UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

UNCTAD

Investment Advisory Series

Series A, number 9

INVESTING IN THE SUSTAINABLE DEVELOPMENT GOALS: THE ROLE OF DIPLOMATS

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Note

As the focal point in the United Nations system for investment, and building on decades of experience in this area, UNCTAD, through its Division on Investment and Enterprise (DIAE), promotes understanding of key issues related to foreign direct investment (FDI) and enterprise development. DIAE also assists developing countries in enhancing their productive capacities and international competitiveness through the integrated treatment of investment and enterprise development.

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Preface

The *Investment Advisory Series* provides practical advice and case studies of best policy practice for attracting foreign direct investment (FDI) that contributes to sustainable development. The Series draws on the experiences gained in, and lessons learned through, UNCTAD's capacity- and institution-building work in developing countries and countries with economies in transition.

Series A deals with issues related to investment promotion and facilitation, and to the work of investment promotion agencies (IPAs) and other institutions that promote FDI and provide information and services to investors. The publications are intended to be pragmatic, with a how-to focus, and include guides and handbooks. The prime target audience for Series A is practitioners in the field of investment promotion and facilitation, mainly in IPAs.

Series B focuses on case studies of best practices in policy and strategic matters related to FDI and development arising from existing and emerging challenges. The primary target audience for Series B is policymakers in the field of investment. Other target audiences include civil society, the private sector and international organizations.

The *Investment Advisory Series* is prepared by a group of UNCTAD staff members and consultants under the guidance of James Zhan. This guide was prepared by a team led by Paul Wessendorp and comprising Stephania Bonilla-Feret, Natalia Guerra and Paul Whiteway. The guide benefited from comments and contributions from Richard Bolwijn, Chantal Dupasquier, Maha El Masri, Joachim Karl, Massimo Meloni, Jason Munyan, Alda Sadiku, Amelia Santos-Paulino, Jan Smit and Christoph Spennemann. Mekondjo Kaapanda-Girnus, Ambassador of the Republic of Namibia to Belgium, the Netherlands, the Grand Duchy of Luxembourg and the European Union and Karin Lachner, Head of Marketing and Communications at CINDE, Costa Rica, were external peer reviewers and also provided information about case studies in their respective countries. Astrid Chedid, Regional Director for Latin America, the Caribbean and Spain for the Annual Investment Meeting, provided information about a case study from the United Arab Emirates. UNCTAD also acknowledges comments received during the Second Ambassadors Round Table on Investing in the Sustainable Development Goals held in November 2019 in Geneva, Switzerland. It was edited by Michael Gibson and desktop published by Ana Beatriz Dominguez Organero.

The publication benefitted from a contribution by the Government of the Netherlands to UNCTAD's technical cooperation programme on investment.

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Abbreviations

BPO	business process outsourcing
CINDE	Costa Rican Investment Promotion Agency
COFIDES	Compañía Española de Financiación del Desarrollo (Spain)
DFI	development finance institution
DIAE	Division on Investment and Enterprise
ESG	environmental, social and governance
FDI	foreign direct investment
ICC	International Chamber of Commerce
IPA	investment promotion agency
MDB	multilateral development bank
MFA	Ministry of Foreign Affairs
MNE	multinational enterprise
NFIA	The Netherlands Foreign Investment Agency
NGO	non-governmental organization
OIA	outward investment agency
OIPA	outward investment promotion agency
PRI	Principles of Responsible Investment
SDG	Sustainable Development Goal
SSE	Sustainable Stock Exchange Initiative
SMU	Singapore Management University
WAIPA	World Association of Investment Promotion Agencies

Executive summary

The vast scope of economic, social and environmental targets set out in the United Nations 2030 Agenda for Sustainable Development requires enormous investment. By and large, current investment growth levels are failing to make a significant dent in estimated financing gaps to attain these targets. The beginning of the next "decade of action" (2020–2030) to push for the achievement of the Sustainable Development Goals (SDGs) has been marked by the unprecedented COVID-19 pandemic and its devastating impacts to the global economy. The impact on SDG financing and investment can be substantial, as the public and private investment needs in SDG sectors are likely to become more important, while flows to developing countries have decreased, public budgets across the world are under strain, and an economic recovery may take years to come. At the same time, the pandemic has highlighted that investing in the SDGs, including in resilient health and agriculture value chains, is now more relevant than ever. As countries respond to the health crisis and manage the consequences of the shock to the economy, many are re-evaluating their national investment priorities and strategies, and looking at ways to reposition their countries as attractive investment destinations. Diplomats could play an important role in this endeavour by supporting efforts to promote and facilitate investment in their countries, including in SDG-related sectors. Among the numerous challenges to mobilize private investment at a scale needed to reach the Goals, there is insufficient promotion and facilitation of SDG projects by countries. This contributes to information asymmetries, resulting in a situation where potential SDG investors are unable to identify bankable sustainable development projects, particularly in low-income countries.

Institutions, individual actors and tools can help bridge supply and demand in the area of SDG investment, and can contribute to closing the financing gap. Investment promotion agencies (IPAs) naturally play a central role in this regard. They can prepare and market pipelines of investable SDG projects, and mobilize stakeholders across sectors to channel investment towards SDG-related projects. These efforts often require close cooperation with ministries and other public institutions, as well as private sector entities, in addition to support from development partners that can provide financial and human capacity to design the projects.

Having a permanent presence in strategic market locations abroad can be helpful to support an IPA's mission to attract investment, including in SDG sectors. Some IPAs have overseas offices, but many countries, particularly low-income countries, do not have the resources to maintain such networks. In the absence of overseas IPA representations, diplomats and commercial attachés can act as liaisons to facilitate links with potential investors. This can prove to be a relatively cost-efficient and effective method of lead generation and investment facilitation for IPAs, and a means to multiply the outreach of their activities abroad. As governments are adopting new forms of investment promotion and facilitation post-pandemic, many are turning to their embassies abroad to support their mission.

Diplomats and commercial attachés can engage at several stages of the investment promotion cycle, including identifying SDG investment stakeholders in the locations where they are posted, promoting SDG sectors and projects to targeted investors, handling investor enquiries, facilitating partnerships, providing aftercare and pursuing stakeholder feedback to contribute to policy advocacy efforts. Diplomats can also have an important communication function by sensitizing stakeholders about the challenges that their countries face to identify and prepare bankable investment projects, and seek assistance from development partners and outward investment agencies (OIAs)[1] in the development of SDG project pipelines. They can sensitize the IPA and other government bodies back home about the types of SDG investment projects that they come across in other countries from their networks abroad.

Certain SDG-related sectors – including health, infrastructure, water and sanitation, food and agriculture, climate change mitigation and adaptation, among others – have become investment priorities for many countries as a result of the pandemic. Due to the distinctive characteristics of investments in these sectors, often involving high-risk and long-term projects, the activities of diplomats throughout the investment cycle will involve a much wider range of stakeholders than for traditional investment promotion.

[1] Outward investment agencies are defined as institutions that carry out programmes to promote and service investment abroad. They include outward investment promotion agencies, development finance institutions and investment guarantee schemes. UNCTAD (2015b).

The commitments made by governments with respect to the 2030 Agenda for Sustainable Development can only be fulfilled through international cooperation and partnerships in which diplomats can play an important role. Effectively engaging diplomats and commercial attachés in the promotion and facilitation of sustainable investment needs adequate resources and encouragement, as well as training and support, to build relevant networks of investment stakeholders at home and abroad.

The handbook is one of the tools developed by UNCTAD to help governments in promoting private investment in sustainable development. It is part of a series of programmes and tools designed in response to the UNCTAD 2014 *Investment Action Plan* (UNCTAD, 2014) and incorporates the recommendations of the UNCTAD *Investment Policy Framework for Sustainable Development* (UNCTAD, 2015a). The handbook builds on an earlier guide for IPA officials and policy makers on Promoting Investment in the Sustainable Development Goals (UNCTAD, 2018a).

Key messages in this handbook

- The financing needed to advance the SDGs requires special actions and programmes by government institutions to mobilize private sector investments, including efforts by ministries of foreign affairs and their diplomatic services.
- In strategic locations selected for the targeting of foreign investors, including SDG investors, investment promotion should be integrated in the organizational set-up of the diplomatic missions.
- Diplomats and commercial attachés should be aware of national SDG investment objectives, targets and specific projects they need to promote, as well as the stages of the investment cycle in which they can intervene.
- The COVID-19 crisis will have longer-term consequences in the way in which IPAs operate in the future. Most likely, overseas travel by IPA staff will be reduced and various marketing and outreach activities will be done online. The role of diplomats as country representatives for potential investors to meet will therefore become more significant.
- Training of diplomats before their deployment overseas on the actors, methods and tools for the promotion of investment is critical, and special attention should be given to the specific aspects of SDG-related investments.

- For IPAs and diplomatic services, the promotion and facilitation of SDG-related projects not only requires interactions with private sector investors, but also collaboration and partnerships with many other stakeholders, such as outward investment agencies, non-governmental organizations (NGOs), academia, institutional investors, asset management firms and diaspora groups. Diplomats are also in contact with their counterparts from across the globe, and may relay information back home about SDG projects that other countries promote. This can be of particular relevance to OIAs in their own countries.
- Standardized practices – such as Individual Action Plans for Diplomats and Stakeholder Account Plans at embassies – are key tools for effective coordination with stakeholders and the continuity of investor services by diplomatic missions.

Introduction

Background and objectives

The 2030 Agenda for Sustainable Development was adopted by United Nations Member States in 2015. At its heart are the 17 SDGs, which reflect the scale and ambition of the call for action by all countries – both developed and developing – in a global partnership. The SDGs are integrated and indivisible, and balance the economic, social and environmental dimensions of sustainable development.

UNCTAD first estimated the capital investment requirements associated with the SDGs in its 2014 *World Investment Report*, which estimated an annual gap of US$2.5 trillion in developing economies alone, between "business as usual" levels of investment and projected SDG capital investment needs (UNCTAD, 2014). It highlighted the need for private investment, including international investment flows, to complement public investment to bridge the financing gap. Five years after its initial assessment, UNCTAD monitored investment trends across the SDGs and found that, while signs of progress were evident in several sectors, the transition towards sustainable development-oriented investment was not happening at the necessary scale or pace (UNCTAD, 2019b). In response to this alarm that had been rung, the General Assembly in December 2019 adopted a resolution on "Promoting investments for sustainable development" (resolution 74/199), requesting that UNCTAD inform its next session "on the gaps and challenges faced and the progress made in promoting investments for sustainable development as well as concrete recommendations for the advancement of investment for the implementation of the 2030 Agenda".

The negative economic consequences of the COVID-19 outbreak, including a drastic decline in global foreign direct investment (FDI) flows, strained national budgets, and a deterioration in global financial conditions may have a substantial impact on SDG financing and investment, and developing countries are likely to be the hardest hit.

Against this context, and in the face of more intense competition for international investment flows, IPAs are re-evaluating their investment strategies, in line with new industrial policies and priority sectors that have emerged as a result of the coronavirus pandemic. Many of these are directly linked to the SDGs, including infrastructure, health, food and agriculture, climate change adaptation and mitigation, among others. While the immediate response to the pandemic by IPAs was to focus on investment retention, a significant number are now strengthening their investment attraction efforts in a post-pandemic "new normal" (UNCTAD, 2020c). Most have had to adapt their *modus operandi* and redefine the tools and mechanisms by which to engage in investment promotion, with a stronger emphasis on digital tools and by strengthening their collaboration with outreach partners, including, importantly, their embassies. The pandemic has brought to light the importance of economic diplomacy, including digital economic diplomacy.

Economic diplomacy, promoting trade and investment, has been for some countries an important task in all or some of their overseas representations. Embassies can have a role in promoting and facilitating FDI, including investment in SDG-related sectors and projects. This handbook provides guidelines on how diplomats can contribute to national investment promotion efforts, which are usually led by their countries' IPAs. It is an update on the earlier Investment Promotion Handbook for Diplomats (UNCTAD, 2011), and focuses specifically on investment in the SDGs.

The handbook is a response to UNCTAD's 2014 SDG Investment Action Plan that calls for transformative initiatives and priority policy actions to help shape a "big push" for private investment in sustainable development (UNCTAD, 2014). UNCTAD's *Investment Policy Framework for Sustainable Development* (IPFSD) developed in 2015 serves as a guiding framework (UNCTAD, 2015a). The IPFSD proposes a set of operational guidelines for "new generation" investment policies that place inclusive growth and sustainable development at the heart of efforts to attract and benefit from investment. It consists of an overarching set of Core Principles for Investment Policymaking that can serve as design criteria for investment strategies, policies, and treaties (figure 1).

Target audience of this handbook

This handbook is aimed at diplomats, including commercial attachés and trade representatives, who are called on to promote investment, particularly investment in support of the SDGs. It deals with the role of diplomats posted abroad, primarily to attract investment to their countries. Unless otherwise stated, "investment promotion" as used in this publication refers to the promotion of inward investment. However, many of the recommendations in this handbook also apply to diplomats engaged in outward investment promotion.

Figure 1

Structure and components of UNCTAD's Investment Policy Framework

Investment Policy Framework for Sustainable Development

Core Principles

"Design criteria" for investment strategies, policies and treaties

National investment policy guidelines	IIA guidance: policy options	Action menu: promoting investment in sustainable development
Concrete guidance on how to formulate investment policies and ensure their effectiveness	Framework and toolkit for designing and negotiating international investment treaties	Strategic initiatives to mobilize funds and channel investment towards sectors key for sustainable development

Source: (UNCTAD, 2015a).

