

Investment Advisory Series

Series A, number 10

FACILITATING INVESTMENT IN THE SUSTAINABLE DEVELOPMENT GOALS



Investment Advisory Series

Series A, number 10

FACILITATING INVESTMENT IN THE SUSTAINABLE DEVELOPMENT GOALS



United Nations

Geneva, 2023

© 2023, United Nations

This work is available through open access, by complying with the Creative Commons licence created for intergovernmental organizations, at <http://creativecommons.org/licenses/by/3.0/igo/>.

The findings, interpretations and conclusions expressed herein are those of the authors and do not necessarily reflect the views of the United Nations or its officials or Member States.

The designations employed and the presentation of material on any map in this work do not imply the expression of any opinion whatsoever on the part of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

Mention of any firm or licensed process does not imply the endorsement of the United Nations.

Photocopies and reproductions of excerpts are allowed with proper credits.

This publication has been edited externally.

United Nations publication issued by the United Nations Conference
on Trade and Development

UNCTAD/DIAE/PCB/2022/3
eISBN: 978-92-1-002488-4
United Nations publication

Note

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

The *Investment Advisory Series* provides practical advice and case studies of best policy practice for attracting FDI that contributes to sustainable development. The series draws on the experiences gained in, and lessons learned through, UNCTAD 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.

When material in this publication is quoted or reproduced, a copy of the publication containing the quotation or reproduction should be sent to:

Chief, Investment Promotion Section
Division on Investment and Enterprise
United Nations Conference on Trade and Development
Palais des Nations, Room E-10080
CH-1211 Geneva 10, Switzerland
Email: ips@unctad.org

Publications are available at <https://www.unctad.org> and <http://www.sustainablefdi.org>.

Acknowledgements

The *Investment Advisory Series* is prepared by UNCTAD staff members and consultants under the guidance of James Zhan, Director of DIAE. The present guide was prepared by a team led by Paul Wessendorp and comprising Stephania Bonilla-Feret and Carlos Griffin. The guide benefited from comments and contributions from Richard Bolwijn, Bruno Casella, Chantal Dupasquier, Maha El Masri, Natalia Guerra, Massimo Meloni, Ian Richards and Amelia Santos-Paulino of UNCTAD. Desktop publishing was undertaken by Ana Beatriz Dominguez Organero and editing, by John Rogers.

The publication benefited from experiences gained under a United Nations Development Account project.

Contents

Introduction	1
The need for investment in the SDGs.	1
The role of investment facilitation and investment promotion agencies	2
Aim of this guide	3
Structure of this guide.	4
Chapter 1. A whole-of-government approach to SDG investment facilitation. . . .	5
1.1. Putting SDG investment high on the policy agenda.	5
1.2 Mapping key government actors in charge of investment facilitation.	9
1.3 Ensuring strong coordination for a government-wide strategy	13
Chapter 2. Steps in facilitating SDG-oriented investment	17
2.1 Develop an SDG project pipeline	19
2.2 Find and secure partners	22
2.3 Facilitate and provide aftercare.	27
2.4 Give stakeholders feedback	30
Chapter 3. Digitalization of investment facilitation	33
3.1 Pursuing a progressive approach to digitalization.	33
3.2 Digital tools used across an IPA's operations	36
3.3 Strategically leveraging digitalization for SDG impact	44
Bibliography.	46

Boxes

Box 1. Background to UNCTAD's Global Action Menu for Investment Facilitation	6
Box 2. The Global Alliance of Special Economic Zones	10
Box 3. Malaysia – A national approach towards elevated economic, social and governance (ESG) focus on the SDGs	14
Box 4. The Namibian IPA and a government-wide approach to promote investment in green hydrogen	15
Box 5. Brazil - National strategy to facilitate investment in sectors that contribute to food security	16
Box 6. Examples of IPAs setting SDG-related objectives and targets	21
Box 7. Working with stakeholders to facilitate investment in SDG 2 on zero hunger and food security	23
Box 8. Examples of IPAs engaging in partnerships to strengthen the enabling ecosystem for SDG investment	28
Box 9. Examples of IPAs supporting investors to improve their SDG impact	30
Box 10. Costa Rica's IPA reporting on priority SDGs	32
Box 11. UNCTAD proposes 4 steps for IPAs to adopt a strategic approach to digitalization.	35
Box 12. Investment promotion agencies facilitating SDG-sector investment information online	38
Box 13. Investment promotion agencies working with development partners to create online investment opportunity maps and portals	39
Box 14. Examples of IPAs using digital tools to facilitate the site selection process	40
Box 15. Examples of investment facilitation digital tools developed by UNCTAD for developing countries	41
Box 16. Examples of digital platforms to facilitate investment partnerships	42
Box 17. Examples of digital tools used by IPAs to improve online feedback mechanisms to contribute to policy advocacy	43

Tables

Table 1. SDG-relevant sectors for investment.	7
Table 2. Examples of OIAs focused on SDG-related sectors	25
Table 3. Types of digital tools used by IPAs	36

Figures

Figure 1. Key government actors involved in SDG investment facilitation	12
Figure 2. The SDG investment promotion cycle with typical investment facilitation activities	17
Figure 3. Proactive steps in SDG investment facilitation	18

Abbreviations

ACP	African, Caribbean and Pacific States
APEX	Brazilian Trade and Investment Promotion Agency
CINDE	Costa Rican Investment Promotion Agency
CRM	customer relationship management
DIAE	Division on Investment and Enterprise (UNCTAD)
ESG	environmental, social and governance
FDI	foreign direct investment
GASEZ	Global Alliance of Special Economic Zones
IDA	Industrial Development Agency (Ireland)
IPA	investment promotion agency
LNDC	Lesotho National Development Corporation
MIDA	Malaysian Investment Development Authority
MIGA	Multilateral Investment Guarantee Agency
MNE	multinational enterprise
MSME	micro-, small and medium-sized enterprise
NCI	Malaysia National Committee on Investment
NGO	non-governmental organization
NIPDB	Namibia Investment Promotion and Development Board
OIA	outward investment agency
PPP	public–private partnership
SDG	Sustainable Development Goal
SEZ	special economic zone
SME	small and medium-sized enterprise
UNCTAD	United Nations Conference on Trade and Development
UNIDO	United Nations Industrial Development Organization
UNDP	United Nations Development Programme
WAIPA	World Association of Investment Promotion Agencies
WTO	World Trade Organization

Executive Summary

Investment facilitation is a key tool for governments to attract and secure investment and to encourage investors to expand their projects. It is particularly important for Sustainable Development Goal (SDG)-related investment, which often requires more proactive and more tailored services for investors than traditional investment. It calls for a “whole-of-government” approach in which different government entities work together to assist investors through the investment process.

