



FDI QUALITIES - HARNESSING INVESTMENT FOR SUSTAINABLE DEVELOPMENT

Forum on sustainable investment in ASEAN

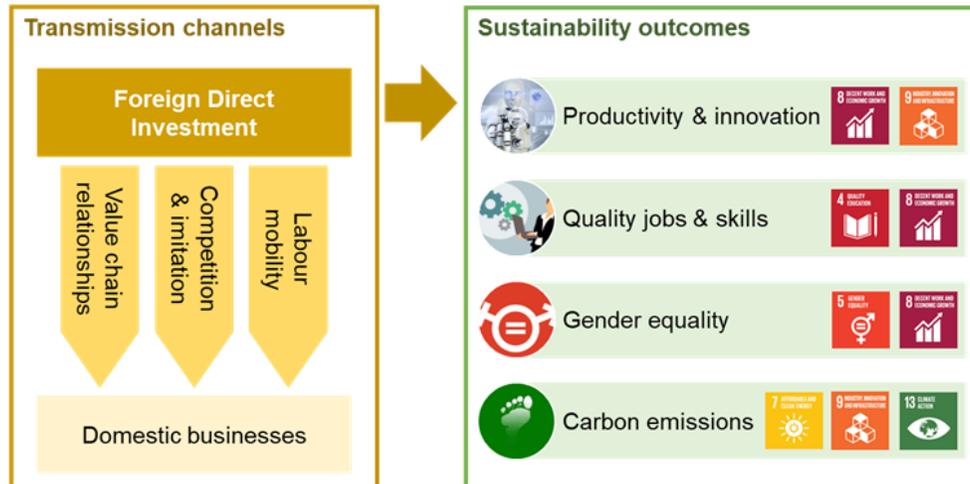
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From quantity to quality of investment: *OECD FDI Qualities Indicators*

Measure the sustainable development impacts of investment in four areas of the SDGs:



Indicators:

FDI Qualities Indicators
Measuring the sustainable development impacts of investment



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Applications:

FDI Qualities Assessment of Ireland



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OECD Investment Policy Reviews



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OECD Investment Policy Reviews

