

Sustainability as a Factor for Investment Promotion

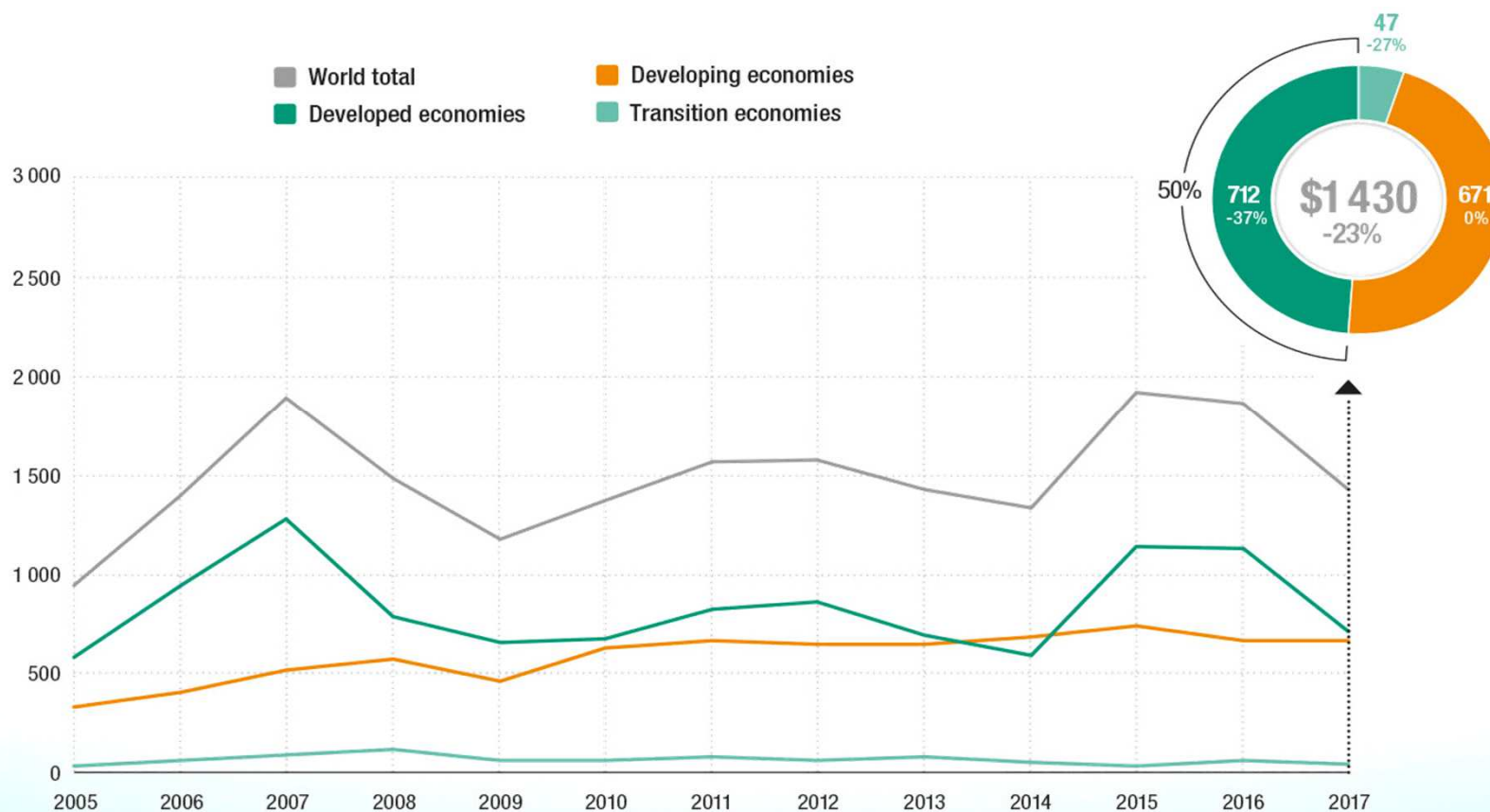
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United Nations Conference on Trade and Development

