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Investment Policy Forum

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Advancing reform for sustainable development

Investment Policy Forum Manila Tool Kit

A practical tool to enhance horizontal coherence across policy areas

March 2025

Introduction

Governments, institutions, and organizations increasingly recognize the urgent need to reform the investment governance regime. This momentum has grown because of the regime's evident shortcomings in achieving sustainable development.

In this period of profound change and shared global challenges—such as climate change, food systems crisis, geopolitical conflicts, and persistent poverty—policy-makers require spaces for informal connections, coalition building, and peer-to-peer exchange for driving investment governance reform.

Since its inception in 2007, the International Institute for Sustainable Development's (IISD's) [Investment Policy Forum](#) (IPF) has developed into a unique platform. It is the world's only event exclusively for investment policy-makers from developing countries. The IPF's core objective is to ensure that international investment law and policy contribute to sustainable development, align with national priorities, and harness the momentum for meaningful reform.

Building on the [Agenda for Coherence](#) developed at the [2022 IPF](#) hosted by Nigeria, the IPF community adopted a supra-theme, Fostering Coherence for Sustainable Investment Governance, to serve as a compass for subsequent forums. The [2023 IPF](#), hosted by Panama, marked the first edition organized under the new supra-theme, focusing on institutional coherence to ensure consistency and coordination between different institutions, stakeholders, and organizations involved in investment governance. The Forum's outcome was the [Panama Tool Kit for Institutional Coherence](#).

Because coherence is a multifaceted concept, the [2024 IPF](#), hosted by the Philippines, focused on a different dimension: **horizontal coherence** across different policy areas. In



the final plenary session, IISD introduced a practical tool to enhance horizontal coherence across policy areas on which investment governance may have an impact. Participants discussed and reviewed the tool, ensuring its relevance and applicability to the needs of policy-makers worldwide. The current Manila Tool Kit builds on the foundational work of previous forums and the valuable inputs received from the Forum participants and Steering Committee members.

Why this tool?

The multifaceted nature of investment regulation poses significant challenges for policy-makers, who must navigate an increasingly complex landscape of investment governance. At the same time, investment instruments do not operate in isolation. They intersect with a wide range of sector-specific policies, such as mining and agriculture, and broader areas, including environmental, labour, and public health regulations. This could potentially lead to regulatory inconsistencies and litigation risks.

Aligning investment legal instruments, that is [investment treaties](#), [national investment laws](#), and investment contracts with states' international commitments across various policy areas is critical to achieving sustainable development objectives. Given their central role in shaping the rights, obligations, and policy space available to states, these three instruments serve as key entry points for leveraging investment law and policy to advance the SDGs.

This tool kit is intended to assist governments' internal coordination to promote coherence between investment legal instruments and other policy areas impacting investment.

Who can use this tool?

The toolkit is for policy-makers responsible for regulating investment at national and regional levels. To maximize its effectiveness, it can be used within an institutional coordination framework, such as the one outlined in the [Panama Tool Kit for Institutional Coherence](#).

The Panama Tool Kit is a desirable preliminary step for fostering institutional coherence. It helps countries establish coordination mechanisms to effectively align investment governance with broader policy goals. While using the Panama Tool Kit as a first step can strengthen countries' institutional framework and policy coherence, it is not a prerequisite for policy-makers wishing to benefit from the Manila Tool Kit.

Overall, the Manila Tool Kit is intended to be adaptable, allowing countries and regional groupings to optimize its use based on their specific contexts and needs.

What are the benefits of using this tool?

Policy-makers, together with colleagues from relevant ministries, can use the tool to

- **identify international instruments and commitments relevant to investment, such as climate, business and human rights, public health, and labour:** Determine the country's relevant international agreements and commitments that are particularly relevant to investment governance.



- **analyze areas of convergence and divergence between the identified commitments and instruments regulating investment:** Examine the points of alignment and tension between commitments under these instruments against key functions that provisions in legal instruments regulating investment.
- **implement informed decisions:** Make an informed decision on how to develop or reform investment policies and legal instruments to align areas of coherence, mitigate any policy gaps, and address inconsistencies arising from diverging areas in international commitments.

It should be noted that the tool kit is not designed to measure progress toward the commitments in the identified international agreement(s). Its objective is to guide governments in aligning their investment policies and regulations with broader international goals.

Lastly, this document is designed as a flexible guidance in the form of a policy coherence framework that each country can tailor to fit its specific needs and context. Governments can and should adapt and develop the tool kit in a format that aligns with their existing coordination mechanisms and policy-making structures.

The Policy Coherence Framework

Key Components of the Framework

The framework has two components to be used in a two-step process:

1. **mapping commitments under identified international instruments:** This step involves identifying key international agreements and mapping their commitments and the respective policy areas that affect and are relevant to investment governance.
2. **benchmarking legal instruments governing investment against the identified commitments:** This step assesses how specific provisions in investment treaties, laws, and contracts align with or contradict the international commitments identified in the first part of the process.

