hoot, the Managing-Director of the Investment Promotion Authority of Papua New Guinea provided opening remarks and opened the Workshop.

### **Opening remarks by Mr. Clarence Hoot, Managing Director, PNGIPA**

Mr. Hoot opened by congratulating China on hosting APEC 2026 for the third time, expressing gratitude for the warm hospitality shown to participants. He welcomed a diverse group of policymakers and innovators dedicated to strengthening sustainable and inclusive development across the Asia-Pacific. The address noted that APEC economies are increasingly using impact investing to mobilize capital that balances financial returns with social and environmental goals. Mr. Hoot highlighted that regional challenges like climate resilience and digital inclusion require transformative and responsible investment models. He identified Investment Promotion Agencies (IPAs) as the pivotal drivers for facilitating this capital and convening essential ecosystems. By guiding impact-oriented investments, IPAs ensure that private funding remains aligned with domestic development priorities. The workshop was presented as a vital platform for economies to exchange successful approaches and innovative frameworks. This shared learning is intended to strengthen the internal capacity of IPAs to champion ethical investment more effectively. Ultimately, a more coordinated approach across the region will help advance sustainable development for all member economies. He concluded that these collective efforts are essential for addressing social equity and MSME development across the APEC landscape.

Mr. Hoot outlined that the workshop was structured into two primary components to bridge the gap between theory and practical application. The first part introduced core concepts of impact investing and their alignment with APEC's broader policy priorities. This section featured panel discussions where member economies shared lessons learned and showcased successful investment models. The second part shifted focus to the specific roles of IPAs in driving these initiatives. Participants explored specialized tools, methodologies, and policy instruments designed to support impact-oriented investments. Additionally, the final segment addressed how to integrate impact considerations directly into IPA operations and strategies.

Mr. Hoot stressed that IPAs must identify synergies to strengthen cross-border investment flows and address existing capacity gaps. He highlighted that continued cooperation within the APEC process is essential for overcoming shared regional challenges. The closing remarks expressed hope that the event would foster lasting networks and collaborations beyond the workshop itself. Finally, he thanked IEG Program Director Mr. Takayuki Niikura, including the speakers and participants for their role in shaping a collective vision where no one is left behind.

## **PART 1: BEST PRACTICES AND APPROACHES TO IMPACT INVESTING**

### **Impact Investing: Alignment with APEC Policy priorities (Daniel Cowen, MBE, Trade, Investment and Economy Lead, World Economic Forum)**

The World Economic Forum (WEF) is an international non-profit dedicated to public-private cooperation, currently supporting the ASEAN Digital Economy Framework Agreement (DEFA) to unlock a potential USD2 trillion regional economy by 2030. Sustained by over 1,000 corporate partners, the WEF utilizes a multi-stakeholder approach to set global agendas through more than 400 annual events, including the prominent Davos meeting. A key focus is the Giving to Amplify Earth Action (GAEA) initiative, launched in January 2023, which connects private donors and governments to catalyze the USD3 trillion needed annually for climate and nature impact investing. The organization's global reach is maintained through diverse regional meetings, such as the Spring Davos in the Middle East and Summer Davos in China, designed to foster impartial dialogue beyond being a simple "talk shop". Through these 170+ initiatives, the WEF actively integrates innovative companies and young leaders into technical cooperation programs that drive high-impact global results.

The WEF provides technical assistance in key development areas and maintains an impartial platform for open dialogue among stakeholders with diverse viewpoints. This commitment was highlighted during the 2026 Annual Meeting in Davos (January 19–23), themed "A Spirit of Dialogue," which focused on cooperation in a contested world and responsible innovation. The event drew a record 400 top political leaders, including close to 65 heads of state, along with nearly 830 CEOs and millions of online viewers. While often associated with major corporations, the WEF actively integrates innovative voices by inviting hundreds of growth-stage companies to participate for free. A notable example of this inclusivity is the "Summer Davos" in China, which regularly hosts approximately 100 emerging companies at no cost. The Forum also prioritizes the "leaders of tomorrow" by involving young global leaders and "Global Shapers" to provide fresh perspectives on global challenges. Beyond these gatherings, the WEF facilitates massive initiatives like the GAEA (Giving to Amplify Earth Action), which has catalyzed billions in climate and nature investments. For instance, in early 2026, the GAEA awards recognized pioneering partnerships in categories ranging from sustainable sovereign debt to health and climate action. Although the WEF does not invest directly, it serves as a critical bridge between private donors, innovators, and governments to meet SDG-aligned targets. Its broader mission remains dedicated to improving global livelihoods through cross-sector collaboration and transparent, action-oriented insights.

The WEF climate team works in close alignment with the GAEA initiative to drive direct, impactful investments into local communities. This initiative serves as a

strategic bridge, connecting private philanthropists and corporate innovators with governments to secure the capital necessary for systemic climate action. By leveraging philanthropic support alongside public and private funding, GAEA aims to unlock the trillions required to meet global nature and climate targets.

Global FDI has faced a sustained period of double-digit contraction, and while greenfield investment in the digital economy has tripled to USD360 million, it generates significantly fewer jobs than traditional industries. This development remains highly uneven, with ten Asian economies capturing eighty per cent of digital projects in the Global South, while Africa receives only three per cent of data center investments. This concentration in developed regions and non-job-creating sectors threatens to widen the global economic divide, prompting a need for APEC to rethink its capital incentives. Furthermore, while energy investment is a vital enabler, FDI in renewable energy for developing economies fell by twenty-five per cent in 2025, creating a critical financing gap. Despite these shifts, Asia remains a dominant force, with China serving as both the world's third-largest source and second-largest recipient of FDI. Mr. Cowan emphasized that impactful investment must be tailored to the specific industry composition and development stage of each economy because a "one-size-fits-all" approach is ineffective. Ultimately, APEC must prioritize partnerships that foster inclusive growth and employment to ensure no member economy is left behind in the shifting investment landscape.

The WEF is currently leading the ASEAN Deal Project, an initiative supported by the ASEAN-Korea Cooperation Fund to develop a comprehensive Digital Economy Framework tailored to the region's diverse development levels. This project includes an interactive, free online repository of digital economy agreements and FTAs, providing policymakers with vital tools to navigate varying data infrastructures across member states. To ensure these frameworks are practical, the WEF conducts annual business surveys and in-person dialogues, supplemented by capacity-building workshops on data protection and privacy governance. In 2026, the WEF launched a new focus on FDI best practices, specifically targeting meaningful employment, skills transfers, and technology integration to help economies move up the value chain. By highlighting these successful transformations, the WEF aims to shift the public narrative away from negative perceptions of FDI toward its role as a positive catalyst for growth in the modern geoeconomic landscape.

#### **Main recommendations:**

- Rethinking capital incentives to prioritize meaningful employment and skills transfers;
- Adopting a tailored investment approach customized to each economy's industry composition and development stage; and,
- Bridging funding gaps through multi-stakeholder philanthropy to leverage the capital needed for systemic climate action

## **Introduction to scope and framework for impact investment (Mr Guong Liang, Economic Affairs Officer, UNCTAD)**

Mr. Guong introduced UNCTAD's purposes, and on impact investing, stated that global bodies commonly define impact investing based on three pillars: intentionality, financial return, and measurability. Intentionality requires investors to explicitly seek to address social or environmental challenges, distinguishing impact investing from philanthropy which does not seek a financial return ranging from below-market to market-rate. Measurability is key, demanding a commitment to reporting on social and environmental performance using standardized metrics, often involving active management to optimize these outcomes. UNCTAD highlights its work on impact investing, including discussions at the upcoming World Investment Forum in 2026. The UNDP definition adds a fourth key feature: SDG alignment, meaning investments should support the SDGs and broader sustainability objectives. The UNIDO competitive spectrum categorizes investment approaches based on their balance between financial returns and social impact, positioning impact investing in a specialized middle ground focused on generating significant social and environmental benefits. These categories provide labels for investors to define their capital's intent.

