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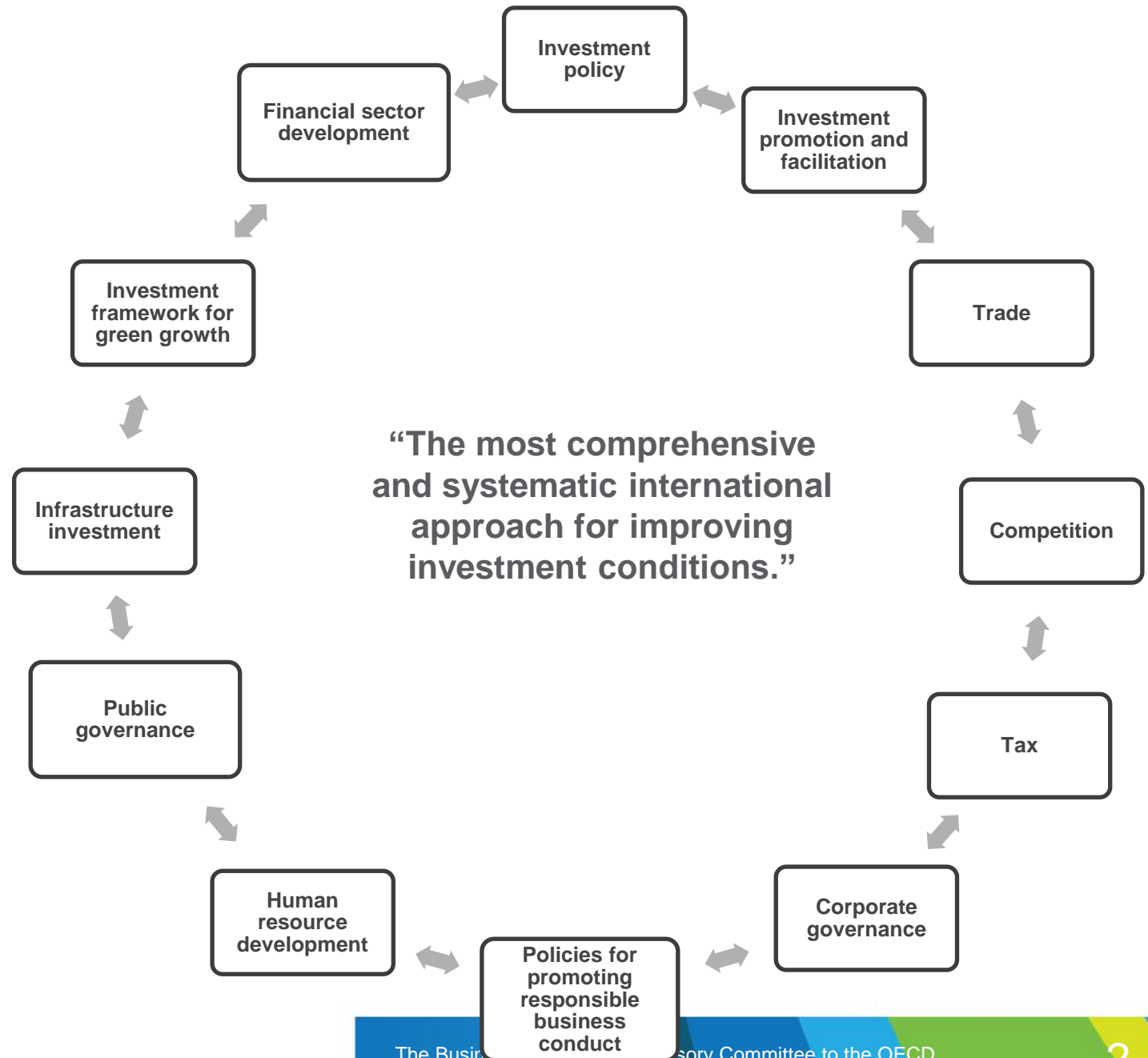
The OECD Policy Framework for Investment (PFI): 2014 Update

Overview of Chapters, Draft BIAC Comments, Next Steps

BIAC Development Task Force, 6 November 2014, Paris

About the PFI

- Established in 2006.
- Helps governments and regions to design and implement policy reforms to create an **attractive, robust and competitive environment for domestic and foreign investment.**
- Forms the basis for **OECD Investment Policy Reviews** of emerging and developing economies (over 30 produced).



What the PFI looks like...

- A comprehensive set of questions to policymakers across a range of investment policy areas.

