

Ministerial Round Table

Chairs' Summary

The Ministerial Round Table of the World Investment Forum 2014 benefited from the participation of 31 Ministers and Heads of International Organizations. Ministers debated how to attract the increased investment required to achieve the Sustainable Development Goals (SDGs), and the role of the private sector in this effort. They considered appropriate policy frameworks for sustainable investment, as well as strategies to promote private investment in the SDGs, based on UNCTAD's World Investment Reports.

Ministers observed the ambitious SDGs should contain strong provisions on means of implementation and continued efforts should be made to increase official development assistance (ODA). However, the investment required to achieve the goals is likely to be beyond the reach of both ODA and domestic public sector resources in many countries, especially in the least developed countries (LDCs). Increased private investment will be needed to complement public investment.

Private sector investment will be needed, first and foremost, to generate productive capacity, economic growth and employment. Foreign direct investment can help do this. An overall policy framework that is conducive to attracting investment is an essential prerequisite for investment-led inclusive and sustainable development.

Ministers stressed the importance of making special efforts to promote investment in LDCs and other vulnerable economies. Such special efforts could include governments working to overcome regulatory, administrative and institutional barriers to investment, to increase absorptive capacity for private investment, so as to maximize development benefits from private investment.

Ministers emphasized the importance of encouraging responsible and sustainable investment. An important aspect of investor responsibility that was raised is fair tax conduct by international investors. International efforts to reduce base erosion and profit shifting should continue. Efforts to strengthen the capacity of tax administrations in developing countries can mobilize domestic resources for SDG financing. Governments should ensure a fair tax base for investors while maintaining a stable and predictable investment climate.

To promote responsible and sustainable investment, UNCTAD's *Investment Policy Framework for Sustainable Development* is a useful tool to guide the development of rules and institutions that can help attract more investment and ensure that it is sustainable.

Elements highlighted by ministers as particularly fundamental in ensuring the sustainable impact of investment included:

- ensuring that investment policies are in line with overall sustainable development strategies and with specific strategic priorities (e.g. youth employment, widening the skills base, women's empowerment, rural development, development of natural resources, industrial transformation, GVC participation, build-up of alternative energy sources);

- ensuring a balanced mix of public and private funding;
- building absorptive capacities, including by improving access to finance for local SMEs;
- putting in place effective institutions and good governance; facilitating investment and business by simplifying administrative procedures;
- balancing investor rights with investor obligations, and giving a more prominent role to responsible business practices and corporate responsibility;
- moving towards international investment policies that effectively attract investment and that safeguard space for policymaking in the public interest, while supporting a sound investment climate.

Ministers further debated the importance of channeling investment to SDG-relevant sectors specifically, which are key for *economic* development (e.g. infrastructure, power), for *social* impact (e.g. water and sanitation, health, education, food security, social housing) and for *environmental* sustainability (e.g. climate change mitigation and renewable energy).

A number of Ministers expressed their views with regard to policy challenges that can arise with greater private sector involvement in SDG-relevant sectors, including protecting public interests through regulation; ensuring accessibility and affordability of services for all; ensuring complementarity between private and public investment. Several countries related experiences of successful approaches to resolving these dilemmas, including using public-private partnerships to ensure complementarity.

Ministers discussed specific solutions for the *mobilization* of private investment for the SDGs, for the *channeling* of investment to SDG-relevant sectors, and for maximizing the positive *impact* of such investment. For example:

- Investment promotion and facilitation mechanisms and institutions geared towards attracting investment for sustainable development, e.g. through the development, marketing, and facilitation of pipelines of bankable projects in SDG sectors.
- SDG-oriented investment incentives, while avoiding a race to the top in investment incentives.
- Regional initiatives towards the promotion of SDG investment.
- Partnerships between investment agencies in home and host countries to bridge information gaps, to jointly market packaged investment opportunities, and to facilitate risk mitigation.
- Risk-sharing arrangements, including PPPs, investment insurance and guarantees, at country- or international level, including through development banks.
- Support to innovative private financing initiatives, such as impact investing and social impact bonds, through fiscal facilitation, or through guarantees – with parallel development of expertise in developing countries on how to attract and manage such innovative finance.

Ministers referred to UNCTAD's *Action Plan for Investing in the SDGs* from the *World Investment Report 2014* as an important input in the ongoing multilateral processes to formulate the SDGs and to find financing for development. They agreed that UNCTAD's biennial *World Investment Forum*,

with its broad and high-level stakeholder participation, provides an important platform for continued global dialogue on investment and sustainable development.