WORKSHOP ON MAKING INVESTMENT WORK FOR THE SUSTAINABLE DEVELOPMENT GOALS

Summary report

Paris, 10 December 2015
SUMMARY

Ministers, high officials and participants from some 50 OECD and non-OECD countries¹ including 13 G20 countries and 15 G77 countries, senior representatives of international organisations and regional economic entities, business leaders, academics and high-level representatives from labour and civil society participated in the OECD global Workshop on “Making Investment Work for the Sustainable Development Goals: Implementing the Policy Framework for Investment” held in Paris on 10 December 2015.

The Workshop took place at a critical juncture of global development, with the recent adoption of the Sustainable Development Goals (SDGs). There is now the need to move beyond goals to consider their means of implementation. Aid alone will not suffice. These circumstances make it critically important to find effective ways to mobilize resources for development.

Private investment is one key vehicle for realising the vision set out in the SDGs. Private investment – domestic and foreign- can create jobs, help countries develop technology and productive capacity, and enable them to better integrate within global value chains. To achieve this, the SDGs must be accompanied by strategies to harness more and better quality private investment. There is a challenging task ahead for all stakeholders to stimulate investment flows and make them work for development. If the conditions for investment are inadequate, implementing the SDG agenda will prove to be difficult as investors will stay away.

Against this background, the OECD Workshop provided a constructive exchange of views on evolving global development and investment realities and what they imply for host governments, international organisations, donors, businesses and other stakeholders. Participants discussed ways to: (i) develop sound conditions to enable investment that can contribute towards achieving the SDGs; (ii) mobilize the international community, the business sector, the trade union and civil society and donors to join in these efforts, and (iii) the way forward to ensure implementation of reforms.

A strong consensus on the role that private investment can play in sustaining development

The Workshop confirmed a strong international consensus on the key role that private investment can play in realising the vision of shared prosperity set out in the SDGs. There is an urgent need for an effective strategy to stimulate investment flows involving the public and private sectors, international organisations and donors, businesses and civil society.

An enabling environment for private investment is called for. Designing policies to achieving sustainable development is nevertheless by no means an easy task. Although it is clear that there is no one-size-fits-all solution, the OECD Policy Framework for Investment (PFI) was referred to as useful in this regard as it covers all aspects of investment climate for sustainable development.

Apart from establishing a comprehensive policy framework, challenges also exist in the absence of proper structure and resources required to implement it. One conclusion is that a multi-pronged and sustained approach, involving the international community is required. Organizations such as the European Commission, the United Nations Conference on Trade and Development, the World Bank and OECD, economic entities such as ASEAN and SADC, as well as bilateral donors should provide assistance to help developing and emerging economies implement investment reforms.

¹Argentina, Australia, Austria, Belgium, Brazil, Brunei Darussalam, Cambodia, Canada, Chile, Colombia, Costa Rica, Denmark, Finland, France, Germany, Hungary, Indonesia, Israel, Japan, Lao PDR, Latvia, Lithuania, Malaysia, Mexico, Morocco, Myanmar, the Netherlands, Nigeria, Norway, Peru, Poland, Portugal, Russia, Slovenia, Spain, Sweden, Switzerland, Thailand, Turkey, Ukraine, United Kingdom, United States, and Vietnam.
A common thread in the discussions was the widespread recognition that investment needs to deliver for the well-being of people, and foster more inclusive growth, as well as durable and sustainable forms of growth meeting high international standards of responsible business conduct in the areas of human rights, labour, and environment. There was a general agreement that international standards of responsible business conduct such as the OECD Guidelines for Multinational Enterprises can help promote policies placing greater attention on, for example, the environmental impact or the social sustainability of investment projects.

Participants also underscored the need to mobilize businesses, NGOs and the public at large in the process of shaping the reform agenda through close monitoring of implementation of policies and their development impact. Allowing the public – and other stakeholders such as donors– to closely follow government actions can render them more effective to meet the development needs.

The Workshop was organised by the OECD. Convinced that a vibrant and responsible private sector is a powerful development enabler, the OECD has been a leader in promoting policies aimed at placing investment at the core of the development agenda. Making use of Secretariat-wide expertise in many areas covered by a sound investment climate, its long-standing development experience, particularly in the Development Assistance Committee (DAC), the Development Centre and many other OECD bodies, and cultivating synergies with other initiatives – both public and private- the OECD has provided a comprehensive front against development issues. Not only does the OECD gather all policy communities around its Development Strategy but it addresses investment for development through notably its work on Responsible Business Conduct and Investment Policy Reviews using the Policy Framework for Investment (PFI). Recently updated to make a tangible contribution to the implementation of the SDGs, the PFI helps countries to take stock of a range of policy areas that are important for the business climate. Applied to over 30 countries to date, the PFI engages developing countries in a whole-of-government effort to attract more and better investment.

