

Revised Outcome Document

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Mobilizing international resources for development: foreign direct investment and other private flows

Draft outcome document of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, submitted by the President of the General Assembly in accordance with General Assembly resolution 62/187: Doha outcome document on reviewing the implementation of the Monterrey Consensus

Mobilizing international resources for development: foreign direct investment and other private flows

14. We recognize that private international capital flows, particularly foreign direct investment, can be a vital complement to national and international development efforts. We welcome the rise in private international capital flows to and between developing countries since the Monterrey Conference and the improvements in business climates that have helped achieve this objective. We will strive to ensure that international capital flows genuinely assist development efforts and substantially broaden the number of countries and sectors receiving such flows. We will strengthen efforts at the national, bilateral and multilateral levels to facilitate and attract private capital flows to developing countries, particularly foreign direct investment to African countries, least developed countries, landlocked developing countries and small island developing States including through the provision of technical, financial and other forms of assistance, promotion and strengthening of partnerships and cooperation arrangements at all levels. We emphasize the importance of enhancing the stability of such flows, including through orderly and well sequenced regulatory measures.

15. Developing countries and countries with economies in transition should enhance efforts to mobilize investments in human resources, transport, energy, communications, information technology and other physical, institutional and social infrastructure that serve to strengthen the business environment, enhance competitiveness and expand trade. The support of bilateral and multilateral partners in this task is critical. We recognize the importance of sharing best practices in promoting and attracting private investment in infrastructure. There is also a need to enhance the tools used by multilateral development agencies and bilateral donors to mitigate the risks faced by business investors in critical sectors in developing and

transition economies and to devise ways by which official development assistance (ODA) and other public mechanisms such as public/private partnerships can play a catalytic role in the mobilization of private flows. Moreover, we will strengthen efforts to promote South-South investment.

16. Experience has shown that providing an enabling domestic and international business environment is fundamental to fostering domestic and foreign private investment. Developing countries can benefit by continuing to strengthen efforts to put in place transparent and effective regulations and laws for doing business, upgrade the skills and technical capabilities of human resources, improve the availability of finance for enterprise, facilitate public-private consultative mechanisms and promote corporate social responsibility. Bilateral investment treaties can promote private flows by providing legal stability and predictability to investors. It is important that bilateral investment treaties, as well as tax treaties and other tax measures to facilitate foreign investments, take into account regional and multilateral cooperation in order to avoid detrimental tax practices. We acknowledge the importance of supporting capacity building in developing countries aimed at improving their abilities to enter into investment agreements. We also call on developed countries to explore incentives to increase the flow of foreign direct investment to developing countries and bilateral and multilateral development agencies to continue assisting interested countries to formulate policies and measures to attract international private capital flows, including through public-private partnerships.

17. The quality of foreign direct investment plays an important role in enhancing the development impact of these investments. We will strengthen national and international efforts to maximize linkages with domestic production activities, the transfer of technology and the training of the local labour force, including women and young people. We will make greater efforts to promote corporate social responsibility and good corporate governance to ensure that labour and environmental protection standards and anti-corruption laws and regulations are upheld everywhere. In this regard, we encourage the work undertaken at the national level and by the United Nations, including through the Global Compact, and the promotion of internationally agreed corporate social responsibility standards such as the ILO Tripartite Declaration. We will promote measures to enhance transparency and accountability of all transnational companies and their subsidiaries. Also, measures should be devised to avoid over-exploitation of national resources, while enhancing transparency and accountability of revenues from extractive industries, both national and foreign-owned, taking into account, where appropriate, the implementation of relevant initiatives on extractive industries.

17.bis Given the increasing importance of sovereign wealth funds and their potential to foster the long term financing of the global economy and development, good practices of these funds which are conducive to development should be collected and emulated. International efforts aiming at defining good practices on governance, transparency and responsibility of sovereign wealth funds should be encouraged.

18. We recognize that foreign direct investment is one of the factors through which technology transfer can impact development. Such transfer can be facilitated by proactive innovation policies of the host country as well as by adequate protection of intellectual property rights and their enforcement. Proactive policies by

developed countries to facilitate the transfer of technology to developing countries, including through appropriate incentives to companies owning such technologies, are also important. Public-private partnerships can play a role in facilitating technology transfer, as well as in fostering a dynamic small and medium-size enterprise sector. Many lessons have been learned on how these elements should be carefully taken into consideration in the formulation of national development strategies.

19. International financial institutions, particularly multilateral development banks, should continue to strengthen their efforts to help countries put in place the appropriate incentives for enhancing private flows to developing countries and countries with economies in transition. At the same time, these institutions should continue to explore innovative modalities to facilitate additional private flows to such countries.

20. The provision of objective, high quality information is vital for informed decisions by policy-makers, and potential domestic and foreign investors alike. We will continue to strengthen modalities, including through the country itself, the United Nations system and relevant multilateral agencies to enhance and improve the level and objectivity of information regarding a country's economic situation and outlook. We realize that the perception of a country's current economic conditions and prospects determine to a large extent the international private financial flows that it attracts. In this regard, the information provided by credit rating agencies should be based on broadly accepted, clearly defined, objective and transparent parameters. We emphasize the importance of establishing frameworks to oversee the activities of credit rating agencies, including their accountability.

21. We recognize that capturing the full potential of remittances remains a challenge, though the flow of remittances across international borders, particularly to developing countries, is growing rapidly. Remittances have played an increasing role in the provision of foreign exchange in the immigrant workers' home countries. We recognize the essentially private nature of these flows and will strengthen existing measures to lower the transaction costs of remittances through increased cooperation between the originating and receiving countries. We will promote incentives for the owners of remittances to invest in projects that have an impact in the sustainable development of recipient communities.