



*Business at OECD*

**SUSTAINABLE  
DEVELOPMENT AND THE  
CRUCIAL ROLE OF  
INVESTMENT**

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## 1. ENGAGING THE PRIVATE SECTOR IN FULFILLING THE SDGs

In September 2015, the United Nations General Assembly adopted the 2030 Agenda for Sustainable Development with the aim to eradicate poverty, enforce human rights and promote social and environmental developments. The Agenda is universal and calls on all countries at all levels of development to promote the sustainability goals.

The OECD is actively supporting this process by providing data, analysis and a multi-stakeholder platform to develop national implementation strategies. The OECD is further acknowledging the importance of private investment for growth and sustainable development and is supporting governments in their efforts to promote private sector investment, inter alia with its **Policy Framework for Investment (PFI)**. *Business at OECD* contributes to these discussions to improve the business environment, mobilize greater private investment and strengthen public-private dialogue. We therefore appreciate the opportunity to participate in the OECD Roundtable on Investment and Sustainable Development on the 23<sup>rd</sup> October, 2019, where the first phase of the OECD FDI Qualities project will be launched.

### Box 1: The Sustainable Development Goals



The **Sustainable Development Goals (SDGs)** are a set of global goals that seek to address the economic, social, and environmental dimensions of development. The 193 member states of the UN adopted the SDGs in September 2015

### *Private investment in the current investment climate*

There is general consensus that private investment should be given due consideration in the context of the SDGs. For investment to flourish, an open enabling environment is required. The state of the global economy, however, has become more fragile with recent downward revisions in the growth outlooks of many major economies.<sup>1</sup> This is fuelled by trade tensions and heightened uncertainty in world markets – also concerning the state of financial markets – which negatively affect investment confidence and hamper the expansion of foreign direct investment (FDI).

<sup>1</sup> Global growth is currently projected at 2.9 percent in 2019 and 3 percent in 2020, which would imply the lowest annual growth rates since the financial crisis. Source: [OECD, Economic Outlook, September 2019](#)

To date, less than eleven years remain to achieve the ambitious goals of the 2030 Agenda. While there has been considerable progress on the path towards achieving more sustainability, the process is far from being completed, especially in developing countries. Achieving the SDGs will only be possible if governments acknowledge the importance of business for sustainable development and take the necessary steps to reinvigorate cross-border investment flows.

### ***Assessing the progress in achieving the SDG targets***

**While there has been considerable progress in fulfilling the SDGs, there remain important areas with potential for improvement, both within and outside the OECD.**

The recent OECD publication “Measuring Distance to the SDG Targets” tracks the progress OECD countries have made so far in reaching the SDGs and outlines key areas in which more action is needed. The report finds that OECD countries, are on average close to achieving targets related to basic amenities, but perform poorly in the domain of inequalities, health as well as violence and safety.<sup>2</sup>

Generally, the study concludes that OECD countries fare better than non-OECD countries in achieving the SDGs. While there is less detailed research on how precisely emerging and developing countries perform, an IMF study suggests that for emerging market economies, the average additional spending required for meeting the goals of the 2030 Agenda represents about 4 percentage points of GDP, whereas in the least developed countries, the average additional spending represents 15 percentage points of GDP.<sup>3</sup> This implies that outside the OECD, the SDG targets are still in considerable distance.

Especially in the least developed countries, with a population of just over 1 billion people, almost half of the population still lives in extreme poverty. The underlying causes are low levels of productivity, and widespread un- and underemployment. In addition, capital accumulation and technological progress are slow and the provision of infrastructure is poor, which makes it even harder for these countries to escape the poverty trap.<sup>4</sup> The first SDG, eradication of poverty, which also forms the basis for the other SDGs, is therefore far from being achieved.

### ***Mind the gap! The importance of private development financing***

**Achieving the SDGs requires considerable amounts of investment. A key driving force for providing development financing is the private sector. Most recently, however, private capital flows abroad have been in retreat.**

In order to achieve the SDGs considerable amounts of financing are needed today and in the future. The UN estimates the gap in financing at \$2.5 trillion per year in developing countries.<sup>5</sup> This cannot stem from governments alone. In other words, while the global investment climate is rather gloomy, the need to attract investment and foreign direct investment is more important than ever, especially if the SDGs are to be met in a little more than a decade.