Impact investing employs strong operational frameworks to translate theoretical social and environmental aims into concrete, quantifiable outcomes for society and the planet. By the close of 2025, the market demonstrated significant growth, with assets under management estimated at USD1.6 trillion. The sector shows strong resilience, achieving a twenty-one per cent annual growth rate since 2019, largely driven by institutional investors such as pension funds. These investors employ a variety of asset classes, pursuing returns that range from preserving capital to achieving competitive market rates. Current investment priorities focus on clean energy, climate solutions, and healthcare, aligning with direct contributions to the UN Sustainable Development Goals. To uphold credibility and prevent "impact labeling," companies are increasingly adopting standardized methodologies, such as the IFC's Operating Principles for Impact Management.

Impact investing, largely domestic, is seeing Sovereign Wealth Funds increasingly fuel direct foreign investment into AI-ready digital infrastructure. International policy is shifting towards measuring these investments' specific impact on host economy's sustainable development, with organizations like UNCTAD refining methodologies since the 1990s to track economic, environmental, and social indicators aligned with SDGs.

Despite these frameworks, global FDI recovery is sluggish due to volatile trade rules and rising tariffs, leading to increased inflows in developed economies but a decline in developing economies, particularly in sectors like renewable energy and sanitation. A surge in South-South investment offers a pathway for developing economies to industrialize via regional partnerships. Ultimately, APEC leaders are encouraged to use investment policy frameworks to rebalance capital toward essential sectors like infrastructure and agri-food systems. Investment promotion agencies should monitor

international impact investors as potential targets to capture emerging cross-border capital flows.

### **Main recommendations**

- Implementing standardized metrics like the IFC's Operating Principles to ensure measurability and avoid "impact labeling."
- APEC leaders are encouraged to rebalance investment policy frameworks toward essential sectors such as renewable energy, sanitation, agri-food systems, and infrastructure.
- Prioritizing alignment with the UN SDGs, leveraging South-South partnerships for industrialization, and engaging international impact investors and focusing on tailoring investments to achieve specific, measurable impacts like employment and technology transfers.

### **Panel session 1: Best practices and approaches to impact investing; balancing financial returns on investment with host economy development priorities**

Moderator: Ms. Adrienne Mendenhall, Director, Crowell Global Advisors (CGA)

Panelists: Daniel Cowen (WEF)

Dr Guong Liang (UNCTAD)

#### **Moderator**

Ms. Mendenhall championed the urgent need for increased healthcare investment, particularly in lower and middle-income economies facing an 80% burden of non-communicable diseases. She emphasized that failing to address the needs of aging populations through better healthcare directly undermines global economic productivity. A significant hurdle remains in mobilizing capital while accurately measuring the indirect health benefits from sectors like water security and waste management. Highlighting a critical gender gap, she noted that only 6% of private healthcare investment targets women's health, with most of that funding limited to reproductive care. This disparity is particularly stark given that women make up half the global population and perform seventy per cent of all healthcare work.

Beyond social impact, the healthcare sector acts as a powerful economic engine, where one new health job generates 3.4 adjacent roles in the broader economy. The sector's resilience was clearly proven during the COVID-19 pandemic, maintaining growth even when other industries faced sharp downturns. Establishing global standards is essential to define clear practices for impact investors and build long-term institutional confidence. These frameworks serve as vital reference points for assessing impact management systems and ensuring accountability. Ms. Mendenhall concluded by engaging Mr. Daniel Cowan on the evolution of investment strategy definitions and how to effectively track real-world health outcomes.

## **Mr. Daniel Cowan**

Noted that there is no universal definition of impact investing, as the concept varies significantly across different stakeholders. The WEF remains committed to improving the state of the world, though it intentionally avoids a rigid, singular definition of what constitutes a "positive step." Acting as a neutral platform, the WEF captures diverse insights from both public panels and private sessions held under the Chatham House Rule. Recent discussions at Davos revealed a significant tension between large-scale investors and investment ministers regarding their primary objectives. While Investment Promotion Agencies (IPAs) often prioritize "headline-grabbing" metrics like total dollars and job counts, investors seek deeper qualitative growth and expansion opportunities.

To bridge this gap, Cowan emphasized that incentives must be aligned between government goals and investor needs. He argued that IPAs must find ways to shift mainstream, "pure financial return" investors toward more sustainable outcomes. This transition is a mutual process that must be driven by deliberate policy interventions. By utilizing both "carrots" (incentives) and "sticks" (regulations), governments can integrate impact considerations into the broader investment ecosystem. Moving beyond a small niche of impact-only players requires making sustainability a core component of mainstream finance. Ultimately, this balanced approach ensures that capital flows contribute to long-term regional stability and SDG-aligned growth.

## **Moderator**

Question to UNCTAD: So how can investors effectively collaborate with economies to co-design investment priorities and avoid the misalignment that Mr. Cowan just discussed?

## **Mr. Guong**

Answer: There are two sides to this issue. Policymakers and IPAs must balance two objectives – expanding global investment (making the cake bigger), and ensuring equitable distribution (dividing the cake properly); that while maintaining efficiency and attracting traditional multinational corporations is essential for growth, long-term sustainability requires a system designed to share benefits more fairly across economies, from the low end to the middle end.

## **Moderator:**

Question: IPAs are uniquely positioned to act as translators, converting complex social and health outcomes into the economic and societal language required by finance ministries and private investors. However, this bridging role faces significant constraints, particularly the difficulty of quantifying qualitative data and achieving cross-sectoral consensus on what defines a "successful" investment. Despite these hurdles, IPAs remain essential for aligning diverse ministerial priorities to ensure that impact-driven projects receive the necessary funding and policy support. What do you think?

**Mr. Guong**

Answer: IPAs must define “quality FDIs” based on their specific domestic development strategies and political priorities. Since objectives vary – ranging from job creation to technological upgrading – IPAs must coordinate with other government ministries to identify which projects will deliver the highest impact for their unique context.

**Mr. Cowan**

Answer: To ensure political ease and investor buy-in, the UK Trade Ministry recommends keeping core metrics simple, focusing primarily on Gross Value Added (GVA) and job creation. IPAs should avoid over-regulation by replacing exhaustive ten-page assessment forms with streamlined processes that seek a "reasonable degree of confidence" in an investment's impact. Rather than imposing rigorous audits that feel like a "cost of doing business," IPAs should prioritize post-investment care and relationship-building to uncover new opportunities in underserved sectors like healthcare. Ultimately, data collection must be nuanced enough to capture societal values such as reduced public health costs, without becoming a bureaucratic constraint that stops the "economic cake" from growing.

**Moderator**

Question: Under ESG, which frameworks are particularly helpful in measuring some of these developments and financial outcomes?

**Mr. Guong**

Answer: To manage the complexity of the SDG framework, impact investors should focus on specific, high-priority targets such as water access, healthcare, and climate action. Emerging global sustainability reporting standards are simplifying how companies track these contributions, utilizing phased frameworks like Scope 1, 2, and 3 for carbon management. This tiered implementation allows large corporations to adopt rigorous reporting immediately while giving smaller firms the necessary time to familiarize themselves with the requirements without stifling growth.