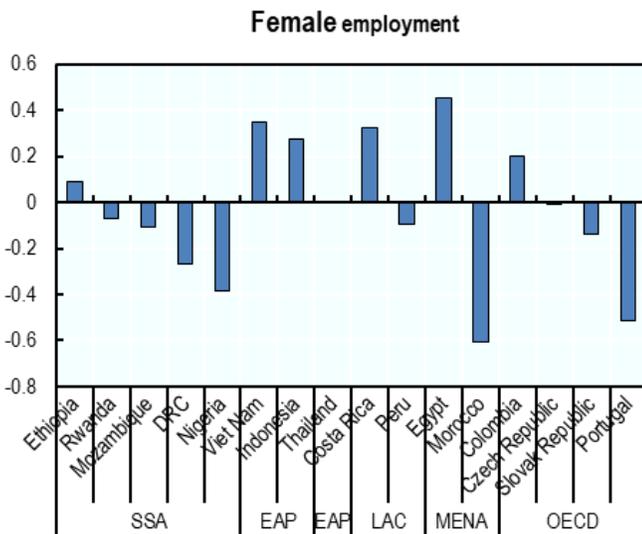
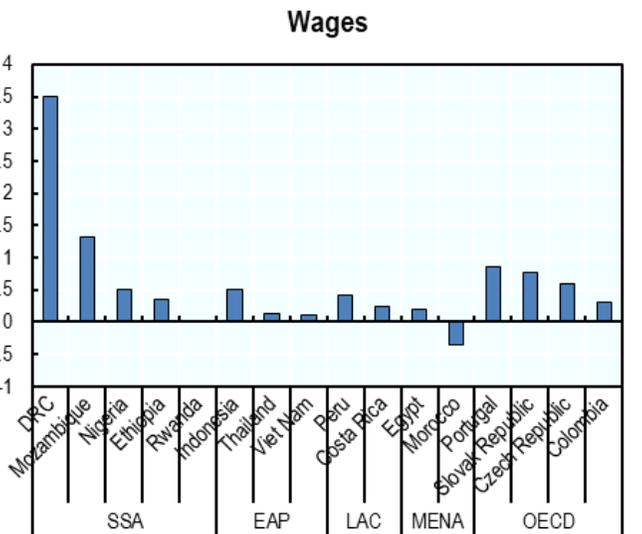
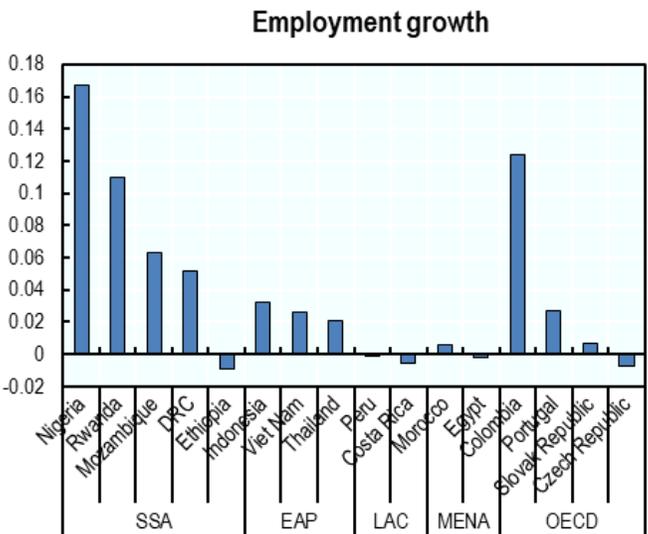
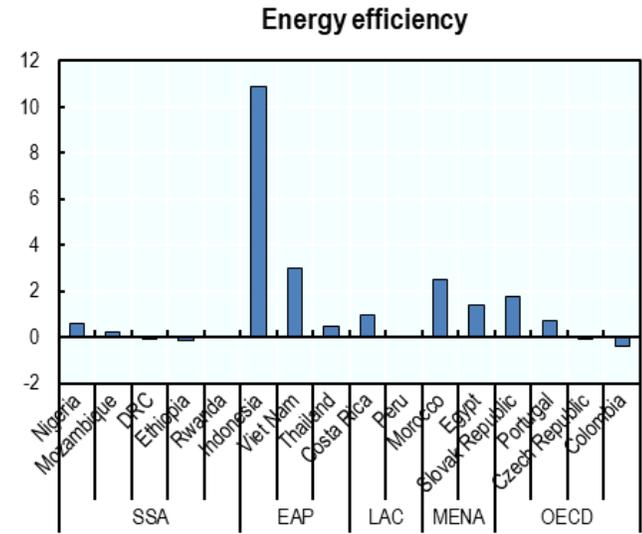
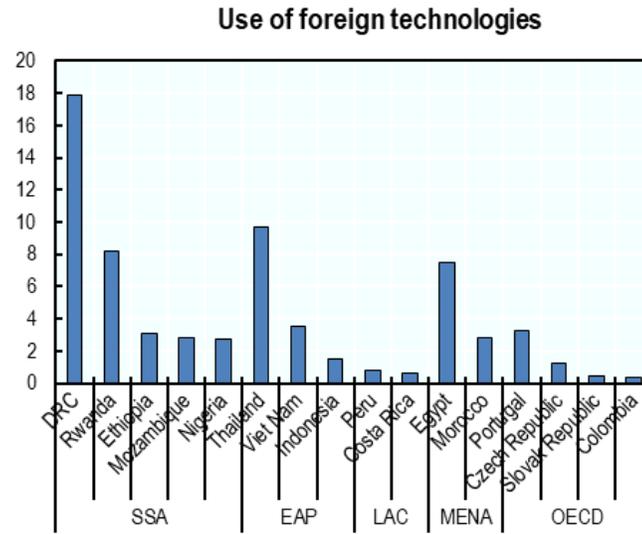
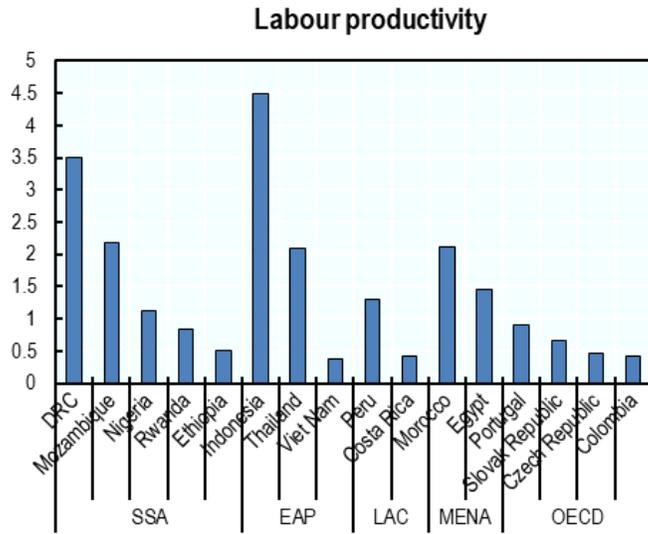


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Foreign firms in ASEAN often have sustainability premia over domestic firms

Do foreign firms have higher development outcomes? (yes > 0 > No)