However, FDI inflows into developing countries have recently been in retreat. Although FDI flows tend to be very volatile by nature, this development may be worrying – especially if it translates into a broader trend.

<sup>2</sup> OECD, *Measuring Distance to the SDG Targets*, 2019

<sup>3</sup> IMF, *Fiscal Policy and Development: Human, Social, and Physical Investment for the SDGs*, 2019

<sup>4</sup> UNCTAD, *Achieving the Sustainable Development Goals 2018*

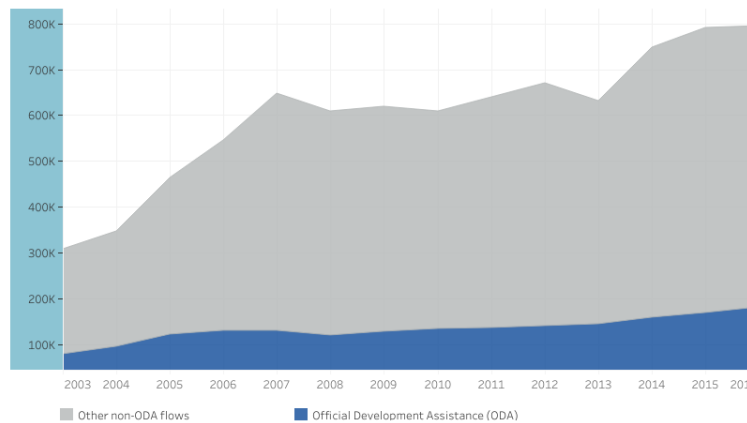
<sup>5</sup> <https://worldinvestmentforum.unctad.org/financing-for-the-sdgs/>

In 2018, global FDI flows decreased by 27% (to USD 1 097 billion) following a decrease of 16% in the previous year.<sup>6</sup>

There are various driving factors behind this development: First, cyclical developments such as improving economic conditions in developed economies contribute to a retreat of foreign investment in developing countries. Second, country-specific factors such as geopolitical instability, rising protectionism and uncertainty as well as record levels of corporate debt in emerging markets hamper investors' appetite for investing abroad. Third, illicit trade erodes the rule of law that underpins investment and dampens the ability of legitimate companies to create sustainable job opportunities.

Looking at the bigger picture, over 80 percent of capital flows to developing countries today come from private investment, whereas in the four decades following World War II, official development assistance (ODA) still made up 70 percent of the financial capital flowing from developed to developing countries. Globalization, the proliferation of multinational enterprises (MNE) which establish operations abroad via foreign direct investment (FDI) and engage in global value chains (GVCs) have brought about large cross-border movements of capital and substantial inflows into developing countries.

**Graph 1: Financial flows to developing- and emerging countries**



Note: Other non-ODA flows include FDI but also official-supported export credits, portfolio investment etc. explaining the absence of a strong decline in total non-ODA flows as against a drop in FDI in recent years. Source: [OECD](#)

### **Successful private sector engagement requires a conducive policy environment**

**Private sector engagement is essential to achieving the SDGs. A precondition for a successful contribution of businesses, however, is the right policy environment.**

As has already been outlined, the necessary resources for achieving the SDGs cannot be obtained without the involvement of the private sector. Even more so, cross-border private sector investments create a large potential for the promotion of economic prosperity as well as the encouragement of more socially-oriented and environment-friendly practices abroad.

In order for business to act as a driving force on the way to meeting the SDGs, however, a favourable investment climate must be available for businesses to operate in global markets. It is important that policies both at home and in the host country are designed to facilitate companies' operations abroad. This means that, host countries need to make sure that pro-investment policy frameworks are in place that attract FDI and allow for a smooth integration of local and foreign firms in worldwide supply chain networks. The

<sup>6</sup> [OECD FDI in Figures April 2019](#)

OECD's PFI provides a comprehensive checklist with good practices to create a robust and competitive environment for domestic and foreign investment.

