

TOWARDS THE NEXT GENERATION OF INVESTMENT PROMOTION AGENCIES

Video #5 – Module 2 content video. This video helps explain salient points in Module 2. This is an animated presentation with voiceover.

Estimated time: 3 to 4 minutes

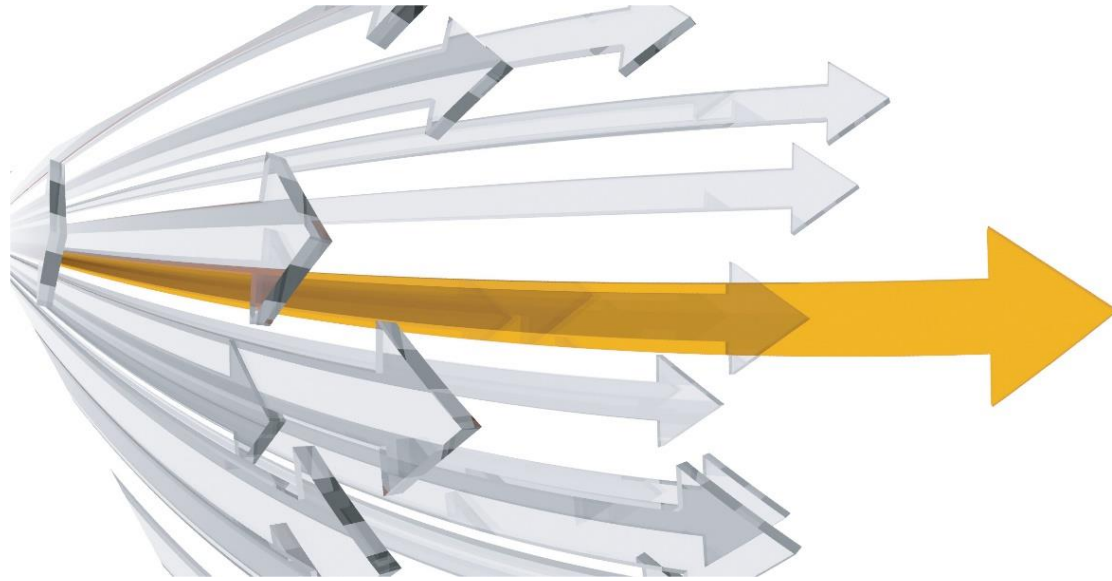
Sustainable Development and FDI

Building on decades of work, the United Nations Sustainable Development Goals, or SDGs, are a blueprint for a shared vision of global peace and prosperity, for citizens and the planet we live on. The SDGs are a call to action to eliminate poverty and hunger, improve health and wellbeing, increase access to clean water, reduce inequality, and restore our environment with clean energy, sustainable communities, and responsible consumption and production.

The SDGs represent a significant opportunity for investment, with developing countries facing a shortfall of 2.5 trillion US dollars per year to reach the goals by 2030, and the goals serve as drivers for national plans and development priorities.

Such alignment with SDGs is part of a broader concept called *sustainable development*, which promotes the well-being of current and future generations, while sustaining the ecosystem for all living things.

Let's look at one example: The EU's goal of reaching 20% use of renewable energy by 2020 has been a catalyst for economic development based on renewable energy in countries such as Sweden, Finland, and Denmark, where renewable energy now accounts for more than 30% of energy used. This example of sustainable development aligns to Sustainable Development



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Goals of affordable, clean energy; decent work and economic growth; industry, innovation, and infrastructure; sustainable cities and communities, responsible consumption and production, and others. It spotlights the role of foreign direct investment in sustainable development, with the clean energy industry among top attractors of FDI.

How do we determine what is sustainable FDI and set internal and external expectations for investment projects? It is helpful to consider the four dimensions of sustainable FDI-- the economic dimension, the social dimension, the environmental dimension, and the governance dimension, and each dimensions' corresponding characteristics.

Characteristics to consider in the economic dimension, for example, include local linkages, technology transfer, infrastructure, community development, equitable distribution of wealth, tax accountability, and research and development. The four dimensions are considered both individually and in a holistic way.

The simplest way of determining what is sustainable FDI is asking yourself if the project would be good for the environment and its people. Does it advance social justice? And would it have a positive impact on future generations?