Structure of the handbook

Chapter 1 briefly describes the SDGs and how countries are integrating them into their national policy frameworks. It highlights the SDG financing gap and the potential role of private investment in achieving the SDGs, and the role of the diplomatic service in contributing to national investment promotion efforts to secure SDG-related investment. Chapters 2 and 3 address how diplomats can be practically engaged in the SDG investment promotion and facilitation processes to attract and support investment to their countries of origin. The chapters propose checklists of actions to guide them, as well as examples to illustrate and share what diplomats can and are doing in promoting and facilitating investment towards the SDGs. Chapter 4 provides tools that diplomats can use to plan and document their actions related to specific SDG projects, investors and other stakeholders.

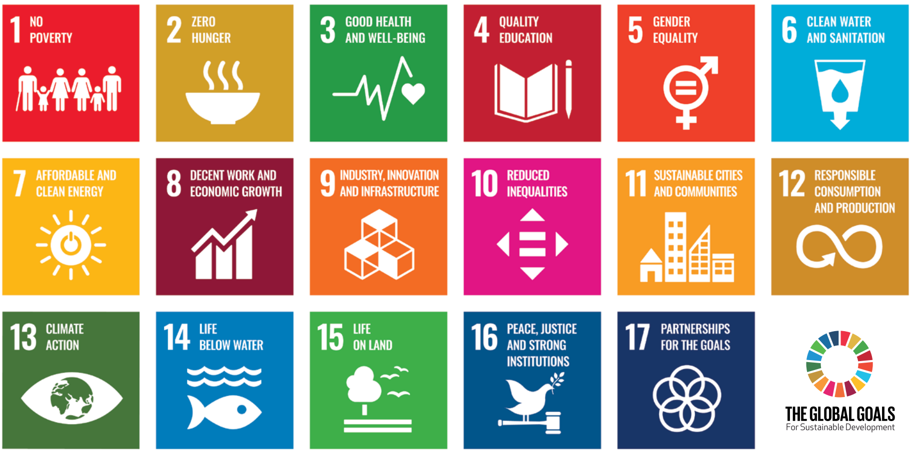
Chapter 1: Investment and the SDGs

1.1. The Sustainable Development Goals

The United Nations General Assembly adopted the 2030 Agenda for Sustainable Development on 25 September 2015. Through its 17 SDGs and 169 targets, the Agenda is a holistic endeavour to foster development in five critical areas: people, planet, prosperity, peace and partnership. The 17 SDGs are listed in figure 2 and include Goals on poverty eradication, food security, health, education, basic infrastructure, climate change mitigation and adaptation, economic growth, gender and decent work.

Figure 2

The global Goals for sustainable development



Source: United Nations.

Since the adoption of the 2030 Agenda for Sustainable Development, governments across the developed and developing world have made efforts to take ownership of the SDGs by integrating them into their national development plans and priorities. Ensuring broad engagement and institutional collaboration for the SDGs is an ongoing challenge, and experiences and effectiveness vary significantly from country to country. Many have undergone national consultation processes to integrate the SDGs into their existing policy frameworks and developed dedicated strategies with budget allocations. Some countries also have subnational SDG plans for states, provinces and cities, with the SDGs being integrated in local budgetary processes. Various national coordination mechanisms have been established to monitor implementation, often set up as multi-stakeholder bodies, SDG committees or working groups and, in many cases, they operate under the supervision of a ministry, the presidency or the head of government. Country-level initiatives to monitor progress can include annual reviews of SDG implementation and working groups established across ministries to report progress. Global frameworks exist as well to follow up on implementation and share practices, such as the United Nations Voluntary National Reviews[2] and the SDG Fund, a United Nations development cooperation mechanism to implement the 2030 Agenda.[3]

The SDGs address complex and interrelated issues, requiring the involvement of all stakeholders across and within different sectors. In this regard, SDG 17 – Partnerships for the Goals – is of particular importance, as achieving the SDGs will require new, innovative global partnerships. This is also true for financing the SDGs. Amid a negative economic outlook, the next "decade of action" (2020–2030) will require a significant push of both public and private investment to bring the SDGs to life. The Addis Ababa Action Agenda establishes a blueprint to support the implementation of the 2030 Agenda for Sustainable Development by providing a global framework for financing sustainable development that aligns all financing flows and policies with economic, social and environmental priorities. It calls for new partnerships and financing models that go beyond "business as usual."

1.2. Why private investment matters for the SDGs

The vast scope of economic, social and environmental targets set out in the 2030 Agenda for Sustainable Development requires enormous investment, and current investment levels fall significantly short. In 2014, UNCTAD estimated a yearly US$2.5 trillion global financing gap to meet the SDGs in developing countries alone. Since then, growth in investment levels towards the SDGs has not been happening at the necessary scale or pace. Extraordinary government relief efforts, primarily in developed countries, to limit the economic

2 https//sustainabledevelopment.un.org/vnrs/.
3 https://www.sdgfund.org/.

damage of the COVID-19 crisis, have made it even harder to secure the needed public finance from major bilateral and multilateral donors. With strained national budgets across the world, the role of the private sector and blended finance in supporting and financing SDG projects has become even more important.

Global efforts to fight the COVID-19 pandemic are boosting the growth of sustainability financing. UNCTAD estimates that the total value of private sustainability-themed bonds and funds is between US$1.2 trillion and US$1.3 trillion (UNCTAD, 2020a). This represents a continuing trend in the past decade, which has witnessed a surge in sustainability-themed financial products in variety, number and assets. Despite this growing trend, important constraints remain on both the supply and demand sides of Goal-related financing. These include an overall lack of understanding of the definition and segmentation of the SDG investment market and on how to identify, measure and report on sustainable investments. This is compounded by insufficient data on SDG investment projects and opportunities, as well as limited institutional capacity to develop a pipeline of high-quality, investable SDG projects.

Beyond the mobilization of funds, other challenges exist related to the development, promotion and facilitation of investable SDG projects, particularly in low-income countries. When pipelines of SDG investment projects are developed in a country, they are often not sufficiently promoted and facilitated abroad. UNCTAD research shows that few countries have concrete road maps for the promotion of investment in the SDGs (UNCTAD, 2020a). As a result, potential investors are unaware of SDG investment opportunities. These factors prevent private investments in SDGs at a large scale, and have led to a situation of ample liquidity on the side of investors and partners, including development-related organizations, in parallel with enormous SDG needs and opportunities that remain unmet, particularly in low-income countries.

Actors, frameworks and tools that can facilitate bridges between supply and demand in the SDG investment space are key to closing the financing gap. There is evidence that IPA priority sectors receive substantially more investment after being targeted (Harding and Javorick, 2011). At present, almost every country has at least one dedicated agency to attract and facilitate inward investment, and the number of countries with IPAs has quadrupled in 30 years in regions including Latin America and the Caribbean, as well as across OECD countries (OECD and IDB, 2019). The rapid growth of IPAs in the 1990s, including the establishment of IPAs in many transitional economies at the time, led to the establishment of the World Association of Investment Promotion Agencies

(WAIPA) at an UNCTAD meeting in 1995. UNCTAD and WAIPA continue to organize joint training programmes for investment promotion experts.

Investment promotion networks, together with international organizations, can support countries in their efforts to translate the SDGs into actionable investment promotion strategies at the national and local levels. They can do this by preparing and marketing pipelines of investable SDG projects, as well as through their efforts to mobilize stakeholders across sectors to channel investment towards them.

1.3. Promoting investment in the SDGs

Investment promotion is one of the instruments that governments can use to channel private investment to priority sectors in their economies. Most governments target investors in specific industries and activities that are in line with the country's development objectives. In this sense, whether deliberately or not, they are already engaged in promoting investment towards the SDGs, because many investment projects and sectors that contribute to national development objectives naturally also contribute to specific Goals. However, efficiently channelling investment towards the 2030 Agenda for Sustainable Development requires a more deliberate and strategic approach. It involves the preparation of specific, often government-initiated, investable SDG projects to be promoted, as well as targeted outreach mechanisms directed at potential financing partners that go beyond traditional investors.

Developing a new generation of investment promotion strategies and institutions that focus on the SDGs is part of UNCTAD's priority action packages for governments to help shape a "big push" for private investment in sustainable development. In its 2014 *World Investment Report*, entitled *Investing in the SDGs: An Action Plan*, UNCTAD identified 6 priority packages that address specific segments of the "SDG investment chain" (figure 3). The first action package proposes recommendations for sustainable development projects to become a priority for institutions that promote investment. Elements from all 6 action packages can feed into a whole-of-government investment promotion and facilitation approach centred around the SDGs, which includes SDG-oriented incentives, regional cooperation on SDG investment, new forms of partnership and innovative financing models as well as fundamental change in the global business mindset. For these actions, a balance must be struck between liberalization and regulation, the need for a good risk-return rate and affordable and inclusive services, a drive for private funds as well as public investment and a balance between a push to achieve the SDGs and special efforts in least developed countries.

SDG investment promotion involves a much wider constituency of stakeholders than traditional investment promotion, which mainly focuses on commercial investors. Goal-related investment promotion involves collaboration with a broader range of stakeholders and entities than traditional investment promotion (UNCTAD, 2018a). Accordingly, it requires a government-wide approach that mobilizes a network of key public entities, including diplomatic missions in strategic locations abroad, to generate SDG investment leads. An important prerequisite to be able to contribute to a country's SDG investment promotion mission is firstly, that the government has integrated the SDGs in its development policies; and secondly, that the government departments and institutions that implement policies, including IPAs, have translated national SDG priorities into strategies that target priority sectors and projects.

Against this background, there is demand by governments and their IPAs for guidance on how to align their investment promotion efforts to national SDG objectives, and this demand has increased post-pandemic. In response to this demand, UNCTAD has engaged with IPAs on how to promote and facilitate investment in specific SDG- and post-COVID-19-relevant sectors. These can include power, infrastructure, telecommunications, water and sanitation, food and agriculture, climate change mitigation and adaptation, ecosystems and biodiversity, health and education. Mainstreaming the SDGs at the different stages of the investment promotion process (figure 4) requires adjustments in the IPA organization. This often entails operational changes that include the designation of staff to SDG target sectors and projects, and the creation of expertise and special teams in these new areas of work (figure 4, step 2). IPAs, together with national and local government entities and other stakeholders, should develop an SDG project pipeline with clear priorities (figure 4, step 4). In turn, they also need to build new and innovative partnerships with national and international stakeholders, including ministries, local governments, development agencies, OIAs and NGOs (figure 4, step 5). These new partners can help develop Goal-related investment opportunities, and some can turn into potential co-financers of these projects. Details on new SDG-related tasks of IPAs can be found in UNCTAD's recently published guide on *Promoting Investment in the Sustainable Development Goals* (UNCTAD, 2018a).

Figure 3

A Big Push for private investment in the SDGs: action packages

Action Packages

1 New generation of investment promotion and facilitation

- At national level:
  - ✓ New investment promotion strategies
  - ✓ New investment promotion institutions: SDG investment development agencies
- New generation of IIAs:
  - ✓ Pro-active SDG investment promotion
  - ✓ Safeguarding policy space

2 Reorientation of investment incentives

- SDG-oriented investment incentives:
  - ✓ Targeting SDG sectors
  - ✓ Conditional on sustainability performance
- SDG investment guarantees and insurance schemes

3 Regional SDG Investment Compacts

- Regional cross-border SDG infrastructure
- Regional SDG industrial clusters, including for regional value chains
- Regional industrial collaboration agreements

4 New forms of partnerships for SDG investment

- Home-host country IPA networks
- Online pools of bankable projects
- SDG-oriented linkages programmes
- MDB-TNC-SVE partnerships

5 Enabling a re-orientation of financial markets

- SDG investment impact indicators and INDEX
- Integrated reporting and multi-stakeholder monitoring
- Sustainable Stock Exchanges (SSEs)

6 Changing the global business mindset

- Global Impact MBAs
- Training programmes for SDG investment (e.g. fund management/ financial market certifications)
- Enrepreneurship programmes in schools

Guiding Principles

- Balancing liberalization and regulation
- Balancing the need for attractive risk-return rates with the need for accessible and affordable services
- Balancing the push for private funds with the continued fundamental role of public investment
- Balancing the global scope of the SDGs with the need to make a special effort in LDCs

Source: (UNCTAD, 2014)

1.4. The role of diplomats

Having a permanent presence in strategic market locations abroad can be helpful to support an IPA's mission to attract foreign investment, including in SDG-related sectors. Geographic reach through a physical presence overseas is a critical factor in investor outreach and facilitation. Some agencies have overseas offices for this purpose. IPAs in countries with higher gross domestic product typically have larger networks of overseas offices. The average OECD IPA, for instance, has over 30 offices abroad (OECD, 2018). However, many countries, particularly low-income countries, do not have the resources to maintain such networks, and many have no overseas presence at all.

Cooperation with embassies is a key strategy to expand physical outreach and can be cost-efficient from the government's perspective in managing overseas investment promotion activities. In the absence of overseas IPA representations, diplomats and commercial attachés can act as liaisons to facilitate links with potential investors. This can prove to be a relatively cost-efficient method of lead generation and awareness creation for IPAs. Post-COVID-19, this outreach can be even more important as governments are looking to diversify the source countries of their investments, and are turning to their overseas missions to promote traditional and new investment opportunities. In 2015, UNCTAD and McKinsey & Company carried out a survey of IPAs from over 60 countries, and found that over a third of them cooperate with embassies on investment promotion issues (UNCTAD and McKinsey & Company, 2015).