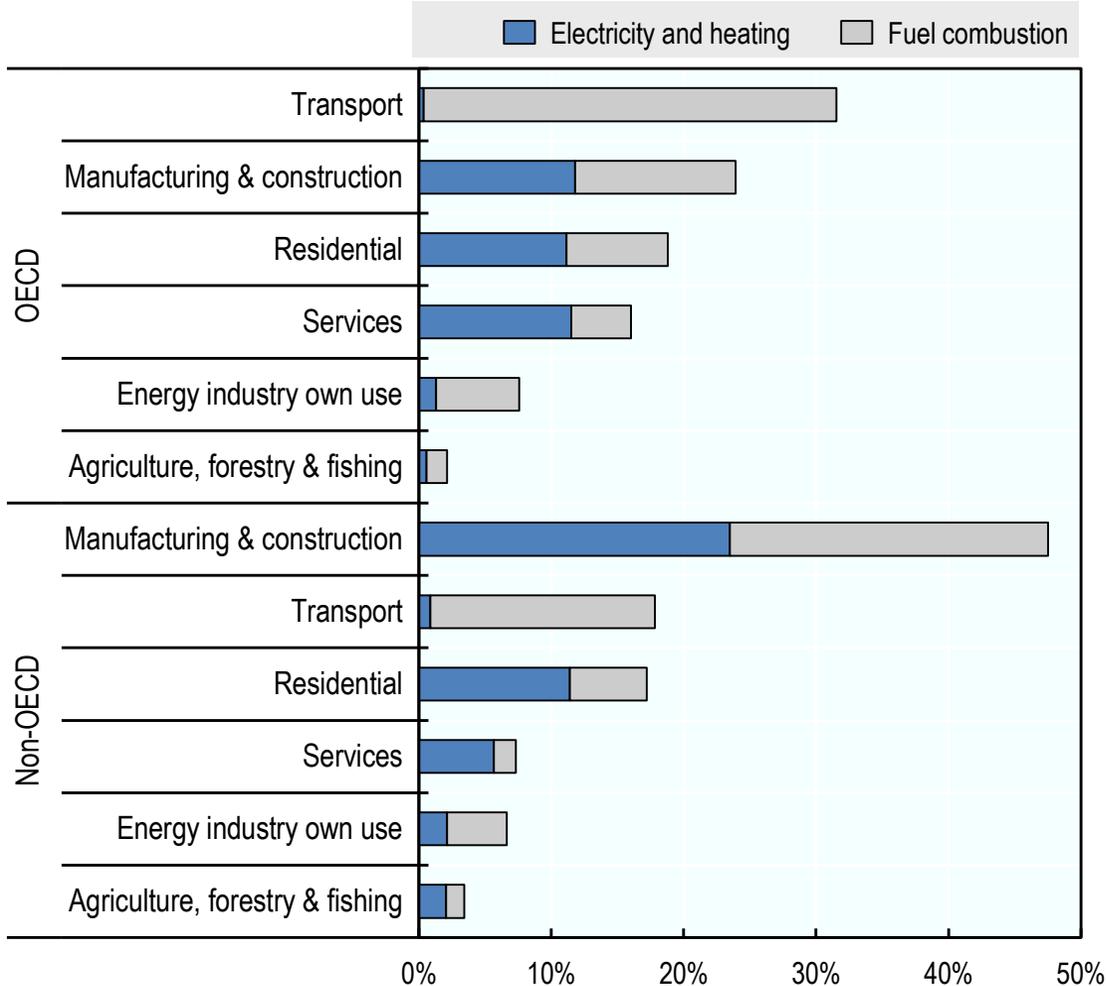




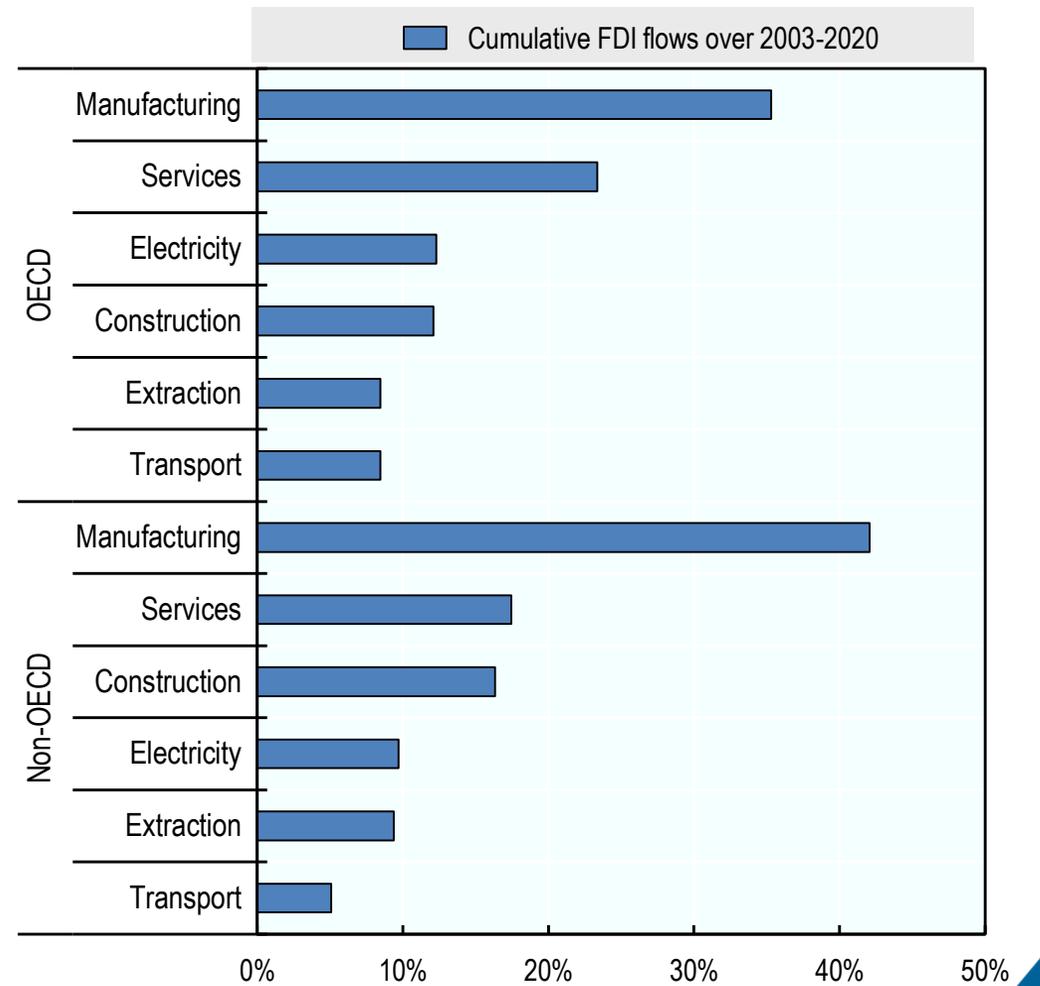
The most polluting sectors attract the most FDI



A. CO₂ emissions by sector (2018)