For IPAs, as facilitators of foreign investment, the focus on SDG-related investment requires a change in operations. This starts with the development of SDG project pipelines and continues with the facilitation of these projects to maximize SDG impact. Policy advocacy should be informed by these services and report on lessons learned from facilitating investment towards the SDGs. This can help IPAs in their efforts to improve the enabling environment for SDG-related investment.

To develop SDG project opportunities, but also to help SDG investors in the establishment and operation of projects, IPAs need to expand their network of stakeholders within and outside of government. New partnerships should be created with local governments and with ministries dealing with SDG-related investment opportunities, including projects in health, education and the environment. IPAs also need to reach out to non-traditional investors that could provide financial or technical support to projects, such as development banks, institutional investors, and non-governmental organizations (NGOs).

To stay competitive in a digitalized economy, IPAs need to conduct many of their promotional activities online and offer facilitation services through digital platforms and tools. New programmes and instruments are available that can support IPAs in conducting their functions more effectively. The digitalization of investment promotion has the potential to strengthen the SDG impact of an agency’s investment facilitation services, but it is not automatic. IPAs should ensure that SDG information is integrated across their digital tools and systems related to investment. This can allow agencies to track the SDG impact and adjust policies and practices if pursued objectives are not being met.

Investment promotion and facilitation

Investment promotion and investment facilitation are distinct activities, but they are closely linked. Investment facilitation is generally concerned with information provision, transparency of rules and regulations, and the streamlining of administrative procedures for investors. As such, investment facilitation is usually considered less suitable for investment attraction, including SDG-related investment, which can involve investor targeting and selective incentives. However, many typical activities of IPAs fall in between promotion and facilitation, and both areas need to connect seamlessly for effective SDG investment project development.

This publication considers an expanded scope of investment facilitation and should be read in conjunction with the Investment Advisory Series number 8, *Promoting Investment in the Sustainable Development Goals* (UNCTAD, 2018).

Introduction

The need for investment in the SDGs

The 2030 Agenda for Sustainable Development (2030 Agenda), adopted by all United Nations Member States in 2015, provides a “shared blueprint for peace and prosperity for people and the planet”. Its success will be measured against the 17 SDGs and their related targets and indicators. At the time of their formulation, UNCTAD identified 10 SDG-relevant sectors for which investment gaps were estimated, adding up to a total of \$2.5 trillion annually for developing countries alone (UNCTAD, 2014). It is estimated that the impact of the COVID-19 pandemic has increased this gap to \$4.2 trillion per year for developing countries due to COVID-19-related emergency and response spending and a drop in FDI, portfolio investment and remittances (Organisation for Economic Co-operation and Development, 2021).

The progress made on the achievement of the SDGs has been threatened – and in some areas reversed – by the multiple and interlinked crises that have marked the beginning of the “decade of action” (2020–2030) to implement the 2030 Agenda. The pandemic, the accelerating and ongoing effects of climate change, and the war in Ukraine have had devastating effects across many SDGs. Countries around the world are facing a triple food, fuel and finance crisis and, as a consequence, are struggling to deal with short term pressures, let alone their long-term SDG aspirations. These factors contribute to a highly uncertain global investment landscape and persistent SDG investment needs, particularly in the poorest countries.

At the same time, and partly as a response to the multiple global shocks, sustainability is high on the agenda of both governments and investors as they try to move on from the pandemic while dealing with inflation, supply chain disruptions, the impact of war and the escalating impacts of climate change. Many of the investment priorities of governments across the world are aligned with SDG investment needs including social and physical infrastructure, food security, the digital economy and the energy transition. Sustainability is increasingly also a key strategy for private firms – including the largest multinational enterprises (MNEs) – to enhance the resilience of their global supply chains. Business opportunities in SDG-related digital markets have emerged from the pandemic, including in

health (telemedicine) and in education technology (edtech). Finally, sustainable finance continues to grow in importance. The main challenge lies in the lack of inclusiveness of these trends, which remain highly concentrated in certain SDG sectors, such as renewable energy and, developed markets.

The role of investment facilitation and investment promotion agencies

Investment facilitation encompasses all policies and measures 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. It involves the provision of relevant information and assistance to potential investors at the decision-making phase and throughout the course of the investment processes, including location benchmarking, due diligence, navigating government regulations and procedures, starting up and anticipating, and dealing with ongoing business challenges.

Measures can include improvements in the transparency and availability of information to investors; streamlining of administrative procedures for investment; enhancing the predictability of the investment policy environment through consultation procedures; and increasing the accountability and effectiveness of government authorities dealing with investment. In addition, investment facilitation includes various types of investor services, such as assistance with administrative processes and rules. Measures can also include cross-border coordination and collaboration initiatives that can facilitate the exchange of best practices, capacity-building initiatives and technical assistance in investment.

Investment facilitation is distinct from and complementary to investment promotion. Investment promotion involves marketing a location as an investment destination and is inherently competitive. It includes the targeting of prospective investors, often in specific target sectors for investment. Different government bodies may have a mandate for investment promotion, but the IPA will usually have a predominant role. In contrast, investment facilitation involves a “whole-of-government” approach and aims to improve the investment climate for the economy across all sectors and for all investors, small and big, local and foreign.

An important role can be played by IPAs in enhancing the impact of a country’s investment facilitation efforts. This role has been highlighted during the COVID-19 crisis and by its consequences. As governments have enacted support measures to the investor community during the crisis, IPAs have provided

support to existing companies to stay informed and secure government support. IPAs have also helped businesses navigate through government procedures to transform or extend their manufacturing towards products that could help fight the pandemic, from surgical masks to hand sanitizers and ventilators. IPAs have acted as troubleshooters for the evolving needs of investors and channelled feedback to governments about the challenges faced by the private sector.

In the same vein, IPAs can contribute to strengthening the SDG impact of government-wide investment facilitation. They can do this by ensuring that investment facilitation services are inclusive and address the specific needs and opportunities of SDG-related sectors as well as of specific investor groups that have a high SDG impact, such as social entrepreneurs and women, youth and rural investors.

Aim of this guide

This guide is intended for investment promotion officials, typically working within IPAs. It aims to provide practical recommendations for IPAs to leverage a greater SDG impact from their investment facilitation activities and, in turn, strengthen the SDG impact of their countries' wider investment facilitation ecosystems.

It is a response to the UNCTAD 2014 SDG Investment Action Plan that calls for transformative initiatives and priority actions to help shape a “big push” for private investment in sustainable development (UNCTAD, 2014). This guide complements issue number 8 of the Investment Advisory Series, Promoting Investment in the Sustainable Development Goals (UNCTAD, 2018), which provides guidance and tools to IPAs on the identification of target sectors; the selection of SDG-related projects for development and promotion; the marketing of these projects and the targeting of investors, including MNEs, development finance institutions, impact investors and other organizations interested in SDG financing.