Moreover, governments can support investment and FDI by promoting stability and basic infrastructure, facilitating market access, reducing the costs of doing business, promoting company linkages, fostering global connectivity through trade and investment treaties, rendering bureaucracy more effective, and investing in education.

A sound investment climate can further be supported by a strong private-public sector dialogue. Such dialogue helps businesses and governments share experiences, identify obstacles for business and find solutions to improve the local investment climate.

## 2. ADDRESSING THE BARRIERS TO FDI

**Over the past few decades, global business operations have expanded. Nonetheless, cross-border investment still faces a number of obstacles. Recent developments related to national security policies also bear the risk of further hampering FDI.**

Over the past decades, FDI flows to developing countries have reached unprecedented levels and global value chains have continuously expanded around the globe. Nevertheless, more investment is needed, and businesses still face various barriers in establishing their operations abroad. The extent to which businesses face obstacles to engage in FDI differs by target region.

On a general note, obstacles to FDI may comprise:

- Regulatory deficiencies, such as limits on foreign ownership and foreign equity restrictions,
- Absence of well-designed investment protection measures and dispute settlement mechanisms,
- Insufficient protection of intellectual property (IP),
- Discriminatory screening or approval mechanisms,
- Duplicative testing and data requirements,
- Informational barriers and lack of legal certainty,
- Lack of transparency in law-making such as timely notifications of new regulations,
- Constraints on foreign personnel and operational freedom,
- Inefficiencies created by forced localization policies,
- Low levels of skills among domestic workers,
- Insufficient or outdated infrastructure,
- High costs of bureaucracy and red tape,
- Problems in finding suitable business partners,
- Weak safety conditions for infrastructure and personnel,
- A lack of good governance and problems with corruption and bribery,
- Insufficient management capacity, a lack of foreign experience and linguistic barriers. This is especially relevant to small and medium sized enterprises (SMEs).

*Business at the OECD* thus calls the OECD and governments to:

- **Ensure that basic investment needs are met** by providing a sound regulatory framework, supporting infrastructure development, investing in education and establishing transparency and non-discrimination in regulation.

- **Support the implementation of OECD instruments in OECD and non-OECD countries**, including the Declaration on International Investment and MNEs and the PFI, which help to set up and maintain a sound environment for investment.

More specifically, countries should enhance their attractiveness for FDI by:

- **Guaranteeing the enforcement of IP rights** and reiterating the importance of IP
- **Offering non-discrimination guarantees** for foreign investors
- **Reducing bureaucratic costs and burdensome administrative procedures**
- **Ensuring access to information and providing clarity** for businesses
- **Putting in place investment promotion and facilitation strategies** to help enterprises find business partners and specialized staff
- **Criminalizing illicit trade and strengthening enforcement efforts** to improve the foreign investment climate and drive economic growth.

On a supranational level, governments should:

- **Conclude investment treaties to ensure access to an effective dispute settlement mechanism** and define efficient procedures for the enforcement of arbitration awards.
- **Promote regulatory co-operation.**<sup>7</sup>

In addition, there are several recent developments which may create additional obstacles to FDI and the achievement of the SDG goals and that should be addressed.

- First, the deterioration of global investor confidence and increased uncertainty in the world economy makes investors reluctant to invest abroad. The OECD should **support efforts to restore international dialogue**, thus providing businesses with the predictability they need to establish their operations abroad.
- Second, in light of the acceleration of new national security measures it is important to **ensure that national security measures remain narrowly focused on their principal objectives and do not become a means of protectionism**, discriminating against foreign trading partners and investors.
- Third, as state owned enterprises (SOEs) are increasingly investing on a global scale, market distortions caused by certain SOEs receiving preferential treatment must be avoided. *Business at OECD* calls on governments to **ensure a global level-playing field** between private sector companies and SOEs.