**MAKING INVESTMENT WORK FOR THE SDGs: AN OVERVIEW**

Building on the objectives of the Sustainable Development Goals (SDGs), more than 130 senior representatives of governments, the private sector, non-governmental organisations and the international development partner community met in Paris, France on 10 December 2015 on the occasion of the first OECD Global Workshop “Making Investment Work for the Sustainable Development Goals: Implementing the Policy Framework for Investment”.

The Workshop aimed to gather information about action taken at international, regional and national levels to support governments in implementing investment policy reforms in line with the recently adopted Sustainable Development Goals (SDGs); to discuss practical measures to further improve the benefits of investment-climate reforms for sustainable development, in particular responsible business conduct and impact monitoring tools; and to rally development partners, international organisations, the private sector and civil society to foster better collaboration on implementing comprehensive and effective investment policies for development, leveraging OECD’s and other relevant regional programmes.

The Workshop was sponsored by the Investment Committee of the OECD. Partners in the workshop included the Association of Southeast Asian Nations (ASEAN), the Business and Industry Advisory Committee to the OECD (BIAC), the European Commission (EC), the Development Assistance Committee of the OECD, the Southern African Development Community (SADC), the Trade Union Advisory Committee to the OECD (TUAC), and the United Nations Conference on Trade and Development (UNCTAD). These key players contributed valuable insights gained from practical, hands-on experience in assisting countries in developing and implementing credible investment policy frameworks aimed at promoting development.

Keynote addresses were made by the Deputy Secretary General of the OECD Douglas Frantz, the Ambassador of Finland to the OECD Oikko-Pekka Salmimies and by the Chairman of the OECD Development Assistance Committee Erik Solheim.
In session one, participants reviewed investment policy reforms in selected Asian, Latin American and African countries as illustrative of general issues involved in making investment work for development.

During the second session, participants discussed the need to embed implementation of reforms in a cooperative partnership approach involving the public and private sectors as well as donors and international organisations. The session was organized around three main themes: the value of stakeholders’ partnerships at country and regional level to develop synergies in policy design and implementation; the value of public-private partnerships to improve the quality of the investment environment; and the importance of monitoring.

During the final session, the concrete measures recommended during the previous sessions were presented, and subsequently constituted the basis for the workshop’s conclusions developed by Manfred Schekulin, Director for Export and Investment Policy at the Federal Ministry of Economics and Labour of Austria and Chairman of the OECD Investment Committee.

**Fostering a favourable investment climate for development**

Designing investment policy reforms to achieving sustainable development is by no means an easy task. Over the years, different approaches have been implemented under different conditions with varying success. In this context, the PFI and other related comprehensive investment climate assessment tools can help understand the issues at stake by giving guidance and offering technical expertise for the development of sound conditions to enable investment for development. This session presented the approaches followed by countries in Africa, Central and Latin America, and South East Asia in support of reform.

In Indonesia, the history of investment policy reforms for development is closely associated with the PFI. Rizar Indomo Nazaroedin, Director of Regional Cooperation at the Indonesian Investment Coordinating Board, highlighted that many of the SDGs can be implemented through investment and that the PFI can be a useful tool to guide policymakers in this regard. He shared the experience of Indonesia in undertaking an Investment Policy Review (IPR), based on the PFI, back in 2010, which provided 14 policy recommendations for the government on investment openness, facilitation and promotion. Mr. Nazaroedin presented the country’s strategy to attract FDI from a historical perspective and the role of the Investment Coordinating Board in implementing and coordinating policies supplementing the line ministries’ policy design responsibilities. As major investment climate reforms were accomplished in Indonesia over the past decade, the key elements for effective reform implementation are policy coordination and stakeholder engagement.

The example of Costa Rica also showcases the importance of the PFI in enhancing the investment climate and ultimately improving the lives of its citizens – investment policy being at the heart of the country’s development strategy. Costa Rica’s PFI-based Investment Policy Review, completed in 2013, was one of the country’s first steps in its road to accession to the OECD and a particularly useful aspect of the PFI in Costa Rica’s endeavours was the way it embraces a comprehensive approach to investment climate. Gabriela Castro, Director for Investment at the Ministry of Foreign Trade in Costa Rica, provided concrete examples to illustrate how attracting high-tech FDI helped the country upgrade its participation in global value chains and meet its development objectives. The report by Costa Rica also discussed how sound investment climates can help attract quality investors in a developing country’s context.