Global FDI flows fell by 23 per cent to \$1.43 trillion

FDI inflows, global and by group of economies, 2005-2017

(Billions of dollars and per cent)

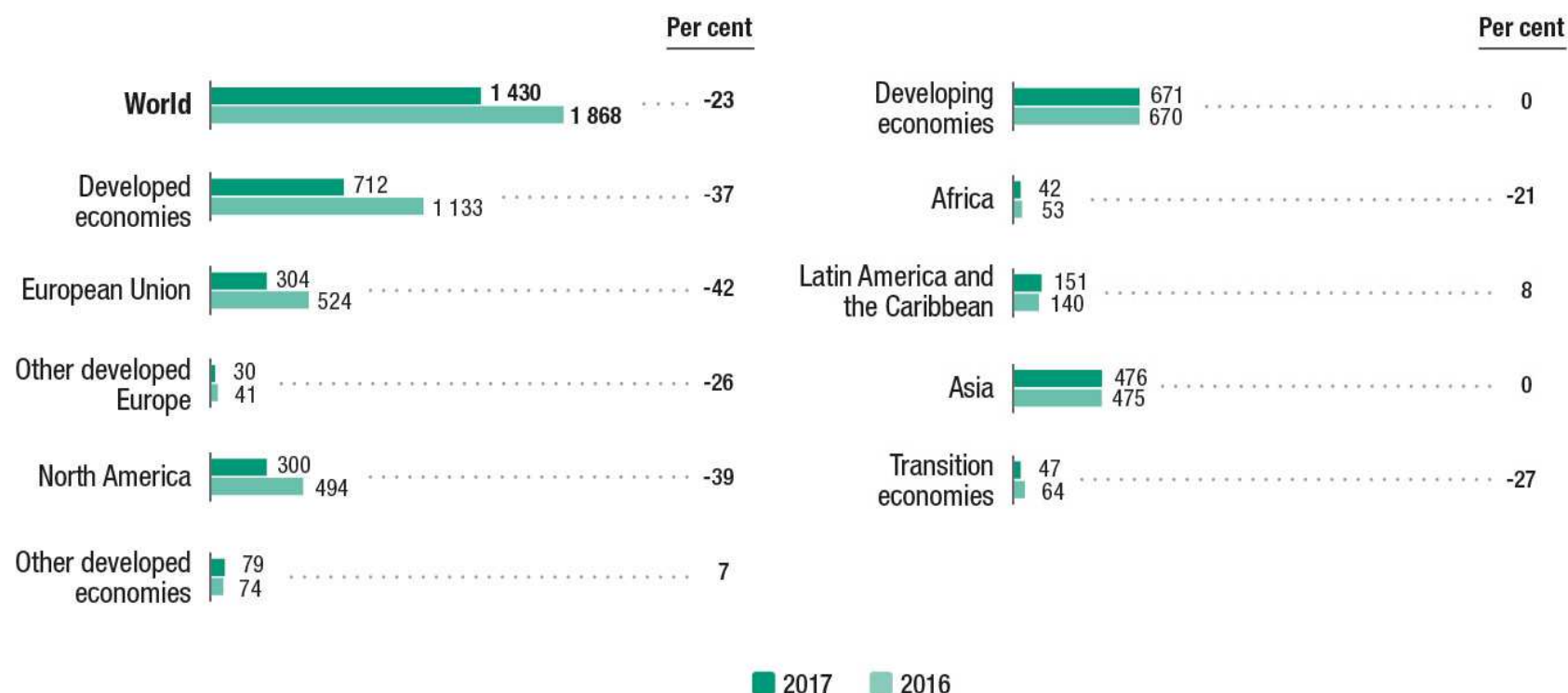


Source: UNCTAD, WIR 2018.