This issue elaborates on the facilitation of investment in the SDGs and the role of IPAs. Once investor interest in a location and a project is triggered, there is a need for facilitation to win the investor's project and develop it over time. Facilitation services by IPAs are delivered to individual investors on a project-by-project basis and hinge on sound coordination and partnerships, particularly when it comes to investment that contributes to the SDGs.

Structure of this guide

The guide is organized into three chapters. Chapter 1 outlines the different government actors and the coordination required for a whole-of-government approach to investment facilitation in the SDGs. Chapter 2 focuses on the role of IPAs and provides guidance on how agencies can tailor their investment facilitation offering to leverage a greater sustainable development impact by applying an “SDG lens”. Given the rise in importance of digitalization and the impact it is having in transforming the way that IPAs are working, chapter 3 focuses on the digitalization of investment facilitation and provides an overview of digital tools that can support IPAs in making their operations and SDG investment facilitation services more efficient.

Chapter 1. A whole-of-government approach to SDG investment facilitation

Government-wide efforts to facilitate investment should benefit all investors and the economy as a whole. As governments recognize the importance of strengthening their investment facilitation efforts, it is essential that these efforts address the specific needs and challenges related to investment in SDG-relevant sectors and investments with an SDG impact.

1.1. Putting SDG investment high on the policy agenda

Investment facilitation is critical for economic growth and development, but government policies have historically been more focused on investment promotion. In 2016, UNCTAD reported that investment facilitation measures had until then received relatively scant attention in national investment laws, in international investment agreements and in industrial policies (UNCTAD, 2016). In response to this, a set of 10 actions were proposed in Global Action Menu for Investment Facilitation (box 1). Since then, UNCTAD monitoring shows that progress by countries has been made on information provision, regulatory transparency, and streamlining of administrative procedures for investors through digital information portals and single windows. The past few years have shown that these tools have increased in both coverage and quality (UNCTAD, 2022a). In addition, international tax reforms are reducing the scope of fiscal incentives and will make investment facilitation even more important. The UNCTAD World Investment Report 2022 gives an overview of the impact of a global minimum tax on FDI (UNCTAD, 2022b).

Scarce public resources should focus on the few investment facilitation interventions with the highest potential return on investment for development. UNCTAD core beliefs on investment facilitation (UNCTAD, 2022a) argue that investment facilitation measures should be:

- **Always on:** Prioritize elements that are needed all the time, not only under exceptional circumstances such as when a dispute looms;
- **For all investors:** Transparent, streamlined and digital administrative processes and registrations help local and foreign firms and micro-, small and medium-sized enterprises (MSMEs) as well as MNEs;

Box 1

Background to UNCTAD's *Global Action Menu for Investment Facilitation*

Global Action Menu on Investment Facilitation outlines the main elements of investment facilitation (making it easier for investors to establish themselves and operate) and crystallizes the distinction between promotion and facilitation. The Menu was debated among the multiple stakeholders at the World Investment Forum 2016 and subsequently endorsed by the UNCTAD Trade and Development Board.

The UNCTAD Menu was launched at a time when a group of countries were forming an informal dialogue in the margins of the World Trade Organization (WTO) aimed at developing a multilateral agreement on investment facilitation for development. Negotiations on such an agreement were formally launched within WTO in 2020 under the aegis of a joint initiative.

The set of 10 actions proposed in the Menu are:

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 stakeholder 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, 2016, 2022a; WTO, 2021.









- **All encompassing:** Rather than putting in place dedicated processes for investment authorizations only, capture economies of scope by covering all or most procedures and services required by local and foreign businesses.

National SDG objectives should be defined at the highest government level ... Many countries embed the SDGs into their national development strategies. To monitor implementation, various national coordination mechanisms have been established, set up as multi-stakeholder bodies, SDG committees or working groups, often operating under the supervision of a ministry, the presidency or the Head of Government. In view of the effects of the COVID-19 pandemic, many countries have put renewed, SDG-related, sectoral priorities at the forefront of their national recovery plans or stimulus packages. Among others, these include digitalization, climate change, food security and the health sector.

... from which national SDG investment priorities can be identified. Clearly defined national SDG priorities allow government agencies that are involved in investment promotion to prioritize SDG-relevant sectors for investment. At the same time, this allows government agencies involved in investment facilitation to make sure that their efforts are inclusive of the specific needs of investors in SDG-relevant sectors. Investment projects may advance one or more SDGs by virtue of the sector, the corporate practices of the investing company, or their social, economic and environmental impact. Table 1 provides a summary of SDG-relevant sectors for investment.

Table 1
SDG-relevant sectors for investment

 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>POWER (excluding renewables) Investment in generation, transmission and distribution of electricity</p>
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>TRANSPORT INFRASTRUCTURE Investment in roads, airports, ports and rail</p>
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>TELECOMMUNICATIONS Investment in infrastructure (fixed lines, mobile and internet)</p>

	<p>WATER, SANITATION AND HYGIENE (WASH) Provision of water and sanitation to industry and households</p>	
	<p>FOOD AND AGRICULTURE Investment in agriculture, research, rural development, etc.</p>	
	<p>CLIMATE CHANGE MITIGATION Investment in relevant infrastructure, renewable energy generation, research and deployment of climate-friendly technologies, etc.</p>	
	<p>CLIMATE CHANGE ADAPTATION Investment to cope with impact of climate change in agriculture, infrastructure, water management, coastal zones, etc.</p>	
		<p>ECOSYSTEMS AND BIODIVERSITY Investment in conservation and safeguarding of ecosystems, marine resource management, sustainable forestry, etc.</p>
	<p>HEALTH Investment in infrastructure, e.g. new hospitals, and R&D on vaccines and medicines</p>	
	<p>EDUCATION Infrastructural investment, e.g. new schools</p>	

Source: UNCTAD.

1.2 Mapping key government actors in charge of investment facilitation

Sustainable Development Goal-advancing investment facilitation requires that key government actors actively apply an “SDG lens” and identify opportunities and challenges to conducting SDG investment across their areas of work. In line with national SDG priorities, investment facilitation measures should be inclusive of ground-level obstacles in the investment process that are specific to SDG-related sectors and projects.