**Mr. Cowan**

Answer: Academic literature on measuring the impact of foreign direct investment (FDI) within the context of the SDGs is developing, indicating a need for specific, project-level metrics. Karl Sauvart's "Indicative List of FDI Sustainability Characteristics" is referenced as a potential tool for defining and measuring sustainable FDI outcomes. Existing measurement elements, while valuable, may be difficult to implement universally and require selective application to avoid impractical compliance standards. Policymakers face a tension between attracting digital economy FDI and protecting domestic industries, as investment in digital sectors, while signaling openness, can inadvertently displace local businesses through increased efficiency and lower costs. An example highlights how a new e-commerce platform could undercut domestic T-shirt manufacturers. A strategic balance, including protectionist measures for sensitive sectors, is suggested to ensure a sustainable

digital transformation that considers potential negative consequences for domestic stability and job creation.

**Moderator**

Question: What are the complex trade-offs in health manufacturing investments that can enable a more active role for government through regulations, incentives, co-investments, or even educational initiatives to effectively enable and sustain these high-impact investments?

**Mr. Guong**

Answer: The role of government in attracting FDI must be guided by a long-term, overarching development strategy that coordinates trade, technology, and SME policies. This strategy should be dynamic, starting with low-value FDI and trade openness to overcome capital and market constraints, before climbing the development ladder. To support this, governments must secure fundamentals – specifically robust legal frameworks, modern infrastructure, and a skilled workforce – to create a proactive and sustainable investment environment.

**Moderator**

Question: How do we ensure that local communities are benefiting from these impact investments? How are local communities investing?

**Mr. Cowan**

Answer: While moving up the value chain is a common goal, government mandates for the domestic refining and processing of raw materials often lead to poor outcomes for investors. Global mining companies frequently encounter unstable power infrastructure and a lack of skilled labor, making compliance with these rigid regulations both physically and economically impossible. Instead of driving growth, these local-value-add requirements can inadvertently discourage foreign investment and stall critical projects. Similarly, rigid mandates for local job creation often backfire, pushing investors toward alternative economies with fewer restrictions. This mismatch between ambitious domestic policy and actual local capacity creates a "carrot and stick" imbalance that stifles economic stimulation.

To be effective, investment policies must be proportional to an economy's current stage of development. A successful example of proactive intervention is found in China's agricultural insurance sector, which used a sliding-scale subsidy to incentivize foreign insurers. By covering significant risks for the poorest smallholder farmers while allowing corporate farms to pay market rates, the government successfully built a self-sustaining market. This model proves that targeted subsidies can effectively bridge development gaps and attract long-term foreign capital. However, policymakers must remain cautious, as excessive regulations or costs will ultimately drive investors to competitors with better terms and more stable infrastructure.

## **Global Call to action: framework for green climate financing that aligns with impact investing (Dr Nancy Irwin, Nuraterra Inc.)**

Papua New Guinea is pioneering a unified framework that merges Green Climate Finance with Impact Investment to create financial leverage for developing economies. This ground-up initiative offers a strategic blueprint focusing on a green taxonomy, de-risking instruments, and robust public-private partnerships. By synchronizing environmental goals with social and governance returns, PNG targets high-impact projects like renewable energy for women and sustainable rural agriculture. This model was specifically developed to address the needs of a population that is eighty per cent financially excluded and highly vulnerable to climate change.

Key milestones include the 2023 launch of the Inclusive Green Finance Policy and the 2024 establishment of the Green Finance Centre. Most recently, the Bank of Papua New Guinea introduced green refinancing and guarantee facilities at the March 2025 Green Finance Summit. These mechanisms are designed to provide liquidity and de-risk climate-resilient projects for local commercial banks. With strong international backing, PNG aims to mobilize USD1 billion by 2025, bridging the gap between public policy and private capital.

PNG's operational model uses two parallel tracks to turn climate goals into real-world investment. These include: Public track (the architecture) – centered on a Green Taxonomy, a localized guidebook defining eligible investments like climate-smart agriculture and sustainable logging, and aligns policy incentives, regulatory rules, and development capital; and, Private track (The Capital) – the Green Finance Centre partners with commercial banks, like Bank South Pacific (BSP), MiBank and Women's Micro Bank to create green loan products using blended finance, where concessional funds de-risk private lending, while measuring impact metrics like job creation and emissions reduction from day one.

PNG's success is built on a pragmatic, "learn-as-you-go" approach that prioritizes measurable results over theoretical perfection. By starting small with three pilot banks and two key sectors, the model successfully bridges the gap between public policy and private capital. The public sector's role is to establish clear rules and de-risk the environment, while the private sector focuses on the efficient deployment of funds. A core pillar of this strategy is Governance Clarity, led by the Bank of Papua New Guinea (BPNG) to ensure seamless decision-making across government bodies. Instead of massive subsidies, PNG utilizes "light" incentives like guarantees and refinancing windows to shift commercial banking behavior toward sustainable lending. The initiative targets "bankable niches" with clear repayment paths, such as agricultural value chains and small-scale renewable energy. Strict measurement from day one ensures that every dollar tracks specific outcomes, including job creation and women's economic participation. As of February 2026, BPNG is preparing for its first lending under these new facilities and will showcase these results while co-hosting the 2026 AFI Global Policy Forum. A major mistake in green finance is designing frameworks

that look great on paper but fail in practice because they ignore the actual composition of the economy.

Developing APEC economies are primarily driven by mid-sized businesses rather than multinationals, necessitating frameworks tailored to local scales to avoid stifling growth through high compliance costs. PNG's model highlights three core strategies, starting with a synchronized dual-lane design that launches public policy alongside specific private financial products. To ensure success, economies should start small and scale smart, as PNG did by focusing on just three banks and high-impact sectors like climate-smart agriculture. This approach identifies where concessional funding can best unlock private capital to drive job creation rather than pursuing "green for green's sake."

A unified Green Taxonomy is essential to reduce friction, ensuring that IPAs, ministries, and investors all utilize identical reporting templates and definitions. To achieve implementation within a single year, PNG suggests a three-phase roadmap, beginning with a 100-day foundation period to establish core governance between the Treasury, Central Bank, and IPA. The second phase involves running pilot programs with 3–5 financial institutions to test blended finance products using simplified, non-negotiable metrics. These metrics prioritize four data points: greenhouse gas reduction, total jobs created, number of businesses financed, and women-owned business support. The final phase focuses on institutionalizing operations by expanding guarantee lines and utilizing local currency facilities to mitigate foreign exchange risks for investors. Currently, the Green Finance Centre is proving this model's efficacy by targeting the mobilization of USD1 billion for climate-resilient growth.

The PNG model illustrates that aligning Green Climate Finance and Impact Investment creates the ultimate leverage for climate resilience and inclusive growth. To succeed, economies must synchronize public policy with private financial products, launching taxonomies and risk-sharing tools simultaneously. Rather than attempting a comprehensive framework immediately, the "Start Small, Scale Smart" approach prioritizes mastering one or two high-impact lanes, such as climate-smart agriculture. A unified Green Taxonomy is essential to create a common language, reducing transaction costs and allowing IPAs to serve as vital connective tissue. By treating this system as a functional bridge, PNG has successfully transitioned to an operational Green Finance Centre targeting USD1 billion in mobilized capital.

### **Key recommendations:**

- Synchronizing public policy and private financial products, starting with a limited scope before scaling, and establishing a unified green taxonomy.
- Key strategies include implementing de-risking mechanisms, prioritizing four core impact metrics (greenhouse gas reduction, jobs, businesses financed, and

women-owned businesses), and following a three-phase roadmap for implementation.

