



Ministry of Finance



**OECD CONFERENCE
INVESTMENT FOR DEVELOPMENT: MAKING IT HAPPEN**

25-27 October 2005, Rio de Janeiro, Brazil

Hosted by the Government of Brazil

Organised by the OECD Investment Committee

In partnership with the World Bank



The Conference will take place at the Headquarters of the
Banco Nacional de Desenvolvimento Econômico e Social (BNDES)

Avenida República do Chile, 100 - Centro

Rio de Janeiro, RJ, Brazil

CEP: 20031-917

Tel: (+55-21) 2172-7398

Fax: (+55-21) 2172-8712

www.bndes.gov.br

Supported by



**Ministry of
Development, Industry
and Foreign Trade**



PART I. OECD-BRAZIL INVESTMENT POLICY ROUNDTABLE

“INVESTMENT FOR DEVELOPMENT - THE BRAZILIAN EXPERIENCE”

Background

A main purpose of economic policy is to ensure economic stability, with a view to fostering investment, economic efficiency and growth. In the past ten to fifteen years Brazil has changed quite dramatically, leaving behind an environment of high inflation, opening up the economy and increasing the share of the private sector in production. It has also developed a track record in fiscal responsibility and a robust external sector, with a current account surplus in recent years. Nonetheless, as the 2005 OECD Economic Survey of Brazil suggests, there is still much to be done. In 2004, GDP growth reached 5.2 per cent, the highest rate in a decade. The economic recovery is broad-based and the resumption of private investment is noteworthy. Despite the recent achievements it is important to advance further on institutional and microeconomic reforms, taking advantage of the current economic impetus to reinforce the bases for a cycle of sustainable, high and resilient growth. The public debt has come down but is still high and risk premiums remain substantial. Also, the regulatory framework has to continue to be enhanced, to respond to the demands of a growing participation of the private sector in infrastructure activities.

Based on this diagnostic, the government has set up a broad institutional and economic reform strategy that can be divided into five pillars: (i) enforcement of macroeconomic stability; (ii) enhancement of investment climate; (iii) improvement of trade policies; (iv) establishment of innovative legal framework for Public-Private Partnership; and (v) strengthening economic measures for social inclusion. Within an environment of macroeconomic stability these initiatives aim at removing the remaining obstacles for the resumption of growth.

The broad objective of the Roundtable is to draw lessons from the experience of Brazil for the formulation of best practices aimed at improving the enabling environment for investment and sustainable growth. The Roundtable will seek substantial inputs from governments, business and financial institutions, as well as international or regional development institutions. It will provide in-country perspectives in preparation for the generic discussions at the GFII on getting the Policy Framework for Investment right.

The expected outcomes of the Roundtable include:

- Better understanding of the importance of macroeconomic stability and social inclusion programs for investment and sustainable growth; and
- Better understanding of PPP implementation challenges and best practices, notably in the context of new Brazilian PPP legislation.

PRELIMINARY AGENDA

Tuesday 25 October

0800-0900 Registration

0900-0930 Opening Remarks¹

Mr. Antonio Palocci Filho, Minister of Finance, Brazil
Mr. Donald J. Johnston, Secretary-General, OECD
Mr. Guido Mantega, President, BNDES

0930-1300 Morning Sessions

0930-1100 Session 1: The Role of Economic Stability and Social Cohesion: The Case of Brazil
--

- Chair: Introductory Remarks (5 mins.) - Joaquim Levy, National Treasury Secretary, Ministry of Finance, Brazil
- Presentations/discussants (10 mins. each)
 - Raghuram Rajan, Chief Economist, IMF
 - Francisco Ferreira, Co-Director of the World Development Report 2006, The World Bank
 - Sergio Amaral, Coordinator, International Studies Centre, Foundation Armando Alvares Penteado (FAAP)
 - Claudio L.S. Haddad, President, Brazilian Institute of Capital Markets (IBMEC)
 - Marco Bologna, President, TAM Brazilian Airlines
 - Amir Kair
- General discussion (55 mins.)