Ibrahim Gowon, Federal Intervention Manager at Growth and Employment in States (GEMS) – a UK funded programme that helps enhance the investment climate in Nigeria – presented the experience of Nigeria in using the PFI. In addition to looking at the Federal level, the Investment Policy Review of Nigeria conducted by the OECD looked at Lagos State – the first time the PFI was applied at subnational level. Until now, Nigeria remains the sole country to have undertaken such a process at sub-national level and GEMS replicated the same approach in three other States of Nigeria with a view to achieve investment climate reforms through multi-stakeholder collaboration, institutional coordination and improved policy coherence. While Nigeria’s IPR was an important step towards reforming the investment climate to sustain development, its completion and implementation faced
fundamental problems as the result of changes in the federal government. The speaker highlighted in this context how political will is a key factor for successful reform implementation.

Thomas de Man, Chair of the BIAC Development Committee and Heineken Former Regional President for Africa and the Middle East, commended the Workshop’s recognition that the private sector is part of the solution to implement the SDGs. He insisted on the importance of the enabling environment to allow businesses for risk analysis and highlighted that the OECD tools – notably the PFI and the Investment Policy Reviews – may make a government determined in attracting investment for development very well placed to support the SDGs. Policy uncertainties and administrative burdens are among the major hurdles for investors, who are increasingly seeking to source locally. Mr. de Man pointed out that a good implementation track record is important for businesses but that implementation challenges persist in both OECD and non-OECD countries. In this regard, the speaker called for the creation of a communication platform gathering governments, donors and industries to make PFI implementation happen.

John Evans, Secretary General of the Trade Union Advisory Committee to the OECD (TUAC), highlighted how the updated PFI reflects the increasing role of governments in investment policy reform, the need to tackle growing inequalities and the importance of making development environmentally sustainable. While the PFI is acknowledged as being a major tool to reach the SDGs, attention has to be paid on what needs to be prioritised. Three key elements to make investment work for development were pointed out by Mr. Evans: 1) the SDGs need to be at the heart of investment policy reform, 2) investment needs to create quality jobs, which are central to reach the SDGs, and 3) responsible business conduct (RBC) has to be at the centre of investment policy reform. He concluded by stressing the importance of putting domestic and foreign investors on equal footing and, as such, cautioned on approaches that favour “special groups” of investors including those that provide fiscal incentives and special economic zones.

In the following discussions, participants welcomed the PFI as an essential tool that can help developing and emerging economies build the domestic conditions to maximise the development benefits of and to increase their capacity to generate private investment. As the PFI’s 12 connected areas align with the main focus of the post-2015 Agenda, workshop participants agreed that the updated PFI can effectively contribute to the achievement of the SDGs. PFI was also seen as a flexible tool as it can foster investment policy reform at both central and sub-national levels, when the political will is weaker at central level. Participants however underscored the need for implementation. Political will, policy coherence and stakeholder engagement were raised as key elements of successful implementation of PFI-based reforms.

**Tackling the implementation challenge through multi-stakeholder partnerships**

Although primarily responsibility for tackling investment for development rests with national governments, ensuring effective implementation of policy reform can often only be achieved through strong partnerships and aligned priorities among the different stakeholders – government, business, civil society, international organisations and development cooperation providers. In some instances, the political will is not sufficient. Local ability to implement development-driven investment policy reforms may be constrained by a lack of resources, a lack of skills or by other factors such as weak governance. International, regional and bilateral cooperation can be powerful tools to support national reform efforts. This session addressed the role of international organisations, regional economic entities, development cooperation providers and business in supporting and complementing government actions.

Aung Naing Oo, Director General of the Directorate of Investment and Company Administration under the Ministry of National Planning and Economic Development, spoke about the reforms in Myanmar dating from 2011 and described how it was a significant undertaking for the Government. In this context, the country’s Investment Policy Review (IPR) conducted by the OECD on the basis of the PFI provided a strategic framework for reform. Myanmar government’s determination and proactiveness in addressing development through investment policy reforms played a pivotal role in obtaining support from the Governments of Australia and New Zealand to develop, with the assistance of OECD, a holistic plan to reform. The strategic framework that resulted from the OECD-
led assessment also laid the groundwork for optimal cooperation between the World Bank/International Finance Cooperation and the Asian Development Bank to lend their powerful support to its implementation, specifically to the investment law regime.