UNCTAD regularly receives requests for the training of diplomats in investment promotion. More information on the role of diplomats in traditional investment promotion can be found in UNCTAD's original Investment Promotion Handbook for Diplomats (UNCTAD, 2011), including an explanation of what FDI is and the process through which companies go when they are making investment decisions. A short overview of FDI definitions, modes and motives is provided in the annex.

Mobilizing diplomats to contribute to investment promotion in the SDGs is in line with the broader trend in diplomacy worldwide, which is increasingly economic, digital and SDG-oriented. Economic diplomacy is now an integral part of the work of embassies and foreign representations of a wide range of countries, and has progressively expanded to keep pace with new challenges and opportunities in the global economy and objectives of foreign policy. Most recently, the coronavirus pandemic has propelled a rise of digital diplomacy. In addition, from an initially narrower focus on business support, countries are increasingly adopting a more comprehensive economic diplomacy approach with a broader focus on sustainable growth. For example, the Government of the Netherlands has mainstreamed sustainable development across the work of the Ministry of Foreign Affairs (MFA). Its Directorate General for Foreign Economic Relations has a mission to promote the country's competitiveness, an open world economy and sustainable globalization, including by attracting high-calibre foreign investment. In addition, the Ministry has dedicated units such as the Sustainable Economic Development Department and Inclusive Green Growth Department.[4] Other countries and regional country groupings have also adopted similar approaches to economic diplomacy, with investment promotion as a key element. Among others, these include Australia,[5] Costa Rica,[6] Germany,[7] Ghana,[8] Japan,[9] Nigeria,[10] Peru,[11] the United States of America,[12] and the European Union (European Union, 2017) as well as least developed countries such as Bangladesh,[13] Benin[14] and Ethiopia.[15]

How embassies carry out this task of promoting investment in SDG-related projects depends on their size and resources. Some are large enough to have dedicated commercial teams, which may contain both trade and investment specialists, and sector experts supported by locally engaged commercial officers. Some countries also have subnational commercial representations, such as provincial or state trade offices abroad. At the other end of the spectrum, small missions will have staff – and these can be as small as one or two people – who combine commercial work with political, consulate and other responsibilities.

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[4] https://www.government.nl/ministries/ministry-of-foreign-affairs.

[5] https://www.exportfinance.gov.au/resources-news/news-events/latest-news/2014/september/australia-s-economic-diplomacy/.

[6] http://www.procomer.com/wp-content/uploads/2020/03/Manual-del-diplomatico.pdf.

[7] https://www.auswaertiges-amt.de/en/aussenpolitik/themen/aussenwirtschaft/aufgabenaa-node.

[8] https://mfa.gov.gh/index.php/foreign-policy/.

[9] https://www.mofa.go.jp/policy/other/bluebook/2019/html/chapter3/c030301.html.

[10] https://www.foreignaffairs.gov.ng/department/economic-consular-and-legal-department/.

[11] http://portal.rree.gob.pe/SitePages/antiguo/promocion.aspx.

[12] https://www.state.gov/bureaus-offices/under-secretary-for-economic-growth-energy-and-the-environment/bureau-of-economic-and-business-affairs/.

[13] https://mofa.gov.bd/.

[14] https://diplomatie.gouv.bj/ministere/vision/.

[15] https://mfaethiopiablog.wordpress.com/2019/01/18/annual-conference-of-ambassadors-and-consul-generals/.

A phased approach can be considered which begins with one pilot SDG project. While many diplomats are already engaged in a broad range of economic promotion activities, including investment promotion, SDG investment may still be a relatively new area of work. At the same time, many IPAs and investment promotion institutions back home are still building capacity in preparing and promoting investable SDG projects. A phased approach should be considered, beginning with the promotion of one or a couple of promising, investable SDG projects in select missions abroad. This allows all actors to gain experience and learn progressively from the process, while avoiding new budget allocations and personnel changes that may accompany more drastic transitions to SDG project promotion.

Diplomats can proactively engage at several stages of the investment promotion cycle. Beyond acting as liaisons between SDG-related investment stakeholders back home and those in the country where they are posted, diplomats and commercial attachés can proactively contribute to the different stages of the investment promotion cycle, as illustrated in figure 4. These will be the focus of chapters 2 and 3 of this handbook, and involve activities in both the investment promotion phase and the investment facilitation phase.

This handbook proposes a comprehensive and ambitious action menu that countries can choose from and adapt. How and whether governments opt for their diplomats to take on investment promotion and facilitation activities will depend on a number of factors that will vary from country to country. These include available resources, capacity and the organizational structure of foreign missions, embassies and investment promotion in general. It may not always be feasible or realistic for diplomats to implement all of the functions outlined in this handbook, and countries may decide to pick and choose those elements that work best for them.

In general, the role of diplomats across the investment promotion cycle can include:

The investment promotion phase:

- Identifying SDG investment partners in their duty station.

- Promoting SDG sectors and projects: Assisting in the implementation of the marketing strategy, helping to build the image of their country as an inward SDG investment destination, targeting selected potential investors and partners, co-organizing investment fairs, organizing official visits of home country ministers, regional and local authorities, and business people.

- Representing the host country and being the point of contact during the first stage of investor enquiry.

The investment facilitation phase:

- Facilitating SDG investment: Including handling investor enquiries and facilitating partnerships that will increase the likelihood of investment.

- Assisting home country investors with investment projects in the diplomat's duty station through the provision of data on the location, relevant contact details of government departments and local businesses, as well as information on home country finance, the legal framework and investment guarantee schemes.

- Providing aftercare: By maintaining long-term relationships with key SDG stakeholders in the countries where they are posted, keeping abreast of post-investment needs that have proven to be particularly important during the COVID-19 crisis, and leads for reinvestment.

- Pursuing stakeholder feedback and policy advocacy: Acting as channels for feedback from investors and other stakeholders about the investment climate of the host market.

Chapter 2. How diplomats can engage in investment promotion for the SDGs

Investment promotion involves the marketing of a location as an investment destination, and includes image-building, the preparation and promotion of investment opportunities, information about the country's regulatory framework, the provision of incentives and the targeting and servicing of prospective investors. It is location-specific and competitive in nature. Investment promotion goes hand in hand with investment facilitation, which relates to the policies and actions taken to make it easier for investors to establish or expand their investments, as well as to conduct their day-to-day business in host countries.

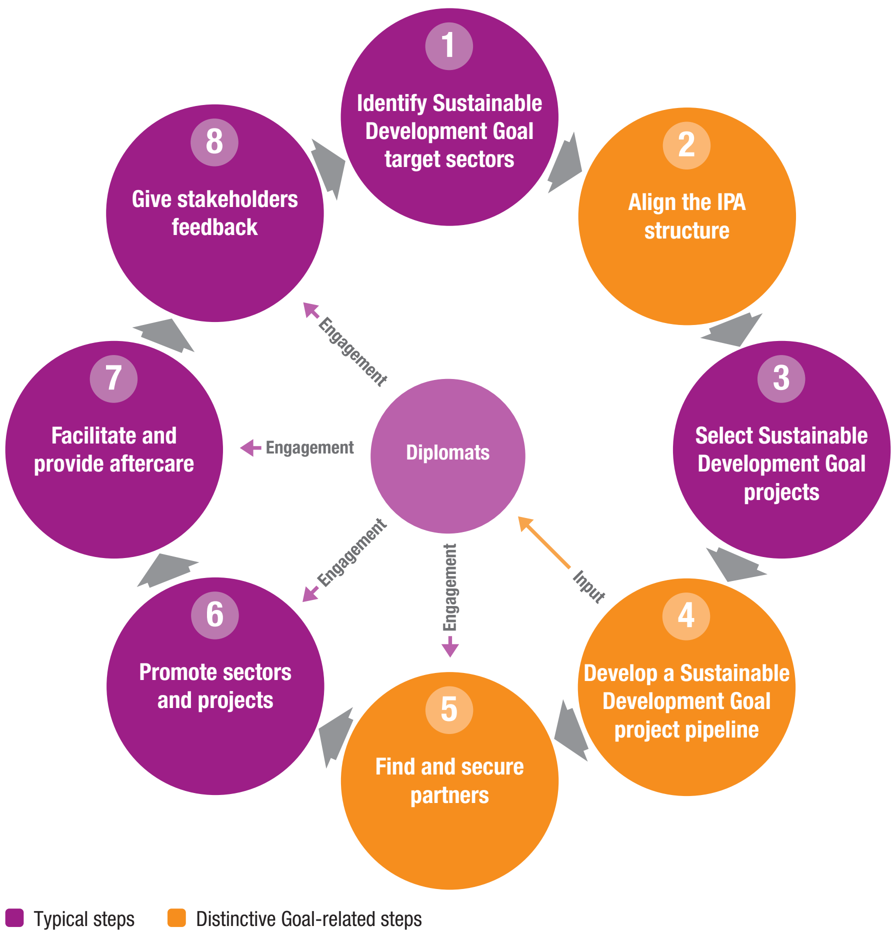
Effective investment promotion for the SDGs by diplomats involves an informed, coherent and collaborative approach. This requires diplomats to be aware and have a good understanding of the country's strategy for investment promotion, and what SDG sectors and projects are targeted. In addition, diplomats require tools and guidelines to not only be able to market and relay information, but also proactively seek and target investors, secure partnerships with key stakeholders and engage in targeted investment promotion. Like IPAs, diplomats engaged in SDG-related investment promotion should aim to pursue it in a way that enhances other traditional functions of best-practice investment promotion, which are often focused on attracting and enabling firms to realize market-driven projects at their own initiative. This chapter will focus on the actions that diplomats can undertake in steps 5 and 6 of the investment promotion for SDGs cycle illustrated in figure 4.

2.1. Mechanisms to facilitate the diplomat's role in SDG investment promotion

Diplomats engaged in SDG investment promotion should be aware of key elements that can maximize the impact of their activities. While not within the direct sphere of control of all diplomats performing investment promotion functions, diplomats should be aware of the political and organizational elements that have an impact on the success of their activities. This section addresses the relationship between MFAs and IPAs, and proposes several mechanisms that can facilitate effective collaboration in SDG investment promotion activities involving diplomats. They represent the "input" channels that facilitate the transfer of SDG-related investment information – including SDG project pipelines – from the IPA to the diplomatic network.

Figure 4

Steps to mainstream SDGs in the investment promotion cycle: The role of diplomats



Source: UNCTAD.

(a) *Ensure there is clarity about the diplomat's mandate for SDG investment promotion*

Economic diplomacy is already part of the core activities of many embassies, often including trade and investment promotion, either formally or informally. Box 1 provides some country examples of different organizational set-ups that governments have chosen and that involve diplomatic missions in investment promotion. Interestingly, while diplomats are increasingly taking on investment promotion functions, the role is not always formal. While in some countries the IPA is part of the MFA, other times the relationship between foreign embassies and the IPA is not always clearly defined. This can generate uncertainty in regard to the respective competencies, questions of seniority, priorities or reporting lines, and may lead to an environment of competition rather than collaboration. It also limits the extent to which the diplomat can fully accomplish his or her investment promotion mission. Explicitly clarifying the investment promotion role of diplomats allows them to take ownership of it. Defining the relationship of diplomats with investment promotion institutions back home can facilitate coordination and communication. In addition, it can ensure that senior level management at both the IPA and the MFA are supportive of the mission and ensure that collaboration is not ad hoc and therefore dependent on specific individuals.

Whatever organizational set-up is chosen, guidelines should be included that clarify how diplomats are expected to contribute to their country's investment strategy, including who they will report to and how they will collaborate on common objectives. Mechanisms should also be defined for fluid and readily accessible informational exchange on investment-related issues between the IPA and the MFA. Focal points should be designated at the IPA to collaborate with embassies abroad. This can allow diplomats to have access to and be abreast of the latest SDG-related investment information back home, including detailed SDG project information and new legislative developments, and be able to readily consult the IPA on SDG investment-related issues. At the same time, the IPA should have access to up-to-date information and contacts about the SDG and investment ecosystem in the different locations of diplomatic missions abroad.

Box 1

Country examples involving diplomatic missions in investment promotion

Jamaica: The country's IPA, Jampro, and the Ministry of Foreign Affairs and Foreign Trade, collaborate on a range of activities to expand Jamaica's reach in international markets and increase awareness of business opportunities in Jamaica. Jampro provides training to its foreign service representatives before they embark overseas, hosts quarterly webinars to update them on sector strategies, and mobilizes and supports the network of foreign embassies to identify attendees for Jampro's triennial Jamaica Investment Forum.

Japan: The economic diplomacy priority areas for Japan are centred around promoting open global economic systems, supporting the overseas business expansion of Japanese companies and promoting inward investment to Japan. In collaboration with the Japan External Trade Organization, the MFA of Japan has established "Contact Points for Promotion of Foreign Direct Investment in Japan" in 126 diplomatic missions, to support foreign companies intending to invest in Japan. The tasks of the contact points include collecting information for potential FDI prospects, improving the investment climate in Japan and promoting Japan's attractiveness as an investment destination. In addition, staff of Japanese diplomatic missions overseas provide Japanese companies with information about the local legal systems, and support them in their efforts to expand abroad and promote the "Japan Brand".

Namibia: Namibia's IPA, the Namibia Investment Promotion and Development Board, operates under the Office of the Presidency. Commercial counsellors are posted in strategic locations abroad, which are situated within the premises of the High Commissions and diplomatic missions of Namibia. Recent locations include Brazil, China and the United Kingdom. The commercial counsellors are in charge of investment promotion, along with other duties.