The decline was mostly concentrated in developed economies

FDI inflows, by region, 2016-2017

(Billions of dollars and per cent)

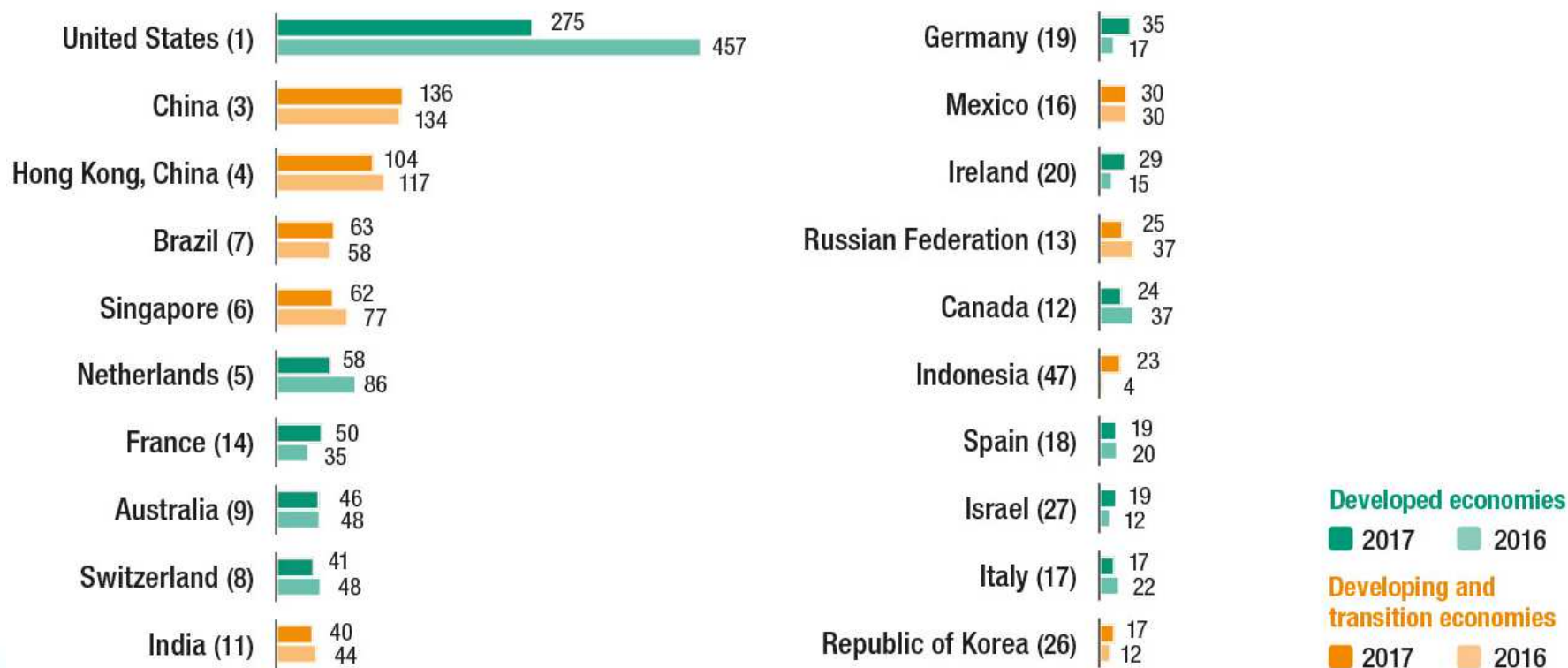


Source: UNCTAD, WIR 2018.

FDI inflows, top 20 host economies, 2016 and 2017

(Billions of dollars)