Stephen Thomsen, Head of Investment Policy Reviews at the OECD Investment Division, provided insights from an OECD perspective on international cooperation. International cooperation can provide countries with the resources necessary to identify investment policy reforms and to implement assessments such as the one conducted by the OECD. In countries where there are insufficient resources or skills, or insufficient determination, international society can play an important role by providing aid to support reforms, as was the case in Myanmar. The Myanmar case is a good example of a partnership model between the OECD and the World Bank/IFC in the context of which there was donors’ willingness to develop an investment policy review by the OECD and based on that analysis committing funds to implement reforms.

The example of the United Nations Conference on Trade and Development (UNCTAD) in partnering with developing and emerging governments to put in place effective tools to facilitate business operations is another illustration of the general issues involved in implementing reforms and the role technical assistance providers may play in supporting reform efforts. While everyone agrees that further reduction of administrative burdens and simplifying administrative procedures in order to attract FDI is of paramount importance for countries to meet their development objectives, it is not enough. The lack of implementation of reforms and policy advice that emerge from it is often a major challenge. Against this background, UNCTAD has developed a series of practical tools to help government simplify administrative procedures. One, called "eRegulations", is a software allowing governments to publish online, from the user’s point of view, administrative procedures related to investment and trade. Frank Grozel, Coordinator of the Business Facilitation Programme at UNCTAD explained that is has been implemented in 28 countries. Once procedures have been clarified and made transparent through eRegulations, UNCTAD further helps countries simplify them though a set of “10 principles to simplify administrative procedures” which allow to decrease steps and requirements by up to 50%, without changing the laws.

Regional cooperation can also play an important role in promoting an investment environment for sustainable development as shown by the experience of the Association of Southeast Asian Nations (ASEAN). Tan Tai Hiong, Assistant Director and Head of the Services and Investment Division of the ASEAN Secretariat provided an overview of the current economic integration process with the establishment of the ASEAN Economic Community (AEC) in 2015 - a major milestone in the regional economic integration agenda in the region - and the ASEAN leaders’ adoption of the AEC Blueprint 2025, which provides broad directions and strategic measures for building the economic community from 2016 to 2025 and pays increased attention to development issues. One of the key components of the AEC is the ASEAN Comprehensive Investment Agreement (ACIA), which aims to promote investment in the region by focusing on four pillars: (i) protection, (ii) liberalisation, (iii) promotion, and (iv) facilitation. Further related and in support of the post-2015 agenda, a high-level task force has been established to develop the ASEAN Community Vision 2025; three ASEAN Community Blueprints were also adopted in 2015: (i) political-security, (ii) economic, and (iii) socio-cultural. The three blueprints cover a wide range of topics that support and complement the targets and objectives of the Sustainable Development Goals for 2030.

The willingness to engage private finance in the SDGs is not confined to individual countries or regional economic entities. The impact of private investment on development are increasingly understood among development partners, with an emerging consensus that huge financial support in the form of investment is needed to implement the 2030 agenda to complement official development assistance (ODA) which is small relative to other types of finance. Donors such as the European Commission (EC) have become a strong advocate of private sector development, with over 350 million euros a year in funding, as highlighted by Patrick Rabe, Development Counsellor at the EU Delegation to the OECD.

On a regional and country level, the European Union (EU) has shifted its policy to respond to the emerging needs and demands of development countries and their governments. The EU has
dramatically increased its support in the areas of trade liberalisation and exchange, loans to leverage private sector finance, and the support of regional lending facilities. Examples include ongoing EU-led initiatives in Africa such as an agribusiness fund developed with the government of Uganda; the development of local frameworks to strengthen existing business forums in Ghana and Senegal; and the Pan-African – European Union business platform. In the framework of these country-level or regional initiatives, the PFI has been a reference point for dialogue with government, local business and civil society. At global level, the EU has been actively supporting multi-stakeholder platforms to reflect on the role of the private sector in contributing to sustainable development. For example, the Global Partnership for Effective Development Cooperation brings governments, providers of development co-operation, private companies, civil society and others together to ensure funding and knowledge to produce maximum impact for development. Another initiative supported by the EU is the IFC Partnerships For Prosperity – a multi-stakeholder platform for donors, civil society, private sector and international organizations to convene knowledge and ideas as well as strategic partnerships on the role of the private sector in contributing to sustainable development.