1100-1130 Coffee Break

1130-1300 Session 2: Brazil's Enabling Environment for Investment
--

- Co-Chairs: Introductory Remarks (5 mins. each) - Luiz Awazu Pereira da Silva, Secretary of International Affairs, Ministry of Finance, Brazil and Manfred Schekulin, Chair, OECD Investment Committee

1. Opening remarks will be followed by a press conference with the Brazilian Minister of Finance, the OECD Secretary-General and the BNDES President.

- Presentations (7-8 mins. each)
 - Carlos Geraldo Langoni, Director, Centre for the World Economy, Getulio Vargas Foundation, Brazil
 - Michael Klein, Vice President, Private Sector Development, Bank-IFC and Chief Economist, IFC
 - Renato Baumann, Director, ECLAC Brazil
 - Antônio Manso, Director, Empresa Brasileira de Aeronáutica SA (EMBRAER)
 - Marcelo Leandro Ferreira, Chief of Cabinet, Secretariat for Economic Policy, Ministry of Finance, Brazil
- Open discussion (30 mins.)

1300-1500 Lunch

1500-1800 Afternoon Sessions

1500-1700 Session 3: Public-Private Partnership in Infrastructure

- Chair: Introductory Remarks (5 mins.): Demian Fiocca, Vice-President, BNDES
- Presentations/discussants (7-8 mins. each):
 - Successful PPP: Overview of the Challenges - Hans Christiansen, OECD Investment Division
 - UK Experience in PPPs and Contract Model for Sharing Risks - Edward Farquharson, Assistant Director, Partnerships UK (PUK)
 - Are Public Governance and Fiscal Discipline More Difficult for PPPs? - Gerd Schwartz, Division Chief, Expenditure Policy Division, Fiscal Affairs Department, IMF
 - PPP and Regulatory Framework in Australia - Kerry Schott, Executive Director, New South Wales Treasury, Australia
 - The Brazilian Trust Fund to Encourage PPPs: Special Features and Novel Challenges - Tarcísio José Massote Godoy, Deputy Secretary, National Treasury, Ministry of Finance, Brazil
 - South Africa's Experience - Ndoda B. Biyela, Deputy Director, National Treasury, South Africa
 - India High-Level Representative (tbc)
- Open discussion (60 mins.)

1700-1800 Concluding Session

- Co-Chairs: Presentations (10 mins. each) - Manfred Schekulin, Joaquim Levy, Luiz Pereira and Demian Fiocca

PART II. 2005 GLOBAL FORUM ON INTERNATIONAL INVESTMENT
“PUTTING THE POLICY FRAMEWORK FOR INVESTMENT INTO ACTION”

Introduction

The United Nations Millennium Development Goals (MDGs) adopted in 2000 challenged the international community to take resolute action to improve living conditions for over a billion of the world's poorest people. The 2002 United Nations Monterrey Consensus ascribed critical importance to mobilising private investment, both domestic and foreign, for achieving the MDGs.

The *Policy Framework for Investment (PFI)* is a contribution to the follow-up to the Monterrey Consensus. The PFI's purpose is to help countries at different levels of development to attract more and better investment. It has been developed as a non-prescriptive checklist of cross-cutting policy issues for consideration of governments interested in creating an environment that is attractive to domestic and foreign investors and that enhances the benefits of investment to society. The *Framework* could also serve as a reference point for other international organisations, investment promotion agencies, donors as they assist recipient country partners in improving the investment climate, and businesses, trade unions and NGOs in their dialogue with governments. The *Framework* is intended as a living tool which will be reviewed in light of developments and users' needs.

A Task Force, open to any interested OECD Member and non-Member governments, was established in June 2004 to oversee the development of the *Framework*. In addition to Argentina, Brazil, Chile and the other six non-member adherents to the OECD Declaration on International Investment and Multinational Enterprises, China, India, Russia, South Africa and other influential non-OECD governments have participated in Task Force meetings and regional consultations.

The Task Force has identified policy “building blocks” which make up the *Framework*: investment policy; investment promotion and facilitation; trade policy; competition policy; tax policy; corporate governance; corporate responsibility and market integrity; human resource development; finance and infrastructure development; and public governance. In addition to host-country policy action, the contribution of international co-operation, including through regional integration, and home-country policy action, including effective implementation of OECD instruments such as the Anti-Bribery Convention and the Guidelines for Multinational Enterprises, is also being addressed.