The Netherlands: The Directorate General for Foreign Economic Relations of the Netherlands MFA has the mission to promote the competitiveness of the country, an open world economy and sustainable globalization, including by attracting high-calibre foreign investment. The country's IPA – the Netherlands Foreign Investment Agency (NFIA) – is an operational unit of the Ministry, and NFIA country managers are hosted across multiple Dutch Embassies and Consulate Generals abroad.

Uruguay: The Minister of Foreign Affairs in Uruguay presides over the board of directors of the country's IPA, Uruguay XXI and, in 2017, an agreement was concluded between the two bodies to expand investment promotion outreach through the country's network of diplomatic missions abroad. Investment officers have been appointed in five pilot locations selected on the basis of their potential to attract investment (Brazil, China, Germany, the United Kingdom and the United States of America). The IPA has trained the investment officers and designated a focal point to liaise with them.

Source: UNCTAD based on interviews and research.

Strong collaboration mechanisms between foreign embassies and other government bodies in charge of investment promotion are a prerequisite for diplomats to be able to contribute to national SDG investment priorities. Once collaboration mechanisms are set up for investment promotion generally, it is easier to transfer the SDG elements as they are progressively integrated in the work of the IPA, including the preparation of pilot SDG investment projects. Clarifying diplomats' role as members of the investment promotion network of a country also facilitates the inclusion of the MFA in regular events related to investment, such as investment conferences, where new policies are discussed, current issues debated and best practices shared, including in areas related to investment and the SDGs. In the same vein, as the national institutional framework related to SDG investment evolves – for example, if an inter-agency task force or working group on investment in SDGs is created – the MFA should be included, along with other members of the national investment promotion network.

(b) Ensure SDG investment promotion is integrated into the organizational structure of diplomatic missions

Specific diplomatic missions should be prioritized for SDG investment promotion, based on criteria that can include a location's potential to generate investment leads and the presence of embassies or consulates. Typically, the IPA will determine which key overseas markets and missions to prioritize in its investment promotion campaign, and this will determine which diplomatic missions will engage in SDG investment promotion. The capital cities where foreign embassies are located are often also strategic for investment promotion, but this may not always be the case. It is common that foreign embassies be in charge of multiple countries at once, which may or may not be the priority countries in that region for investment promotion, including in SDG sectors.

Certain cities that serve as hubs for SDG-relevant institutions may be uniquely targeted. Targeting investment towards the SDGs involves a wider and different range of stakeholders and actors than traditional investment promotion, and certain locations have become hubs for SDG actors, which may be specifically targeted for SDG investment promotion. This can include diplomatic missions to international and regional organizations in Brussels, Geneva, Nairobi, New York, Vienna or Washington, among others. While designating diplomats within existing embassies is the most cost-efficient approach, other modern, low-cost and innovative diplomatic outreach models also exist which capitalize on digital communication tools and can be inspired by

France[16] and Denmark's[17] individual "tech ambassadors" in Beijing and Silicon Valley, or Australia's first "pop-up embassy" in Estonia.[18] For example, countries may consider individual "SDG ambassadors" or have virtual embassies in strategic SDG locations. The Netherlands had appointed, for instance, a special Ambassador for the Millennium Development Goals to put those Goals at the top of the national and international political agenda. Indeed, meeting the 2030 Agenda for Sustainable Development will require governments to think "outside the box" and consider innovative approaches, including in the areas of SDG investment promotion and diplomacy.

A progressive approach can be envisioned that begins with pilot locations for SDG investment promotion. This can take the form of designating specific diplomats in a couple of embassies. It may make sense to include SDG investment promotion tasks in the work of diplomats who are already engaged in investment promotion in strategic locations abroad. In some key markets for SDG-related investment, it may be worthwhile to post staff who have experience in sectors in which the Government is seeking investment. Another option is to begin with a larger embassy with commercial sections and seek to align its structure with the SDGs, in parallel with the IPA. Independently of the model chosen, it is important to designate individual staff in charge of SDG investment promoting in the chosen diplomatic missions, and to define how much time and resources will be devoted, both in terms of manpower and programme funds.

(c) Ensure diplomats have access to systematic staff training and capacity-building on investment promotion and SDGs

Integrating SDGs into a country's investment promotion approach is a continuous process that constantly evolves as new priorities and opportunities emerge. At whatever stage an IPA finds itself in mainstreaming SDGs in its work, it is important that the process is inclusive. All public institutions and stakeholders engaged in investment promotion should be aware of what the priority SDG sectors for investment are, have up-to-date knowledge about SDG projects to promote, and be familiar with the key messages that the IPA wants to communicate regarding the SDG aspirations and opportunities in the country. Diplomats should ensure that they are abreast of their country's national SDG investment objectives, and targets sectors and projects, as these evolve.

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[16] https://sf.lafrenchtech.com/7/ambassadors.
[17] https://techamb.um.dk/.
[18] https://estonia.embassy.gov.au/tlln/aboutus.html.

Regular capacity-building is an important means by which diplomats can gain the tools and knowledge necessary to engage in investment promotion towards the SDGs. Many countries already include economic diplomacy and investment promotion in the training curricula of diplomats at the beginning of their careers. This should be a minimum requirement, as experience shows that a background and understanding of investment promotion is key for diplomats working in the area. These trainings should include a module where the country's priority SDG sectors and pipeline of SDG projects are presented, ideally by a representative of the IPA. In addition, information about SDG-related investment targets can be included in information meetings that diplomats attend on a regular basis, such as annual meetings of ambassadors, which aim to keep them abreast of their countries' foreign policy objectives and economic priorities. Such platforms provide opportunities for diplomats from different countries to share and leverage their international experience. This is particularly valuable in the field of investment promotion towards the SDGs, as it is still nascent. In addition to physical and on-site information events, digital communication tools should be used to provide regular and updated information to diplomats, such as regular informational webinars. More information on possible trainings and tools for diplomats working in investment promotion in the SDGs is provided in chapter 4.

2.2. Find and secure partners

Innovative partnerships lie at the heart of any approach to achieve the 2030 Agenda for Sustainable Development, and are particularly critical to both directing finance towards the SDGs and unlocking new sources of SDG funding. Engaging with a range of national and international stakeholders working in the SDG-financing space is necessary to identify Goal-related projects and Goal-related investment leads. Investment should be sought in multiple streams. An emerging trend in investment promotion is to target not only the end user (for example, a commercial company), but also key public and private intermediaries (IDB, 2018). Intermediaries can influence the investment decision of a company, and can also be key financial and/or technical partners that increase the likelihood of the investment project being realized. Widening the scope of stakeholder targeting is particularly relevant for SDG investment partnerships. It involves doing research on companies and a wide range of institutions that fit the criteria set by the IPA, in line with the national investment promotion strategy and SDG targets and projects.

Identifying and prioritizing the range of stakeholders that have the potential to generate SDG investment leads is key. One useful exercise for diplomats is to map out the network of relevant SDG-related institutions and stakeholders in the country where they are posted. This section provides a quick taxonomy of different stakeholders that can be targeted to generate SDG investment leads and examples of the types of initiatives and partnerships that they are involved in related to investing in the SDGs. These stakeholders are relevant for the investment promotion stage as well as investment facilitation activities that follow. Prioritization of target stakeholders will depend on criteria established by the IPA, and will also be a function of the workload of the diplomat and whether he or she is 100 per cent dedicated to investment promotion or has to manage other duties as well. The number of target stakeholders is progressively reduced through the application of the filters until it produces a target list of manageable proportions.

(a) Commercial investors

Multinational enterprises (MNEs) may advance one or more SDGs by virtue of the sector they work in, the specific project activities or products they produce, and/or the corporate practices of the investing company. These investors are the traditional focus of IPAs. Many diplomatic missions may already engage actively with MNEs and other commercial investors through, for instance, chambers of commerce and private sector associations based in their duty station. Some may already have a database of commercial investors in their duty station. It may be useful to screen them and prioritize by relevance to SDG sectors or by processes and practices employed by them that are in line with specific SDGs. Screening and evaluation criteria and tools should be provided by the IPA.

Entities that are measuring, monitoring and supporting companies' commitment to the SDGs are growing and corporate sustainability reporting is on the rise. Many guidelines and best practices exist on environmental, social and governance (ESG) reporting, against which corporates are increasingly benchmarking their own reporting methods (UNCTAD, 2018b). UNCTAD recently developed a guidance tool to support companies to better report on their contributions to the SDGs (UNCTAD, 2019a). At the same time, global initiatives and platforms that are concerned with encouraging business to support the SDGs are also on the rise, and these can be used in the screening of companies that want to invest. Some examples that diplomats may refer to are presented in box 2. National platforms also exist. For example, national SDG accelerators are increasingly popping up across many countries. They are usually multi-stakeholder initiatives involving development finance institutions, international organizations and governments, as well as entrepreneurs and private companies. They support the scaling up of SDG solutions. Examples include the United Nations Development Programme's accelerator labs present in 78 countries.[19] In some countries, such as Turkey, it was the Ministry of Foreign Affairs that initiated the SDG Impact Accelerator and its Foundation, which involves the private sector in supporting innovative ideas and entrepreneurs in support of SDGs worldwide.[20]

(b) Outward investment agencies

A considerable number of outward investment agencies (OIAs) offer and administer special programmes and schemes in support of projects with high SDG impact, and some are focusing on COVID-related activities. OIAs comprise agencies that promote outward investment, development finance institutions and institutions that provide investment guarantee schemes. OIAs also include agencies that provide import–export finance facilities. In an UNCTAD review of 101 OIAs in 2015, 45 per cent indicated that they provided some level of services and support for SDG investment (UNCTAD, 2015b). A larger sample of 117 OIAs was reviewed in 2018, and a similar proportion of 47 per cent offered SDG-related services (UNCTAD, 2018a). As a response to the COVID-19 outbreak, numerous OIAs, particularly from Europe and North America, are creating funds for SDG-related sectors that will contribute to mitigating the economic impact and supporting the recovery from the pandemic in developing countries. Forging partnerships with these institutions is a good way of promoting inward and outward FDI, and diplomats can play a key role in the process when they are posted in countries where OIAs are located. In some cases, OIAs from the diplomat's country may have programmes that support outward FDI to the country in which he or she is posted, and the diplomat can perform similar supporting roles for these institutions in helping identifying SDG investment opportunities. Some selected examples of OIAs are provided in box 3 and table 1.

[19] https://acceleratorlabs.undp.org/.
[20] https://www.sdgia.org/.

Box 2

International multi-stakeholder platforms that involve the private sector in working towards the SDGs

CEO Alliance of Global Investors for Sustainable Development: This new alliance of chief executives coordinated by UNCTAD and the United Nations Department for Economic and Social Affairs was announced at the United Nations' SDG Investment Fair in 2019.

Family Business for Sustainable Development: This is a partnership between the Family Business Network and UNCTAD to develop platforms, trainings and tools that advance sustainability practices of family businesses. Enterprises involved in the partnership will measure and track their progress by using Family Business Network–UNCTAD indicators aligned with the SDGs.

International Chamber of Commerce (ICC): Over a century old, the ICC has member companies and/or chambers in over 100 countries. It regards sustainability as a key priority for business, and adopted a charter in 2015 to help its members shape their own business sustainability strategies. National chambers of commerce affiliated with the ICC are found on the ICC website.

Sustainable Stock Exchange Initiative (SSE): The SSE, launched in 2009 by the United Nations Secretary-General, is a joint programme of UNCTAD, the United Nations Global Compact, the United Nations Environment Programme Finance Initiative, and the Principles for Responsible Investment. The SSE convenes Partner Exchanges from around the world who join the SSE by signing a voluntary public commitment.

United Nations Global Compact: More than 10,000 companies have signed up to the United Nations Global Compact, thereby committing themselves to abiding by the Compact's 10 corporate sustainability principles.

Women's Empowerment Principles: Established by the United Nations Global Compact and UN Women, the Women's Empowerment Principles are a set of principles offering guidance to business on how to promote gender equality and women's empowerment in the workplace, marketplace and community. Over 2,000 businesses have endorsed the Principles.

World Benchmarking Alliance: Its SDG2000 list identifies the 2,000 most influential companies across the world and benchmarks these companies across seven "transformation" areas related to the SDGs. The aim is to generate transparency and a race to the top, in which companies are motivated to do more and laggards are held to account.

World Business Council for Sustainable Development: This is a CEO-led organization of nearly 200 leading businesses working together to accelerate the transition to a sustainable world. It runs an SDG project designed "to support member companies as they work to follow and successfully internalize the SDG agenda".

Source: UNCTAD research.

Outward investment promotion agencies (OIPAs): OIPAs are agencies that promote outward investment, often in combination with the promotion of inward investment and exports. The primary objective of these agencies is to help domestic enterprises develop business links abroad and pursue overseas business opportunities. They often promote outward investment through country visits and conferences, but are also facilitators, providing information on political and economic conditions in foreign countries, laws and regulations affecting investment, investment opportunities and available financing schemes. OIPAs conduct four main areas of activity. First, they provide information on investment conditions and opportunities abroad. To collect data, OIPAs either send representatives to potential host countries or establish close contacts locally – for example, through consultancy firms, research institutions and networks of local representatives. Second, OIPAs carry out matchmaking services; for this purpose, some agencies maintain large databases on potential partners in host countries. Third, many OIPAs organize country visits to help potential investors obtain first-hand information and establish direct business contacts. Diplomats can help OIPAs obtain information about their own countries, including potential matchmaking partners and specific investment opportunities, such as in the SDGs. Fourth, OIPAs can facilitate project financing through programmes they manage or contacts with development finance institutions (DFIs) (UNCTAD, 1999).