Such actors should include government bodies responsible for policy areas that impact the regulatory environment for investment ... Setting up, starting and operating an investment project requires complying with laws and the completion of government procedures such as company registration, obtaining a tax ID number, buying or leasing land, obtaining construction permits, hiring workers and registering with labour authorities, identifying local suppliers, obtaining work permits for expatriate workers, and applying for incentives and other forms of government support. As with any investment project, these are potential bottlenecks for SDG-advancing projects that may dissuade investors if the procedures are excessively unpredictable, untransparent, costly, or time-consuming. These processes fall under the authority of numerous ministries, administrations and local authorities, outlined in pillar I of figure 1, working in areas such as finance, labour, land use, intellectual property, domestic commerce, international trade, infrastructure, competition, regional development, small and medium-sized enterprises (SMEs) and entrepreneurship development. They all have a role to play in investment facilitation to ensure a conducive environment where investors can establish and grow.

... as well as government actors dealing with investment promotion, including IPAs, ... A national IPA is typically responsible for investment promotion at the country level and may operate under the ministry in charge of trade and investment. Many IPAs work together with subnational agencies that promote and facilitate investment at the local or city level. IPAs may not be the sole government institution responsible for attracting investment. Others are outlined in pillar II of figure 1 and can include ministries in charge of strategic resources and State-owned assets that may have a pipeline of government-conceived projects for which they are seeking foreign investment. Some governments have dedicated units within ministries responsible for the privatization of State-owned assets as well as units or an agency responsible for public-private partnerships

(PPPs). Because they are responsible for attracting investment in specific SDG-related sectors (such as infrastructure and energy) or sectors that can have an important SDG impact (such as on the environment), they should naturally be part of any government-wide SDG-advancing investment facilitation efforts.

... **special economic zones (SEZs)**, ... SEZs continue to grow in number across all regions and provide specific investment facilitation measures to investors. In an environment characterized by heightened competition for investment and tight public budgets, especially in the poorest countries, and particularly due to the impacts of the COVID-19 pandemic, SEZs have received renewed attention from policymakers. For example, a recent study of SEZs in Africa confirms that their use is on a steep upward trend and projected to proliferate in many countries across the continent (UNCTAD, 2021a). SEZs now face the challenge of integrating the sustainability imperative into their strategies and operations and, increasingly, many are actively seeking to contribute to the SDGs. SEZs can serve as important catalysers and test beds for innovative investment facilitation in the SDGs. Although there are examples of IPAs that are directly responsible for SEZs, it is more common that they are handled by dedicated entities such as an SEZ authority. Leveraging the potential of these zones therefore requires close collaboration between IPAs and the entities in charge of them. The Global Alliance of Special Economic Zones (GASEZ) aims to advance a new generation of SEZs that contribute to sustainable development; it promotes close collaboration between SEZs and IPAs (box 2).

Box 2

The Global Alliance of Special Economic Zones

Established in 2022 by UNCTAD and seven SEZ associations, GASEZ is committed to working towards a new generation of SEZs for sustainable development. It seeks to facilitate collaboration, peer-learning, collective policy advocacy and awareness about the contributions of SEZs to sustainable development. It also seeks to undertake technical cooperation programmes to modernize SEZs and promote “SDG model zones”. Within this framework, and supported by the World Association of Investment Promotion Agencies (WAIPA), GASEZ promotes strong collaboration between IPAs, SEZs and other bodies engaged in investment promotion towards a holistic approach to SDG investment promotion and facilitation at the local, national and regional levels.

Source: GASEZ – <https://gasez.org/>

... and, increasingly, diplomatic networks. Through their diplomatic networks, ministries of foreign affairs may also be involved in investment facilitation. For low-income countries who do not have the resources to maintain a network of IPA overseas offices, diplomats and commercial attachés in strategic postings abroad can act as investment facilitation liaisons for IPAs and can contribute to fostering partnerships, providing aftercare and pursuing stakeholder feedback to contribute to policy advocacy efforts (UNCTAD 2021b).

Finally, ministries and departments in charge of SDG-related sectors and policies are also part of a government-wide approach to SDG investment facilitation. SDG investment projects often involve sector-specific regulations, information and technical expertise that can be best provided by dedicated entities within government. These are outlined in pillar III of figure 1 and include entities in charge of SDG sectors such as education, health, agriculture, energy, water and sanitation, and the environment. They are key to facilitating sector-specific investment projects such as the building of universities, the development of energy plants, or the establishment of enterprises that provide telemedicine services.

In addition to dealing with sectors that can offer opportunities to investors, sectoral ministries are responsible for policy areas that underpin the productive capacity of the local economy and affect the investment attractiveness of the country. They develop nationwide strategies that can have an SDG impact in multiple sectors. For example, the ministry in charge of education can facilitate partnerships in vocational training with investment projects that may not have a specific SDG-sector focus but can contribute to SDG 4 (Quality education) through the transfer of skill development and training to the local economy. Furthermore, there are often ministries or departments in charge of transversal SDG-related policy areas, such as women affairs and youth, which can play a role in encouraging investments that benefit these target groups.

The various departments of sectoral ministries can have different roles in investment facilitation:

- **Policy departments:** In consultation with sector stakeholders, these assess national SDG gaps and objectives and propose sector development plans aligned with national SDG targets;
- **Administrative departments:** These handle approvals, monitoring, and enforcement of regulations and are among the departments with the most direct contact with investors;

Figure 1
Key government actors involved in SDG investment facilitation



Source: UNCTAD.

- **Technical and research departments:** These will have the sector-specific technical know-how for the administration and implementation of SDG-advancing projects. They can contribute to facilitating technical partnerships to secure feasibility and implementation of SDG projects.

1.3 Ensuring strong coordination for a government-wide strategy

The objective of a government-wide SDG investment facilitation approach is to have all relevant actors work towards common SDG investment objectives. Once national SDG investment priorities have been defined at the highest level of government, all key public actors mentioned in the previous section can contribute to channelling investment towards them. Applying an “SDG-lens” involves identifying specific barriers and opportunities to conducting investment in SDG-related sectors and projects.

Countries can adopt different models to ensure coordination between government actors engaged in SDG investment facilitation. For example, some countries have created dedicated working groups or committees responsible for coordinating investment facilitation efforts towards priority sectors. Malaysia has established a national council that provides strategic guidance to ensure that investment policies are aligned with the country’s investment aspirations, including focus areas related to the 2030 Agenda (box 3). In Namibia, in line with the country’s blue and green growth ambitions, a Green Hydrogen Commissioner works closely with the Office of the President to promote the sector and has created a national Private Sector Green Hydrogen Taskforce (box 4). In Brazil, the government is seeking to strengthen the business environment to attract more investment in the fertilizer and plant nutrition value chains, to reduce import dependency and contribute to food security. Towards this end, the government has developed a strategy that is overseen by a National Fertilizer and Plant Nutrition Council (box 5).