B. Greenfield FDI by sector



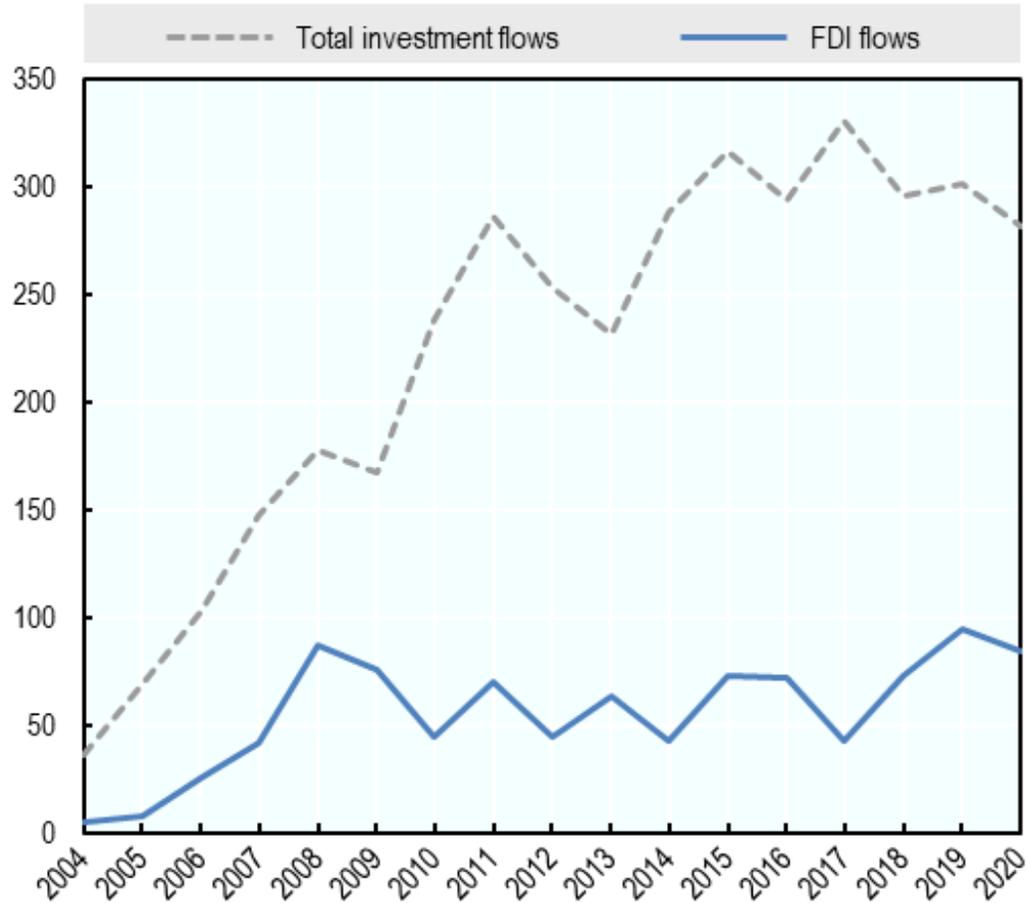
Source: OECD FDI Qualities Indicators based on IEA World Energy Statistics (2021) and Financial Times fDi Markets (2021)



