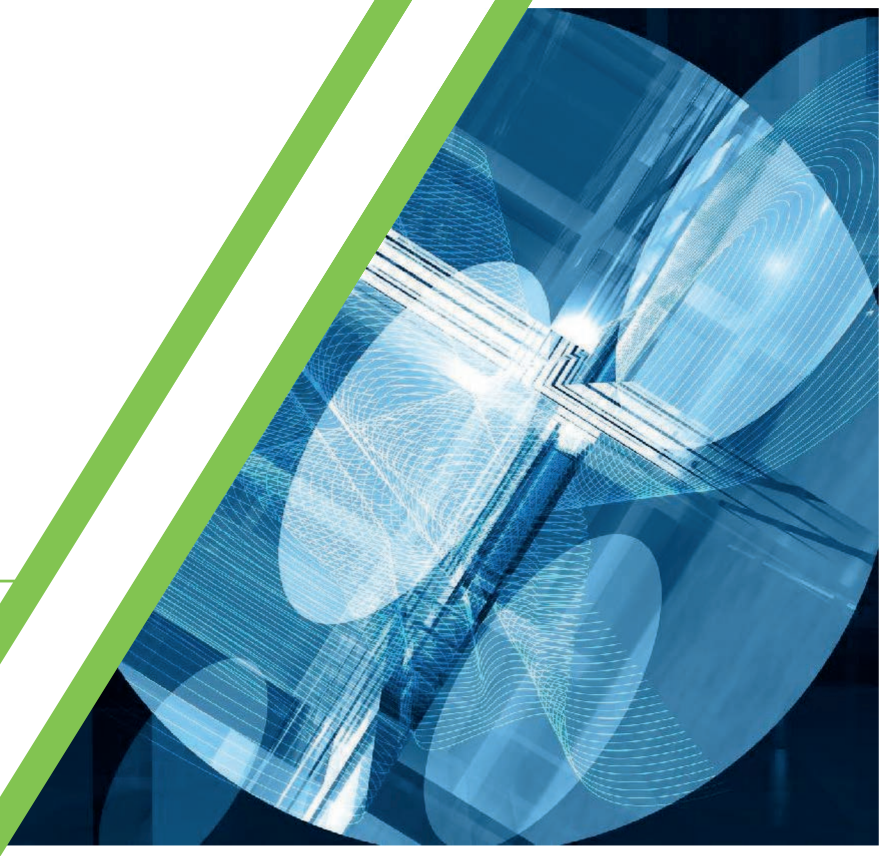
Recommendation of the Council on the Policy Framework for Investment



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Date(s)

Adopted on 13/05/2015

Background Information

The Recommendation on the Policy Framework for Investment was adopted by the OECD Council on 13 May 2015 on the proposal of the Investment Committee, with the concurrence of the Development Assistance Committee (DAC). The Recommendation has been developed in the context of an update process of the Policy Framework for Investment (PFI) itself and recommends Adherents to use the PFI in particular to facilitate coherence at all levels of government for better policy formulation and implementation and as a tool for self-evaluation and peer reviews. The PFI had initially been adopted by Council in 2006. The update, called for by Council in 2012, has enhanced the PFI’s development dimension, including through a more thorough treatment of SMEs, the informal sector, infra-national governance, global value chains, and gender issues. Its dedicated chapters on infrastructure and policies to promote green investment also added to the comprehensiveness of the PFI. While the Recommendation refers to the PFI, the PFI is not incorporated into the Recommendation.

THE COUNCIL,

HAVING REGARD to Article 5 b) of the Convention on the Organisation for Economic Co-operation and Development of 14 December 1960;

HAVING REGARD to the Declaration on International Investment and Multinational Enterprises [C(76)99/FINAL] and related Acts;

HAVING REGARD to the OECD Ministerial Declaration on Policy Coherence for Development (PCD) adopted by Ministers of OECD countries at the Ministerial Council on 4 June 2008 [C/MIN(2008)2/FINAL], and the OECD Strategy on Development endorsed at the meeting of the Council at Ministerial level on 23-24 May 2012 [C/MIN(2012)6], which states that the OECD will provide a platform for dialogue with developing countries and key stakeholders on PCD issues, as well as on the increased relevance of PCD in developing countries in the spirit of mutual partnership as agreed during the Financing for Development Conferences in Monterrey and Doha;

RECOGNISING the contribution of investment to growth, employment, skills, innovation, and development;

ACKNOWLEDGING the importance of an enabling policy environment to reap the full economic, social and environmental benefits of investment;

RECOGNISING the role assigned to private investment in the post-2015 development agenda, including financing for development;