To conclude the presentations, Marie Gad, Senior Policy Advisor to the Confederation of Danish Industry, offered the private sector perspective. In an attempt to address any investment strategy that aspires to be successful to meet the national or regional development goals, the private sector has over the past years initiated numerous initiatives for the purpose of involving all stakeholders. The Danish Industry Initiative in East Africa works to promote inclusive growth and job creation in the region through the establishment of public-private dialogue mechanisms between Danish and local stakeholders aimed at promoting and fostering partnerships and innovative collaborations. Such partnerships with governments and other stakeholders have broken new grounds in helping national authorities implement reforms.

In the following discussions, regional cooperation was generally recognized to be a powerful tool to support national efforts to create an environment conducive to more and better investment. Participants also generally agreed that support and assistance from bilateral and multilateral donors in drawing up and implementing investment policy reforms are essential to help improve investment climates to enhance the contribution of investment to global development. Clearly, donors, international and regional organisations have a role to play. Likewise, businesses may make useful contribution.

**Developing public-private partnerships for inclusive investment**

Even with the support of international organisations and development cooperation providers, governments cannot alone stimulate investment flows and make them work for development. Businesses should play a fundamental role in the push towards the SDGs. As Lisa Kubiske, US Deputy Assistant Secretary of State for International Finance and Development, observed, the current insufficient levels of Official Development Assistance also put pressure on private investors to ensure that developing and emerging economies can reach the SDGs. In this regard, governments and business alike should ensure that private investment make a positive contribution to development.

In recent years, advances have been made to support the positive contribution of business to sustainable development. The OECD 2011 Guidelines for Multinational Enterprises (MNE Guidelines) have the overarching objective that corporations should contribute to economic, environmental and social progress with a view to achieving sustainable development. Furthermore the Guidelines promote a concept of responsible business conduct which includes the idea that business should do no harm and that they can do well by doing good. The OECD MNE Guidelines and other international initiatives such as the UN Global Compact and the ILO Tripartite Declaration on Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and Social Policy are thus important steps to discipline corporate behaviour in the movement towards the SDGs. However, it is equally important that companies take a proactive role in complementing and reinforcing international instruments and government regulations. Enterprises have a pivotal role in ensuring sustainable development. This session explored how governments, on one hand, can
impose requirements on corporations and, on the other hand, how the corporate sector can take actions encouraging responsible business conduct. Good practices were discussed in this context.

Morocco has found it essential to motivate the private sector to come into line with the country’s development strategy. Although not an OECD member country, Morocco is an adherent to the MNE Guidelines. To convince the private sector that it is in its interest to align with national development objectives, Morocco has combined coercion (for example by setting minimum requirements for businesses in the context of public tenders such as the respect of human and labour rights) and raising awareness campaigns involving professional organisations and thereby ensured private sector support. Nabila Tbeur, from the Office of the President, suggested that to effectively change perceptions and attitudes and to foster a feeling of responsibility amongst corporations, a vision and strategy needs to be communicated in a simple manner as the technicalities of multilateral agreements, paired with the existence of different international standards, make businesses overwhelmed and confused. Often businesses in emerging and developing economies are not equipped to understand the language of international conventions and other standards and principles. The goal is to translate sustainability principles in a language that can be understood and implemented by corporations. These cooperative efforts by the government and businesses have begun to yield positive results.

Emphasizing the role of businesses in ensuring sustainable development has also gradually become part of Chile’s investment strategy. Although the Foreign Investment Committee—Chile’s investment promotion and facilitation agency—does not yet actively promote investors’ obligations under the Guidelines, the Foreign Investors Guide does, however, delineate the procedure for the environmental impact declaration and study required for certain types of projects. The process includes an evaluation of certain social impacts, such as resettlement of human communities. It also references adherence to the ILO’s Convention 169 concerning the consultation of indigenous populations. Chile has an active National Contact Point to promote the Guidelines and provide mediation and conciliation services to resolve issues arising from non-observance of the principles contained in the Guidelines by companies. The account of the work of the Chilean NCP given by Gaston Fernández, Head of Chile’s National Contact Point, suggests that such institution can play an important role in increasing shareholders’ awareness of the contribution that companies can make to better investment and sustainable development.

The notion of responsible and inclusive development not only involves government regulations but also corporate standards within an enterprise. Accounts given by participants in this session showed that the private sector is equally responsible in supporting sustainable development. Good practices in this respect were discussed. Tabe van Hoolwerff, Legal Counsel at Shell, presented the view of a multinational on how to promote and implement responsible business practices. The speaker showcased the many different challenges facing the private sector when it attempts to implement responsible business conduct. These include introducing measures to minimize RBC risks and sales practices aimed at RBC rather than sales itself. These also include encouraging supply from local companies and engaging state-owned enterprises and other competitors in RBC standards. Other challenges that business faces is that RBC is sometimes used as a tool to harass companies. Disagreement on what RBC means may also occur. In order to achieve successful cooperation, some ingredients are necessary: good faith behaviour of all parties involved, confidentiality, timely reaction, transparency, and a focus on finding solutions.