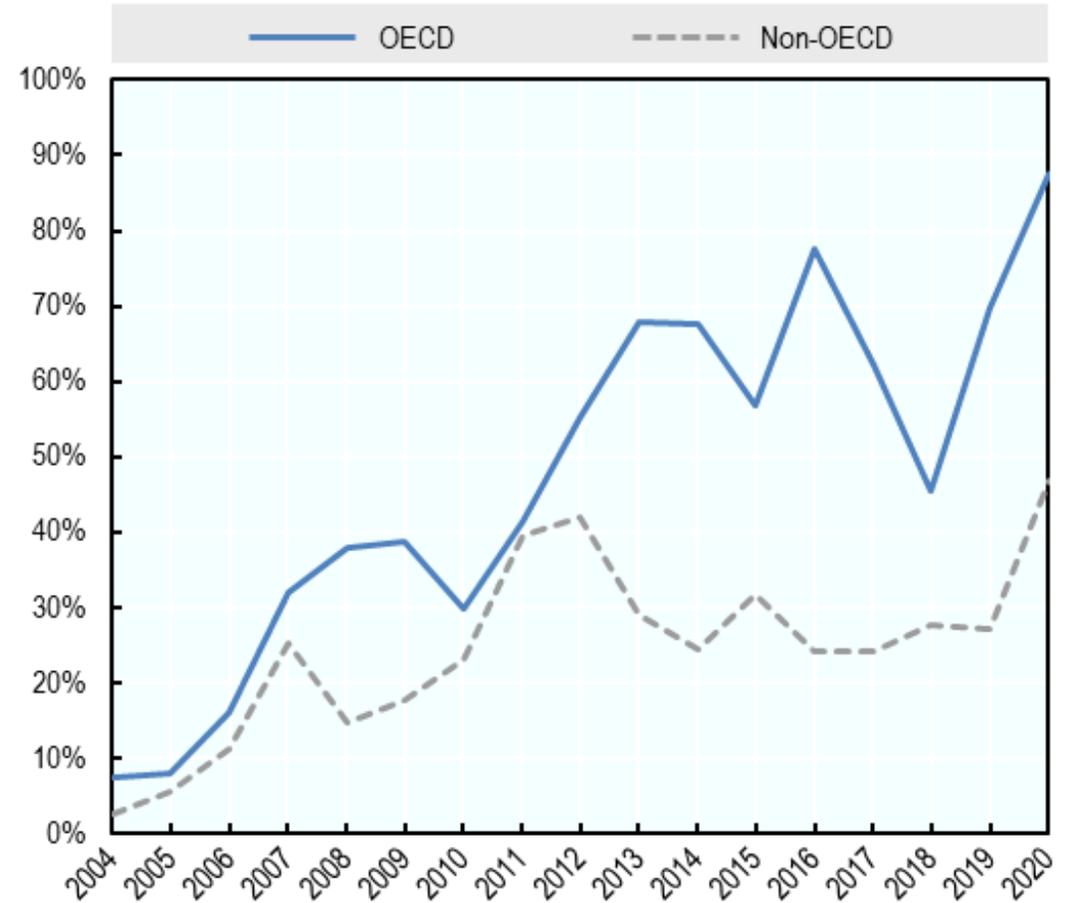
FDI can make a large contribution to decarbonising the energy sector