For an IPA to be able to contribute to a Government’s success in attaining its SDG investment objectives, the agency’s role needs to be clearly defined and backed by high-level government support. This implies that the role of the national IPA is clearly defined within the organizational structure chosen to lead the country’s SDG investment facilitation efforts. Importantly, the Malaysian, Namibian and Brazilian examples benefit from political support from the highest government level, which helps the IPA to be able to effectively undertake its functions.

Box 3

Malaysia – A national approach towards elevated economic, social and governance (ESG) focus and the SDGs

Malaysia has outlined its national investment aspirations and seeks to develop its new investment policy with an elevated ESG focus and alignment with the SDGs

The government has established the **National Committee on Investment (NCI)**, an investment approval body jointly chaired by the Ministries of Finance and of International Trade and Industry, to expedite the regulatory process to approve and facilitate new investments. The NCI is part of a broader, intergovernmental council that provides strategic guidance and ensures that national investment policies are aligned with the core sectors that underpin the country's sustainable economic growth, including agriculture, utilities, education, transportation and infrastructure.

The Malaysia Investment Development Agency (MIDA) operates under the Ministry of Trade and Industry and, together with subnational IPAs, is part of the NCI. Under this framework, MIDA leads the Project Acceleration and Coordination Unit, which aims to ensure the acceleration of approval of investment projects, within the stipulated 12-month time frame. Through a digitalized system investors can track the status of their investment projects in real time. As part of the process, MIDA identifies and facilitates any investment issues faced by the investors and proposes solutions. Among the services and solutions that MIDA can provide, many are directly related to SDG impact, such as support for companies in adopting circular economy models, adopting new technologies and engaging in technology transfer.

Source: MIDA – <https://www.mida.gov.my/invest-in-malaysia/business-facilitation/>

An IPA should act as a focal point for knowledge and contacts within government and the private sector related to SDG investment in the country ... Whatever model a government chooses to coordinate its SDG investment efforts, national IPAs can play an important role in ensuring its success. As first point of contact for investors, they can act as focal points for any information and knowledge related to investing in SDG sectors and projects and can act as liaisons between government actors and investors.

Box 4

The Namibian IPA and a government-wide approach to promote investment in green hydrogen

The country's ambitions to become a green hydrogen hub and reduce the dependency of sub-Saharan Africa on carbon fossil fuels are embedded in its socioeconomic development roadmap, the Harambee Prosperity Plan II, and its recent economic recovery plan. Both include key pillars on blue and green growth.

Strategic direction is driven by leadership at a high policy level, including the Namibia Hydrogen Commissioner who works together with the Office of the President. Actors across the government are working towards the shared national green hydrogen objectives through different means, including the securing of financing from sources from the private and public sectors, development assistance, bonds and grant funding, inter alia.

The Namibia Investment Promotion and Development Board (NIPDB), the national IPA, sits on the Green Hydrogen Council together with key ministries. NIPDB is also part of the Private Sector Green Hydrogen Task Force and promotes key green hydrogen projects in the government's pipeline, both grand-scale and smaller pilot demonstration projects. Among other investment facilitation measures, NIPDB calls for local companies and MSMEs interested in providing services and goods to the green hydrogen industry to contribute to a national dedicated database online, SMEup.

With the objective of capturing value-added activities related to the development of the green hydrogen industry, NIPDB, together with the Hydrogen Commissioner and the Namibian diplomatic network abroad, seeks to facilitate partnerships in research and development and has, for example, secured grant funding for this purpose from the German Ministry of Research.

Source: UNCTAD; NIPDB – <https://nipdb.com/>

... and ensure the inclusiveness of government-wide investment facilitation efforts through policy advocacy. By compiling information about specific barriers and opportunities to SDG-related investment, IPAs can engage in policy advocacy to continually strengthen the SDG investment environment in the country. Chapter 2 will focus on the role of IPAs as go-betweens between government and the private sector and as strategic facilitators of SDG-oriented investment.

Box 5

Brazil – National strategy to facilitate investment in sectors that contribute to food security

Following the outbreak of war in Ukraine, which has significantly affected food and fertilizer supply chains, some countries, including Brazil, have developed national strategies to promote investment in the fertilizer sector to reduce import dependency and strengthen food security.

The strategy is overseen by the National Fertilizer and Plant Nutrition Council and is led by Brazil's Ministry of Agriculture. It includes investment facilitation measures to improve the business environment and attract investments in the fertilizer supply chain, such as reducing the length of environmental permit approvals, upgrading national logistics infrastructure, fiscal incentives to invest in the sector and strengthening national research and innovation in the sector.

The objectives of the strategy are:

1. Modernize and expand crop nutrition and fertilizer projects;
2. Improve the business environment in Brazil to attract investments in the fertilizer and plant nutrition value chains;
3. Promote the competitive advantages of the national production of fertilizers to improve the supply to the Brazilian market;
4. Strengthen investment in research and development in the plant nutrition and fertilizer value chains in Brazil;
5. Strengthen the logistics infrastructure and entrepreneurship related to fertilizers.

The Brazilian Trade and Investment Promotion Agency (APEX) has a clear role in attracting and facilitating investments in productive capacity that can support the development of the sector and provide information to prospective investors about the incentives and support offered by the plan.

In 2022, APEX Brazil was one of the recipients of the United Nations Investment Promotion Awards for promoting investment in sustainable agribusiness. The IPA received the award for its ScaleUp programme that is designed to attract international tech companies in key sectors including agriculture by providing business development and strategic advice and access to local investors.

Source: apexBrasil - <https://investinbrasil.com.br/> ; Brazil, Ministry of Agriculture (2022)

Chapter 2. Steps in facilitating SDG-oriented investment

By modifying their operations across the investment promotion cycle, IPAs may leverage a greater SDG impact. Figure 2 shows the different areas of work that comprise an IPA's SDG investment promotion cycle. This chapter will focus on the investment facilitation functions within the different work areas of the cycle and provide recommendations on how an “SDG lens” can be applied across them. These functions are outlined in figure 3 and include the prioritization and preparation of SDG investment project proposals (step 4: Develop an SDG project pipeline), the facilitation of technical and financial investment partnerships (step 5: Find and secure partners), the facilitation of technical and financial investment partnerships (step 6: Promote sectors and projects), the facilitation of technical and financial investment partnerships (step 7: Facilitate and provide aftercare), and the facilitation of technical and financial investment partnerships (step 8: Give stakeholders feedback).

Figure 2
The SDG investment promotion cycle with typical investment facilitation activities



Source: UNCTAD

(step 5: Find and secure partners), information and service provision for investment projects at the establishment and post-establishment phases (step 7: Facilitate and provide aftercare) and monitoring and evaluation and policy advocacy (step 8: Give stakeholder feedback).