### 3. PUBLIC PRIVATE PARTNERSHIPS, INFRASTRUCTURE AND FDI

As outlined in previous sections, an adequate infrastructure lays the basis of a conducive business environment and the lack thereof may represent a major obstacle to attracting FDI – while FDI in turn may be a key driver towards achieving sustainability. At the same time, building a “resilient infrastructure, promoting inclusive and sustainable industrialization and fostering innovation” is by itself one of the sustainable development goals.

In many developing countries, the levels of investment needed for providing a sound infrastructure are growing and the financing cannot be provided through ODA and domestic public finances alone. Public-Private Partnerships (PPP) can help meet these challenges. PPPs are cooperative ventures or long-term contracts between the private sector and the public sector to deliver public goods and share the associated risks and rewards. They may feature a great variety of participation models, ranging from limited

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<sup>7</sup> [OECD, The contribution of international business investment to the Sustainable Development Goals, 2019](#)

management contracts to full public divestiture and may have many different purposes, such the construction of physical infrastructure, the maintenance of public administration or the provision of health and other social services.

As they have the potential to be more cost-effective, PPPs can generate ‘value for money’ compared to traditional public procurement. Involving the private sector may also entail benefits beyond a sole increase in the stock of public goods. PPPs help to bring greater efficiency and sustainability to the provision of public services, expand the access to public services, enhance the quality of the services provided and promote progressive business practices in society.

Governments should approach PPPs with a pro-active stance:

- The public sector needs to **have in place sufficient institutional capacity** to create, manage, and evaluate the partnerships.
- From the perspective of business, infrastructure projects entail a higher risk given their longer time horizons. Governments should therefore **take steps to reduce risks and uncertainty and ensure legal security and predictability of regulations.**

#### **Box 2: FDI and investment in the MENA region**

The Middle East and North Africa region (MENA) comprises a set of highly heterogeneous economies exhibiting low levels of regional integration. What the MENA economies have in common, however, is their resource-based production structure and their concentration of exports in primary commodities resulting in a lack of economic diversification.<sup>8</sup> This specific set-up generates export dependence and makes the MENA economies vulnerable to external shocks. Promoting diversification is hence a policy imperative and FDI may be key in finding solutions for a more sustainable economic development of the MENA region. To date, however, FDI tends to be concentrated in extractive and non-tradeable sectors. The region moreover suffers from an image deficit, despite the fact that investing in the MENA region also offers opportunities thanks to its geographical situation and its potential role of acting as a hub in enabling access to new markets in Africa. There is hence a need to attract additional, ideally also more diversified, FDI.

Businesses wanting to invest in the MENA region, however, typically encounter numerous obstacles ranging from high tariff barriers and barriers to investment to high levels of corruption and an overarching political uncertainty - exacerbated, in particular cases, by wars and trade restrictions.

MENA countries have over the course of the last few years implemented a number of reforms to attract more investments:

- Facilitating trade – by (a) lowering documentation requirements and (b) introducing trade facilitation measures including investment in transport infrastructure (Qatar, Djibouti, Tunisia, Jordan, Algeria, Morocco, Egypt);
- Lowering barriers for foreign investment – for example through opening up key sectors to foreign participation (Saudi Arabia and UAE), updating industrial licensing and investment laws (Egypt, Tunisia), introducing measures protecting minority investors (Algeria, Egypt, Jordan, Saudi Arabia and UAE), and abolishing the obligation for foreign investors to have a local majority ownership (Qatar, under discussion in Algeria).<sup>9</sup>

<sup>8</sup> [OECD, MENA-OECD: Background Note - Trends in trade and investment policies in the MENA region, 2018](#)

<sup>9</sup> The country specific “FDI openness” can be assessed with the help of the OECD’s FDI regulatory restrictiveness index: <https://www.oecd.org/investment/fdiindex.htm>



Yet, there remain a number of unmet needs and barriers faced by foreign investors. One key barrier is the lack of regional integration, which limits market access and impedes the integration of the region in regional and global value chains. This is exemplified by a lack of connectivity and infrastructure. Estimates hold that the MENA region will need between USD 75 and USD 100 billion of investment per year over the next 20 years to meet its needs (World Bank, 2012).<sup>10</sup> PPPs could play a major role in resolving this bottleneck.