Development finance institutions: DFIs are national, regional or international institutions, which have the dual role of investment banks and development institutions. Established in order to mobilize private capital for investment in developing countries and transitional economies, they provide financing in the form of loans, equity and grants for projects in these countries, either in their entirety or in partnership with other investors. Conditions for loans usually require that the project is commercially sound, has a development dimension, and has the host government's approval. DFIs are not only involved in project funding, but also in supporting feasibility studies, and in encouraging project sponsors to identify and develop investment projects that may, or may not, be financed by the institution. DFIs have been very active in aligning their portfolios of work to the SDGs, and in finding innovative forms of financial partnerships towards the SDGs. Examples of prominent multilateral development banks (MDBs) include the Asian Development Bank, Asian Infrastructure Bank, European Bank for Reconstruction and Development, European Investment Bank, Inter-American Development Bank, Islamic Development Bank and the World Bank Group.

Box 3

Examples of SDG-related financing partnerships involving OIAs

Compañia Española de Financiación del Desarrollo (COFIDES) financing in sustainable development: COFIDES specializes in providing capital to Spanish companies for outward investment. It adopts a blended finance model involving non-reimbursable financing from the European Union and reimbursable finance provided by COFIDES, in collaboration with other public and private partners. It has a specific funding stream devoted to sustainable development projects focused in Africa, Asia and Latin America. One of those projects received from UNCTAD is the United Nations Investment Promotion Award 2017 for Excellence in Promoting Investment in the SDGs.

European Fund for Strategic Investments (EFSI): To overcome the current investment gap in the European Union, the Fund was launched jointly by the European Investment Bank and the European Commission to mobilize private investments, targeting, in particular, projects that are strategically important for the European Union. The key sectors covered are (a) strategic infrastructure; (b) education, research, development and innovation; (c) renewable energy and resource efficiency; and (d) support for small and medium-sized businesses.

Fluence investment in drinking water plan in Côte d'Ivoire: The company Fluence from the United States of America recently concluded financing for the construction of a drinking water plant with an 800-km distribution network near Abidjan, the economic capital of Côte d'Ivoire. Despite delays caused by the COVID-19 pandemic, the first phase of the project began in May 2020. The financing structure provides an example of the type of entities that can be involved to secure financing towards such an infrastructure project linked to SDG 6. A total of US$182 million was mobilized by the Ministry of Finance of Côte d'Ivoire, in collaboration with the Ministry of Hydraulics, which received funds from the Israel Discount Bank. The Tel Aviv-based bank has benefited from insurance from the Israeli Export Credit Agency. The investment project is part of the "Water for All" initiative by the Government of Côte d'Ivoire, which seeks to increase access to drinking water in the country.

United Nations Industrial Development Organization Network of Investment and Technology Promotion Offices: The United Nations Industrial Development Organization has nine Investment and Technology Promotion Offices across the world, in Bahrain, China (Shanghai and Beijing), Germany, Italy, Japan, Nigeria, the Republic of Korea and the Russian Federation. They are devoted to brokering investment and technology agreements between developed and developing countries, and countries with economies in transition. They promote sustainable inward and outward investment by opening up opportunities for investors and technology suppliers to find potential partners.

Source: UNCTAD research.

Table 1
OIAs with SDG-related services

Country/ region	OIA	SDG-related services and programmes	Website
Africa	Shelter Afrique	Equity investments and joint ventures	www.shelterafrique.org
Asia and Oceania	Asian Development Bank	Private sector operations department	www.adb.org
Canada	Export Development Canada	Green bonds	www.edc.ca
Denmark	Investment Fund for Developing Countries	Danida business finance	www.ifu.dk
France	Proparco	Financial tools and technical assistance	www.proparco.fr
Germany	Kreditanstalt für Wiederaufbau	Support for commercial activities abroad, renewable energy and the environment	www.kfw.de
Japan	Japan Bank for International Cooperation	Global action for Reconciling Economic growth and ENvironmental preservation (GREEN)	www.jbic.go.jp
Netherlands	Netherlands Enterprise Agency	Dutch Good Growth Fund	https://english.rvo.nl
South Africa	Development Bank of Southern Africa	Infrastructure Investment Programme for South Africa	www.dbsa.org
Spain	COFIDES	COFIDES funds, FINFOOD and Interact Climate Change Facility	www.cofides.es/en
United Kingdom	Commonwealth Development Corporation	Investments focused on companies in Africa and South Asia with development impact	www.cdcgroup.com
United States of America	United States International Development Finance Corporation	Investment in energy, health care, critical infrastructure and technology	www.dfc.gov

Source: Adapted from (UNCTAD 2018a).

There are also subregional multilateral development banks, such as the Caribbean Development Bank or the East African Development Bank, among others. Many of them have been active in targeting funding toward sustainability-related sectors in support of economic recovery in developing countries following the coronavirus pandemic. For example, the DFI alliance – composed of the United States International Development Finance Corporation, FinDev Canada and the Association of European Development Finance Institutions – committed to mobilize financial resources in emerging and frontier markets to fight the impact of COVID-19.[21]

Institutions that provide investment guarantee schemes: Investment guarantee scheme programmes insure non-commercial and/or commercial risks abroad to encourage foreign investment. Institutions that provide investment guarantee schemes exist at the national and international levels. As with loans given by DFIs, most programmes are geared to FDI to developing countries and transition economies, and require that the investment should contribute to the host country's economic development, and should be approved by the government of the host country. Increasingly, the sectors targeted by such guarantee schemes are linked to the SDGs.

(c) Non-governmental organizations and international organizations

A growing number of non-governmental organizations (NGOs) and international organizations, including United Nations agencies, have focused their work on advancing the 2030 Agenda for Sustainable Development. The breadth of their work is vast, and they are valuable partners in providing technical assistance, raising awareness about SDG opportunities and participating in projects linked to SDG sectors and in support of SDG private sector development. Some may provide funding for SDG-related investment tools, such as Kenya's Green Investment Guide financed by the World Wide Fund for Nature (box 4). While not all provide direct financing, NGOs and international organizations can participate in innovative partnerships that can help channel finance to SDG investment projects.

[21] https://www.edfi.eu/news/development-finance-institutions-join-forces-to-help-alleviate-impact-of-covid-19-in-developing-countries/.

Box 4

Financing partnerships for the SDGs involving an NGO: The Kenyan Green Investment Guide

The Kenyan IPA, KenInvest, and the World Wide Fund for Nature Kenya country office engaged in an innovative partnership to develop a national Green Investment Guide. The guide aims to inform and orient investors willing to invest in the country by promoting green business opportunities; clarifying national policy and legal requirements; and assessing investment concerns related to clean development mechanisms, biological diversity, waste management, occupational health and safety, and low-carbon development. The initiative is in line with the country's environmental policy goals and long-term growth and development vision. It builds on other incentives that encourage green investment in the country, including most recently the issuance of Kenya green bonds in January 2020, which was also an initiative in collaboration with the World Wide Fund for Nature, along with other partners.

Source: UNCTAD, based on interviews with KenInvest and SBA Africa Ltd. (2019).

(d) Academia/business schools

Academic institutions, including universities and research labs, are key stakeholders in innovative partnerships towards SDG investment. While they may not naturally engage with embassies or IPAs, they can play a role in catalysing an enabling ecosystem for impact investment by exploring new products, documenting best practices, educating traditional investors and bringing together stakeholders for collaboration. Many universities host incubators for start-ups, partner with investors and have financing initiatives for innovative enterprises. Some examples of academic institutions that contribute to SDG investment partnerships are illustrated in box 5.

(e) Institutional investors

Over the years, there has been marked growth in institutional investors' interest in finding ways to deploy capital to help solve global problems. The integration of ESG considerations in investment processes is growing. Selected pension funds, insurance companies, sovereign wealth funds, and endowments and foundations have dedicated a portion of their assets to support the SDGs, and some are members of platforms that are actively engaged in the impact investment field, some of which are illustrated in box 6. They can be part of the

Box 5
Examples of academia in SDG investment partnerships

Bertha Centre for Social Innovation and Entrepreneurship (South Africa): Located in the University of Cape Town's Graduate School of Business, the Bertha Centre was established in 2011 as the first African academic centre dedicated to social innovation. Its Innovative Finance Initiative is built around the need to develop a local, impact-focused, social investment market in sub-Saharan Africa to operate independently as well as partner with international investors.

Source: https://www.gsb.uct.ac.za/berthacentre.

Singapore Management University (SMU) (Singapore): In 2017, SMU and the United Nations Environment Programme hosted the launch of the GreenInvest initiative under the German G20 Presidency. The initiative seeks to accelerate investment in green priorities. The meeting was opened by the German Ambassador to Singapore, and brought together stakeholders from the private and public sectors working on green investment. A special session dedicated to green FDI was presented by UNCTAD.

Source: UNCTAD.

Box 6
Examples of institutional investor groups working towards the SDGs

Institutional Investor Partnership for Sustainable Development: Initiated by UNCTAD in 2019, it aims to foster partnerships among institutional investors, governments and international organizations to facilitate institutional investment in key SDG sectors, in particular in developing countries. The initiative seeks to create an enabling environment for SDG-oriented investment through research, the dissemination of best practices and international standards, consensus-building and policy advocacy.

Source: UNCTAD.

Global Investor Coalition on Climate Change: This is a collaboration among four organizations of investors, including companies and institutional investors: Asia Investor Group on Climate Change, Ceres, Investor Group on Climate Change, and Institutional Investors Group on Climate Change. The coalition provides a global platform for dialogue between and among investors and governments to accelerate low-carbon investment practices, corporate actions on climate risk and opportunities.

Source: https://globalinvestorcoalition.org/.

stakeholders to which diplomats can reach out to and engage for partnerships that connect institutional investors to SDG-related investment projects.

(f) Asset management firms

Through the adoption of a range of sustainable investment approaches, asset managers are also increasingly active in the SDG financing space. Asset management firms can play an important intermediary role between responsible investors and targeted enterprises with impact potential, through investment solutions such as microfinance, debt and equity financing. Like institutional investors, they are increasingly integrating ESG criteria into their investment decisions. IPAs should seek to engage with these actors, as they often partner with other SDG stakeholders, notably DFIs, to channel investment towards scalable ventures in specific regions, SDG-thematic investments or impact investments. As the number of asset management networks related to the SDG is rising, these platforms can be useful contacts in a diplomat's network of stakeholders (box 7).

Box 7

Examples of SDG-related asset management networks

Global Impact Investing Network: This is a global platform for impact investment, dedicated to increasing its scale and effectiveness around the world. The Network has built partnerships with leading networks and entities working on impact investment and these, along with lists of member asset owners and asset managers, are shown on its website.

Source: https://thegiin.org/.

United Nations Principles of Responsible Investment (PRI): The PRI is a proponent of responsible investment, and its more than 2,000 signatories accounted for over US$80 trillion of assets under management in 2019. Asset owner and investment manager signatories report on their responsible investment activities annually through the PRI Reporting Framework – the largest global reporting project on responsible investment, which was developed with investors, for investors. PRI has several ongoing initiatives to mobilize the investor response to the pandemic. A list of public reporters is found on the PRI website.

Source: www.unpri.org/.

(g) Diaspora

Diaspora networks are an important source of knowledge, business connections, experience and finance for investment. Most diplomats already engage with their countries' diaspora networks, and countries with vast diaspora communities often have dedicated programmes, offices and/or ministries in charge of diaspora engagement. Diplomats can have an important role in the proactive engagement of diaspora groups to identify SDG-related investment leads, and should collaborate with other government agencies working on diaspora issues. Examples of collaboration between diplomats and IPAs, and tools to identify diaspora, are provided in box 8.

Box 8

Examples of initiatives promoting diaspora investment involving diplomats

Ethiopian Diaspora Agency: The country's foreign embassy in the United Kingdom has a dedicated diaspora engagement department whose activities include facilitating diaspora participation in investment opportunities. Its website has a link to the country's IPA and provides information on investment incentives for diaspora. Recently, the Agency was established under the MFA to create an enabling environment for the diaspora to promote trade and investment. It aims to ensure efficient data management to identify Ethiopian diaspora around the world.

Jampro: Jamaica's IPA, Jampro, has overseas representations in three strategic locations (New York, Toronto and London) within the consulates or high commissions. While Jamaica's foreign service offices already engage diaspora in a range of initiatives, this collaboration allows Jampro officials to target diaspora specifically for investment opportunities and provide in-market support. Jampro and the Ministry of Foreign Affairs and Foreign Trade collaborate in hosting business events at the biennial Jamaica Diaspora Conference, and are also jointly developing a "Diaspora Road Map" aimed at assisting diaspora interested in investing in Jamaica.

Lebanese Diaspora Energy: The Lebanese Ministry of Foreign Affairs and Emigrants launched the annual diaspora conference Lebanese Diaspora Energy in 2014 to encourage Lebanese citizens abroad to seek investment opportunities in their home country. In addition, several projects promoting diaspora investment were established. These include Lebanon Connect, an initiative that aims to connect the Lebanese diaspora to promote and foster economic and business opportunities around the world through an online, digital platform; and Invest to Stay, targeted at Lebanese expatriates who invest in touristic, economic, construction and social projects in their countries of residence.

Source: UNCTAD research.

2.3. Promote sectors and projects

Once relevant stakeholders have been identified, diplomats can then actively promote SDG sectors and projects related to them with the objective of generating investment leads. These are confirmed indications from potential investors that they have an interest in investing, and may have an interest in the potential host country. The promotional strategy is developed by the IPA, as is any marketing material, including on specific SDG-related projects that allow diplomats to present critical information to potential stakeholders effectively. The role of diplomats is to implement the IPA's marketing strategy in the locations where they are based. This includes, in collaboration with the IPA, adapting the promotional strategy to the target stakeholders, and delivering it using a variety of channels.