As with investment promotion, IPAs can adopt either a reactive or proactive approach to SDG investment facilitation. In the former, agencies respond to investor requests as they receive them. In the latter, agencies proactively propose their investment opportunities and facilitation services to investors. This chapter focuses on the proactive approach.

Figure 3

Proactive steps in SDG investment facilitation

(Steps 4, 5, 7 and 8 of the SDG investment promotion cycle in figure 2)

<p>4 Develop an SDG project pipeline</p>	<ul style="list-style-type: none"> ✓ Define SDG criteria and targets to prioritize investment leads ✓ Prepare SDG investment project profiles
<p>5 Find and secure partners</p>	<ul style="list-style-type: none"> ✓ Foster technical and financial partnerships in support of SDG investment projects ✓ Strengthen the enabling ecosystem for SDG investment through partnerships
<p>7 Facilitate and provide aftercare</p>	<ul style="list-style-type: none"> ✓ Provide SDG-relevant information to investors ✓ Propose services to enhance the SDG impact of investor operations
<p>8 Give stakeholders feedback</p>	<ul style="list-style-type: none"> ✓ Track and report on progress towards SDG-related targets and objectives ✓ Invest in knowledge management and engage in policy advocacy to improve the enabling environment for SDG investment.

Source: UNCTAD

2.1 Develop an SDG project pipeline

2.1.1 Define SDG criteria and targets to prioritize investment leads

An IPA with a substantial pipeline of investment projects to promote must keep track of SDG-related data on each of them. Agencies should be able to systematically collect, store and present data on each project. This allows IPAs to understand, compare, aggregate and quickly analyse projects. UNCTAD proposes a template for agencies to create “SDG project profiles”. Such profiles include general project information; the SDGs addressed by the investment project; partners involved; financial needs and potential SDG-related financing; as well as any SDG-related support and incentives (UNCTAD, 2018).¹

Defining SDG indicators allows IPAs to prioritize their services and report on the impact of their activities. IPAs across the world are increasingly focusing their efforts on attracting and facilitating investment towards SDG objectives and sectors in line with national policies and priorities. However, it is still not commonplace for agencies to define SDG-related indicators across their functions, which prevents them from strategically prioritizing their services. This may increase the risk that SDG-related work remains ad hoc and limits the ability to report and monitor on the effectiveness of an agency’s SDG-related investment facilitation services.

Agencies should choose deliberately and strategically how best to focus their facilitation offering. Many agencies claim that they give preference to projects that have a high sustainable impact potential, but in practice they often fail to prioritize such projects in a systematic manner. A recent survey conducted by UNCTAD found that when prioritizing investment leads, 50 per cent of IPAs surveyed took into consideration the potential impact on women, particularly the impact on women’s employment, yet only a few agencies had translated this preference into defined criteria for project prioritization (UNCTAD, 2020a).

Prioritization criteria should be linked to SDG-related investments that the IPA targets and reports on. Criteria often used by IPAs are linked to their key performance indicators, such as value of investment, sector, and job creation. For

¹ Certain types of fiscal incentives, such as tax holidays and exemptions to large investors with global revenues of more than \$750 million, will lose much of their effectiveness after the prospective introduction of a global minimum tax. Investment facilitators, insofar as they provide information to investors on available incentives, should be aware of the impact of international tax reforms (see UNCTAD, 2022b).

Goal-related investment, SDG criteria should be considered.² The 2030 Agenda framework provides a useful guide to define these criteria and set targets.

Sustainable Development Goal-related criteria can serve as a screening mechanism to filter and rank prospective investment projects. Approaches can be adopted depending on the targets set by the agency. If it is an agency's objective that a particular percentage of the projects that it targets contribute to its priority SDGs, the agency can select potential investment projects based on these criteria. Targets should be realistic and can evolve as the IPA gains in experience and knowledge. For example, an agency may begin with an initial target of 10 investment projects in a priority SDG sector. Alternatively, an agency that prioritizes SDG 10 (Reduced inequalities) may set a target that 30 per cent of employment generated by investment projects supported by the IPA should be located outside the main metropolitan area. Examples of different approaches to targets and reporting are provided in box 6.

² See: Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development, https://unstats.un.org/sdgs/indicators/Global%20Indicator%20Framework%20after%202022%20refinement_Eng.pdf

Box 6

Examples of IPAs setting SDG-related objectives and targets

Industrial Development Agency (IDA), Ireland: The IPA's 2021–2024 strategy is framed by five pillars, namely, growth, transformation, regional development, sustainability and impact. To achieve the objectives in each pillar, the strategy defines key metrics that include:

- Partnering with clients for future growth through 170 research, development and innovation investments;
- 130 training and upskilling investments;
- 400 investments to advance regional development;
- Embracing a green recovery through 60 sustainability investments.

Under the sustainability pillar, the IPA identified target areas of investment within priority SDG 12 (Responsible consumption and production), SDG 13 (Climate action) and SDG 14 (Life below water). It will focus on supporting investment that improves the sustainability of the established client base, and on winning investment in new sustainability-related activities including climate change mitigation; climate change adaptation; sustainable use and protection of water and marine resources; the transition to a circular economy; pollution prevention and control; and protection and restoration of biodiversity and ecosystems.

Invest in Lyon, France: This subnational IPA has prioritized eight SDGs and has elaborated a strategy that focuses on investment projects with a positive social and environmental impact and that contributes to regional development. It defined performance indicators and set a minimum target of:

- 40 per cent of investment projects facilitated by the agency to contribute to one or more positive impacts;
- 10 projects with a social and solidarity focus;
- 15 per cent of investment projects facilitated to be established outside the main metropolitan area.

To achieve these targets, the IPA focuses actions on key sectors including global health, mobility, digitalization and environmental transition.

Source: IDA Ireland – <https://www.idaireland.com/>; Only Lyon Invest – <https://www.aderly.fr/en/>

2.1.2 Prepare SDG investment project proposals

Agencies can systematically collect, store and present SDG data on investment projects. IPAs will have a list of investment projects in their pipeline, and each one can be complex in its own way and can include partners, technical aspects, financial structures and regulations. A project template can be used as an outline that can be completed gradually and the IPA should ensure that key SDG information about the project is included. For example, the template can include general information about the prospective investment project, such as the relevant SDG sectors or objectives that it can potentially contribute to. Any specific regulatory requirements related to the SDG sector should also be included, such as pre-clearances, licences and environmental impact assessments, as well as any related government support measures and available incentives.

As they develop proposals, IPAs can identify facilitation services that can enhance the SDG impact of investment projects. Concrete opportunities to have a sustainable development impact can influence an investor's decision to invest in a country or location. Even when an investment project is neither in an SDG sector nor has an explicit SDG objective, an investor may still be encouraged to make a sustainable development impact. IPAs can enhance the attractiveness of SDG investment projects in their pipeline by including an offer of SDG-related investor services.