## **Financing Mechanisms for Sustainable and inclusive Growth: agriculture sector (Dr Nancy Irwin, Nuraterra Inc)**

In 2018, an agricultural initiative in Papua New Guinea set out to prove that profitability can coexist with grassroots farmer support and rainforest protection. The mission centers on "making the invisible visible" by dismantling systemic barriers for rural communities, where eighty per cent of farmers lack formal identification. To overcome geographic isolation, the strategy brings registration services directly to remote areas, some located five days' walk from the nearest road. By partnering with the Central Bank and the ID department, the initiative has successfully issued official IDs and birth certificates to 21,500 farmers across 377 villages. A key shift involved moving away from cash-heavy trading to a model where farmer data acts as collateral, providing a digital financial identity. Participation requires adherence to five ethical pillars, including zero child labor, no logging or mining, and mandatory banking for all household members. The project acts as an infrastructure bridge by registering SIM cards and opening bank accounts on-site to foster "Smart Future Farming." This approach has been especially transformative for women, who can now access financial services without leaving their villages. By leveraging the IPA and technology, the model creates a verifiable credit history where none existed before. Ultimately, these efforts integrate isolated communities into the formal economy while ensuring the long-term protection of PNG's natural biodiversity.

By creating digital financial identities, the partnering company, Kamapim Limited, banked 12,000 "invisible" farmers in two years, enabling cashless transactions and full supply chain traceability. This data-driven approach generated PGK1.1 million for 5,000 farmers and led one community to reject logging in favor of protecting 150,000 hectares of forest for vanilla production. Socially, the initiative empowered women through financial autonomy and allowed families to invest in education and solar energy. A groundbreaking one-minute micro-loan system was piloted using a rich dataset of training history and savings, achieving global recognition in New York. This credit-scoring model, based on social metrics rather than traditional collateral, has since been adopted by two commercial banks in PNG.

To foster broader growth, PNG utilizes diverse financial mechanisms including SME training, direct farmer loans, and freight support for remote market access. Subsidies and grants from donor agencies are strategically used to stimulate economic activities and support inclusive banking for women and youth. Innovative cash-flow loans have been trialed to bridge the 3-4 month payment gap inherent in commodity trading, preventing capital exhaustion. A critical lesson learned is that sustainable initiatives must be buyer-led rather than supplier-led to succeed long-term. For instance, a Fairtrade Cocoa project failed due to a lack of buyer commitment, while a solar-dried cocoa project succeeded because a Belgian buyer guaranteed a 20-year premium.

Using donor capital for solar dryers eliminated wood-fuel dependency, marking a significant climate win while securing reliable market access. Effective growth strategies now rely on satellite mapping and digital compliance to provide immediate confidence to international buyers. Although freight subsidies remain necessary due to PNG's extreme remoteness, they require consistent support to stay effective. The working formula for success integrates granular farm data, independent verification, and long-term buyer commitments. Ultimately, this shift from traditional cash loans to data-driven credit ensures that the benefits of investment reach the farmers directly rather than only the purchasing companies.

In summary, to scale sustainable growth in PNG, isolated initiatives must transition into a connected, data-driven system that prioritizes rigorous impact measurement and standardized reporting. A unified data commons is essential to eliminate redundancies and provide the verified information private investors require to justify large-scale risks. The IPA should lead this effort by providing high-quality, sustainable data to prevent projects from stalling for years. Furthermore, a shared platform for soil mapping and payment management is needed to align public policy with private capital effectively. Finally, investing in data literacy for farmers ensures they become high-quality partners who form the resilient backbone of a modern economy.

#### **Key recommendations:**

- Establishing digital financial identities using farmer data as collateral, implementing a unified data commons led by the IPA;
- Prioritizing buyer-led models with long-term commitments, and bringing infrastructure directly to remote villages for registration of IDs, SIM cards, and bank accounts; Mandating ethical compliance for market access;
- Utilizing strategic blended finance; and,
- investing in data literacy for farmers.

## **Panel session 2: Experiences from the APEC economies: peer review and learning. What can be learnt from other economies?**

Moderator: Dr Jane Brockman, Chair, Australian Services Roundtable

Panelists: Lisbeth Loja (Peru)

Aldo Baruch Gainza Exzacarias (Mexico)

#### **Moderator**

Dr. Brockman opened her panel by highlighting a major shift in impact investment and Foreign Direct Investment (FDI) away from traditional manufacturing toward services and agri-tech. This transition necessitates the integration of ESG standards into critical sectors like health, education, and transport to ensure long-term sustainability. A core theme of the discussion was the Digital Imperative, which identifies reducing

the digital divide as a primary objective for achieving inclusive growth across the APEC region. Furthermore, Dr. Brockman emphasized a Green Focus, arguing that environmental finance must be balanced with robust investment in data and digital infrastructure to modernize the broader economy. Ultimately, these strategies aim to empower small businesses and agri-tech sectors, which now constitute a significant portion of regional trade and services.

**Mr Aldo Baruch Gainza Exzacarias (Mexico)**

To navigate rapidly changing global circumstances, IPAs must evolve into dynamic, central hubs that synchronize investment instruments across all government ministries. This modernization requires seamless integration at all levels of government to provide investors with a predictable and efficient process. Beyond the state, IPAs must cultivate diverse partnerships with academia and NGOs to incorporate fresh perspectives and identify emerging growth opportunities. Success is increasingly dependent on a granular local focus, where IPAs actively engage in remote areas to uncover impactful climate and infrastructure projects that often go unnoticed. Prioritizing Human Resource Development is critical, as staff must be trained to identify "hidden" local problems and establish the specific conditions required for projects to thrive. Finally, collaborative learning through forums like APEC remains essential for exchanging the innovative ideas needed to solve complex implementation challenges.

**Moderator**

To counter global uncertainty and stalled FDI, governments are prioritizing transparency, private sector consultation, and a unified language based on the SDG framework. APEC is positioned as the vital platform for standardizing these relatively unfamiliar impact metrics, helping to reduce the confusion that currently hinders global capital flows. By integrating these standardized measurements into foreign investment policies, member economies can more effectively attract and guide intentional capital toward sustainable development.

**Ms. Lisbeth Loja (Peru)**

In Peru, ProInversion has evolved from a traditional branding agency into a "unique" IPA that actively structures and delivers large-scale infrastructure projects. This strategic shift allows the agency to embed social, environmental, and gender outcomes directly into project design and risk allocation from the outset. By acting as both a promoter and a lead infrastructure agency, ProInversion balances urgent productivity needs with the global demand for measurable impact outcomes. A core pillar of their strategy is the use of Social Funds embedded in project contracts, ensuring that value is channeled back to local communities through collaborative governance. This model empowers communities to decide their own priorities within a legal framework while fostering a "private-social link" that integrates locals into global supply chains.

To support MSMEs and women, the agency acts as a connector, providing the transportation and market access necessary for small producers to participate in the economy. ProInversion demonstrates that impact investment is not merely about capital but requires deep institutional coordination to align policy with project execution. The agency's approach ensures that sectors like agriculture, energy, and water are positively transformed when a new business or project begins. This model emphasizes that to attract quality FDI, developing economies must move beyond marketing and focus on the physical structuring of projects to meet concrete social requirements. Ultimately, successful investment promotion in Peru relies on creating platforms where large investors help local companies build the capacity to sustain long-term growth.

### **Moderator**

To attract high-quality investment, governments must balance an investor's need for financial returns with clear domestic development priorities. While keeping impact metrics simple is the goal, the public sector must explicitly define what "impact" means—whether it is formalising the workforce, increasing tax compliance, or driving real wage growth. Success relies on focusing on three primary, policy-backed pillars: job creation, women-owned enterprises, and emission reductions. However, policymakers are cautioned against "overloading" projects with too many secondary objectives, which can deter potential investors. Instead, the solution lies in finding a common language where social outcomes and financial returns can coexist within a viable business model.