Step 1: Map commitments under key international instruments relevant to investment policy-making

This step can assist governments in identifying and mapping international instruments that could influence investment policy-making at the national or regional level. These are priority instruments to be considered when developing legal instruments governing investment, particularly those with a high potential for either tension or complementarity. For example, a government may prioritize evaluating its commitments under the Paris Agreement in relation to its outdated investment treaties, given the high risk that these treaties could restrict its ability to implement energy transition measures and fulfill its international climate commitments.



The first step of this exercise can be conducted at any time, independent of any specific reform or negotiation process.

Advantages of Conducting This Step

This mapping exercise offers multiple benefits:

1. It enhances awareness of commitments made under key international instruments and fosters a better and shared understanding of them.
2. It allows countries to take stock of existing agreements and policy areas, creating a comprehensive overview of current obligations.
3. It enhances readiness for upcoming negotiations at the national, regional, and global levels.
4. It strengthens institutional processes and reinforces institutional policy coherence in investment governance through collaboration between various ministries and institutions.

Framework for Step 1

This first mapping exercise of the Policy Coherence Framework should lead to a table with two axes.

Vertical Axis on International Instruments

This column would list the key international agreements relevant to investment governance that the country is party to. Countries and regional groupings could prioritize international agreements they have ratified, as well as international guidance or recommendations that they aim to implement.

Examples of relevant instruments:¹

- [Convention on Biological Diversity](#) (1992)
- [Convention on Mutual Administrative Assistance in Tax Matters](#) (1988, amended by Protocol in 2010)
- [Financial Action Task Force Recommendations](#) (1990)
- [Global Anti-Base Erosion \(GloBE\) Rules](#) (2021)
- [International Labour Organization Conventions](#)
- [Paris Agreement on Climate Change](#) (2015)
- [UN Guiding Principles on Business and Human Rights](#) (2011)
- [United Nations Declaration on the Right to Development](#) (1986)
- [United Nations Framework Convention on Climate Change](#) (1992)
- [United Nations Pact for the Future](#) (2024)
- [Universal Declaration of Human Rights](#) (1948)

¹ This is an indicative list.



Horizontal Axis on Policy Areas

These would be columns to list selected categories of sustainable development policy areas covered in international commitments that matter specifically for investment governance.

Proposed policy areas:

- relevant human rights and labour commitments
- relevant environmental commitments
- relevant climate action commitments
- relevant social inclusion commitments
- relevant gender commitments
- relevant health commitments

In each horizontal column listing the relevant international instrument, it would be necessary to identify under each policy area (a) the key objectives of the international instrument and (b) the type of commitments under the instrument that matter for investment policies.

International instrument	Selected policy area 1	Selected policy area 2	Selected policy area 3	Selected policy area 4
Relevant instrument 1	Objectives	Objectives	Objectives	Objectives
	Types of commitments	Types of commitments	Types of commitments	Types of commitments

Step 2: Benchmark existing investment legal instruments against international commitments

The second step consists of assessing international commitments against a selected existing investment legal instrument, including an investment treaty, a national investment law, or an investment contract under design, negotiation, or reform.

This second step can be undertaken once a country or regional grouping has identified priority international instrument(s) (based on the mapping made in the first step of the policy coherence framework) and seeks to ensure that its existing legal instruments governing investment align with it.

It is essential to recognize that not all instruments serve the same functions or contain identical provisions. For example, a national investment law may include provisions on monitoring investments, whereas investment treaties generally do not. As a result, some of the categorizations proposed in the framework may need to be adjusted, and additional categories might be required to address the specificities of the instrument under analysis. An initial mapping of the provisions included in the investment legal instrument to be compared and assessed would help, but it is not mandatory.



Advantages of Conducting This Step

The benchmarking exercise provides several important benefits:

1. It supports the rethinking and design of investment treaties, laws, contracts or other investment governance frameworks by aligning them with identified international commitments.
2. It helps identify legal instruments regulating investments that should be revised, terminated or renegotiated to enhance alignment with sustainable development objectives.
3. It equips decision-makers and negotiators with a clear rationale and compelling arguments for reforming investment treaties, laws, and contracts, facilitating informed discussions with high-level decision-makers and negotiating partners.
4. It enhances the ability to secure better outcomes in future design and negotiations by grounding them in a detailed, evidence-based analysis.
5. It supports states in aligning investment policies and legislation with sustainable development commitments, ensuring coherence across legal and policy frameworks.

Framework for Step 2

The second exercise of the Policy Coherence Framework should lead to a table of two axes:

Vertical Axis on Functions and Provisions

A first column to be completed with a list of key functions that provisions in investment legal instruments aim to fulfill, alongside the relevant provisions in the selected legal instrument that perform those functions.

Horizontal Axis on Commitments Identified in Step 1

Different columns to specify the types of commitments identified under the first step of the policy coherence framework, corresponding to the priority international instrument selected for the analysis.

Each row will analyze the relationship between a specific provision in the investment instrument and a corresponding type of commitment in the relevant international instrument. The outcome could show whether the provision (a) supports or aligns, (b) is neutral, or (c) contradicts or undermines the implementation of the relevant category of commitment.