A. New investments in renewables (USD billions)



B. FDI in renewables as a share of total energy FDI (%)

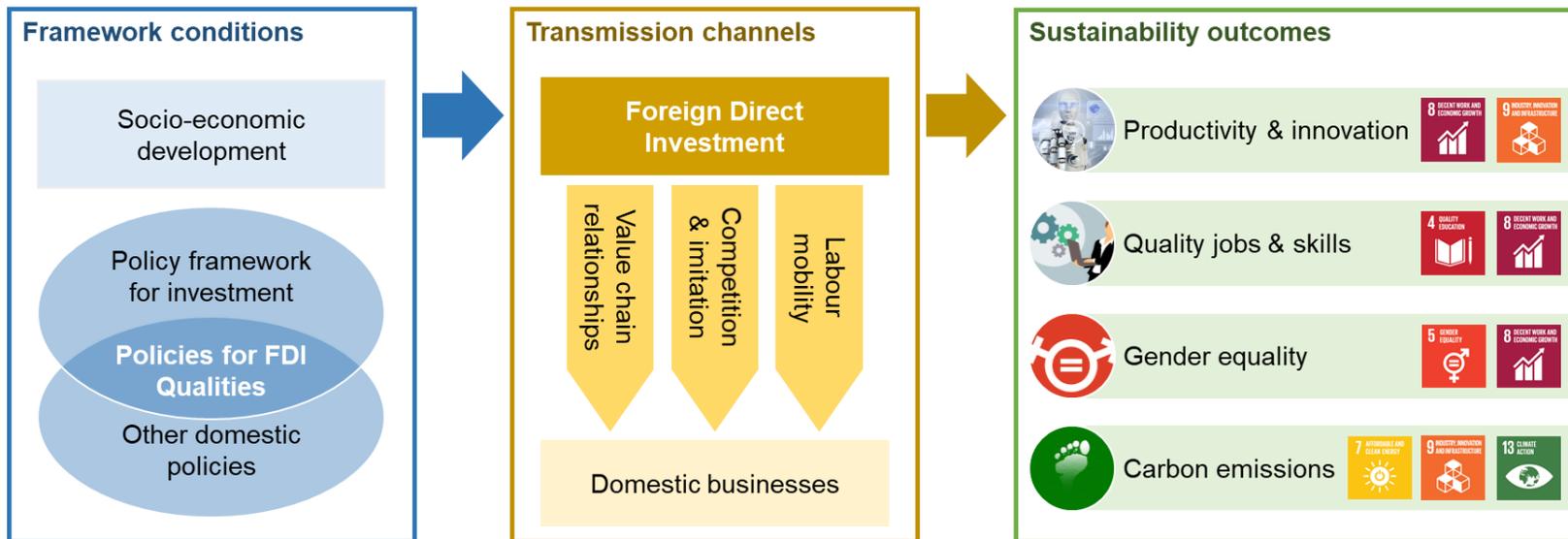


Source: OECD FDI Qualities Indicators based on IEA World Energy Statistics (2021) and Financial Times fDi Markets (2021)



FDI Qualities Policy Toolkit

Policy guidance on policy mix and institutional arrangements to enhance the impacts of FDI on sustainable development in four areas of the SDGs, linking investment and related policies of the OECD Policy Framework for Investment with more specific policies in each of the four areas of the SDGs.



How we identify policies for FDI Qualities?

- Research and dialogue: Literature review, IPR experience, consultations (FDI Qualities Network)
- Mapping the policy landscape: FDI Qualities survey of institutions & policies in 10 countries
- Pilot case studies to refine the policy toolkit



Key policy directions, drawn from the FDI Qualities Policy Toolkit

1. Governance

Provide coherent strategic direction on investment and sustainable development and ensure policy continuity and effective implementation

2. Int./domestic regulation

Ensure that domestic regulation is aligned with international standards and supports positive impacts of investment on sustainable development

3. Financial & technical support

Financial and technical support should stimulate investment and build domestic capabilities to support sustainable development

4. Information & facilitation

Facilitate investment and sustainable development opportunities by addressing information failures and administrative barriers

5. Development cooperation

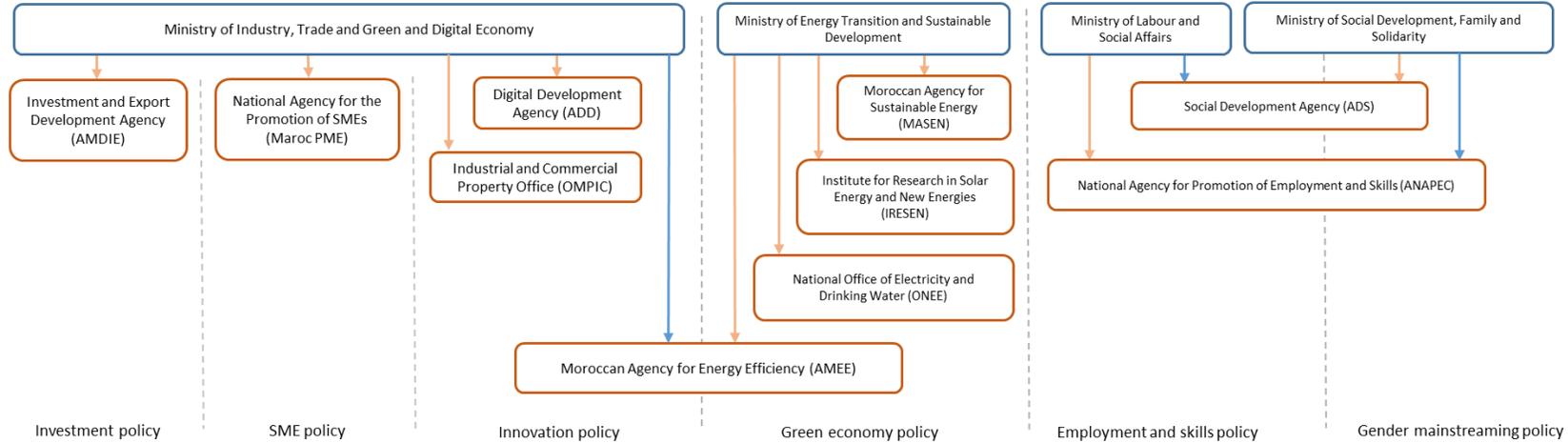
Strengthen the role of development cooperation for mobilising foreign direct investment and enhancing its positive impact in developing countries



