

# **UNCTAD Expert Meeting on Taking Stock of IIA Reform**

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## **ILO**

International investment agreements are being reviewed to ensure that investment regimes allow governments the policy space to fulfil their obligations concerning the environment, protection of their population and promotion of economic and social development. Reforms are shifting the balance between rights of investors and their obligations. The ILO MNE Declaration sets out expectations of foreign investors in host countries concerning job creation, skills development, protection of workers' rights and good industrial relations. It has been endorsed by 187 countries; and provides an excellent basis for starting negotiations between states on how to balance investor rights and responsibilities.

But reform of IIAs is not enough. Governments must become more strategic about how they attract investment, to ensure that FDI actually benefits the host country in the form of stimulating industrialization, transferring technology and skills, and creating more and better jobs—both directly and indirectly. Investment policy must become the foundation for achieving the SDGs.

As the interface between government and investors, IPAs have a hugely important role to play in this process of transforming government thinking about FDI and its essential role in achieving the SDGs.

However, IPAs need a solid understanding of the successful investment policies and strategies in specific sectors and development contexts, and of how investment policies can be linked to broader policies for developing local industry, supporting entrepreneurship, building infrastructure and developing a skilled workforce whose rights are protected. IPAs also need to be familiar with the internationally agreed expectations of investor operations in developing countries, which could enable them to build a common understanding and approach with the governments in the home countries of investors.

The International Labour Organization is the UN specialized agency which supports governments to develop effective policies for sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. It also sets international standards for workers' rights, which companies are increasingly incorporating into their business operations. ILO is the only international organization which is tripartite, meaning that not only governments, but also representatives of workers and business have agreed to the standards adopted, which are deemed compatible with enterprise development. The ILO Helpdesk for Business provides guidance for companies on how to incorporate the principles contained in international labour standards in their

company operations. We also support governments and representative employers' and workers' organizations to engage more effectively with foreign investors, to ensure that investors' operations are in line with the development objectives of the host country.

ILO and WAIPA are in the process of developing a joint initiative to support IPAs to take a leading role in their governments shaping effective policies to attract investment which will create more and better jobs. UNCTAD also provides technical support. The programme will focus on awareness raising on the important role of IPAs in shaping policies to achieve the SDGs, to help build IPAs' capacity, including developing and tracking KPIs on the economic and social impact of FDI; and to facilitate the sharing of experiences of effective strategies for attracting FDI to create more and better jobs locally. The first joint activity is an upcoming training in Torino, Italy on "Effective investment facilitation and sustainable development".

In conclusion, ILO encourages the Experts to consider not only legal reform of the IIA, but also what sorts of policies could help to strengthen the position of IPAs in discussions on the role of investment in achieving the SDGs, in particular creation of quality jobs and local enterprise development.