2.2 Find and secure partners

2.2.1 Foster technical and financial partnerships in support of SDG investment projects

Investment promotion agencies can strategically leverage their networks to foster successful SDG investment partnerships. In addition to providing investors with accurate and up-to-date SDG-related information to strengthen their investment operations, another key element of SDG investment facilitation is the provision of support to technical and financial partnerships at the local and international level. By acting as liaisons, IPAs can introduce investors to a range of partners that can contribute to reaching their SDG investment objectives. Box 7 provides an example of partnerships that can be facilitated by an IPA in SDG 2 (Zero hunger).

Box 7

Working with stakeholders to facilitate investment in SDG 2 on zero hunger and food security

In 2022, the annual United Nations Investment Promotion Awards recognized IPAs for excellence in facilitating sustainable investment in agribusiness. For the Lesotho National Development Corporation (LNDC), one of the winners, partnerships were critical for the success of the project that won the award.

LNDC launched the Maluti Fresh Produce Market with an investment from the Lesotho Diaspora Investment Group. The IPA played a critical role in facilitating the project, particularly in forging local partnerships to support the commercial operationalization of the market and to ensure its sustainability and social impact. The market provides registered farmers, who are predominantly women, with better market access and use of a partial credit-guarantee scheme that is run by LNDC, in collaboration with local banks.

Source: UNCTAD; LNDC – <http://www.lndc.org.ls/>

Important SDG partners exist across the public and private sectors.

Chapter 1 outlined the key public actors that are part of a whole-of-government approach to develop an enabling environment for SDG investment in a country. All of these can be potential partners for an SDG investment project, depending on the specific sector and needs of the investor. Other partners will come from the private sector and include both local and foreign companies. IPAs should keep a database of MNEs established in the country that could support investment projects in key SDG areas. For example, some MNEs may engage in SDG partnerships through the networks or platforms that they belong to, such as the United Nations Global Compact or the World Business Council for Sustainable Development.

Local social entrepreneurs can be key partners for foreign investors, by providing access to innovative products and services as well as new and underserved markets. The importance of social entrepreneurs in contributing to inclusive business solutions has become evident as they have played an active role at the community level during the COVID-19 crisis, reaching last-mile consumers and filling important gaps in the delivery of essential services including health, food and education (Acumen and IKEA Social Entrepreneurship, 2021). Social entrepreneurs may bring MNEs market insights, local networks and relationships of trust that have taken many years to build and that are crucial

to business success and sustainability impact. Different types of partnerships between social enterprises and MNEs can be facilitated by an IPA, including those focused on skills transfer as part of MNEs' corporate social responsibility programmes, and joint-venture or procurement partnerships whereby social enterprises supply goods and services to MNEs. To do so, IPAs can work together with the government agency in charge of entrepreneurship and SMEs and keep track of social entrepreneurs that are working in target investment sectors and in SDG-related areas. Some agencies may already have a mandate that deals with SME development or have databases of local enterprises by sector and should ensure that these are inclusive of social entrepreneurs.

As the sustainable finance market continues to grow, new and traditional players are active in the SDG investment space and can be key partners to channel investment towards SDG-related themes. This includes institutional investors such as pension funds, insurance companies and sovereign wealth funds that are integrating ESG considerations into their investment processes and dedicating a portion of their assets to support the SDGs. It also includes asset management firms, that are playing an intermediary role between responsible investors and targeted enterprises with impact potential.

Many outward investment agencies (OIAs) offer and administer special programmes and schemes in support of projects with high SDG impact. Examples include development finance institutions such as the Development Bank of Southern Africa, which mobilizes funding for infrastructure projects in Africa; outward IPAs such as AICEP Portugal, which promotes the internationalization of Portuguese companies; and investment guarantee schemes such as the Multilateral Investment Guarantee Agency (MIGA) of the World Bank Group that provides political risk insurance for cross-border private-sector investment. Among the different schemes that MIGA offers, its Small Investment Programme facilitates investments of SMEs in key sectors related to the SDGs.³ Table 2 provides a selection of OIAs that are working to channel investment in priority SDG-related areas and sectors.

Other partners can include intergovernmental organizations, NGOs and academia. United Nations agencies, NGOs and other institutions can be valuable partners in providing technical assistance, raising awareness about SDG opportunities and supporting SDG private-sector development.

3 MIGA Small Investment Program – <https://www.miga.org/small-investment-program>

While not all provide direct financing, they can participate in innovative partnerships that can help channel finance to SDG investment projects.

Table 2
Examples of OIAs focused on SDG-related sectors

Country/region	OIA	Services and programmes	SDG-related priority areas and sectors
Africa	Shelter Afrique www.shelterafrique.org	Pan-African finance institution that builds strategic partnerships and offers products and services to support the efficient delivery of affordable housing and commercial real estate	Housing and urban development
Asia and Oceania	Asian Development Bank www.adb.org	Supports projects in developing countries through advisory services, and mobilizes financial resources through co-financing operations that tap official, commercial, and export credit sources	Agriculture and food security, climate change and disaster-risk management, digital technology, education and gender
Canada	FinDev Canada www.findevcanada.ca	Supports inclusive private-sector growth and sustainability in developing countries. Offers financial solutions such as debt, equity and guarantees to clients operating in developing countries that demonstrate sustainable social and economic benefits for local communities	Agribusiness value chain, green growth and finance industry
Denmark	Investment Fund for Developing Countries www.ifu.dk	Invests knowledge and risk capital in the form of equity, loans and guarantees in developing countries	All investments must support the green transition and contribute to poverty alleviation and reduced inequality. It also has a specialized SDG investment fund
France	Proparco www.proparco.fr	Provides funding and support to businesses and financial institutions in Africa, Asia, Latin America and the Middle East	Agriculture, climate change and energy, education, infrastructure health and social and inclusive business
Germany	KfW www.kfw.de	Government bank with a mandate to promote global development focused on promoting and financing projects on behalf of the public sector	Aligns with all 17 SDGs, over one third of its investments are in climate change and environmental protection
Japan	Japan Bank for International Cooperation www.jbic.go.jp	Policy-based financial institution that conducts international lending, investment and guarantee operations	Energy and natural resources, infrastructure, manufacturing, environment

