What is Investment Screening?

“Investment screening” refers to the adoption of basic inspection and regulation standards for investment. According to EU regulations, the goal of investment screening is to investigate and authorize foreign direct investment that protects public security and minimizes corruption.

From CIPE’s perspective, investment screening can facilitate more accountable investment among countries and counter the effects of corrosive capital. However, investment screening mechanisms that are not transparently and inclusively developed or are improperly implemented can distort markets, enable corruption, and result in capture by local elites for personal gain. This capture may lead to the erosion of trust in markets and democracy. Because of this, it is critical to have an inclusionary consultative process with major stakeholders during the development, adoption, and implementation of screening legislation.

What is CIPE’s approach?

CIPE and its local partners in southeastern Europe support broad and inclusive dialogue between business, civil society, and the public sector that aims to make investment screening:

1. Accountable to the interests of a wide range of stakeholders and the entire business community, not only well-connected, influential, or captured businesses
2. Locally owned by businesses and other actors that see the political and economic value of these standards beyond basic compliance
3. Inclusive of the business community during the debate and development of the investment screening process
4. Innovative in the implementation of the mechanism, recognizing that what works in one country context might not work in another
PROGRAM HIGHLIGHT: NORTH MACEDONIA

In North Macedonia, CIPE and its local partner the Institute for Democracy Societas Civilis - Skopje (IDSCS) have convened a working group of public and private sector actors, civil society, and local experts to discuss investment screening in the country and the broader Western Balkans region. Working group members are now developing policy papers with recommendations for specific investment screening mechanisms that would have private sector support and attract constructive capital to the small Western Balkan country.

In June 2022, CIPE brought representatives from the IDSCS working group to the CELIS Forum on Investment Screening hosted in Uppsala, Sweden by CIPE partner the CELIS Institute. Working group members met with EU diplomats and investment screening experts convened by CIPE to discuss the technical implementation of investment screening throughout the Western Balkans. In partnership with, the Regional Cooperation Council (RCC), CIPE also brought government officials from each Western Balkan 6 country to participate in the conference, including at one of the two panels hosted by CIPE, and learn from the experience of investment screening officials from EU member states present at the conference.