

Inclusive FDI

Ensuring more inclusive outcomes

Third Meeting of the
Asia-Pacific Foreign Direct Investment (FDI) Network
for Least Developed and Landlocked Developing
Countries

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Outline

- Inclusive growth
- Inclusive FDI
- How to make FDI more inclusive
 - Policies to enhance inclusivity
 - Supporting inclusive FDI
- Conclusions



Inclusive growth

- Inclusive growth means different things to different people
 - Improvement in income equality
 - Reduction in absolute poverty
 - Creation of equal opportunities
- Common to most definitions is that they emphasize the need to share benefits of economic growth with all of society



Inclusive growth

- We define inclusive growth as:

Growth that is broad-based across sectors and involves the whole of society, both as contributors to and beneficiaries of economic growth

- Inclusive growth requires giving a voice to those who have been so far excluded from economic development. Often: women, youth, the elderly or persons with disabilities



Inclusive FDI

- We define inclusive FDI as:
FDI that leads to an increase in productive, meaningful employment and generates incomes that lift workers out of poverty, particularly disadvantaged groups
- This means:
 - Decent working conditions
 - Technology and skill transfer
 - Increased productivity among local workers
 - Companies adhere to standards of responsible business conduct



How to make FDI inclusive?

- The outcome of FDI can be made more inclusive through implementing appropriate policies
- Support FDI that is already inclusive



FDI policies to enhance inclusivity

- Legal framework
 - Property rights
 - Labour laws: minimum wage, working conditions
 - Environmental standards
- Align national education system and training programmes with the long-term development goals of the country
- Understand the skill requirements of foreign investors; provide opportunities for workers to acquire those skills



FDI policies to enhance inclusivity

- Work together with workers' and employers' organizations, private sector, civil society, academia to ensure policies and reforms are relevant
- Ensure that both domestic and foreign companies follow internationally accepted standards
- Provide safety nets for people in vulnerable positions; mitigate the impacts of structural change



Support FDI that is already inclusive

- Business practices that promote inclusivity:
 - Corporate social responsibility (CSR)
 - Companies ensure that they are implementing principles of good governance related to human rights, labour, environment, and anti-corruption in core business activities
 - Impact investment
 - Investment that aims not only to secure financial returns, but also to generate positive social and environmental impact



Policies to support inclusive business practices

- Provide accurate information of CSR and other instruments available and how CSR or impact investment can benefit the company
- Raise awareness among consumers so that purchasing decisions would incentivize companies
- Provide support for start-ups and encourage them to adopt sustainable business practices



Conclusion

- Key measures to promote inclusivity:
 - Legal framework
 - Education:
 - Increase skill level of local population
 - Educate workers of their rights
 - Disseminate information on responsible business practices and how to adhere to international standards
 - Protect the most vulnerable:
 - Women, youth, the elderly, persons with disabilities etc.



Thank you!



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