Policy Framework for Investment (PFI)

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The PFI

**ORIGIN**
Instrument to support governments in enhancing the investment climate

**OBJECTIVE**
- Identify the obstacles
- Formulate sound policies and governance structure
- Enable effective implementation and monitoring of policy reforms

**PRESENTATION**
A checklist of questions in 10 policy areas
How was the PFI developed?

A cooperative process involving:

- A task force of 30 OECD member + 26 non-OECD member countries (incl. Indonesia, Malaysia, Philippines and Vietnam)
- Inputs from eight specialised OECD Committees
- Business, labour, civil society representatives
- World Bank, UNCTAD and other international organisations
- Meetings in five regions
- Web-based public consultation
10 PFI areas

Market Access & Efficiency
- Investment policy
- Trade policy
- Competition policy

Cost of Inputs and Doing Business
- Corporate governance
- Financial sector and infra development
- Human resource development
- Taxation
- Public governance
- Investment promotion and facilitation

Social Return
- Responsible business conduct
## Core principles of the PFI

<table>
<thead>
<tr>
<th>Principle</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>Policy coherence</strong></td>
<td>• Avoid inconsistencies across policy areas</td>
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<td><strong>Non-discrimination</strong></td>
<td>• Among firms by size, industry or ownership</td>
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<td><strong>Transparency</strong></td>
<td>• In design, implementation and enforcement of policies</td>
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<td><strong>Accountability</strong></td>
<td>• Of government agencies</td>
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<td><strong>Regular evaluation</strong></td>
<td>• Of impact of policies on the investment climate</td>
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## How has the PFI been used?

<table>
<thead>
<tr>
<th>Category</th>
<th>Countries/Regions</th>
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<tbody>
<tr>
<td>Horizontal Country Reviews</td>
<td>Costa Rica, Egypt, Peru, Morocco, Vietnam, India and Indonesia</td>
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<tr>
<td>Regional Dialogue</td>
<td>NEPAD, Investment Compact for SEE, MENA</td>
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<tr>
<td>Sub-national Reviews</td>
<td>Mexico (under discussion)</td>
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<tr>
<td>Thematic Country Reviews</td>
<td>Russia (energy sector), China (RBC), Brukina Faso (agriculture)</td>
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<tr>
<td>ODA</td>
<td>Cambodia, Mongolia and Zambia</td>
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<td>Capacity building</td>
<td>APEC</td>
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Expected benefits from using the PFI and User’s Toolkit

**PROCESS**
- Enhanced whole of government sensitivity to reforms
- Public-private mutual trust

**PEER REVIEW**
- Policy guidance on best practice
- Validate reform achievements and identify future reform actions

**OUTPUT**
- International recognition as a better investment destination
- More effective investment policies
PFI can be useful for ASEAN?

- Provide an opportunity for regional policy dialogue and exchange of good practices
- Create a network among investment policy makers from ASEAN and OECD countries
- Identify specific reform and capacity building needs as well as regional co-operation needs
- Support ASEAN EC goals through mutual learning/benchmarking/reform progress monitoring
- Record achievements and develop policy library/database based on experience sharing
The User’s Toolkit for the **Policy Framework for Investment (PFI)** offers practical guidance on how to implement the PFI. More than just a technical manual, it highlights how the core principles of the PFI influence investment, how the various chapters of the PFI relate to one another and how the PFI can assist in an on-going and iterative process of reform and in fostering public/private dialogue.

**Country experiences**

**Indonesia**

Indonesia describes how it is using the PFI to improve and implement its investment policies.

**Viet Nam**

Viet Nam used the PFI to assess the strengths and weaknesses of its investment environment as part of a comprehensive review of its investment strategy.

**Egypt**

Egypt was the first country to conduct a formal investment policy review based on the PFI.
Thank you

About the Policy Framework for Investment and Toolkit:

www.oecd.org/daf/investment/pfi
www.oecd.org/investment/pfitoolkit