As with investment promotion generally, diplomats can generate investment leads by adopting a reactive approach involving inquiry handling and general marketing of their countries as investment destinations… A reactive approach involves diplomats responding to enquiries from stakeholders prompted by their countries' marketing campaigns. It is generalist in nature, as there is no control over the type of stakeholder who is engaged. Rolling out the marketing strategy in the target markets begins with building a favourable image of the host market as an inward investment destination. This rests upon a marketing campaign that disseminates messages about the benefits of investing in the given country. These messages are traditionally aimed at commercial investors, but for SDG-related investment, the audience is broader, and can include the range of actors that were described in the previous section.

…or by adopting a more proactive approach involving SDG-investor targeting and the presentation of specific SDG sectors and projects. A more proactive approach requires diplomats identifying, contacting and building targeted relationships with stakeholders that are likely to be interested in the pipeline of projects developed by the IPA. This approach is especially relevant to attracting investment in SDG projects which involve reaching out to a diverse constituency of stakeholders and facilitating sometimes complex partnerships with multiple parties.

The choice of promotional tools and channels is crucial in getting the message out to target SDG stakeholders. Choosing which ones to use depends on (a) the available budget; and (b) an assessment of the most effective means of reaching the target audience. The more targeted the promotional initiatives are, and the more informed they are in terms of addressing stakeholder's needs, expectations and information requirements with regards to specific sectors and projects, the higher the quality of the stakeholder engagement. At the same time, SDG investor-targeting will involve targeting a pool of investors and finance partners, typically made up of institutions that are each interested in a wider range of project types and sectors at any given time. Targeting of SDG investors and stakeholders will therefore involve multiple engagements and visits repeatedly over the year.

This section goes over different tools and channels that diplomats can consider when targeting stakeholders in search of SDG investment leads.

(a) Media

Governments are increasingly making use of digital media, and it has become an important – if not essential – channel of communication and outreach. Nowadays, it is mainstream for Heads of State, ministers and ministries to be active on social media platforms, including LinkedIn, Twitter and Facebook, among others. The growing use of information and communication technologies and social media platforms is now commonly referred to as "digital diplomacy". The coronavirus pandemic has also prompted public bodies, including MFAs and IPAs, to become innovative and concentrate more on digital outreach and communication. Beyond embracing digital media, the challenge for governments is to use it strategically and effectively to advance specific goals, such as SDG investment promotion. This requires the ability to develop good digital content that is impactful, engaging and tailored, as opposed to using new media channels to transmit old media content such as government press releases.

Investment promotion post-pandemic will be increasingly digital… The pandemic has exacerbated digitalization trends across many fields and sectors of life, including investment promotion. While countries across the world were implementing lockdown measures, many IPAs shifted functions online and strengthened their online outreach engagement. They have done this through a range of digital tools and platforms, including notably social media as well as online blogs, podcasts, information apps, webinars and a wide range of online events (UNCTAD, 2020b). At the same time, diplomats have also had to change their *modus operandi* and strengthened their digital communication outlets during and post-pandemic, further enhancing the rise of digital diplomacy.

… as a result, coordinated online outreach mechanisms by diplomats and IPAs will be key for countries to position themselves abroad as investment destinations. Importantly, IPAs across numerous countries strengthened their communication and engagement with diplomats and embassies during the pandemic. This was in order to keep up to date with pandemic measures in strategic investor countries, as well as to leverage their position abroad to identify strategic partnerships and channel funds towards sectors in support of the pandemic back home (UNCTAD, 2020b). Some countries have called for an increased role of missions abroad to promote their home countries as attractive investment destinations. Consequently, diplomats working on investment promotion should make use of digital tools for outreach and stakeholder engagement. Diplomats should aim to keep up to date on the different means of effective digital engagement that have been adopted across countries. Box 9 provides examples of some of the online tools used by the IPA and MFA of the Netherlands.

Box 9

Online tools and platforms used by the IPA and MFA in the Netherlands

The Dutch Government has multiple examples of innovative use of digital tools across its work. These include:

Active social media engagement by the IPA and MFA: The NFIA has active social media activity, with individual pages for each of its overseas offices, as well as for its staff. Likewise, the Dutch diplomatic network – including foreign embassies, ambassadors and consulate-generals – have their own social media pages on platforms such as Twitter and LinkedIn, among others, and are all connected to each other, and promote each other's events and programmes.

Diplomatic service podcast series: The Dutch diplomatic service has a dedicated podcast series, #Diplomatieraakt, featuring the diverse work of the foreign service across countries.

Apps for entrepreneurs abroad: The Netherlands Enterprise Agency, together with a trade network of seven embassies and a consulate-general, provides support to Dutch entrepreneurs doing business in South-East Asia, including through an "NL exporteert" app, which provides up-to-date information necessary for conducting international business.

Virtual trade show: The first Dutch virtual trade mission took place in June 2020, and brought together Dutch and American companies working in the field of smart and e-mobility in Silicon Valley. It replaced a planned mission to a major mobility conference, which could not take place due to the coronavirus pandemic. It is an initiative of the Dutch Consulate General in San Francisco, with the support of the Dutch IPA, NFIA, and the Embassy of the Netherlands in Washington, all of which promoted the event and covered it on their social media pages.

Source: UNCTAD research and review of social media.

At a minimum, a foreign embassy should have a web page in the language of the country where it is located that explicitly mentions the embassy's role in attracting investment. Ideally, the embassy's website can contain detailed and up-to-date information on targeted SDG sectors and SDG investment projects. Survey evidence indicates that a website is the most effective and highest-impact marketing tools for IPAs (IDB, 2018), and therefore it is important that the embassy's website have a direct link to it. The embassy website should also have a contact name, telephone number and email address, so that a potential investor knows whom to approach with an enquiry.

Ideally, both the MFA and the IPA would have active social media engagement and be connected to each other. Social media is an effective means to keep a wide range of stakeholders abreast of the latest information and activities. It is now commonplace for IPAs to have their own social media accounts. In addition, many of their overseas offices have their own, connected accounts. Moreover, MFAs, ambassadors, diplomats and commercial attachés are increasingly active online, and regularly share information about their activities, including investment- and trade-related activities, on social platforms, where they are connected to their stakeholders, either through the ministry's account or their own individual account. If it is not already the case, one initial action by diplomats would be to connect with and expand the outreach of what IPAs are already doing online, notably by connecting to the IPA through social and professional online networks. It is important also to connect to the different stakeholders working in the SDG investment space, to be aware of their latest initiatives. This includes, in addition to strategic partners in the country where they are posted, other investment stakeholders back home.

The more traditional marketing channels for investment promotion are also relevant to communicate about SDG investment opportunities to targeted stakeholders. A 2020 study found that articles in newspapers and magazines (including online) were one of the three most important factors influencing an executive's perception of a country's business climate for inward investment, behind dialogue with industry peers and business travel (Development Counsellors 2020). Such traditional media channels are also relevant to get a location on the radar of SDG stakeholders. Beyond traditional investment and business media outlets, diplomats should familiarize themselves with specialized media conduits related to the SDGs, such as specialized magazines and portals that focus on issues relevant to the Goals.

(b) Promotional events with an SDG focus

Diplomats can participate in and organize SDG-related investment promotional initiatives, including matchmaking activities, fairs, roadshows, conferences and investment pitches, which are increasingly taking place online. These types of promotional events can be focused on, or include, specific SDG investment sectors or themes, and can be inclusive of non-traditional types of investors by targeting the range of SDG stakeholders. The more tailored the events are, the higher the level of networking and stakeholder engagement and therefore impact. Involving heads of mission, such as ambassadors, increases visibility and outreach. Some examples are provided in box 10.

Ministerial and other high-level government visits can be effective to unlock contact with key stakeholders for SDG financing partnerships. This can involve, for example, senior businesspeople in target companies, and directors of key DFIs or international organizations, who can be invited to events organized by the embassy and given the opportunity to speak to the minister. The embassy then follows up with the specific stakeholder afterwards. In the embassy, high-level participation by the head of mission in SDG investment promotion activities provides an important signal – both externally to stakeholders, but also internally to diplomatic staff – about the importance that the MFA and the country give to the SDG investment mission. An SDG investment focus can be embedded in high-level political engagements, as well as other existing and long-term relations and political events.

Box 10

Examples of investment promotion events that involve collaboration between IPAs and diplomats, including online

High-level online talk on Bangladesh business climate (Bangladesh and Japan): Supported by the International Finance Corporation, the Bangladesh IPA, the Bangladesh Investment Development Authority, organized an online discussion, together with the Japan International Cooperation Agency and the Japan External Trade Organization, which promotes inward and outward investment. The event took place in May 2020 and featured an intervention by the Japanese Ambassador to Bangladesh speaking about the prospect of Japanese FDI contributing to recovery of the post-pandemic Bangladeshi economy.

Box 10 (concluded)

Virtual Round Table (Colombia and Spain): The joint round table focused on business opportunities between Spain and Colombia during and post-pandemic. It was jointly organized by the Colombian IPA, ProColombia, the city IPA of Bogota, together with the Colombian MFA, the chambers of commerce of Colombia and Madrid, and the municipality of Madrid.

Investment Day (France): Since 2015, an investment day has been organized on a yearly basis in almost 80 countries, with the aim of mobilizing France's diplomatic network to meet with foreign investors and promote investment opportunities in France. Around 2,500 economic actors participate every year in the events organized by the French embassies in collaboration with the country's IPA, Business France.

Investment Promotion Webinar (Rwanda and Sweden): A joint webinar on investment opportunities in Rwanda post-pandemic was held in June 2020 by the Rwandan IPA, the Rwanda Development Board, and the Sweden Africa Chamber. The Ambassador of the Republic of Rwanda to the Nordic Countries and the Acting Head of the Embassy of Sweden in Kigali both participated in the event and promoted it on social media.

Joint investment promotion country visit (Somalia and Turkey): In March of 2020, the first overseas representation of the Somalia Investment Promotion Office was opened in Istanbul, and will also function as Somalia's Honorary consul. The managing director of the Somali IPA travelled to Turkey for the opening. Together with the Somali Ambassador to Turkey, they conducted a series of meetings with investment stakeholders in the country, including the investment office of the Presidency of Turkey, the Turkish Chamber of Commerce and other business associations, with the objective to engage Turkish investors to consider Somalia as a preferred investment destination. The events were communicated on the respective Twitter accounts of the Somali Ambassador to Turkey, the Somali IPA, and of its managing director.

UNCTAD World Investment Forum – Investing in Sustainable Development: UNCTAD's biennial World Investment Forum provides a global platform that facilitates multi-stakeholder collective action to stimulate investment in development. It gathers more than 6,000 investment stakeholders from across the world. Investment promotion officials, policy makers, diplomats, private sector executives, and representatives from international organizations, civil society groups and academia actively participate in a range of events during the forum. These include an Investment Promotion Conference, with special sessions on topical issues, workshops targeted at IPA officials and diplomats, United Nations Investment Promotion Awards and an Investment Village, where IPAs present their countries' investment opportunities.

Source: UNCTAD research and review of social media.

Diplomat’s investment promotion checklist

Clarity of mandate, organizational set-up and access to capacity-building:

- ✓ Is your investment promotion role and the relationship between your MFA and the lead investment promotion agency in your country clearly defined, including reporting lines and resources?
- ✓ Does training on investment promotion for diplomats exist and does it include a module on SDG-related sectors, priorities and projects?
- ✓ Are collaboration and communication channels defined between the MFA and the IPA, to ensure that you have access to regular and up-to-date information on investment promotion sectors and priorities, including SDG-related?

Find and secure partners:

- ✓ Has a mapping or inventory of SDG stakeholders in your duty station been created?
- ✓ Have criteria been established to prioritize the list of SDG stakeholders for you to engage with?

Promote sectors and projects:

- ✓ Has an information exchange system been established between you and the IPA?
- ✓ Based on the prioritized list of SDG stakeholders, have you identified the most adequate promotional distribution channels?
- ✓ Does the foreign ministry’s website have information about diplomats in charge of investment promotion?
- ✓ Does the diplomat have social media accounts for professional use and are these connected to those of the IPA?

Chapter 3. How diplomats can contribute to investment facilitation for the SDGs

Investment facilitation is the set of policies and actions aimed at making it easier for investors to establish and expand their investments, as well as to conduct their day-to-day business in host countries. While facilitating investment is crucial for sustainable development and inclusive growth, national (and international) investment policies have paid little attention to it to date, compared with investment promotion. UNCTAD has developed a *Global Action Menu for Investment Facilitation* (UNCTAD, 2017), which proposes measures to support investment facilitation (box 11). It incorporates measures considered of key importance by IPAs and by the business community and builds on UNCTAD's 2014 SDG *Investment Action Plan* and UNCTAD's IPFSD. There is a role to play for diplomats in the implementation of these measures, particularly with respect to the provision of clear information to investors on the investment regime (action 1), contributing to build constructive stakeholder relationships in investment policy practice - notably by strengthening the role of foreign embassies and missions in investment facilitation (action 4), maintaining dialogue with investment stakeholders abroad including company headquarters, the diaspora community and development partners, among others and in establishing collaboration between IPAs and OIAs (actions 7, 8 and 10). For the purposes of this handbook, the investment facilitation phase is divided into (a) facilitation of SDG investments, (b) aftercare services, and (c) pursuing stakeholder feedback and policy advocacy.