Decided upon at the OECD Ministerial two years ago, the *PFI* was launched in Johannesburg in November 2003 at the Global Forum on International Investment organised by the OECD Investment Committee. It received further strong support at the 2004 Global Forum on International Investment hosted by India. The focus of this year's GFII is the completion of the *PFI* and consideration of ways of putting it into action.

Wednesday 26 October

0930-1030 Opening Remarks

Mr. Donald J. Johnston, Secretary-General, OECD
Mr. Murilo Portugal Filho, Deputy-Minister of Finance, Brazil
Mr. Guido Mantega, President, BNDES
Mr. Uri Dadush, Director, International Trade Department, and Development Economics Prospects Group, The World Bank

1030-1100 Coffee Break

1100-1300 Session 1: Investment for Development: How Does the <i>Policy Framework for Investment</i> Complement Existing Efforts and Initiatives?
--

The *Framework* is to be seen in the broader context of recent multilateral efforts to strengthen the international and national environments in which business is conducted, including the UN Millennium Declaration and the Monterrey Consensus, the Doha Development Agenda and the Johannesburg World Summit on Sustainable Development Declaration. It shares the same universal values of transparency and appropriate assumption of responsibilities by governments, business and other actors underpinning these efforts. The *Framework* also builds on OECD instruments addressing good government practices, including the Declaration on International Investment and Multinational Enterprises, the Codes of Liberalisation and the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, and complements recent OECD initiatives directed to the business sector, including the OECD Guidelines for Multinational Enterprises.

This session considers this broader context in which the Framework is being developed through a discussion covering a range of other policy initiatives at different levels – multilateral, regional, and national – aimed at promoting investment and the contribution of investment to development.

- Introductory remarks: Why the PFI? Why the OECD? Why Now? (10 mins.) - Mr. Manfred Schekulin, Chair, OECD Investment Committee
- Discussants (10 mins. each)
 - A Better Investment Climate for Everyone - Uri Dadush, Director, International Trade Department, and Development Economics Prospects Group, The World Bank
 - Ruben Barbosa, President, Superior Council for Foreign Trade, Federation of Industries of the State of Sao Paulo (FIESP)
 - Three Years After Monterrey: Experience with Integrated Approaches to Investment Policy - Alejandro Faya Rodríguez, Deputy Director-General for International Affairs, Directorate-General of Foreign Investment, Ministry of Economy, Mexico
 - Chungu Mwila, Director, Investment Promotion and Private Sector Development Division, Common Market for Eastern and Southern Africa (COMESA)
- Open discussion (80 mins.)

1300-1500 Lunch

1500-1605 Session 2: Putting the <i>Policy Framework for Investment</i> into Action: What Are the Next Steps?
--

The *Framework* helps countries to develop a sound investment environment by fostering an informed process of policy formulation and implementation across government agencies. Based on best practices drawn from OECD and non-OECD experiences, it proposes a set of policy considerations in ten inter-related areas that contribute to such an investment environment. Governments can take these policy considerations into account in country self-evaluation and peer reviews, regional co-operation and multilateral discussions. The *Framework* can also provide a reference point for international organisations' capacity building programmes, investment promotion agencies, donors as they assist developing country partners in improving the investment environment, and business, labour and other non-governmental organisations in their dialogue with governments. This session will consider some of the specific ways and policy areas where the Framework could be applied towards improving the policy environment for investment.

- Introductory remarks: Towards Implementation - Luis Escobar, Co-Chair of the OECD Investment Committee's Task Force for the Policy Framework for Investment
- Discussants (10 mins. each)
 - Improving the Macro Business Environment: The Challenges of Policy Coherence - Leslie J. Lipschitz, Director, IMF Institute
 - Improving the Business Environment: A Broad-Based Development Agenda - Richard Newfarmer, Economic Adviser, International Trade and Prospects Group, The World Bank
- Open discussion (30 mins.)