The MENA-OECD Initiative on Governance and Competitiveness for Development supports reforms targeting the public sector as well as reforms aiming to mobilise investment and entrepreneurship in the MENA region. *Business at OECD* has assisted in the establishment of the **MENA-OECD Business Advisory Board**, whose aim is to strengthen the dialogue between governments and the private sector in order to set in motion more effective reform initiatives. We also acknowledge the positive developments in bringing MENA countries closer to international standards and instruments. By adhering to the **OECD Declaration on International Investment and Multinational Enterprises**, Egypt, Jordan, Morocco and Tunisia have expressed their commitment to establish and maintain an open and transparent environment for investment – and FDI inflows have followed.

#### 4. FDI'S POTENTIAL FOR FOSTERING SUSTAINABLE DEVELOPMENT

**FDI's contribution to sustainable development comprises two different dimensions: providing a source for financing in the host country and generating economic activity that fosters social and environmental initiatives.**

Apart from supplying capital, firms investing abroad provide infrastructure and incentivize governments to invest in the development and maintenance of infrastructure. In addition to that, FDI can also contribute to a diversification of the host economy; the creation of jobs; the enhancement of the host countries' skills base; the development of formal economies; the provision of technology, knowledge and expertise (technology spill-overs); a boost of economic productivity; and the establishment of linkages with local firms, helping domestic business to access new markets and become integrated into global value chains.

In strengthening the host country's economy and expanding its productive capacities, FDI can hence contribute to generating private sector led growth and represent an effective tool for fighting poverty. This is a key contribution FDI can make to attain a world in which 'no one is left behind' (UN 2030 Agenda). The impact of FDI can thereby be both direct and indirect. Direct impacts arise from a firm's operations abroad whereas indirect impacts are generated by the interaction of foreign with domestic firms.

Aside from the pure economic benefits, FDI can also help to promote social and environmental goals, for instance by exporting "cleaner" technologies and introducing socially responsible corporate policies. In sum, FDI's contribution to sustainable development thus comprises two different dimensions: providing a source of financing for the host country that improves people's living conditions and generating economic activity that fosters the development of more socially and environmentally oriented business climates. Finally, yet importantly, while FDI supports the host economy, it may also entail benefits for the home country. In addition, outward FDI is becoming increasingly more prevalent in the upper middle-income group of countries, which used to be primarily a recipient of FDI inflows. Outward FDI may help companies in gaining access to new markets and boosting the efficiency of their operations through exposure to international competition.<sup>11</sup>

<sup>10</sup> [OECD, Public-Private Partnerships in the Middle East and North Africa, 2014](#)

<sup>11</sup> [OECD, The contribution of international business investment to the Sustainable Development Goals, 2019](#)

## 5. OECD FDI QUALITIES PROJECT

Given the context of the pivotal role of private cross-border investment for achieving the SDGs and the various benefits of FDI mentioned above, the OECD has recently engaged in a new initiative on FDI Qualities. The first step of this project consists of developing FDI Quality Indicators. The FDI Qualities Indicators are targeted towards policymakers and are meant to support them in analysing how FDI interacts with sustainable development in a given country. The indicators focus on five clusters derived from the seventeen SDGs: 1. productivity and innovation, 2. employment and job quality, 3. skills, 4. gender, and 5. carbon footprint.

*Business at OECD* welcomes that the report supports the argument that FDI **benefits productivity, wages and the development of skills** with empirical evidence. The report mentions, however, that the contribution of FDI to economic upgrading through productivity and innovation enhancements may vary greatly across countries. A general recommendation in this context is that countries should target FDI consistent with their current stage of development. This is in line with previous comments by *Business at OECD* where we have stressed that the focus should not just be on attracting FDI at the most sophisticated technical level.