The role of the diplomat in investment facilitation is primarily to function as a "bridge-maker" between the investor, other stakeholders and government bodies in the host country, and to progressively hand over the facilitation to them. In this regard, the diplomat has a supporting role in the investment facilitation process. In some cases, the role of the diplomats is restricted to identifying and providing support to potential investors during the decision-making phase, after which the investor is handed over to the IPA. Furthermore, SDG investment often includes the provision of sector-specific information, which may go beyond the knowledge of the diplomat and which the IPA or other government bodies are best suited to provide.

Box 11

UNCTAD's Global Action Menu for Investment Facilitation

1. Promote accessibility and transparency in investment policies and regulations and procedures relevant to investors.
2. Enhance predictability and consistency in the application of investment policies.
3. Improve the efficiency of investment administrative procedures.
4. Build constructive stakeholders relationships in investment policy practice.
5. Designate a lead agency, focal point, or investment facilitator with a mandate to handle investor complaints.
6. Establish monitoring and review mechanisms for investment facilitation.
7. Enhance international cooperation on investment facilitation.
8. Strengthen investment facilitation efforts in developing-country partners through support and technical assistance.
9. Enhance investment policy and proactive attraction in developing-country partners through capacity building.
10. Complement investment facilitation by enhancing international cooperation for investment promotion for development, including through provisions in international investment agreements.

Source: (UNCTAD, 2017)

3.1. Facilitate SDG investments

Investment facilitation activities by diplomats can begin from the moment that a potential stakeholder expresses interest in investing in the host country, and may continue until an investment project has been realized. While investment promotion activities by diplomats involve targeting stakeholders and promoting the country to generate investment leads, including leads related to SDG-related investment opportunities, investment facilitation starts with a series of interactions with the potential investor that make it more likely that he or she will invest.

Facilitation needs for SDG investment will largely depend on the nature and stage of development of the investment project and on the familiarity of the investor with the host country... The initial contact with the SDG stakeholder may result from an enquiry to the embassy prompted by the marketing campaign, or the proactive targeting by the embassy. For stakeholder-initiated investment projects, contact with the diplomat may occur at the onset of the project idea, or at more advanced stages. Any given investor or financing partner wishing to invest in the diplomat's home country will have different degrees of experience and knowledge about the country and the region more generally, and therefore different needs in terms of facilitation of information regarding the investment climate and laws, sector-specific market knowledge and relevant contacts for partnerships. The facilitation requirements will depend in large part on the specifics of the investment project, the sector and the nature of the stakeholder, as well as the stage that the investment project is in when the contact with the diplomat takes place.

…as well as on the specific SDG sector of the investment project. Facilitating investments may require specialized knowledge across a broad range of sectors. Importantly, SDG sectors vary greatly and will have unique requirements and involve different types of partnerships. For example, investment projects in sectors such as telecommunications will likely include partnerships with the private sector, while other sectors – including water and sanitation, and education – may involve partners such as development-based organizations. Fluid communication with sector specialists back home, both in the IPA and other government institutions, is essential to ensure that the diplomat can act as intermediary facilitator between potential investment leads and institutions back home.

The embassy should adopt a process of client relationship management that keeps track of the different SDG investment leads generated. It should first prioritize its leads in consultation with the IPA. Once this is done, what follows is a series of facilitation tasks that will involve the diplomat seeking out specific information from the SDG stakeholder about its investment project plans, providing relevant information about the host country market and sectors, as well as any other information required related to specific laws, approvals and regulations required. The embassy should work closely with the IPA as the process unfolds to obtain information or facilitate local contacts that can provide it.

A key element of the diplomat's role in this phase is the facilitation of technical and financial SDG-related partnerships at the local and international level. The Namibian example in box 12, in facilitating the investment by Desertfoods, provides an illustration of the types of partnerships that can be facilitated to contribute to the successful investment in SDG-related activities. Foreign embassies are strategically well positioned to be able to facilitate these types of partnerships, as they are connected to the local network of stakeholders and government bodies in their country, while they also have continuous relationships and opportunities to network and target stakeholders in the country and region where they are posted. Many of the stakeholders targeted to facilitate international partnerships will be the same as those targeted to generate SDG investment leads discussed in the previous chapter, and include the private sector, DFIs, academia and others. Facilitating partnerships is also key for diplomats engaged in facilitating outward investment, by assisting home country

Box 12

Diplomats facilitating inward SDG investment – Case study: Namibia

The commercial counsellor based in the High Commission of Namibia in Germany is an overseas representative of the country's IPA, the Namibia Investment Promotion and Development Board. As part of the embassy team, she had an active role in facilitating the establishment of the German company, Desertfoods, in Namibia. The company aims to address food security through innovative and resource-efficient farming solutions, and identified eight specific SDGs that its activities are aligned with. Its initial interest in investing in Namibia was based on the existence of a strong, local food and agriculture ecosystem as well as the fact that the company sought to address a specific problem prevalent in the country, namely drought and poor soil quality.

Facilitation of the SDG-related investment occurred from the outset, and included the commercial counsellor providing data on the agronomic product consumption in the country to analyse the market potential in Namibia. The work of the commercial counsellor also involved facilitating partnerships, both internationally as well as at the local level. For example, during an agribusiness conference in Berlin in which the Namibian High Commission participated, a contact was made with a lead Dutch university centre in the field of aquaponics, and was then put in touch with Desertfoods. The commercial counsellor organized and led an investment mission for the company to Windhoek, which included meeting local partners, and ended in a secured financial partnership with a local equity partner, as well as with other actors, to facilitate a pilot phase of the investment.

Source: UNCTAD interviews.

investors with SDG-related investment projects in the country where they are posted. This includes facilitating relevant partnerships for them to have access to finance and investment guarantees. Examples of the role that diplomats can play in outward SDG-related investment promotion is provided in boxes 13 and 14.

Box 13

Diplomats facilitating events that promote outward and inward investment – Case study: United Arab Emirates

The Ministry of Economy of the United Arab Emirates has a Latin American representative of its Annual Investment Meeting based in Mexico. She worked closely with United Arab Emirates Embassies in Mexico and Colombia to organize an investment roadshow in both countries in February of 2020, which was led by the United Arab Emirates' Minister of Economy. The delegation included entities from the United Arab Emirates that promote inward and outward investment, including the United Arab Emirates International Investors Council, the IPA of the Sharjah Emirate Invest in Sharjah, and Sovereign Wealth Fund Mubadala Investment Company, as well as United Arab Emirates entrepreneurs.

During the roadshow, a Business and Trade Forum was organized in Mexico City, and an Economic Forum Colombia–United Arab Emirates in Bogotá. These events brought together investment and business stakeholders from each country, including representatives from sectors such as renewable energy, infrastructure, agriculture and tourism. They were each followed by business-to-business sessions that allowed United Arab Emirates entrepreneurs to exchange with Mexican and Colombian businesses. The respective entities in charge of investment promotion in Mexico and Colombia were also involved and presented investment opportunities in their countries to the United Arab Emirates delegation.

As a follow-up to the investment roadshow and in the context of the pandemic, an investment and business hub has been created between the United Arab Emirates and the Latin American and Caribbean region, including a series of virtual events focused on innovation in agribusiness and food security.

Source: UNCTAD interviews.

Box 14

Diplomats promoting outward investment – Case study: United States of America

Focused on "Greece: Investment Opportunities in the Post-COVID-19 Era" the Ninth Greek Investment Forum New York was organized by the American–Hellenic Chamber of Commerce, and took place virtually on 15 June 2020. It featured, among ministers, the participation of the Ambassador to the United States of America of the Hellenic Republic. During the forum, the Ambassador to Greece of the United States of America engaged in numerous interviews in which he promoted American investment opportunities in Greece. These included some investment projects in the energy sectors, which are backed by the United States Development Finance Corporation.

Source: Ninth Greek Investment Forum New York, available at www.amcham.gr/events/event/9th-greek-investment-forum-new-york/; U.S. Embassy and Consulate in Greece, available at https://gr.usembassy.gov/ambassador-geoffrey-pyatt-in-conversation-with-ert-fanis-papathanasiou/.

The facilitation process is likely to involve multiple meetings, which can culminate in one or more country visits. Visits to the host economy by the investor play an essential role in the facilitation process, and diplomats can have a key role in facilitating these. The embassy may be called upon to arrange them in collaboration with the IPA. This demands a good understanding of the investor's needs, coupled with effective collaboration with the IPA to deliver a satisfactory visit programme. Diplomats often accompany such visits, especially if there is a language barrier. The cooperation of the wider investment network is important, particularly subnational IPAs, special economic zones and other relevant government bodies and agencies, as these can help identify potential locations, and respond to detailed questions about local conditions.

As the facilitation process moves towards establishment, local stakeholders progressively assume a greater role in providing information or assistance, including subnational IPAs, government bodies, banks, accountants, local lawyers, and property and recruitment agencies. This can include help with obtaining permits, licences and approvals, setting up bank accounts, registering a company, buying land, and hiring a workforce, as well as help with the problems that can occur in the run-up to, and immediate aftermath of, the investment project being established. In the case of SDG-related projects, it is likely that the potential investor will need more support during the establishment phase than traditional projects, since they often require more interactions with government departments and the public.

3.2. Provide aftercare

Post-establishment facilitation services to retain the investment, support the project in its further development, and encourage follow-on investment are often referred to as aftercare. The objective of these services is to make sure that any problems connected with the project can be addressed, to identify opportunities to grow or diversify the project and boost its sustainable impact. For this purpose, it is sensible to have an account plan for the stakeholder that sets out the objectives to be pursued with them. Chapter 4 contains a suggested template for an account plan.

High-level diplomat visits to company headquarters are a means to maintain contact, engage dialogue and promote reinvestments. It is worth noting that the role of diplomats at this stage is relatively limited, as once an investment project has been realized in the host country, aftercare tasks are usually performed by the IPA, in collaboration with other government bodies in direct contact with the project stakeholders at the country level. Nevertheless, it is useful for embassies to maintain account plans for the investment project's contacts in the home country, which can include the parent company of an investor.

SDG investment aftercare requires diplomats to maintain communication channels with a broader set of stakeholders. As with company headquarters visits, visits to other key SDG stakeholders should be included in the ambassador's or other high-level diplomats' schedule. SDG stakeholders – including DFIs, NGOs and OIAs – will generally be open to consider multiple projects in any given time frame. Meetings with them can be planned on a more recurrent basis than with private investors.

Effective knowledge and client management are an important challenge, as diplomatic postings change, and require collaboration between diplomatic missions and the IPA back home. Because diplomatic postings generally last only three to four years, there is a risk that continuity can be lost. Where a contact with a company or financing partner relies on the relationship to an individual diplomat, it is essential that proper handovers are arranged to introduce incoming staff to key contacts. Knowledge management tools – including individual action plans and stakeholder account plans, presented in chapter 4 – are important means by which to ensure that key information and contacts are maintained within the diplomatic mission as staff changes. Locally engaged commercial staff can also help mitigate this problem, as they are likely to spend a much longer time with the embassy. One useful way to maintain continuous relationships with stakeholders is to identify certain key embassy events to which they are regularly invited, independently of changes in diplomatic staff. In addition, having information-sharing systems between diplomatic missions and the IPA back home is essential to maintain the institutional memory of investment promotion activities abroad, as well as to support new diplomatic staff.

3.3. Pursue stakeholder feedback and contribute to policy advocacy

Diplomats may collect useful feedback from investors and other stakeholders as part of their facilitation and aftercare functions that can feed into an IPA's policy advocacy activities to improve the investment climate in the host economy. Understanding the views of stakeholders about the strengths and weaknesses of the investment climate, particularly SDG investment-relevant issues, is valuable information for government departments concerned with policy and regulation, the national IPA and subnational IPAs. Policy advocacy helps shape the investment climate in the host country to attract more investment. It can also help promote policies that allow greater benefits to be obtained from investment, including benefits that contribute to the attainment of the SDGs. Pursuing feedback is also useful when a stakeholder decides not to invest or do business in the diplomat's country. It is especially important to heed feedback from an investor who has decided to close an affiliate in the host economy, in case the closure proves to be part of a trend affecting other investors.

Diplomats can organize routine meetings and conduct surveys to obtain feedback about the investment climate in their economy from private investors headquartered in their duty station and SDG-financing partners. Obtaining feedback and contributing to policy advocacy is typically the role of the IPA and other local stakeholders in the country where the investment project is made. Having said that, through their ongoing relations with contacts in their duty station, diplomats may have access to valuable feedback about their country's investment climate that can be relayed back to the IPA. Some diplomats visit MNEs headquartered in their duty stations that are investing in their countries, or engage with them in bilateral or regional investment events. In duty stations with big diaspora communities, diplomats should also regularly interact with diaspora business leaders on challenges and opportunities of doing business and working in SDG-related sectors back home.

Diplomats should be aware of indicators that the IPA uses in its investment impact assessments, including any SDG-relevant indicators. This is helpful, as it allows diplomats to take them into consideration when obtaining feedback on the existing obstacles and opportunities to increasing the impact of certain investment projects. The Costa Rican example provided in box 15 illustrates how the country's IPA has integrated the SDGs into its impact assessment strategy.