IPAs must pivot from broad branding to micro-level pipeline development, focusing on identifying and bundling smaller MSME equity stakes to attract impact investors. A critical strategic choice remains whether IPAs should actively "scout" these opportunities or leave the identification to the private sector. In geographically isolated economies like PNG and Peru, the challenge is making "invisible" remote communities visible to investors despite significant infrastructure gaps. Success requires clearer signaling to ensure the language of social returns aligns with an investor's expectations for financial sustainability. Ultimately, the APEC region's path forward lies in developing standardised Principles on Impact Investment to bridge the gap between global strategies and local execution.

### **Ms. Lisbeth Loja (Peru)**

Since the 1980s, Peru's investment strategy has matured from crisis-driven management to a sophisticated focus on quality over quantity. This modern approach treats infrastructure not as an isolated asset, but as a vital catalyst for local economic evolution and productive community activity. By moving past historical internal conflicts, Peru has implemented targeted legislation that prioritizes specific social and developmental outcomes over simple open-door FDI. ProInversion now focuses on constructing high-quality datasets to justify impactful projects and ensures that investment pools are localized so communities remain active beneficiaries. Ultimately,

Peru aims to scale these local successes into a domestic policy framework that attracts sustainable, high-quality international capital.

### **Mr. Aldo Baruch Gainza Exzacarias (Mexico)**

Mexico's strategy for long-term project survival emphasizes insulating investments from political cycles by institutionalizing them through deep partnerships with academia, NGOs, and the private sector. To capture emerging market opportunities, IPAs must deploy specialized "scouts" to identify high-growth SMEs in sectors like AI and semiconductors, even in remote regions. Maintaining a consistent, highly-trained staff throughout the project cycle ensures the necessary expertise to bridge the gap between shifting government leadership and private sector growth.

### **Moderator**

In summing up, the moderator emphasized the need for IPAs to protect development projects from political shifts and tap into new growth by adopting the two main strategies – Political insulation through “multi-stakeholder anchoring” and shared responsibility across institutions to ensure projects survive changes in government leadership; and, recognizing that MSMEs are now key players in high-tech fields like AI and semiconductors; and that IPAs need specialized “scouts” and stable expert staff to identify and support these small-scale innovators throughout their lifecycle, regardless of political climate.

## **PART 2: THE ROLES OF IPA WITHIN APEC REGION IN IMPACT INVESTING**

### **Advancing Scalable and high Impact Investment Strategies (Prof. Matthew Tan)**

Professor Tan defines the role of Investment Promotion Agencies as bridging the "capital paradox" by connecting abundant global funds with the urgent needs of local food producers. He identifies a lack of scalability and bankability, rather than capital availability, as the primary barrier to agricultural investment. To overcome this, IPAs must transition from simple promotion to strategic tracking of key indicators like job creation and climate resilience. This shift is vital to combat immediate economic shocks, such as the USD100 million losses seen in fisheries, which are already destabilizing livelihoods and global food prices.

He warned that incremental climate investment is failing to match the rapid pace of environmental degradation, as evidenced by 2025's record-breaking temperatures and failing fish spawns. A National Oceanic and Atmospheric Administration (NOAA) projection suggests a potential fifty per cent decline in global agricultural output by 2050 unless radical, systemic action is taken immediately. To prevent a global food crisis, economic progress must be decoupled from environmental harm through a total

revamp of agricultural practices. The cost of inaction has now surpassed the cost of a complete system redesign, making small, isolated pilot projects insufficient. Prof Tan argues that the technology to solve these shortages exists, but the primary bottleneck remains scalable financing and deployment.

To achieve food security, investment must shift toward standardized structures that reduce transaction costs for institutional investors. Key pillars for high-impact investment include systemic scalability, technological readiness—such as AI-enabled aquaculture—and the use of advanced biology for rapid crop maturation. Public funding alone cannot reach the necessary scale, requiring a transition to a disciplined financial system that aligns environmental outcomes with domestic priorities. His model for scalable investment relies on policy alignment, blended capital to absorb early-stage risks, and a shift toward portfolio-based systems.

A significant development in this space is the APEC PPFS-endorsed Venture Capital as a Service (VCaaS) model. Unlike traditional venture capital, VCaaS is a resilient platform designed to align public purpose with private capital discipline across a project's entire lifecycle. This model focuses on de-risking and structured engagements to ensure that high-tech food security solutions achieve systemic scale rather than being trapped in the "pilot phase." Ultimately, VCaaS aims to provide a practical pathway for economies to support tailored investment vehicles that deliver measurable economic and social outcomes.

The GrainInnovate case study in Australia serves as a premier example of how public capital can catalyze private innovation, yielding USD6.70 in total benefits for every dollar invested since 2019. This public-private venture model has successfully moved beyond experimental finance, with fifty per cent of its portfolio companies achieving full commercial deployment across the agrifood sector. Building on this success, APEC is introducing a new investment paradigm designed to transform high-level policy dialogue into an investment-ready pipeline for food security. By partnering with Artisan Venture Partners, the initiative aims to use public capital to drive the speed and scale required to address the escalating climate crisis. To advance these concrete, fundable projects, APEC will host a dedicated workshop during SOM3 in August 2026 to shift the regional focus from "dialogue" to immediate deployment.

High-impact investment must strategically decouple innovation risks from policy-driven market risks, utilizing public instruments to ensure stable commercial growth. To achieve systemic results, impact models must be standardized across economies to transform PPP into measurable multipliers. Ultimately, APEC is called to move beyond theoretical dialogue and partner with specialized firms like Artisan Venture Partners to accelerate the deployment of real-world food security solutions.

### **Key Recommendations:**

- Overcoming the "capital paradox" and ensuring food security requires IPAs to transition from simple promotion to strategically tracking key indicators such as job creation and climate resilience.

- Adopting the Venture Capital as a Service (VCaaS) model
- Decoupling innovation risks from policy-driven market risks
- Shifting to standardized portfolio systems
- Utilizing blended capital by focusing on high-tech solutions
- Implementing public-private ventures
- Formalizing partnerships with specialized firms

## **Impact investing: Exploring the roles of IPAs within APEC region – from investment promotion and facilitation to impact investing assessment. What roles can the IPAs play?**

### **Dr Karl P. Sauvant, Research Fellow, Columbia Centre for Sustainable Investment (CCSI)**

Effective implementation of FDI policies requires governments to address technical and practical bottlenecks hindering investor entry. Key measures include establishing Single Window systems and using e-government tools for simplified regulation navigation, transparent payments, and clear information dissemination, all aligned with long-term social and environmental goals. Strengthening domestic enterprises through supplier programs and databases is crucial for sustainable development.

The proposed WTO Investment Facilitation for Development (IFD) Agreement standardizes sustainable investment by encouraging Responsible Business Conduct (RBC) according to UN, ILO, and OECD guidelines, including a due diligence framework. The agreement supports developing economies with capacity building for Investment Promotion Agencies (IPAs) and Needs Assessments to identify resource gaps in facilitation tools. Benefits for host economies include strengthened bargaining power with multinational corporations through mandated transparency and sustainability standards, and access to resources to improve investment attraction tools. IPAs are encouraged to leverage the IFD Agreement for Needs Assessments, technical assistance, and strategic participation.

According to Dr. Sauvant, investment facilitation is the primary factor for economies to attract sustainable FDIs in a competitive market, requiring regulatory convergence, faster and more transparent digital facilitation, strategic signaling through IFD participation, and access to technical support and capacity building. Attracting quality capital necessitates a move beyond basic policy to operational excellence in investment facilitation and management.