Moreover, we welcome that the report is confirming that FDI contributes to job creation and entails a wage-premium for workers in host countries. An important point documented in the report is the strong positive relationship between the foreign productivity premium and the wage premium. This underlines once more the key role of productivity in generating prosperity and advancing income levels, which *Business at OECD* has been strongly advocating.

While FDI in certain developing countries tends to be located in low-skilled sectors, its contribution to the development of skills should not be underestimated. Foreign MNEs often bring with them policies related to in-house skills development and on-the-job training and are found to contribute to an expansion in the supply of skills in the host country by hiring more skilled labour, thus increasing demand and encouraging lifelong learning. Furthermore, they usually promote a safety culture through sensitization and training, which enhances knowledge and helps integrating health and safety policies in the host communities.

In the section on **gender equality**, FDI is observed to support female employment, but it does not necessarily contribute to a narrowing of the gender wage gap or an increase in the share of females in top managerial roles. *Business at OECD* would like to underline that in assessing gender equality outcomes, due consideration must be given to sectoral, local and cultural contexts.

With regard to **environmental issues**, the report documents that in some countries FDI is associated with an improvement in energy-efficiency. Overall, the prevalence of FDI in renewables is found to be growing rapidly also in developing countries. It should be noted that while energy intensive FDI entails a carbon footprint, this does not preclude, that such FDI has the potential to be more energy-efficient and that it may be an important source of employment, which is a key priority in many developing countries. It is therefore important to also focus on energy efficiency across sectors. We strongly urge the OECD to avoid an unhelpful distinction between green and brown FDI, which would not reflect the important linkages between sectors and efficiency improvements that may be transferred.

While the FDI Qualities project can enhance the understanding of how the benefits of FDI go beyond the supply of capital and help to actively promote the role of business in meeting the goals of the 2030 agenda, we would like to note that:

- **Assessing the benefits of FDI should be based on objective and measurable outcomes**, respecting the nature of the FDI and its respective potential for contributing to sustainable development without excluding specific sectors.
- The assessment of FDI's contribution to achieving the SDGs **should take into account country-specific features**, such as the level of economic development, the characteristics of available human resources and the environmental conditions.
- **The core benefits of FDI – including development, job creation, and productivity improvements - should be emphasized more strongly** in the main conclusions. This is especially relevant in the context of developing countries, whose policy priorities and capacities may differ from those of developed countries.
- The **heterogeneity of countries** as well as the **different impacts of similar FDI across countries should be further highlighted**.
- **The carbon footprint cluster should respect the principle of technological neutrality**, and the associated set of indicators should include a focus on energy efficiency improvements in addition to renewable energy sources.
- **Potential trade-offs between the different clusters should be addressed**. The quality indicators should be evaluated in the context of the core indicators and should not be considered in isolation.
- **Indicators and benchmarks of good public policy should be included in the assessment**.
- **The indicators should be extended to take into account the potential benefits of FDI on the home country** (e.g. through altering the capital stock, generating exports and imports and promoting and integration in GVCs).
- Information gaps regarding specific indicators and **the availability of data in certain developing countries should be addressed**.
- **FDI should eventually be assessed in light of the overall achievement of the 17 SDGs** going beyond the five clusters of the FDI Qualities project to ensure that fundamental goals such as ending hunger, providing clean water and ensuring education are being addressed as well.
- **The Qualities Indicators could also be linked to indicators of wider well-being** to assess the long-term effects of FDI on society and prevailing living standards. The productivity and innovation indicators, for instance, could be evaluated with respect to outcomes in the areas of income and wealth. Jobs and earnings could be used to assess progress in the overall employment and health status.

Generally, it is important to stress that the **FDI Qualities Indicators need to be interpreted with caution**. They allow a snapshot of how FDI relates to sustainable development and **should not be considered in isolation**.

### ***Shaping the future development of the project***

For the next phases of the project, *Business at OECD* would like to raise the following points:

- **The interactions between FDI and the economic conditions of the host country should be further analysed** to design country-tailored policy recommendations, which enable countries to fully seize the benefits of FDI given their respective stage of development.
- **Sector specific investments should not be classified as ‘quality’ or ‘non-quality’, ‘good’ or ‘bad’ or “green “or “brown” FDI**. The “quality “of FDI may vary significantly across economies with different

levels of development. In certain developing countries, for instance, the first priority is often to attract job-creating, knowledge-enhancing investments.

