Monitoring and Analysing Foreign Investment: How to build sustainable institutions

By Nils Bhinda and Matthew Martin

Recognising that small low-income countries are increasingly vulnerable to volatile international capital markets, and international initiatives to data quality, it takes as its starting point that the international community has failed to admit how difficult such monitoring is. Most low-income countries and even most OECD economies are unable to meet such codes without a major reinforcement of the institutions responsible for monitoring. Often they are working on the basis of highly unreliable secondary data. Secondly, monitoring serves little purpose on its own, unless the data collected are used for analysis and proactive policymaking by low-income countries and the international community, to stabilise private capital, and may otherwise exacerbate volatility and crises, by misdirecting investment promotion and macroeconomic policy efforts.

To address these concerns, donors have supported and the FPC CBP to create sustainable institutions for monitoring, analysing and improving policies related to international private capital. Participating countries have made extensive progress in each of these areas. This publication focuses on the key lessons in achieving the institutional improvements.

Each key aspect of institutional reinforcement is dealt with in separate chapters. With specific examples of best practices, these cover institutional and legal structures (Chapter 2), human resources, management and working environment (Chapter 3); international data codes and standards (Chapter 4); building or reinforcing monitoring systems (Chapter 5), analysis, policy, and development financing strategy (Chapter 6); political commitment, transparency and capacity self-evaluation (Chapter 7), and finally, building partnerships with the private sector (Chapter 8).

Monitoring and Analysing Foreign Investment: How to build sustainable institution