For example, an investment law provision can require investors to conduct environmental and social impact assessments before obtaining a specific permit. Such provisions can be seen as supportive of or aligned with international environmental commitments, as they promote due diligence and ensure that investments contribute to sustainable development.

A provision with a neutral impact could be an exhortative corporate social responsibility clause in an investment treaty. While such provisions encourage responsible business conduct, they do not impose binding obligations. As a result, they do not necessarily advance or hinder the enforcement of gender equality, for example.



Conversely, a negative impact could be a [stabilization clause](#) in an investment contract that freezes the legal framework applicable to an investment project. If such a clause allows an investment project to continue applying outdated labour laws that were repealed two decades ago, it could prevent the improvement of workers' rights and labour conditions, conflicting with international human rights obligations.

Functions and provisions	Commitment type 1	Commitment type 2	Commitment type 3	Commitment type 4	...
Providing an investor–state dispute resolution mechanism					
Provision X					
Provision X					
Guaranteeing legal protection for investments					
Provision X					
Provision X					
Liberalizing the admission of investment					
Provision X					
Provision X					
Providing /promoting local content regulations					
Provision X					
Provision X					
Specifying investors' obligations and responsibilities					
Provision X					
Provision X					
Specifying home states' obligations and responsibilities					
Provision X					
Provision X					
Specifying host states' obligations and responsibilities					
Provision X					
Provision X					
Facilitating investment					
Provision X					
Provision X					



Functions and provisions	Commitment type 1	Commitment type 2	Commitment type 3	Commitment type 4	...
Ensuring dispute prevention and management					
Provision X					
Provision X					
Monitoring investment					
Provision X					
Provision X					
Investment promotion, retention, reinvestment, and expansion					
Provision X					
Provision X					
Providing investment incentives					
Provision X					
Provision X					

How to Use the Policy Coherence Framework

Using the Framework at the National Level with a Coordination Mechanism

To maximize its effectiveness, the Policy Coherence Framework is best utilized when integrated into an institutional coordination mechanism, such as the one outlined in the [Panama Tool Kit](#).

In countries with an established coordination mechanism, such as an interministerial committee, the process could proceed as follows:

Step 1: Map commitments under key international instruments relevant to investment policy-making

Mapping international commitments can help identify and prioritize agreements that are most relevant to the national context. This ensures that the mapping process is manageable and focused on priority instruments.

Recommendations for This Step

- **appoint leading officials or a leading agency:** Designate officials or a leading agency (within the established interministerial committee or relevant ministries) to lead the mapping process to ensure that relevant institutions are identified and included.



- **start small:** Start with a few key international instruments that are of priority to the country's investment policy. Focusing on priority instruments will prevent the process from becoming overly complex. The mapping can focus on a specific policy area (such as environment, climate change, health, gender, and social inclusion) to identify the relevant international agreements. Ideally, priority could be given to policy areas covered by the ministries represented in the coordination mechanism.
- **conduct internal consultations/collect the list of instruments:** Once leading officials are appointed, they should conduct internal consultations to ensure a broad perspective on international instruments that impact investment. A practical approach for collecting the relevant instruments could be conducting an internal survey or holding brainstorming meetings with each ministry's officials. They can provide insights into key agreements that impact investment in their sector.
- **establish a notification system/regular update:** Set up an internal notification system for updates as new commitments are made or national priorities evolve. Plan for regular reviews every 3 to 5 years.

Step 2: Benchmark existing legal instruments governing investment against international commitments

Once key international commitments are identified, the next step is to assess whether existing legal instruments governing investment align with them. The coordination mechanism provides a platform for cross-governmental coordination to identify the relevant investment legal instruments, including treaties, laws, and contracts to be analyzed.

Recommendation for Using This Step

- **have leading officials or agency evaluate and assess coherence among instruments and commitments:** Leading officials could undertake the assessment by identifying the specific investment provisions (e.g., investment treaties, laws, contracts) and evaluating their alignment with international sustainability commitments identified in Step 1 (e.g., climate action, human rights, environmental protection).
- **prioritize ongoing negotiation processes:** Countries may choose to focus on an ongoing process, such as treaty renegotiations, contract negotiations, or investment law revisions, to ensure relevance and establish a clear timeline for action.
- **undergo a first trial/pilot test:** Countries may choose to conduct an initial test by analyzing a specific instrument's alignment with key sustainability commitments identified in Step 1. Since the framework is designed to be an adaptable tool, this pilot will help identify the necessary adjustments before broader implementation.

By starting with a few priority instruments and clearly defining roles within the coordination mechanism, the process can be more focused, efficient, and impactful.



Conclusion

The Manila Tool Kit is intended to be versatile and adaptable to national and regional contexts. Whether a country has a formal coordination mechanism or is working without one, the framework helps identify conflicts between international commitments and investment governance.

By using the Policy Coherence Framework to assess alignment at both national and regional levels, countries and regional groupings can ensure that their investment policies contribute to sustainable development goals and climate action, promote consistency across legal instruments, and enhance overall policy coherence.

IISD stands ready to assist in preparing for this process at the national level and can support the development of regional versions of the tool tailored to specific contexts.

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