CONSIDERING that the *Policy Framework for Investment* (hereafter the “PFI”) developed in 2006 as a component of the OECD Initiative on Investment for Development [C(2006)68, C/M(2006)9/PROV, Item 122 and C/MIN(2006)3] has been used extensively on a demand-driven basis to assist in improving business climates and enhance the benefits of private investment to society and sustainable development;

HAVING REGARD to the OECD Strategy on Development, which called for reassessing and adapting OECD frameworks and mechanisms for broader application in a more diverse set of developing country circumstances, and described the PFI as one exemplary tool to strengthen the enabling environment for domestic and foreign investment, adapted to a wide range of political contexts, and developed with the full involvement of many non-Members, and highlighted the need to place greater emphasis on learning from the experiences and development approaches of Partners [C/MIN(2012)6];

HAVING REGARD to the 2014 Ministerial Council Statement in which Ministers underscored the role of the OECD to improve Members’ understanding of investment flows and asked for an update of the PFI at the 2015 meeting of the Council at Ministerial level [C/MIN(2014)15/FINAL];

WELCOMING the 2015 update of the PFI through an inclusive and open consultative process to reflect users’ feedback and recent policy trends [C/MIN(2015)5];

RECOGNISING that the PFI covers a wide range of different areas, including: horizontal policies and practices; investment policy; investment promotion and facilitation; trade policy; competition; tax policy; corporate governance; responsible business conduct; human resources development; investment in infrastructure; financing investment; public governance and green growth, that policy makers need to take into account in elaborating and implementing their investment related policies; and that following the PFI approach can improve policy coherence as well as providing investors with a stable investment climate.

On the proposal of the Investment Committee, with the concurrence of the Development Assistance Committee (DAC):

I. **RECOMMENDS** that Members and non-Members adhering to this Recommendation (hereafter the “Adherents”) use, as appropriate, the PFI, and in particular:

i) to facilitate coherence at all levels of government for better policy formulation and implementation;

ii) co-operation programmes and dialogues, and multilateral discussions on investment-related policies, and

iii) as a source of international good practices on investment climate reforms.

II. **RECOMMENDS** that Adherents promote the PFI as a tool for development co-operation programmes and policy dialogue with partner countries to foster investment and private sector development.

III. **INVITES** the Secretary-General to disseminate this Recommendation widely.

IV. **INVITES** the Adherents to disseminate this Recommendation at all levels of government.

V. **INVITES** non-Adherents to take account of and adhere to this Recommendation.

VI. **INSTRUCTS** the Investment Committee, in co-operation with the DAC, to evaluate the implementation of this Recommendation, notably through the Advisory Group on Investment and Development, and to report thereon to the Council no later than five years following its adoption and regularly thereafter.

Adherents*

OECD Members	**Non-Members**
Australia	
Austria	
Belgium	
Canada	
Chile	
Czech Republic	
Denmark	
Estonia	
Finland	
France	
Germany	
Greece	
Hungary	
Iceland	
Ireland	
Israel	
Italy	
Japan	
Korea	
Latvia	
Luxembourg	
Mexico	
Netherlands	
New Zealand	
Norway	
Poland	
Portugal	
Slovak Republic	
Slovenia	
Spain	
Sweden	
Switzerland	
Turkey	
United Kingdom	
United States	

*Additional information and statements are available in the Compendium of OECD Legal Instruments: http://legalinstruments.oecd.org

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OECD Legal Instruments

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- **Decisions**: OECD legal instruments which are legally binding on all Members except those which abstain at the time of adoption. While they are not international treaties, they entail the same kind of legal obligations. Adherents are obliged to implement Decisions and must take the measures necessary for such implementation.

- **Recommendations**: OECD legal instruments which are not legally binding but practice accords them great moral force as representing the political will of Adherents. There is an expectation that Adherents will do their utmost to fully implement a Recommendation. Thus, Members which do not intend to do so usually abstain when a Recommendation is adopted, although this is not required in legal terms.

- **Declarations**: OECD legal instruments which are prepared within the Organisation, generally within a subsidiary body. They usually set general principles or long-term goals, have a solemn character and are usually adopted at Ministerial meetings of the Council or of committees of the Organisation.

- **International Agreements**: OECD legal instruments negotiated and concluded within the framework of the Organisation. They are legally binding on the Parties.

- **Arrangement, Understanding and Others**: several ad hoc substantive legal instruments have been developed within the OECD framework over time, such as the Arrangement on Officially Supported Export Credits, the International Understanding on Maritime Transport Principles and the Development Assistance Committee (DAC) Recommendations.