The following discussions confirmed that responsible business conduct is a collective duty. Without the engagement of all stakeholders, sustainable development cannot be achieved. Governments must protect fundamental rights, while businesses must acknowledge that operating globally also implies a responsibility for their impact locally.

**Going for results and impacts**

While the previous two sessions discussed how to create an environment in which governments, donors, international organisations and regional groupings, business associations are encouraged to take up their role in ensuring effective implementation of policies and reforms, this session focused on another concrete action: close monitoring of implementation and impact of investment reforms.
The interests of governments are not only to develop national strategies, legal frameworks and national institutions for attracting investment but also to ensure these changes deliver tangible contributions to economic growth and inclusive development, especially with regard to reducing poverty, eliminating hunger and malnutrition, and combatting environmental degradation. Monitoring provides a feedback mechanism for policy makers as well as the general public on the progress made. Similarly, it raises the profile of implementation gaps and helps push for corrective action. Information gained in the course of monitoring can contribute to an understanding for policy-makers, civil society and other stakeholders as to the extent the policies designed and implemented are effective, of what works, what does not, and why. Hence, monitoring may not be just a tool for better implementation but, equally important, for the design and implementation of better policies.

The speaker from the Southern African Development Community (SADC) showcased the many different challenges facing the countries in the region in creating a favourable investment climate to sustain economic development and alleviate poverty. A core challenge was to develop a regional policy framework for 15 member states which are at very different stages of development, with different economic and population structure and size. The core objective of a regional policy framework for investment in SADC was to create a platform of dialogue and with that a process towards the harmonisation of investment policy regimes in the region and the elimination of contradicting policies and incentives across countries, particularly in the area of investment protection as well as tax and infrastructure incentives. SADC Member States, with the assistance of the OECD, nevertheless succeeded to develop such framework. As Malvern Rusike, Investment Advisor, Regional Economic Integration, SADC Secretariat noted, while the development of such framework was a priority for SADC countries, its effectiveness now depends on actual implementation. To address these challenges and further advance the regional development integration agenda, Member States are now in need of a monitoring framework, through which policy makers can evaluate the impact of reforms.

There is a wealth of experience among international organisations and regional groupings in developing monitoring mechanisms in support of reforms. For example, as described by Felipe Palacios Sureda from the European Commission, the European Union has developed mechanisms for assessing policy implementation and impact in all areas, including trade and investment as well as development issues. These mechanisms increasingly focus on impact towards fulfilling the SDGs, including components on responsible business conduct. They also involve all stakeholders, including the private sector, throughout the entire process.

The OECD has also many years of experience in assessing the impact of policies. Antonio Fanelli, Senior Advisor, Global Relations Secretariat (GRS), expounded on the monitoring tools developed by the Organisation in the framework of its regional or country programmes to help countries making reforms happen in specific policy areas. For example, a monitoring framework has been developed for various regional programmes with respect to Small and Medium-sized Enterprises (SMEs)-related policies, involving various stakeholders for the purpose of identifying and agreeing on a set of policy principles and then developing respective underlying indicators to track progress towards these principles.

For many years, the OECD has also been engaged in monitoring work to assess regulatory reforms across countries and measure their impact. A number of lessons were drawn up by Christiane Arndt from the Public Governance and Territorial Development. First, the importance of involving policy makers when developing reform implementation indicators in order to identify what implementation actually means and whether good practices of implementation exist. She mentioned the challenge that good practices may be very different across countries, making it difficult to come up with an indicator that would correctly account for these differences. Secondly, as there is always a wealth of data that could possibly be collected, it is important to discuss with policymakers what is really important to know in the reform process and what would be most useful to bring to high levels of governments in order to improve and accelerate the implementation of important reforms. Thirdly, good monitoring practice should also include the involvement and dialogue with non-government stakeholders (e.g. BIAC and TUAC).
The new SMEs monitoring initiative developed by the OECD Centre for Entrepreneurship provides another example of a monitoring framework from which reforming countries can benefit. The objective of the project, currently piloted in a few OECD countries with the objective to develop it for a larger set of OECD and non-OECD economies in the future, is not only to monitor and benchmark the business environment conditions for SMEs, but also to progress of implementing reforms and their impact on SME performance. As Lucia Cusmano, Senior Economist at the Centre, noted, the process of developing a comprehensive monitoring framework can be challenging, as experienced by the Centre while launching this new initiative targeting SMEs. The task can be difficult, in particular with regards to the multidimensionality/linkages of impact; the different policy objectives of policymakers; and the wide set of relevant SME policy objectives, including innovation, employment, inclusiveness, and wages among others.

