EXECUTIVE SUMMARY
A Framework for Constructive Capital: Investment, Integrity, Impact

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Executive Summary

A Framework for Constructive Capital presents a market-oriented approach for supporting private capital flows and foreign direct investment based on a multi-dimensional foundation of systemic integrity.

The Framework aims to deter the negative consequences of Corrosive Capital and reinforce the positive conditions for Constructive Capital. It upholds transparency, accountability, and the rule of law as a basis for equitable, inclusive, and sustainable economies. The need for such a Framework is based on the experience of the Center for International Private Enterprise (CIPE), which works with business organizations and communities throughout emerging markets to build prosperity and democracy.¹

### Corrosive Capital
Opaque capital flows lacking market orientation with motives to exploit governance gaps to influence economic, political, and social developments in recipient countries.

### Constructive Capital
Well-governed investment flows that serve transparent, market-oriented, and accountable purposes at both funding sources and destinations.

CIPE has elaborated these two contrasting concepts of capital flows to encourage good governance across a range of institutions and create an enabling environment for business and entrepreneurship. A solid foundation of integrity, along with the participation of a vibrant private sector, will help support investments with a constructive impact. Local economies will benefit from new opportunities, including through connections to global value chains. Moreover, such factors will also stem the flow of investments with a corrosive impact.

CIPE is collaborating with the UK-based Oxford Analytica Foundation to address how countries can develop effective policy frameworks to foster Constructive Capital flows.² This Framework has evolved as a response, reflecting a perspective across jurisdictions, institutions, and business communities. This report identifies a series of Cornerstones for Constructive Capital which create both a normative and practical foundation. It proposes a model for bridging governance gaps through mutually reinforcing linkages between investment, integrity, and impact. Notably, this can enhance the positive financial flows that contribute to building inclusive economies. Supportive trends in responsible business and investment are reviewed, and potential avenues for action at various levels are outlined. Overall, the Framework for Constructive Capital can serve as a catalyst for awareness and engagement across a wide range of stakeholders. It comes at a time of profound challenges across the globe, offering prospects to help shape a resilient and equitable recovery.
About CIPE

The Center for International Private Enterprise (CIPE) is a core institute of the National Endowment for Democracy and a non-profit affiliate of the U.S. Chamber of Commerce. CIPE’s mission is to strengthen democracy around the globe through private enterprise and market-oriented reform.

Founded in 1983, CIPE partners with local business associations, chambers of commerce, universities, think tanks and advocacy groups worldwide to implement innovative, cost-effective, business-led solutions to complex policy and governance challenges.

Currently CIPE has more than 300 programs or grants in more than 80 countries.

www.cipe.org

About OA Foundation

The Oxford Analytica Foundation offers interdisciplinary research and thought leadership on current developments and emerging trends at the national and international levels. In so doing, it aspires to elevate the quality of decision-making and action on questions of social and economic significance.

The in-house team offers exceptional and diverse experience, skills, networks and expertise across the private, academic and non-profit sector, and a unique ability to convene and inform change-makers.

OA Foundation supports the strategic planning and implementation of projects across a range of themes linked to the Sustainable Development Goals, including rule of law, sustainable development, corporate responsibility, and climate change and conservation.

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