

## Proposals submitted by Switzerland on

### Chapter II: Mobilising International Resources for Development: FDI and other private flows, and

### Chapter IV: Increasing International Financial and Technical Cooperation for Development

#### Drafting sessions on the draft outcome document for the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus

14. October 2008

14.

We welcome the rise in private international capital flows to developing countries since the Monterrey Conference. ~~[DELETE: At the same time, we will try to]~~ **While working to** substantially broaden the number of countries and sectors receiving such flows **we will uphold mutually agreed environmental and social standards**. Special efforts should be undertaken at the national, bilateral and multilateral levels to increase private capital flows, particularly foreign direct investment to Africa, LDCs, LLDCs and SIDS.

15.

Developing countries and countries with economies in transition should enhance efforts to mobilize investment in transport, communications and other physical, **environmental** and social infrastructure that serve to strengthen their business environment. The support of bilateral and multilateral partners in this task is critical. There is also a need to enhance the tools used by multilateral 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 ODA can play a catalytic role in the mobilization of private flows. We will also strive to enhance the stability of private capital flows, through encouraging the implementation of counter-cyclical policies, **sound macro-economic policies** and ~~[DELETE: also through making]~~ efforts to promote South-South investment.

16.

Experience of recent years has shown that providing an enabling business environment is fundamental to fostering domestic and foreign private investment. We will continue to put in place transparent, appropriate and enforceable regulations and laws for doing business, improve the availability of finance for enterprise, upgrade the skills and technical capabilities of human resources, ~~[DELETE: and]~~ facilitate public/private consultative mechanisms **and promote corporate social responsibility**. Developed countries can also encourage private flows to developing countries through bilateral investment treaties, tax treaties and other tax measures. We call on bilateral and multilateral 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 efforts to maximize linkages with domestic production activities, the transfer of technology and the training of the local labour force. We will make stronger efforts to promote corporate social responsibility and good corporate governance and seek to ensure that adequate labour and environmental protection standards are upheld everywhere. We encourage the work undertaken in the United Nations, including the Global Compact, in this regard. Measures should be devised to avoid over-exploitation of natural 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. **We will promote measures to enhance transparency and accountability of all transnational companies and their subsidiaries.**

34.

We also welcome increasing efforts by recipient and donor countries to make ODA more effective. The High-level Forum on Aid Effectiveness, which produced the 2005 Paris Declaration, **the Development Cooperation Forum DCF** and this year's Accra Agenda for Action, are critical steps forward in this regard by stressing the fundamental roles of **broad national** ownership, alignment, harmonization, managing for results and mutual accountability. Full implementation of these principles should contribute to more effective and efficient aid delivery and greatly improved outcomes. We will similarly enhance overall efforts to improve the quality of aid, including by untying aid, **increasing demand orientation in capacity development, using country systems to deliver aid,** increasing budget support, streamlining conditions **and basing them on developing countries' own development objectives,** and making aid more predictable **by inter alia providing 3-5 year advance information on planned aid to partner countries.**

36.

This increasing complexity of aid flows and the large number of new donors have made the task of tracking and assessing such flows more difficult. There is a growing need for more concrete and universal ways to keep track of aid quantity, quality and effectiveness, giving due regard to already existing schemes and peer review mechanisms. We invite the United Nations system, the World Bank, regional development banks and OECD/DAC to **develop [DELETE: consider developing] a joint proposal in this regard and to submit it to the DCF.**