Iza Lejarraga, Head of Investment Policy Linkages Unit at the OECD Investment Division, explained that the Investment Division, inspired by the PFI and its 12 policy dimensions, has embarked on a project to collect relevant information to support the implementation of the SDGs, and in particular those targets related to investment and related policies. The objective is to generate original indicators that allow acquiring new information on qualitative features of FDI. Rather than collecting and developing as many indicators as possible, the aim is to identify and focus on a manageable, selected number of indicators, which stakeholders agree would be useful. It would be based on the need to identify gaps. Research shows that investment-related monitoring indicators are largely biased toward de jure measures (what is in the books) instead of focusing on de facto measures (what happens on the ground) or measures on implementation progress and outcomes. Also, existing outcome information is often aggregate rather than specific and perception-based rather than fact-based. Moreover, existing cross-country indicators tend to be ex-post evaluations rather than measures helping to improve reforms ex ante or during the process.

Against this background, and subject to the availability of resources, the objective would be to first generate a new set of indicators with a focus on outcome measures on the ‘quality of investment’, that is, indicators developing linkages between investment flows with qualitative aspects including productivity (e.g. diversification, sophistication and vertical integration of investment), inclusiveness (e.g. linkages with SMEs, inter-sectoral linkages, employment/entrepreneurship) and responsibility (environmental quality, human quality, and corruption). Secondly, new monitoring indicators could be used for analytical research to enhance global understanding of the links between policies and various types of outcome-based indicators. This phase of the work will also involve primary data collection to fill gaps where data is currently unavailable. Dialogue and collaboration with relevant stakeholders (businesses, policymakers, society and other international organisations and academic experts) should be a priority to make the final set of indicators most relevant for the needs of multiple users, notably the policy, business, and research communities.

The presentation by Federico Bonaglia, Senior Counsellor at the OECD Development Centre, draw some similar conclusions, namely that better monitoring for implementation and impact, particularly in the more qualitative aspects of investment, is very timely and relevant and has received an increasing attention in various fora, including the G20. Better monitoring is also crucial with regards to the 17 SDGs, due to the complexity of fulfilling the very diverse set of goals. The OECD Development Centre has been helping individual countries to identify and implement needed reforms through its Multi-dimensional Country Reviews (which also includes foresight exercises) and to align these prioritised reforms with the country’s own development objectives. Better but feasible outcome-based indicators would very much support the work on such country reviews.

Reacting to the previous presentations, the speaker from the business sector emphasized the importance of involving relevant stakeholders in any evaluation of the governance cycles, in particular in the implementation phase. Stakeholder engagement and impact assessment are key drivers to foster good regulatory practices, which are an indispensable condition for businesses to operate whatever the targeted sector or country. Yılmaz Argüden, Chairman of ARGE Consulting & Rothschild Türkiye, and Vice Chair of the BIAC Governance Committee, noted in this context that, instead of being perceived as an ally in building inclusive societies, private sector involvement in
policy design and implementation has until recently often been seen as policy capture. The positive role the private sector can play in the analysis of regulations, in the assessment of relevant measures and as a provider of expert advice should not be disregarded, said Yilmaz Argüden. Better implementation of proposed reforms can only be stimulated by enhancing the effectiveness of regulatory consultation processes and impact assessments as they both contribute to improve the design of new regulations, to minimize enforcement and compliance costs, and help ensure key stakeholders support their implementation. In this regard, the speaker emphasized the role of the OECD Regulatory Indicators as an effective tool to monitor the progress made in reducing regulatory burden for the purpose of unlocking investment.

Discussions in this session led to several conclusions and recommendations. Participants broadly welcomed the development of an (outcome-based) monitoring indicator framework. The OECD and other stakeholders that would partner in this exercise were nevertheless advised to carefully design the collection of information, particularly on perceptions. Furthermore, monitoring should also include capacity building for policymaker as the monitoring framework will be most useful and relevant if developed and understood by those who are actually making reforms. It was recommended that the monitoring indicators are demand-driven and that the approach taken is bottom up. In light of SDG implementation, it should not be assumed that all needed information to monitor already exists. Therefore, thinking whether statistical offices are well resourced would be relevant. Prioritisation of what should be monitored would also be important. Participants also mentioned the OECD Services Trade Restrictiveness Index (STRI) as an example of a tool which makes data easily accessible.