#### **Key recommendations:**

- Transition IPAs from simple promotion to tracking impact metrics (like job creation and climate resilience) while using digital e-government tools and

the WTO IFD Agreement to simplify regulations and standardize responsible conduct.

### **Panel Session 3: Experiences from APEC Economies; Peer review and learning panelists**

Moderator: Dr Lindsay Kutan (PNG)

Panelists: Maite DE ELORRIAGA (Chile)

Ms. Rahimah Binti Sapiri (Malaysia)

Clarence Hoot (PNG)

#### **Moderator**

Commenced the discussion by highlighting that IPAs are transitioning from traditional administrative roles to becoming the central focal points for integrating impact investing into domestic development. He emphasized on – the IPA as coordinator and no longer just “Promoters” that bridge the gap between foreign capital and local social/environmental needs; the need for a holistic shift due to expanding roles covering environmental issues and social implications which are critical for emerging economies where growth must be balanced with social welfare; and finally, regional case studies and lessons from Chile; Malaysia; and PNG to demonstrate how IPAs in developing economies are evolving to manage the complex pursuit of economic growth alongside measurable impact outcomes. He then invited Chile to start the panel discussion.

#### **Maite DE ELORRIAGA (Chile)**

Since 2022, Chile has transformed its FDI strategy from general promotion to a structured, inter-ministerial approach overseen by a high-level ministerial committee. InvestChile acts as the executive secretary for this committee, bridging technical analysis with political approval to streamline domestic investments. The strategy is built on four core objectives: Growth, Transformation, Sustainability, and Impact, with a specific focus on digitalization and the clean energy sector. Practical action plans are implemented across six strategic areas, including maintaining mining leadership and establishing Chile as a global sustainable food supplier. To measure success, the Chile is moving beyond simple capital tracking toward a multi-layered KPI framework that captures Social Returns on Investment (SROI).

Following a 2023 OECD Quality FDI Review, InvestChile is currently overhauling its metrics to address the disconnect between strategic vision and statistical measurement. This overhaul includes short-term data refinements and a long-term shift toward tracking how investments in Green Hydrogen and Lithium align with domestic goals. The agency utilizes a technical team to identify investor bottlenecks and shares cross-agency data to refine domestic policy in real-time. Collaborative

auditing with academia and international organizations ensures that these impact metrics remain credible and transparent. Ultimately, this model localizes investment benefits to ensure that regional economic development and public competitiveness are prioritized. By 2026, Chile's unified front ensures that every investment project is tracked from initial contact through to its verified social and environmental impact.

### **Dr Lindsay Kutan (PNG)**

Noted that Chile's approach demonstrated that impact investment is not the sole responsibility of the IPA; rather, it requires a multi-sectoral, overarching strategy that cuts across various government agencies; that this collaborative drive ensures that domestic policy goals are synchronized across different departments, moving beyond isolated promotion to a unified economic agenda. He then invited Malaysia or Papua New Guinea to discuss, whether or not, coordination in their cross-agency strategies supported this same multi-sectoral approach?

### **Ms. Rahimah Binti Sapiri (Malaysia)**

In anticipation of its 60th anniversary in 2027, Malaysia is transitioning from a resource-based economy to one focused on high-growth, high-value industries. The Malaysian Investment Development Authority (MIDA) is leading this charge by prioritizing technological advancement and embedding ESG practices as core components of the domestic industrial strategy. Malaysia's approach now defines high-impact FDI by its ability to create better-paying jobs and equip the local workforce with modern skills. To eliminate bureaucracy red tapes, the government established the Invest Malaysia Facilitation Centre (IMFC), a single hub housing all key ministries to provide a "one-door" entry point. This centralized coordination has achieved an impressive eighty-five per cent implementation rate, with most projects breaking ground within nine to twenty-four months.

MIDA has also shifted from blanket approvals to a performance-linked incentive framework, where financial benefits are tied to measurable economic spillovers. Investors are granted a two-to-three-year grace period to stabilize operations before being required to meet specific qualitative benchmarks. Furthermore, the agency acts as an ecosystem matchmaker, using a dedicated unit to connect investors with missing links in funding, technology, and local partnerships. Beyond urban centers, Malaysia is strategically directing investment toward less-leveraged regions to ensure balanced growth. This "volume to value" strategy aims to modernize established sectors, such as transforming rubber production into high-value, sustainable medical products. Ultimately, this outcome-driven model ensures that every dollar of capital contributes to a high-impact and resilient economic environment.

### **Mr Clarence Hoot (PNG)**

In 2026, Papua New Guinea is reforming its investment promotion system to align with Vision 2050 and the Medium-Term Development Plan IV, targeting a PGK200 billion economy by 2030. PNG is strategically shifting focus away from the extractive

sector toward agriculture, SMEs, and renewable energy to empower the eighty-five per cent of the population supported by the land. A primary objective is the creation of one million jobs by 2030 through an "Impact-Aligned Investment Priority List" that embeds its development goals into project appraisals. To support this, the IPA has established a dedicated Impact Investment Desk to provide pipeline development and ESG advisory services.

PNG is also modernising its infrastructure through the Connect PNG program, aiming to upgrade 60,000 kilometres of roads to unlock market access for remote communities. Simultaneously, the Special Economic Zone (SEZ) Authority is piloting ten impact-focused clusters, including clean energy hubs and agribusiness processing zones. To de-risk private capital, the government is expanding blended finance tools and performance-linked incentives in collaboration with international partners like the OECD and UNDP. The IPA is leveraging its digital leadership to streamline investment via an advanced e-commerce platform for company registry and intellectual property services.

Furthermore, PNG is positioning itself as a Pacific hub for the Blue Economy, targeting global ESG capital for reef conservation and sustainable fisheries. Climate Finance Facility is being established to formalise nature-based investment pipelines and scale carbon market projects. Transparency is a core mandate, with large foreign investors increasingly required to publish annual impact reports and comply with updated regulatory codes. These reforms are bolstered by strict adherence to FATF requirements to enhance global investor confidence and financial reputation. Ultimately, the strategy focuses on Benefit Sharing Frameworks to ensure that development directly profits rural landholders and fosters inclusive, long-term growth.

### **Maite DE ELORRIAGA (Chile)**

Measuring real-world investment impact remains a significant challenge, largely because agencies must rely on investor self-reporting to bridge data gaps. To overcome this, a collaborative ecosystem built on strong private-sector relationships is essential for ensuring development strategies translate into tangible results. PPPs act as the primary engine for high-quality FDI, particularly in developing critical physical infrastructure. By maintaining constant engagement with stakeholders on the ground, agencies can identify and resolve specific regulatory bottlenecks during project implementation. This iterative feedback loop allows governments to refine their annual action plans in real-time, ensuring investment facilitation remains responsive to both investor needs and community goals.

### **Ms. Rahimah Binti Sapiri (Malaysia)**

While profitability remains the primary driver for investors, there is a growing global shift toward outcome-driven investments that prioritize ESG practices to prevent a total climate crisis by 2050. Governments must now communicate these expectations upfront, integrating impact goals directly into the investment appraisal process to ensure transparency. Agencies like MIDA act as essential bridges, matching investors

with relevant stakeholders to facilitate projects that align with domestic development priorities. Ultimately, impactful investment succeeds only when host economies and private investors share a common vision for sustainable and inclusive growth.

**Dr Lindsay Kutan (PNG)**

To align private finance with domestic development, IPAs must move beyond simple regulation toward strategic policy alignment that treats impact as a core investment requirement. Rather than just adding more rules, the focus is on creating a transparent regulatory framework where fiscal incentives and project approvals are directly tied to measurable social and environmental outcomes. Would you like to explore the specific legislative reforms currently being proposed in PNG to formally link tax incentives to ESG performance?

