

FDI Qualities: Harnessing investment for sustainable development

Foreign direct investment (FDI) is crucial for building back better from the COVID-19 crisis and achieving the Sustainable Development Goals (SDGs). FDI can enhance growth and innovation, create quality jobs and develop human capital, including for women, and raise living standards and environmental sustainability. By linking domestic firms to multinational enterprises, it serves as a conduit for domestic firms to access international markets and integrate in global value chains.

Realising the potential benefits from FDI is not a given: among countries receiving FDI, some have benefited more than others and, within countries, some segments of the population have been left behind. While, in principle, FDI has the potential to advance sustainable development, private sector incentives and both home and host country policies require careful consideration.

Did you know?

FDI flows fell by almost **40%** in the first half of 2020

500,000+ FDI jobs did not materialise in 2020

Foreign firms can be **twice** as productive as domestic firms, but pay only **50%** higher wages

FDI is concentrated in sectors that employ **fewer** women

60%+ of FDI in energy go to renewables in the OECD

OECD AND THE SUSTAINABLE DEVELOPMENT GOALS



Understanding OECD work on FDI Qualities

The OECD advises governments and business on actions they can take to ensure that the sustainability benefits of investment are fully realised. We advocate for open, transparent, and rules-based policy frameworks for investment to ensure that countries achieve their full potential for attracting and retaining investment. We seek to maximise sustainability benefits of investment in recipient countries by conducting OECD Investment Policy Reviews based on the Policy Framework for Investment (PFI), promoting the OECD's Guidelines for Multinational Enterprises and associated Due Diligence Guidance for Responsible Business Conduct (RBC), as well as through our work on the impact and qualities of FDI. We support policy dialogue on the SDGs and identify opportunities and challenges through our regular monitoring and analysis of business investment trends in OECD and developing countries.



Our FDI Qualities work provides advice on how governments can enhance FDI's contribution to achieving the SDGs:

FDI Qualities Indicators

The FDI Qualities Indicators measure the sustainable development impacts of FDI in host countries. The new metrics focus on four clusters derived from the 17 SDGs: productivity and innovation; employment, job quality and skills; gender equality; and, low-carbon transition.

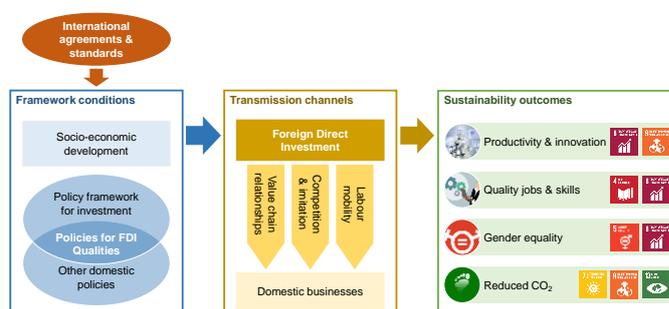


Political support and stakeholder consultations

The initiative is supported by OECD Ambassadors of Finland, Netherlands and Switzerland and partners from selected OECD and developing countries (including Jordan and Senegal). We engage in policy dialogue and stakeholder consultations with development partners, international organisations, businesses and civil society, through the high-level OECD [Roundtable on Investment and Sustainable Development](#) and our FDI Qualities Policy Network at the technical level.

FDI Qualities Policy Toolkit [forthcoming 2022]

The FDI Qualities Policy Toolkit will provide guidance on policy mix and institutional arrangement to maximise FDI transmission on sustainable development in our four SDG-based clusters, focusing on the nexus of general approaches of the PFI with more specific policies in each of the clusters.



Country piloting

We are piloting the Policy Toolkit in selected OECD and developing countries to ensure that it is practical and relevant in real situations.

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