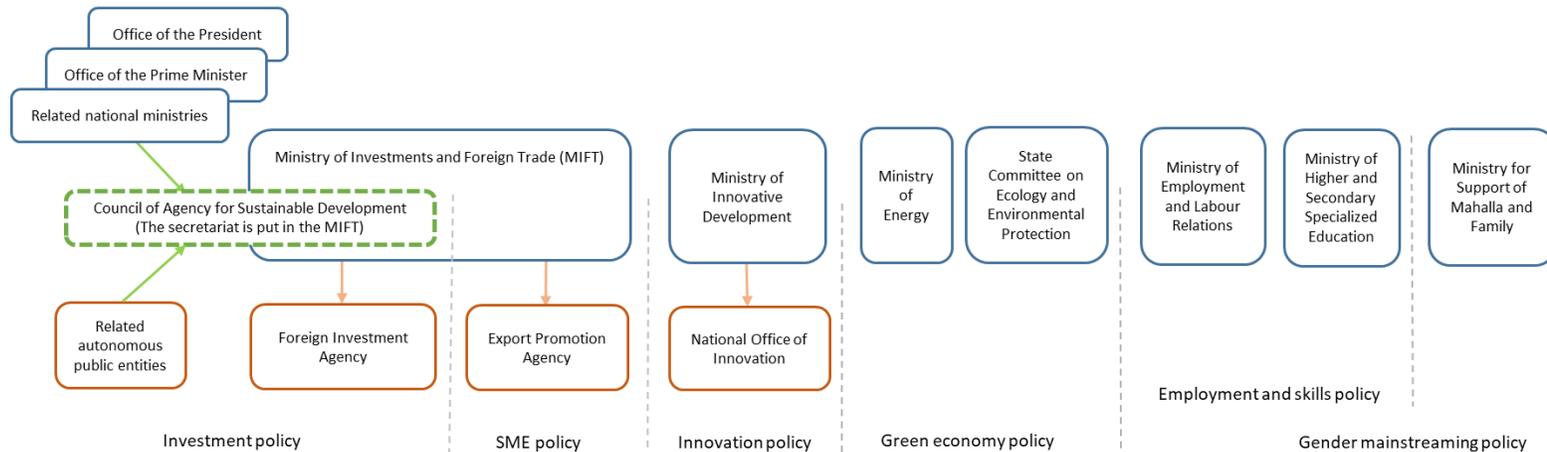
Varying governance systems on investment and sustainable development

1. Governance

Morocco



Uzbekistan





Targeted policies to enhance the impacts of investment on sustainable development

3. Financial & technical support

4. Information & facilitation

Policy mix by sustainable development objective

A. Canada

<u>Decarbonisation</u>		Information and facilitation services	<u>Productivity and innovation</u>		<u>Job quality & skills</u>		<u>Gender equality</u>	
Financial support			Financial support	Information and facilitation services	Financial support		Financial support	Technical support
		Technical support	Technical support	Technical support	Information and facilitation services	Information and...		