**Mr Clarence Hoot (PNG)**

In Papua New Guinea, the focus has shifted from creating new regulations to the strict enforcement of existing laws to bridge the disconnect between massive reported corporate revenues and the lack of visible local development. The Extractive Industries Transparency Initiative (EITI) and the IPA are now mandating rigorous annual reporting and beneficial ownership transparency to ensure large investors are held accountable for their social impact. As the custodian of the Companies Registry, the IPA leverages its dual role to enforce stricter record-keeping while balancing the need to attract capital with the duty to protect citizens. Ultimately, these reforms aim to replace unreliable corporate self-assessments with external monitoring to ensure that mining and petroleum wealth translates into real-world benefits for impacted landowners.

**Standards and best practices: Anchoring impact investment in policies and programs that drive sustainable and inclusive growth (Mr. Alexandre De Crombrughe, OECD)**

The OECD collaborates extensively with the IEG to provide data-driven tools and feedback for sustainable investment promotion. Central to this effort is the OECD Policy Framework for Investment, which utilizes a "whole-of-government" approach across twelve policy areas to ensure coherence and good governance. Complementing this, the FDI Qualities Initiative offers indicators to measure investment impacts on productivity, job quality, gender equality, and decarbonisation. These pillars are directly aligned with the SDGs to maximize the positive social and environmental outcomes of foreign capital.

A major focus remains Responsible Business Conduct (RBC), guided by the OECD Guidelines for Multinational Enterprises, which provide ethical benchmarks for global business operations. To support these standards, the OECD facilitates an IPA

Network that allows agencies to exchange best practices and transition into sophisticated facilitators of development. Recent trends show that IPAs are increasingly targeting high-growth sectors such as renewable energy, semiconductors, and datacenters to support green and digital transformations. While nearly all APEC economies offer tax incentives, there is often a disconnect between these fiscal tools and specific climate or social outcomes.

The OECD recommends that IPAs move toward a "volume to value" strategy, prioritizing long-term economic resilience over simple capital totals. To achieve this, agencies must develop robust M&E systems that translate abstract sustainability goals into measurable accountability. This process involves a structured four-step approach: identifying objectives, defining KPIs, securing reliable data, and sharing findings with stakeholders. Despite a commitment to these goals, many IPAs face a decline in core resources while their mandates expand to include complex ESG and climate-aligned tracking.

Consequently, the OECD is prioritizing the creation of standardized tools to help agencies navigate a volatile global investment environment. By 2026, the goal is for IPAs to function as central players in achieving the SDGs through targeted, high-quality FDI. Success depends on aligning promotional messages with actual investment incentives to provide a predictable environment for international investors. Ultimately, achieving better policy coherence across government agencies is the critical step needed to turn visions into measurable economic growth.

Main recommendations:

- IPAs are encouraged to prioritize "volume to value" strategies focusing on long-term economic resilience
- adopt a "whole-of-government" approach to policy coherence, and establish robust monitoring and evaluation systems with measurable accountability
- businesses and agencies should use standardized ethical benchmarks such as the OECD Guidelines for Multinational Enterprises and FDI Qualities Initiative indicators.

#### **Panel Session 4: Should Impact investing be anchored in regulations? Is it good? If not, what can be done?**

Moderator: Mr. Daniel Cowan, MBE, Trade, Investment and Economy Lead, World Economic Forum.

Panelists: Dr Nancy Irwin, Director, Nuraterra Inc.

Dr Lindsay Kutan, Snr Research Fellow, National Research Institute, PNG

Dr Jane Brockman, Australian Services Roundtable

## **Moderator**

The Pacific investment dialogue emphasizes that true regulatory predictability stems from consistent enforcement of existing laws rather than a continuous cycle of new incentives or exemptions. Emerging economies must find a strategic balance, ensuring that impact investing requirements act as helpful catalysts for growth rather than burdensome barriers to entry. Ultimately, the goal is to align these frameworks with the SDGs to attract high-quality capital while maintaining a stable and transparent environment for all investors.

## **Dr Lindsay Kutan**

The government's primary role in PNG must shift from being a market operator to a transparent regulator that sets clear standards without competing against the private sector. Using the housing sector as a model, PNG National Research Institute (NRI) advocates for a framework where the public sector establishes regulations and then steps aside to let private firms deliver affordable solutions. However, the presence of conflicting policies and a lack of enforcement create high uncertainty, undermining the private sector's ability to engage consistently. Regulations should be viewed as tools to embed growth and expertise; if they act as restrictive barriers to international investment, they must be fundamentally re-evaluated. Ultimately, effective PPPs depend on this transition to provide the predictability required for long-term sustainable development.

## **Moderator**

Drawing from experience in PNG, the discussion explores the delicate "quandary" between private sector self-regulation and government intervention, using the UK's new football regulator as a global parallel. In the presentation, you advocate for a "bottom-up" approach to financial inclusion by working with the Bank of PNG and the NID office to dismantle barriers for the eighty per cent of unbanked citizens. By using corporate-issued IDs as a temporary bridge to verified identity, private initiatives successfully navigated rigid regulations concerning verifiable addresses and formal identification. This practical demonstration shows how private-sector ingenuity can "spur development change" and provide a blueprint for smarter, more inclusive regulation. Ultimately, for Pacific reforms to succeed, they must be grounded in the realities of rural life rather than theoretical policy frameworks.

## **Dr Nancy Irwin**

After finding it impossible to open accounts for farmers without formal ID, we successfully lobbied the Development Agency by arguing that rural farmers are the true economic backbone. This persistent advocacy led to a reallocation of resources and proved that challenging "impossible" regulatory barriers can trigger rapid institutional reform in PNG. To solve the identification crisis, we developed a "bottom-up" verification system that transformed the oral knowledge of traditional Village Recorders into recognized government ID. By using mobile technology, these community officials digitally signed off on identities, allowing thousands of previously

"invisible" farmers to enter the formal financial system. The model demonstrated to the Bank of Papua New Guinea that customary governance can provide a secure, sensible method for financial inclusion. In 2026, we advocate for regulatory sandboxes for digital wallets, emphasizing that even rigid systems must adapt to foster a growing economy. High-quality impact investors require a level playing field where rules are applied consistently rather than favoring specific elite interests. Ultimately, the goal is a balanced, predictable framework that protects the public interest without becoming an "impossible" barrier to entry for inclusive green finance.

### **Moderator**

Persistent advocacy and targeted complaints act as powerful drivers for regulatory reform, moving beyond mere statutory changes to deliver tangible financial access. This "bottom-up" approach has successfully integrated tens of thousands of rural citizens into the formal economy, directly improving livelihoods across the region.

### **Dr Nancy Irwin**

Successful pilots serve as a practical blueprint for domestic policy, ensuring that local innovations are proven before being scaled across the economy. By utilizing regulatory sandboxes, governments can "test and scale" new ideas to verify their effectiveness before formally codifying them into law. This flexibility and openness to innovation creates a more attractive environment for high-quality investment by grounding policy in real-world success rather than theoretical design.

### **Moderator**

In 2026, practical adaptations like using thumbprints for signatures remain essential bridges for achieving financial inclusion in areas with high illiteracy. However, there is a growing concern that poorly designed or excessive regulations can unintentionally stifle innovation and make essential services prohibitively expensive for investors. Striking a balance is critical to ensure that high compliance costs do not render emerging markets uncompetitive or hinder the agility needed for effective investment facilitation.