1605-1630 Coffee Break

1630-1800 Session 2 continued

- Discussants (10 min each)
 - The Trade-Investment Interface: A Beautiful Relationship (Sometimes) - Carlos A. Primo Braga, Senior Adviser, International Trade, The World Bank
 - Putting the PFI to Work: What Are the Options? - Pierre Poret, Head, OECD Investment Division
 - Mario Marconini, Consultant, Federation of Industries of the State of São Paulo (FIESP)
 - The Business Perspective - Antonio Bonchristiano, President, GP Investimentos, Brazil
- Open discussion (50 mins.)

Thursday 27 October

**GETTING THE POLICY FRAMEWORK FOR INVESTMENT RIGHT:
TASK FORCE PARALLEL CONSULTATIONS ON SELECTED CHAPTERS**

Previous sessions sought to place the Policy Framework for Investment in the broader context of international, regional, and national initiatives aimed at promoting more and better investment for development. Today's parallel sessions explore three of the specific policy chapters of the Policy Framework, namely those dealing with human resource development, public corporate governance, and investment policy.

1000-1230 Session 1: Human Resources Development and Investment: A Two-Way Street

Co-Chairs: Mr. Eddy Lee, Senior Advisor, ILO Institute for Labour Studies and Mr. Shuichiro Megata, Co-Chair of the OECD Investment Committee's Task Force for the Policy Framework for Investment

- Presentations/Discussants
 - Introduction of the Human Resources Development draft checklist - Jonathan Coppel, OECD Investment Division
 - Country case study: Chile - Luis Escobar, Co-Chair of the OECD Investment Committee's Task Force for the Policy Framework for Investment
 - Strengthening HRD for investment: a donor agency perspective on the experiences and challenges – Dominique Bocquet, French Delegate to the OECD Development Assistance Committee
 - Hilda Sanchèz, Economist, International Confederation of Free Trade Unions, Argentina
 - Anita Viviani, Human resource manager, BASF, Brazil
 - Armando Castelar Pinheiro, Institute of Applied Economic Research, Brazil
- Open discussion

1000-1230 Session 2: Public Governance and Corporate Responsibility: The Cornerstones of Fruitful Public-Private Partnerships

Chair: Rainer Geiger, Deputy-Director, OECD Directorate for Financial and Enterprises Affairs

- Presentations/Discussants
 - Introduction of the Public Governance draft checklist - Marie-France Houde, OECD Investment Division

- Country case study: Brazil - Marcos Lisboa, President, Brazil Institute of Reinsurance
- Odged Grajew, President, Ethos Institute, Brazil
- Kjeld Jakobsen, International Affairs Secretary, Central Unica dos Trabalhadores (CUT), Brazil
- Germano Mendes de Paula, Institute of Economics, Federal University of Uberlândia, Brazil
- Daniel Golberg, Secretary of Economic Law, Ministry of Justice, Brazil
- Open discussion

1000-1230 Session 3: Investment Policy for All: It's Not Just About MNEs

Chair: Richard Newfarmer, Economic Adviser, International Trade and Prospects Group, The World Bank

- Presentations/Discussants
 - Introduction of the Investment Policy draft checklist - Michael Gestrin, OECD Investment Division
 - Country case study: Peru - Alberto Pascó-Font, Chief Advisor to the Minister of Economy and Finance
 - Competition Policy in Support of Investment Policy - Eduardo Perez Motta, President, Federal Competition Commission, Mexico
 - Maryse Robert, Principal Trade Specialist, Organization of American States
 - Roberto Echandi, Professor of International Trade and Investment Law, Diplomatic Institute, Ministry of Foreign Affairs & Former CAFTA Negotiator, Costa Rica
 - Mario Mresquita, Chief Economist for Latin America, ABN AMRO
- Open discussion

1230-1430 Lunch

1430-1530 Session 4: Task Force Plenary Session
--

- Reports from the Chairs for the parallel tracks (30 mins.)
- Report from the Co-Chairs of the Task Force and the Chair of the OECD Investment Committee on opportunities for putting the PFI into action for capacity building (20 mins.)
- Open discussion

1530-1630 Concluding Session (In Plenary)
--

- Closing statements – OECD Investment Committee Chair, Brazil Ministry of Finance and BNDES