Box 15

How Costa Rica integrates the SDGs in its investment impact assessment

The Costa Rican Investment Promotion Agency (CINDE) includes sustainable development as part of its value proposition as an investment destination. Together with an international consultancy, the IPA engaged in a thorough analysis of how its work could contribute to Costa Rica's national SDG priorities and long-standing commitment to sustainable development. The agency started this practice after its management participated in a workshop organized by UNCTAD on how the SDGs can be incorporated in the work of IPAs.[22] As of 2019, it has started to explicitly integrate the SDGs into its investment impact evaluation strategy, and has identified SDG impact indicators that are aligned with the country's national SDG targets. CINDE now evaluates and reports its activities in line with four specific SDGs: SDG 4 on quality education; SDG 5 on gender equality; SDG 8 on decent work and economic growth; and SDG 9 on industry, innovation and infrastructure. The IPA has designated focal points who regularly collaborate with its overseas office in New York, as well as with diplomats engaged in investment promotion in the foreign embassies of Costa Rica, and share information, including on feedback provided by investors.

Source: CINDE (2020), UNCTAD (2020d) and UNCTAD interviews.

The embassy then shares the information with the IPA and relevant government departments to help provide an evidence base for possible policy changes that will improve the climate for inward investors. The information that diplomats can ask about includes a broad range of issues, such

[22] UNCTAD Regional Seminar on the promotion of bankable sustainable development goal projects, Mexico City, 7–8 November 2017. https://sustainablefdi.org/index.php/news-on-sustainable-fdi/past-events.

as tax, bureaucracy and immigration. In addition, there may be information that is more specific to SDG investments and SDG sectors. The IPA collates all this evidence from companies, and shares it with relevant government departments to pinpoint areas where reform is needed.

Diplomat's investment facilitation checklist

Facilitate SDG investments:

- ✓ Are you aware of criteria developed by the IPA to prioritize its investment leads and/or a stakeholder management system to keep track of investment leads? Do criteria include any SDG-related indicators?
- ✓ Based on prioritized leads, have you reached out to relevant stakeholders to obtain more information on specific investment projects?
- ✓ Have you identified the facilitation needs of individual projects and relayed them to the IPA?

Provide aftercare:

- ✓ Have you identified any activities where relevant stakeholders will be present, or individual meetings can be set up to be able to obtain information about opportunities for reinvestment, as well any information about potential disinvestment?
- ✓ In consultation with the IPA, have you conducted research and identified information sources to address the relevant needs of specific projects?
- ✓ Are you aware of or have you put in place knowledge management systems to ensure the transfer of key information and contacts, as diplomatic staff changes?

Pursue stakeholder feedback and contribute to policy advocacy:

- ✓ Are you aware of the relevant areas of the investment climate to seek feedback from and ask investors about?
- ✓ Have you considered investment follow-up surveys for relevant stakeholders in your duty station (such as headquarters of the company, and decision-makers of financing partners based in the country)?
- ✓ Together with the IPA, have you discussed mechanisms to share relevant feedback from investors and stakeholders, so that they can feed into the IPA's policy advocacy activities?

Chapter 4. Training and tools

Investment promotion in sustainable development is a process that draws on the diplomat's existing skill set. It also demands training to bring those skills up to speed in an area of work that is complex and may be unfamiliar. Diplomats embarking on an investment promotion job for the first time should devote at least a week to a training programme that addresses the basics of promoting investment, including investment in SDG sectors and projects. Senior staff, especially heads of mission, should have shorter courses that focus on higher-level client engagement and how to manage the promotion efforts at the embassy level. Some MFAs have in-house training facilities, including dedicated diplomatic academies, and modules on investment promotion may be included. Such modules are sometimes delivered by representatives of the IPA, while others rely on external providers, including UNCTAD. Courses delivered in the classroom facilitate networking and the sharing of ideas, and are good places to practice important skills such as practicing presenting SDG-related investment projects. Digital platforms, such as webinar courses, should also be considered for more regular information updates on the latest SDG projects and investment-related issues. Table 2 contains a list of suggested topics for an entry-level course for diplomats on FDI promotion in the SDGs.

Training courses can be linked to existing diplomatic events, such as Heads of Mission conferences. Another possibility is to have a trade and investment module as part of a wider course on economic diplomacy. In some countries, diplomats and commercial attachés engage in commercial duty tours or company visits in their home countries. Training courses can also be linked to such visits, enabling diplomats to visit inward investors from markets where they serve, meet other members of the investment network, and visit locations that are to be promoted for the purpose of SDG projects. UNCTAD has a training programme aimed at diplomats (box 16).

Standardized practices, such as individual action plans, are key instruments to ensure coordination of investment promotion activities between diplomats and IPAs. They can also be useful tools for diplomats to set out objectives and activities relative to SDG investment promotion and facilitation. Table 3 provides a template for such an individual action plan. The plan begins with stating priority SDG-related sectors and projects, and specific

Box 16

UNCTAD's training programme for diplomats

Over the past 15 years, UNCTAD has trained hundreds of senior and junior diplomats, including ambassadors and commercial attachés, in investment promotion. Countries that benefitted from this programme include Benin, Ghana, Egypt, Ethiopia, Indonesia, Jordan, Peru and Thailand. In 2011, UNCTAD also published its first Investment Promotion Handbook for Diplomats (UNCTAD, 2011).

The UNCTAD training programme aims at informing diplomats about the definition of international investment, on the latest developments and trends in that field, how investment promotion forms part of the investment cycle, investment promotion practices and tools, the network of investment stakeholders, the role of diplomats, and best practices. The training includes the development of individual action plans for diplomats with objectives, activities, targets, staffing and budget, contemplating different areas of work in investment promotion and facilitation.

Source: UNCTAD.

objectives and activities for each of those. The selection of these priorities should be done in consultation with the IPA and the MFA. What follows in the plan is the assessment of the resources available for research, image-building, stakeholder targeting and other activities that will be needed for these projects, and a list of activities that need to be carried out in order to achieve the objectives. Developing these actions plans can contribute to clarity on objectives and expectations of the diplomat and, in turn, performance evaluations and impact assessment.

Stakeholder and potential investor account plans can be useful to clarify and align expectations. Account plans, such as the template provided in table 4, could include the objectives expected from engaging specific actors, as well as track progress made, evaluate the need to involve high-level embassy staff needed, and assess any informational requirements that the IPA or other governmental departments can assist the diplomat with.

Table 2

List of possible topics for training diplomats about investment promotion in the SDGs

Topic	Description
The investment promotion cycle	• Marketing a location. • Investor targeting. • Investment facilitation activities.
Investment promotion in the SDGs	• Why the SDGs are important and how investment, including FDI, can help. • Goal-related sectors relevant for private investment. • National SDG priorities and how they have been translated in the country's investment promotion strategy. • How Goal-related investment promotion differs from traditional investment promotion.
The investment cycle from the investor's perspective	• Reasons that motivate investors to invest in another economy. • Motivations of SDG investors, including companies, NGOs and institutional investors. • The process through which investors go when they invest in another economy.
The national investment promotion network	• Key members of the network and what their interests are. • The role of the IPA in providing operational coordination. • Where the embassies fit in.
Tools and techniques	• Individual action plans. • Stakeholder account plans. • Enquiry handling and company meetings.

Table 3
Template for an individual action plan

Sample Action Plan for diplomats on SDG-related investment promotion and facilitation

Priority SDG sectors and related objectives and actions:

[e.g. SDG 7 renewable energy: Create new sustainable sources of energy in the country with the participation of the local and international private sector]

[e.g. identify target stakeholders in collaboration with IPA]

Investment project proposals (may come from leads or the IPA project pipeline):

[e.g. production of a solar energy power plant, solar panels, components or services related to solar energy]

Means and communication channels:

[e.g. local advertising campaign, embassy's social media accounts, invitations to target stakeholders for networking activities in the embassy (national holiday reception), participation in energy-related meetings and events]

Partners:

[e.g. energy companies, key public and private intermediaries, financial and technical partners, including outward investment promotion agencies, development finance institutions, local research or academic institutions and non-government and international organizations working on solar energy projects, institutional investors, diaspora, etc.]

Available budget:

Team members and support required from senior staff:

IPA and other key contacts:

Investment promotion and facilitation actions:

Research	Image-building	Investor targeting	Networking
Identify additional key local partners and stakeholders in target SDG sector(s).	Develop and disseminate promotional material and activities such as videos, virtual visits.	Organize meetings with target investors and key stakeholders, including online.	Identify targets and generate investment leads through online platforms.
Develop or adapt information on the investment project for local audiences.	Place promotional articles or op-eds in specialized media (magazines, online blogs).	Prepare for meetings with investors and tailor promotional material if needed.	Use social media tools for outreach to individuals and wider audiences.
Identify investors from your duty station already established in your country.	Develop advertising campaigns.	Follow up with potential investors and coordinate next steps with the IPA, including physical or virtual site visit.	Liaise with investors from your duty station already established in your country.

Table 4
Template for a stakeholder's account plan

Stakeholder account plan for (name of company or institution)

Description of company or institution:

Sector:

Sustainable Development Goals and targets:

Turnover (if applicable):

Number of employees:

The establishment is a:

☐ Parent company ☐ Regional headquarters ☐ Foreign affiliate ☐ Other

Assessment of the company or institution:

Strategy of the company/ institution:

[e.g. company expands operations in emerging markets; transfers production overseas, will offshore back-office operations, seeking diversification of its supply chains, considering near-shoring]

Investment project description (if applicable):

[e.g. including stage of development and any critical requirements including proximity to local partners, raw materials, suppliers, physical infrastructure and skills, preferred location]

Recent initiatives by the company/institution:

[e.g. opened pilot business process outsourcing (BPO)]

Does the company/institution have previous experience or expertise in your country?

[e.g. has conducted a previous visit or has other investment projects in your country]

What types of support does the company/institution require?

[e.g. wants to be put in touch with the IPA]

Opportunities:

1) *[e.g. attract BPO operations]*

2)

3)

Contact information for future correspondence

Company/institution address: Telephone/Website:	Contact name/position/email of key people:

Activity log

Date/Activity and objective/By whom/Follow-up

Annex – Investment terms explained

Foreign direct investment (FDI):

FDI is an investment involving a long-term relationship and reflecting a lasting interest and control of a resident entity in one economy in an enterprise resident in an economy other than that of the foreign direct investor (foreign affiliate). An equity capital stake of 10 per cent or more of the ordinary shares for an incorporated enterprise, or its equivalent for an unincorporated enterprise, is normally considered as the threshold for FDI.

FDI has three components:

- Equity capital is the direct investor's purchase of shares in an enterprise in a country other than its own. FDI projects that entail the establishment of new entities (greenfield FDI) is also considered part of this component.

- Reinvested earnings are the direct investor's share of earnings not distributed as dividends by affiliates, or earnings not remitted to the direct investor. Such retained profits are reinvested.

- Intra-company loans are short- or long-term borrowing and lending between direct investors (parent enterprises) and affiliates enterprises.

There are two broad entry modes:

- *Mergers and acquisitions* (M&As) entail the taking over or merging of capital, assets and liabilities of existing enterprises. The main difference between mergers and acquisitions lies in the fact that a new legal entity is established in the former case, but not in the latter.

- *Greenfield investment* refers to an investment that brings new and additional resources and assets to the enterprise and often leads to gross fixed capital formation. This new investment (fresh capital) typically leads directly to increased output, employment, and improvements in productivity.

The chief motives for FDI are as follows:

- *Market-seeking FDI* is driven by the current size or expected growth of the host market. The market size can be further enlarged by regional, preferential and bilateral trade agreements with other countries.

- *Efficiency-seeking FDI* aims to rationalize the investor's operations by taking advantage of lower costs or economies of scale and scope.

- *Resource-seeking FDI* takes place when the investor wants to acquire resources such as raw materials.

- *Strategic asset-seeking FDI* is driven by access to created assets – for example, special skills or technology.

Investment promotion and facilitation terms:

Aftercare	Post-establishment facilitation services to retain the investment, support the project in its further development, and encourage follow-on investment. The objective of these services is to make sure that any problems connected with the project can be addressed, to identify opportunities to grow or diversify the project and boost its sustainable impact.
Individual action plan (as presented in table 3)	An informal planning document used by overseas investment promotion representatives, including diplomats, to record objectives, resources and planned activities linked to promoting investment in their country of origin (inward investment) or promoting investment from their country of origin to the country where they are posted (outward investment).
Investment promotion	Investment promotion involves the marketing of a location as an investment destination and includes image-building, the preparation and promotion of investment opportunities, the provision of incentives, and the targeting and servicing of prospective investors.
Investment promotion agency	An organization tasked with attracting and facilitating FDI to a location. Some IPAs also handle domestic investment.
Investment facilitation	Investment facilitation activities can begin from the moment that a potential stakeholder expresses interest in investing in the host country, and continues when an investment project has been realized. It covers a wide range of areas, policies and actions that make it easier for investors to establish or expand their investment, as well as to conduct their day-to-day business in host countries. Transparency, investor services, simplicity and efficiency of procedures, coordination and cooperation, and capacity-building are among the important principles.
Investment lead	These are confirmed indications from potential investors that they have an interest in investing and may have an interest in the host country.
Investment promotion strategy	The basic strategy document produced by an IPA or similar institution in consultation with stakeholders that sets out its objectives regarding the attraction of FDI, including the target sectors or subsectors, priority overseas markets, and SDG projects. It may also have key performance indicators so that its success can be measured against a given timeline.
Home economy/ country	The country or territory from which the investment originates.
Host economy/ country	The country or territory that is seeking or has received inward investment.
Policy advocacy	Efforts made by IPAs to effect changes in laws, regulations and government policies aimed at making the host market more attractive to foreign investors and increasing the sustainable development impact of investment.
Stakeholder account plan (as presented in table 4)	A planning document agreed by the IPA and its overseas representations, including diplomats, which typically contains an assessment of a target company or institution, opportunities, established roles for actions and a timeline.

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