**Workshop conclusions**

During the last session, the concrete actions recommended during the previous discussions were presented. The panel was composed of representatives of developing and emerging economies (Aug Naing Oo from Myanmar’s Ministry of National Planning and Economic Development), technical assistance providers (Frank Grozel from UNCTAD), the business sector (John D. Sullivan, Vice-Chair of the BIAC Development Committee and Executive Director of the Center for International Private Enterprise), academia (Richard Manning, Chair of the International Initiative for Impact Evaluation, Coordinator of the Replenishment of the African Development Fund, and Senior Research Fellow at the Blavatnik School of Government of Oxford University) and the OECD (Ana Novik, Head of the Investment Division).

Participants welcomed the opportunity provided by the Workshop to discuss with all stakeholders issues of key concern to involve the private sector in achieving the Sustainable Development Goals, and expressed the wish to further advance this multi-stakeholder dialogue over the coming months.

They agreed that private finance is one key vehicle for realising the vision set out in the SDGs. Against this background, continuous and targeted efforts to design and implement coherent and sound investment policy frameworks are required to progress on the global development agenda. Discussing such efforts, participants acknowledged that the OECD Policy Framework for Investment may help developing and emerging economies build the domestic conditions to maximise the development benefits of, and increase their capacity to generate private investment. At the same time, they agreed that implementation requires special attention and should be addressed as a priority to further advance the global development agenda:

**Priority Measures**

1. **Establishing effective investment policy frameworks and standards**

   Participants agreed that investment policy reforms are most effective if they are country-owned, if they are the result of an overall strategic approach properly sequenced and prioritized, and if all stakeholders, including donor organisations, businesses and civil society, work in close coordination.
Recognizing the importance that the resultant benefits of greater private sector engagement for sustainable development are maximized and that the potential drawbacks are mitigated, participants also highlighted the necessity to design investment policy frameworks that ensure that businesses operate with the highest level of responsibility.

2. Working together for change

Donor support

Given the need for ensuring policy implementation, the role of international organisations, the donor community and other technical assistance providers is crucial. Emerging and developing economies cannot do everything on their own. They need the support of bilateral and multilateral agencies to implement their national priorities derived from diagnostics and assessments such as the ones conducted by the OECD. Participants:

- Recognized the value of involving the donor community in countries’ efforts to raise private sector investment in sustainable development
- Stressed the need for donors to base their overall support on partners’ national strategy for attracting private investment
- Noted the importance of ensuring donor consistency. Given the wide-ranging nature of the issues at stake, investment climate improvement in donor countries and within development agencies and other technical assistance providers is frequently fragmented.
- Recognized the value of establishing joint private sector-donor vision and partnerships structures for setting objectives and measuring impact

Multi-stakeholders dialogue

Recognizing that multi-stakeholder partnerships can support effective design and implementation of reforms, participants identified the need of building broader stakeholder partnerships, including public-private partnerships and broad-based coalitions at country, regional and global level to underpin reform efforts.

3. Monitoring and evaluating implementation and impact

Considering that monitoring of the impact of investment, especially but not exclusively along social and environmental dimensions, is key to effective policy implementation, participants recognized the need to follow up on the implementation process to both get a sense of the impact on the ground and take stock of global progress.

4. Sharing experience, knowledge and information with each other

In determining further effective strategies to transform PFI-based reforms into action, participants:

- Stressed the importance for countries and stakeholders to share their experience, knowledge, and information with each other
- Recognised that the OECD with its evidence-based interdisciplinary policy analysis, best practices and policy options is uniquely placed to provide a broad-based knowledge-sharing platform to support the development process in emerging and developing economies
- Called in this endeavour the OECD to actively build cooperation with other major fora, such as the Global Partnership for Effective Development Cooperation and the UN High Level Political Forum
- Acknowledged that regional programmes such as the ones fostered by the OECD in Latin and Central America, the Middle East and North Africa, and South East Asia can contribute to promoting peer-learning and capacity-building by providing regional fora comprising a wide range of actors.
Follow-up Action

To support the implementation of the Workshop conclusions, the panel called upon the OECD, partner institutions, business, trade unions and civil society, the donor community and other interested parties to consider ways of advancing the priority measures identified in the present Workshop, including the possibility of organizing a regular platform. The platform would discuss further the ways through which private investment can contribute to the goals of achieving economic growth in a way that is inclusive. Participants proposed that another meeting be held within one year to review progress in the implementation of measures suggested at the Workshop.