- Extract:

CORE QUESTIONS AND PRINCIPLES	
SUPPLEMENTAL QUESTIONS	
CHECKLIST	
Enabling environment for competitive private investment in infrastructure	<ul style="list-style-type: none">• What is the overall policy and institutional framework for private investment in infrastructure and how has it been informed by international good practices?• Does the government have a strategy for public-private partnerships, and if so to what extent are its provisions and institutions consistent with the broader regime for infrastructure procurement? Does the legal basis for PPPs avoid conflicts with other legislation, either through a PPP act or through sectoral legislation explicitly admitting PPP delivery modes?• Is an open and non-discriminatory investment environment in place for infrastructure providers, including between foreign and domestic and new providers and incumbents? What are the restrictions to foreign investment in infrastructure sectors, if any?• What modalities for private investment in infrastructure does the government promote? What are the most common concession/PPP modalities across sectors?• How do regulatory agencies and the competition authority co-ordinate in assessing the costs and benefits of unbundling network industries?

2014 Update of the PFI: Strengthening the Development Dimension

The goal is to better reflect the following:

- *Gender and minorities*
- *Entrepreneurship and SMEs*
- *Investment for green growth*
- *Infrastructure investment*
- *Regional, subnational and local dimensions*
- *Informal sector*

The PFI reinforces a key view of the BIAC Development Task Force – i.e. to urge governments to improve their enabling environments for business.

The updated PFI could play a useful role in supporting financing for development and the Post-2015 processes

The Update Process

Consultations ongoing...

- *13 OECD Committees & Working Parties*
- *Regional consultations*
- *Online public consultation*
- *Stakeholder consultation on 2 December 2014, Paris*



Timeline for completion:

- *Draft chapters by end 2014*
- *Full complete draft by January 2015*
- *Delivery to the OECD Ministerial Council Meeting, Paris (June 2015)*
- *Possible presentation at the Financing for Development Conference, Addis Ababa (July 2015)*

Chapters...

Available so far:

- *Investment policy*
- *Investment promotion and facilitation*
- *Investment in infrastructure*
- *Responsible business conduct*
- *Investment framework for green growth*
- *Trade policy**

Coming soon (by end 2014):

- *Human resources development*
- *Public governance*
- *Financial sector development*
- *Corporate governance*
- *Tax policy*
- *Competition*

* Circulated this week

BIAC comments

- BIAC comments being developed on first set of chapters, deadline **Friday 7 November (12 noon)**.
- The Trade Policy chapter has just been circulated (comments by **24 November**).
- Additional chapters will be circulated to members once available and comments invited.

Highlights from the draft BIAC comments (1)

- **Rule of law:** Currently not much emphasis in the PFI. *Should this be stressed more? Which specific questions could be included?*
- **Informal economy:** This could be emphasized more. An enabling investment framework can incentivize firms to transition to the formal economy. *Any specific questions to add?*
- **International investment agreements:** The tone of the PFI regarding BITs and ISDS needs better balance.

Highlights from the draft BIAC comments (2)

- **Policy predictability:** The PFI could say more about the need for predictability and stability of investment policies. *Which questions could be added?*
- **Implementation:** The PFI could say much more about how the investment policies should be implemented, especially due to capacity constraints in developing countries. *Which questions could be relevant to ask policymakers here? What about the issue of public-private dialogue?*

Highlights from the draft BIAC comments (3)

- **Responsible business conduct (RBC):**
 - RBC applies not only to MNEs, but also local companies.
 - RBC comprises legal norms plus voluntary actions that go beyond the law. The PFI confuses both.
 - All stakeholders, not only companies, should be held to comparable levels of responsible conduct.

Highlights from the draft BIAC comments (4)

- **Market access:** *Is enough said in the PFI? What sorts of issues should be raised?*
- **Green growth:** The PFI refers to ‘green investment’, ‘green infrastructure’, ‘green goods’, etc., but doesn’t recognize importance of “traditional” sectors for so-called environmental goods and ‘green’ industries.
- **Infrastructure:** The PFI could say more about the *financing* of infrastructure projects (e.g. project pipelines, issues of scale, and coordination across different levels of government).

Questions for Discussion

- Do you agree with the draft BIAC comments?
- Do you have any additional issues that you would like to see reflected in the PFI?
- Which of the forthcoming chapters are of most interest to you?
- Would you be interested to potentially participate in the stakeholder consultation on 2 December?
- Should BIAC promote the final PFI in the context of the Post-2015 agenda? How?



BIAC Development Task Force

6 November 2014, Paris

The Business and Industry Advisory Committee to the OECD
Comité consultatif économique et industriel auprès de l'OCDE