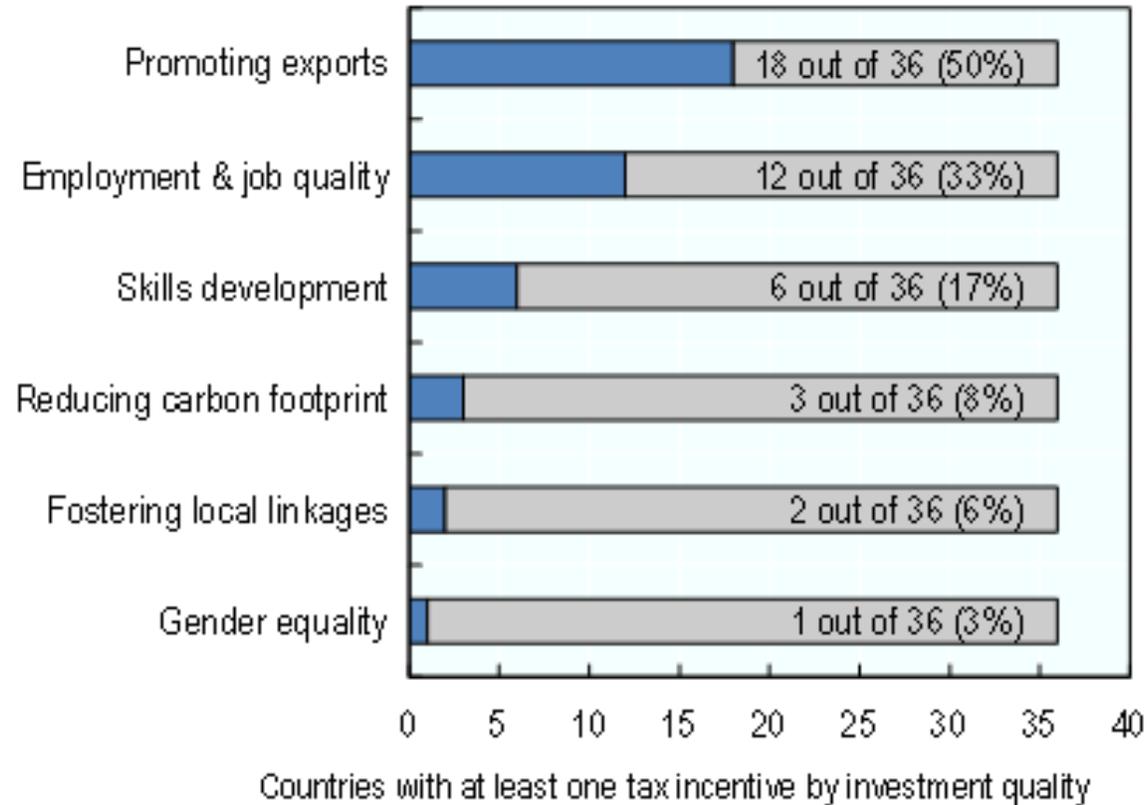
B. Rwanda

<u>Job quality & skills</u>		<u>Gender equality</u>		<u>Productivity and innovation</u>		<u>Decarbonisation</u>	
Technical support		Information and facilitation services		Information and facilitation services		Information and facilitation services	
Financial support		Financial support		Financial support		Financial support	
		Technical support		Technical support		Technical support	



Tax incentives targeting SDGs often aim to enhance competitiveness, promote exports and create jobs

Countries with at least one tax incentive conditional on an area of the SDGs (in total and as % of countries covered)



Source: OECD Investment Tax Incentives Database, 2021



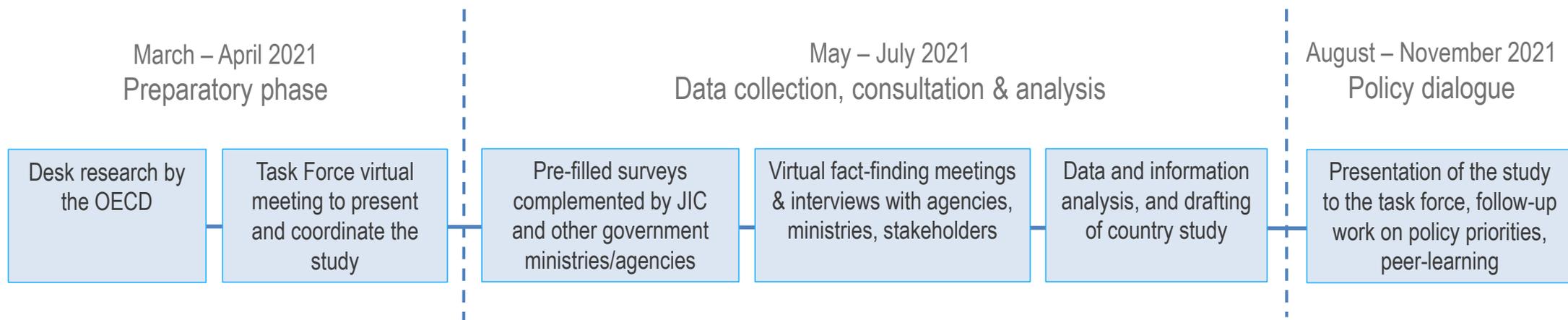
How to use the Policy Toolkit?

Practical tool to:

- Assess the impacts of FDI in four areas of sustainable development
- Identify opportunities for policy and institutional reforms to enhance such impacts
- Strengthen partnerships with donors to improve the impacts of FDI in developing countries

Policy Toolkit can be used for self-evaluation by governments as well as for peer reviews in regional or multilateral discussions (e.g. in the context of OECD FDI Qualities Assessments)

For illustration: Process of pilot FDI Qualities Assessment of Jordan:





Thank you!

Contacts

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Rewatch our recent event

FDI Qualities: Aligning Investment Frameworks for Green Growth

4th OECD Roundtable on Investment and Sustainable Development, 2 November 2021

[Rewatch](#)

For further information

FDI Qualities Initiative

<https://www.oecd.org/investment/business-investment-sdgs.htm>

FDI Qualities Indicators

www.oecd.org/investment/fdi-qualities-indicators.htm

Policy Framework for Investment

www.oecd.org/investment/pfi.htm

Investment Policy Reviews

www.oecd.org/investment/countryreviews.htm