(x) = 2016 ranking

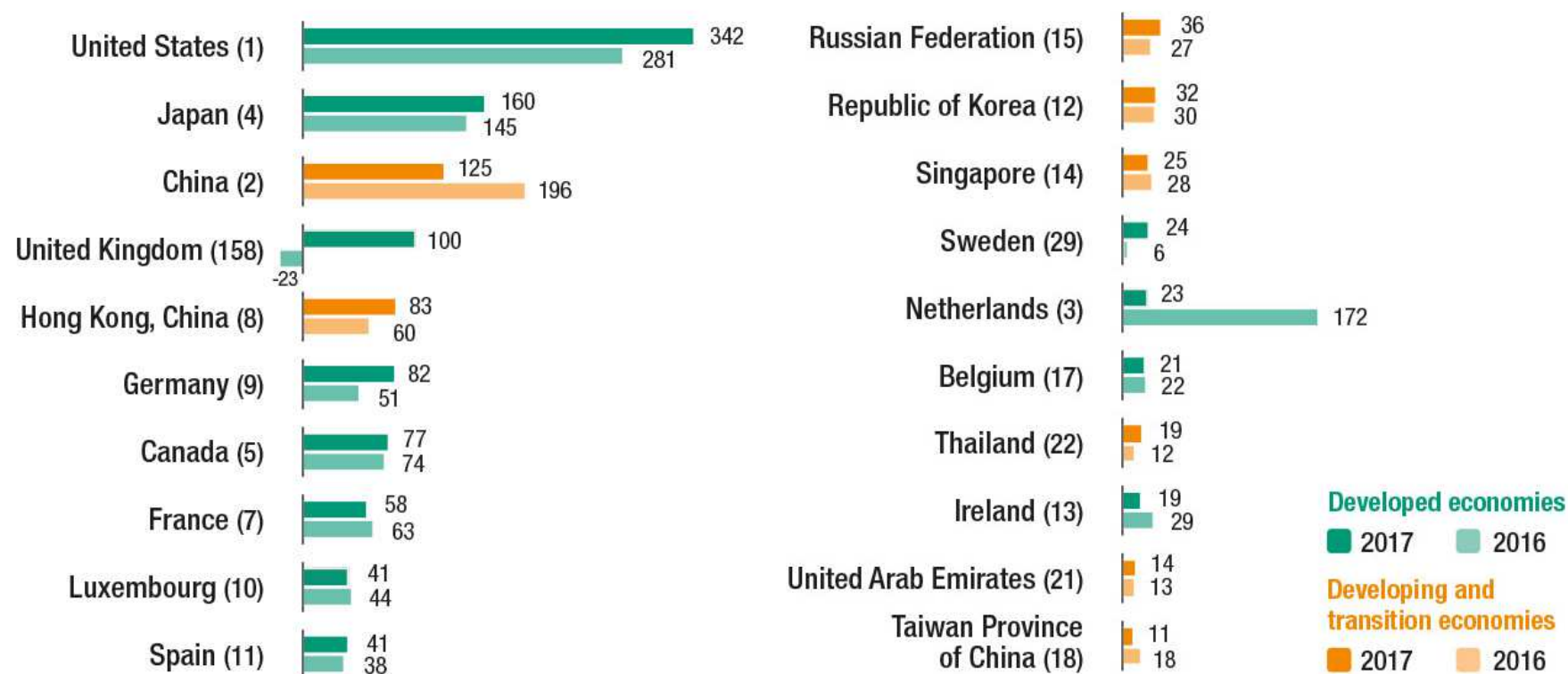


Source: UNCTAD, WIR 2018.

FDI outflows, top 20 home economies, 2016 and 2017

(Billions of dollars)