- **All stages of the project should stress the importance of providing a sound investment climate,** infrastructure and ease of doing business, stability and good governance.
- **Implementation of the PFI should remain a top priority.** The project should also make links to ongoing efforts in the domain of investment promotion and facilitation.

Regarding the toolkit, we call upon the OECD to:

- **Design a toolkit which is easily accessible,** i.e. based on econometric studies and data analysis (which are included in the indicators report), provide more plain-language guidance and examples.
- **Consider country-tailored approaches** and recognize that at different stages of development, countries may have different considerations and resources available for attracting FDI.
- **Incorporate practical implications for policymakers,** i.e. how to assess the infrastructure required to encourage long-term investment (including transport facilities, reliable supply of energy, etc.) and how to help investors integrate into the market.
- **Supplement the toolkit with information on the creation of global value chains.**
- **Stress the importance of adherence to responsible business conduct standards,** such as the OECD Guidelines for Multinational Enterprises.

## 6. IMPLEMENTING KEY OECD INSTRUMENTS

Finally, we would like to underline that the project would be a good opportunity to call for effective **implementation and further adherence to existing OECD instruments,** which can make a major contribution to improve the quality of a country's enabling environment for investment:

- The **OECD Policy Framework for Investment,** which provides guidance to policy makers in all policy fields that affect the investment environment.
- The **OECD Codes of Liberalization of Capital Movements,** which provide a framework for countries to progressively remove barriers to the movement of capital, while allowing them to keep some reservations.
- The **OECD Declaration on International Investments and MNEs,** which is a commitment by adhering governments to provide an open and transparent environment for international investment and foster responsible business conduct as outlined in the **OECD MNE Guidelines.**
- The **OECD Anti-Bribery Convention,** which establishes legally binding standards to criminalise bribery of foreign public officials in international business transactions as well as the **Anti-Corruption and Integrity Guidelines for SOEs,** which provide practical recommendations on how to fight corruption in SOEs.
- The **G20/OECD Principles of Corporate Governance,** which help policymakers shape a legal and regulatory framework supportive of investment.
- The **Recommendation of the Council on Regulatory Policy and Governance,** which calls on governments to co-operate with stakeholders in reviewing existing and developing new regulations, i.e. via regular impact assessments.

## CONCLUSION

*Business at OECD* underlines the fundamental importance of private sector led-growth and welcomes the OECD's efforts to shed further light on the link between investment and sustainable development. We are convinced that businesses not only play an important role on the path towards achieving the SDGs, but that the ambitious goals of the 2030 Agenda can in fact not be reached without active private sector involvement. We therefore call on the OECD and governments to reinforce their efforts to support private cross-border investment.

FDI entails numerous benefits. Besides contributing to economic development, prosperity and raising living standards, FDI can also play an important role in supporting social and environmental objectives. Many businesses wanting to invest abroad, however, still face a number of obstacles, including regulatory barriers, lack of skilled labour and adequate infrastructure to name just a few. These obstacles need to be addressed by policy makers. Bearing in mind that the specific challenges vary from country to country, governments need to facilitate market access, guarantee transparency, non-discrimination, respect of property rights and ensure that investor's basic needs, such as a certain level of infrastructure and skills, are being met.

The OECD has a number of powerful legal instruments, such as the Policy Framework for Investment, which help promote investment and shape a conducive investment environment. Over the last two years, the OECD has also advanced its analysis on 'FDI Qualities'. While it is important that individual quality indicators are not viewed in isolation and that the broader context and country specific considerations are being given due attention, one important outcome of the project should be to highlight that FDI has clear benefits going beyond economic development and that the benefits clearly outweigh the costs. The FDI Qualities project should be seen as an opportunity for recalling the benefits of open markets, thus contributing to trust in open markets and addressing current investment scepticism.