### **Dr Jane Brockman**

Drawing on decades of experience, Dr. Brockman identifies domestic regulatory inefficiency—characterized by opacity and duplication—as the primary barrier to economic progress in 2026. She argues that regulations must be "fit for purpose" and aligned with international standards to avoid high compliance costs that stifle productivity. A core recommendation is the adoption of the WTO Services Domestic Regulation Agreement by all APEC members to streamline cross-border trade and reduce administrative opacity. Rather than creating a separate regime for impact investment, Dr. Brockman suggests that quality should be a universal standard managed through soft law and best-practice sharing. She advocates for a disciplined "one in, one out" regulatory approach, similar to the Australian Productivity Commission, to prevent the accumulation of burdensome rules. Transparency and stakeholder consultation are highlighted as the two essential keys to creating a policy

environment that is both pro-trade and pro-investment. Ultimately, the goal is to eliminate excessive regulatory discretion in favor of modernized, predictable processes that "crowd in" the private sector. This balanced approach ensures that emerging "pockets of under-regulation" in the digital world are addressed without compromising overall economic agility.

### **Moderator**

Policymakers are urged to maintain economic agility by prioritizing the removal of obsolete regulations alongside the creation of new, high-impact frameworks. Success in Papua New Guinea's "high-risk, high-reward" landscape requires navigating unique challenges, such as using the "village recorder" system to bridge the gap for financially excluded populations with high illiteracy. Ultimately, PNG offers fertile ground for agri-tech and the blue economy, provided investors blend digital innovation with a deep respect for customary social structures.

### **Dr Lindsay Kutan**

With over 800 languages and diverse cultures, successful investment in Papua New Guinea hinges on authentic relationships and genuine community consultation that respects local values. Investors, particularly those in the housing sector, have found that prioritizing people-centric partnerships and learning Tok Pisin are essential for building the trust needed to navigate the complex social dynamics. Ultimately, PNG offers a thriving environment for the APEC community when transparent dialogue and a commitment to "making the invisible visible" are at the heart of the business model.

### **Dr Nancy Irwin**

Papua New Guinea stands as a global biodiversity powerhouse, offering immense untapped potential in the Blue Economy and sustainable sectors like essential oils and traditional medicines. Commercial success in this landscape is driven by authentic partnerships with local communities, which can facilitate remarkably rapid scaling, as seen in initiatives reaching 21,000 households within four years. For strategic investors, PNG provides a unique environment where aligning with cultural energy transforms vast biological wealth into high-impact, inclusive growth.

### **Moderator**

The moderator observed that few people in the room have visited Papua New Guinea. He therefore, posed to the panelists if they can share about Papua New Guinea's journey in the promoting impact and inclusive investment.

### **Dr Jane Brockman**

In Papua New Guinea, the economy is underpinned by industrious women and deep-rooted family structures, though the dominance of extractives often overshadows the potential of agriculture and services. To address this, implementing Regulatory Impact Assessments is recommended to ensure new laws provide the consistency and predictability required for regional APEC integration. Ultimately, by updating its

legislative frameworks to match its immense natural wealth, PNG can transform its "quick-learning" workforce into a driver of balanced and inclusive growth.

### **Moderator**

Concluded the session by inviting the audience to engage in a final five-minute Q&A with the three panelists. They highlight the educational value of the preceding discussion on Papua New Guinea and encourage participants to share their own thoughts or pose questions to the "three panelists" on the panel.

### **Question from audience:**

Question to Dr Irwin: How do you ensure that your company doesn't engage or promote forced labor? What are your experiences in preventing forced labor and turning this into policy that can become a catalyst or incentive for investment?

### **Dr Nancy Irwin**

To prevent forced labor and ensure accountability, the company established a constant local presence through village-based extension offices and ten annual site visits to build mutual trust. This grassroots engagement was solidified by a Chiefs Conference involving 272 leaders and domestic regulators to ensure total transparency and respect for traditional authority. To navigate 880 different languages and diverse customs, the firm replaced rigid regulations with a flexible framework of five non-negotiable principles that allowed for local adaptation without compromising ethics. Finally, a ten per cent profit-sharing model was implemented, transforming ethical compliance into a tangible financial incentive for the communities to succeed as true business partners.

## **Final Comments**

### **Dr Jane Brockman**

While global investment focus has shifted slightly away from traditional infrastructure, it remains a critical foundation for economic development in economies like Papua New Guinea. Investors must prioritize transport and education alongside digital connectivity, which serves as the "modern key" for empowering isolated communities. Success in impact investment requires executing a series of "small infrastructural things" to bridge local gaps and make larger projects viable. Ultimately, delivering smarter communities through targeted digital and physical efforts acts as the primary catalyst for sustainable growth.

### **Maita DE ELORRIAGA**

Finding a balance between robust regulation and the legal certainty that investors demand remains a significant challenge for modern economies. While regulations provide predictability, they are often hindered by opacity, duplicity, and inefficiency that can stall development. Chile recently addressed these hurdles by passing a sectoral permits framework law designed to modernize procedures and

eliminate bureaucratic redundancy. This initiative established a dedicated Office of Sectoral Permits to streamline the oversight process and coordinate directly with various regulatory agencies. Although simplifying these complex procedures is a difficult exercise, it serves as a vital blueprint for economies looking to foster a more transparent investment climate.

### **Professor Matthew Tan**

A private sector initiative supporting 2,000 Indonesian rice farmers evolved from a credit project into a comprehensive public-private partnership after identifying critical sanitation gaps. By prioritizing worker welfare, the private sector invested in essential infrastructure and secured cooperation across federal, provincial, and local government levels. This collaborative approach addressed the "forgotten" issue of rural sanitation, turning a corporate responsibility effort into a stable foundation for growth. The project's success is evidenced by a massive production increase, scaling from an initial target of 400 metric tons to 4,000 metric tons annually. Ultimately, this model created a "win-win" scenario where improved living conditions for farmers directly translated into a tenfold increase in yield and commercial viability.

### **Wrap Up - Mr Kamis Yalakun**

In wrapping up, Mr. Yalakun highlighted the afternoon session's focus on defining the role of IPAs in establishing best practices for impact investing across the APEC region. The discussions bridged high-level standards with real-world applications, featuring Professor Matthew Tan's call for scalable agri-tech investment and insights on leveraging the WTO Investment Facilitation for Development agreement. Case studies from Chile; Malaysia; and Papua New Guinea demonstrated that while there is no "one-size-fits-all" model, a spectrum of adaptable best practices—supported by the OECD's social impact framework—can drive sustainable growth. The session concluded with a vibrant strategy for "selling" PNG to global investors by implementing practical, data-driven ways to make invisible farmers visible through formal financial systems.

### **Closing Remarks - Mr. Clarence Hoot**

In closing the Workshop, Mr. Clarence Hoot urged policymakers and private stakeholders to translate these global expert dialogues into actionable policies that generate tangible improvements in regional livelihoods. Central to these discussions was the WEF's role in bridging financing gaps through intentional, SDG-aligned investment in climate and nature. Papua New Guinea emerged as a leading model for this shift, anchored by its Inclusive Green Finance Policy (2023) and a Green Finance Centre aiming to mobilize USD1 billion by 2025. Success in PNG is driven by "starting small" and using digital tools to make invisible farmers visible, proving that deep community relationships are the ultimate engine for impact.

As the Putrajaya Vision 2040 guides the region toward inclusive growth, impact investment is now considered critical for ensuring no economy is left behind. This collaborative spirit was reinforced by the Chinese hosts in Guangzhou, who facilitated the exchange of these high-level investment models. Looking ahead, the focus shifts toward maintaining this momentum as the APEC community prepares for Papua New Guinea to host for a second time in 2033. Ultimately, the workshop established that sustainable development requires a disciplined move from theoretical investment to practical, community-led execution.

**End of Workshop**