(x) = 2016 ranking

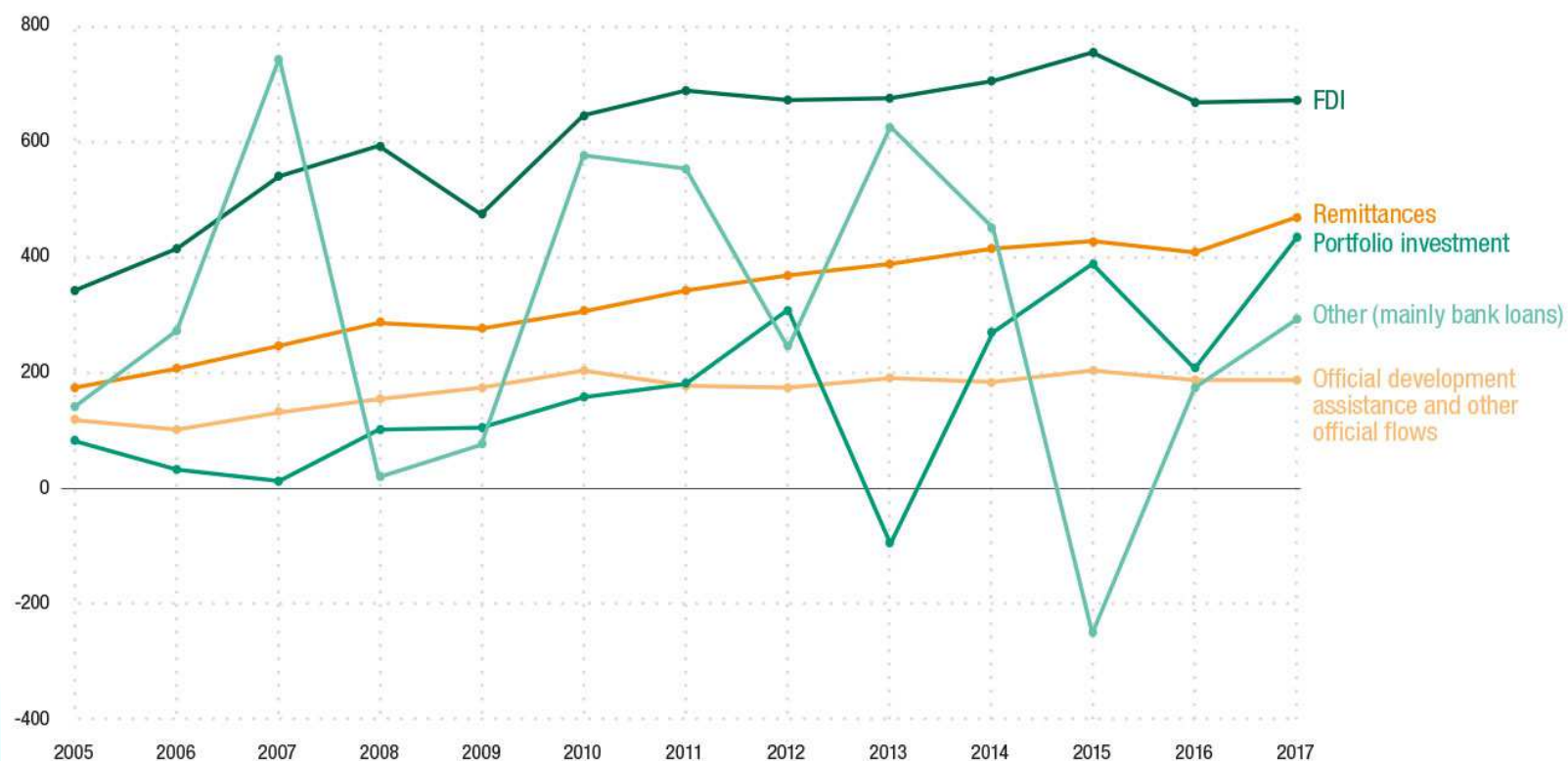


Source: UNCTAD, WIR 2018.

FDI remains the largest external source of finance for developing economies

Sources of external finance, developing economies, 2005-2017

(Billions of dollars)



Source: UNCTAD, WIR 2018.

What are the Sustainable Development Goals?

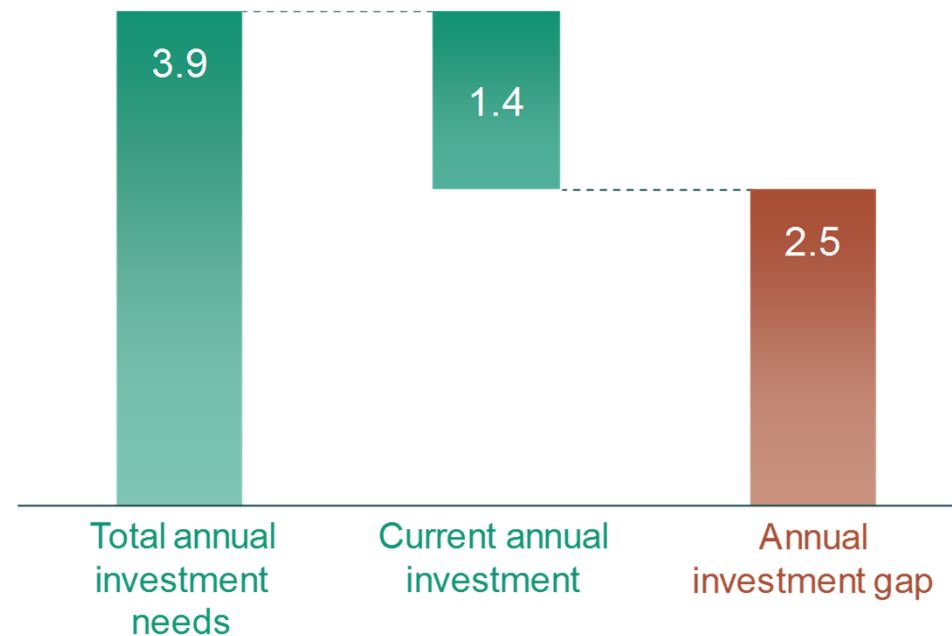
The 2030 Agenda for Sustainable Development includes 17 SDGs and 169 targets addressing economic, social and environmental challenges



Source: United Nations.

SDG investment gap

Estimated annual investment needs in key SDG sectors in developing countries, 2015–2030
(Trillions of US dollars, annual average)



Source: ©UNCTAD, WIR 2014.

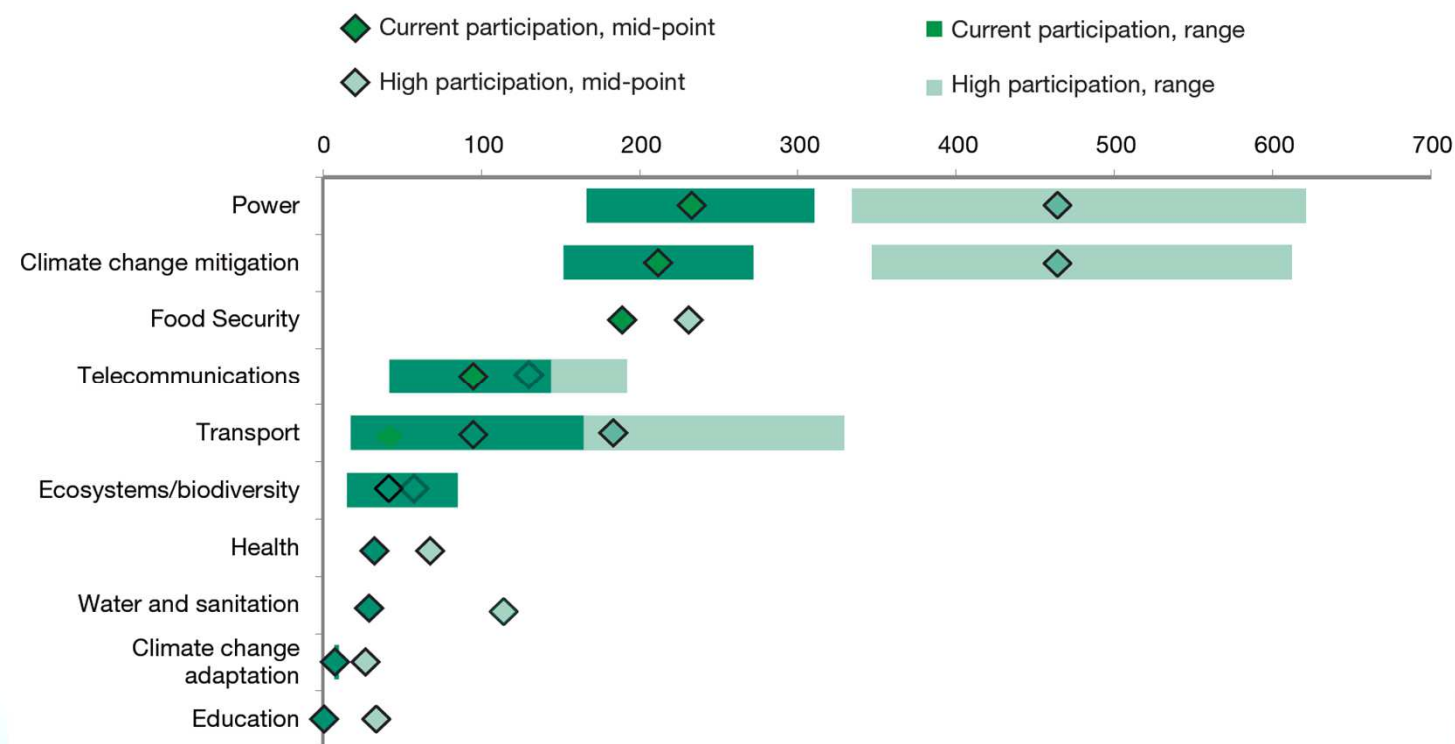
Key Sustainable Development Goal sectors

Sector	Description
Power	Investment in generation, transmission, and distribution of electricity
Transport	Investment in roads, airports, ports and rail
Telecommunications	Investment in infrastructure (fixed lines, mobile and Internet)
Water and sanitation	Provision of water and sanitation to industry and households
Food security and agriculture	Investment in agriculture, research, rural development and safety nets
Climate change mitigation	Investment in relevant infrastructure, renewable energy generation, research and deployment of climate-friendly technologies
Climate change adaptation	Investment to cope with impact of climate change in agriculture, infrastructure, water management and coastal zones
Eco-systems/ biodiversity	Investment in conservation and safeguarding ecosystems, marine resource management and sustainable forestry
Health	Infrastructural investment, e.g. new hospitals
Education	Infrastructural investment, e.g. new schools

Source: ©UNCTAD, WIR 2014.

The potential for private sector investment in SDG sectors is significant

Potential private-sector contribution to investment gaps at current and high participation levels
(Billions of US dollars)



Source: ©UNCTAD, WIR 2014.

A Big Push for private investment in the SDGs: Action Packages (1/2)

1 New generation of investment promotion and facilitation strategies

- At national level:
 - ✓ New investment promotion strategies
 - ✓ New investment promotion institutions: Sustainable Development Goal investment development agencies
- New generation of IIAs:
 - ✓ Proactive Sustainable Development Goal investment promotion
 - ✓ Safeguarding of policy space

2 Reorientation of investment incentives

- Sustainable Development Goal-oriented investment incentives:
 - ✓ Targeting Sustainable Development Goal sectors
 - ✓ Conditional on sustainability performance
- Guarantees and insurance schemes for investment in the Sustainable Development Goals

3 Regional Sustainable Development Goal investment compacts

- Regional cross-border Sustainable Development Goal infrastructure
- Regional Sustainable Development Goal industrial clusters, including for regional value chains
- Regional industrial collaboration agreements

Source: ©UNCTAD, WIR 2014.

A Big Push for private investment in the SDGs: Action Packages (2/2)

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New forms of partnership for investment in the Sustainable Development Goals

- Home–host country IPA networks
- Online pools of bankable projects
- Sustainable Development Goal-oriented linkages programmes
- Partnerships between multilateral development banks, multinational enterprises and small vulnerable economies

5 

Enabling reorientation of financial markets

- Sustainable Development Goal investment impact indicators
- Integrated reporting and multi-stakeholder monitoring
- Sustainable Stock Exchanges

6 

Changing the global business mindset

- Global Impact MBAs
- Training programmes for investment in the Sustainable Development Goals (e.g. fund management and financial market certifications)
- Entrepreneurship programmes in schools

Source: ©UNCTAD, WIR 2014.

Investments in the SDGs require a new generation of investment promotion policies

1. **First generation:** Liberalization of FDI regimes
2. **Second generation:** Marketing of countries and locations
3. **Third generation:** Investor targeting

4. **New generation:**



Thank you!

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