Country/region	OIA	Services and programmes	SDG-related priority areas and sectors
Netherlands	Netherlands Enterprise Agency https://english.rvo.nl	Helps Netherlands businesses to invest and expand their businesses abroad, particularly sustainable enterprises	Climate change, food security, gender equality, renewable energy, sustainability of supply chains and water among others
Portugal	AICEP Portugal Global https://www.portugalglobal.pt/	Promotes the internationalization of Portuguese companies through advice, business matchmaking services and training	Focus on supporting SMEs and young entrepreneurs
South Africa	Development Bank of Southern Africa www.dbsa.org	Mobilizes funding resources to contribute to infrastructure development in Africa	Economic infrastructure (information and communication technologies, transport, water and sanitation, energy) and social infrastructure (health, education, human settlements)
Spain	COFIDES www.cofides.es/en	Supports the internationalization of Spanish companies abroad	Adaptation and mitigation of climate change
United Kingdom of Great Britain and Northern Ireland	British International Investment https://www.bii.co.uk	Investment partner to businesses in Africa, Asia and the Caribbean	Infrastructure, education, agriculture, health, and impact focus on gender, diversity and inclusion, climate change, and ESG
United States of America	United States International Development Finance Corporation www.dfc.gov	Partners with the private sector to provide debt financing, equity investment, feasibility studies, investment funds, political risk insurance and technical assistance	Focus on investments in low-income countries in areas including women's empowerment, climate change, responding to COVID, bolstering connectivity
World Bank	Multilateral Investment Guarantee Agency www.miga.org	Promotes cross-border investment in developing countries by providing guarantees that protect companies against non-commercial risk	Environmental and social sustainability and impact focus on climate change, low-income countries, fragile and conflict-affected situations, water and gender

Source: UNCTAD.

2.2.2 Strengthen the enabling ecosystem for SDG investment through partnerships

In addition to facilitating project-specific partnerships, agencies can also engage in partnerships that strengthen the overall enabling environment for SDG investment. In line with SDG 17 (Partnerships for the Goals), IPAs

across the world are cooperating with different stakeholders in key areas that are determinant to attracting and facilitating SDG investment, including MSME development, skills, certification and standards, and SDG data, among others. Box 8 provides some examples.

Agencies can engage in different types of collaboration mechanisms with SDG stakeholders. This can range from defining focal points within key stakeholder institutions, to formal agreements for cooperation, through memorandums of understanding. At the same time, SDG stakeholders should be included in any client management systems and databases that the IPA uses to ensure that SDG-related information and contacts are institutionalized and do not rely on one single person.

2.3 Facilitate and provide aftercare

2.3.1 Provide SDG-relevant information to investors

Effective SDG-oriented investment facilitation depends on an IPA's ability to alleviate information asymmetries about investing with an SDG impact. IPAs can fill the information gap for SDG-related investment and provide investors with reliable information about the overall enabling environment in the country for their investments and point them to potential partners and incentive programmes.

This requires that IPAs keep abreast of government-wide information related to SDG investment. During the COVID-19 pandemic, IPAs have had to stay informed of the constantly changing COVID-19-related government regulations and support measures that have had an impact on the business community in order to support the evolving needs of investors. Likewise, IPAs need to keep track of the objectives and needs of the private sector and opportunities related to SDG investment as these evolve. Agencies also need to keep track of wider investment facilitation efforts at the government level and specific measures related to SDG investment, such as government incentives linked to SDG performance or specific to SDG sectors.

In line with this, agencies are increasingly developing SDG-sector investment profiles on their websites. For example, in a recent review of 188 national IPAs, UNCTAD found that half of them feature information online about investing in the health sector and SDG 3, albeit with large differences between agencies in terms of the quality and breadth of information presented (UNCTAD,

Box 8

Examples of IPAs engaging in partnerships to strengthen the enabling ecosystem for SDG investment

Partnerships focused on the environment

IDA, Ireland: To achieve its ambitious objectives related to facilitating investment that contributes to climate action and adaptation, the IPA places strong emphasis on collaboration and partnerships. It works with the Sustainable Energy Authority of Ireland, the Environmental Protection Agency, and Enterprise Ireland to help clients understand their environmental impact and reduce their carbon footprint. The agency also collaborates with Enterprise Ireland and across sectoral teams in IDA to develop a sustainable sourcing programme that benefits foreign MNEs, SMEs and the environment. Through this collaboration, the agency also seeks to promote the spillover of best practice environmental sustainability initiatives and technologies between foreign and Irish enterprises.

Partnerships focused on women's economic empowerment

Agence pour la Promotion des Investissements (API) Mali: The agency has partnered with the Malian national standards body, AMANORM, the Malian centre in charge of intellectual property, CEMAPI, and the agency in charge of trade and export promotion, APEX-Mali, to establish a dedicated service for women entrepreneurs. Its objectives include promoting the formalization of women-owned enterprises; facilitating their access to information, training and certification processes; and facilitating their access to new markets including through linkages with foreign investors. The initiative also benefited from non-governmental technical and financial partners, including UN Women.

Partnerships focused on skills development

Bahrain Economic Development Board (EDB): Bahrain Polytechnic, a tertiary education institute, supported by the EDB, signed a partnership agreement with Apple Inc. to establish Bahrain's first Apple-authorized training centre, which will be located at the university campus and will offer Apple-certified courses and accreditation for students and professionals in Bahrain who are interested in developing coding and designing skills.

Source: UNCTAD research; IDA – <https://www.idaireland.com/>; API – <https://apimali.gov.ml/wordpress/>; Bahrain EDB – <https://www.bahrainedb.com/>

2021c). Among the best-practice examples, agencies provided investment profiles by health subsector, information on relevant laws, regulations and incentives, “i-databases” of stakeholders in the health sector and information about the local talent pool in health.

Agencies can provide SDG-relevant information to support investor services during the establishment phase. When helping investors to decide which location is best for their investment, IPAs can systematically provide information about any potential SDG impact of investing in a specific site. For example, incentives may be available to investors that establish their operations outside of the main metropolitan areas in line with SDG 10 (Reduced inequalities). IPAs can also facilitate information to investors about the type of local stakeholders across locations that can influence the type of community engagement that an investment project can have.

2.3.2 Propose services to enhance the SDG impact of investor operations

Beyond providing SDG-relevant information, agencies can facilitate services that can strengthen the inclusiveness of investor operations. When SDG information is available at the local level, it can enable IPAs to provide data-backed proposals during the entry and establishment phases that can influence the inclusiveness of investment projects. In Paraguay, the export and investment promotion agency, REDIEX, played a critical role in the decision of foreign investors in the automotive manufacturing sector to establish manufacturing centres in the region of Alto-Paraná, where there was a high percentage of unemployed women, particularly single women with difficulty integrating into the job market. In partnership with the investors, the agency facilitated vocational training to the women through the Ministry of Labour that enabled them to be hired by the foreign companies (UNCTAD, 2020a).

As investments grow, expand or transform, IPAs can also have a role in ensuring that these developments are contributing to SDG targets through their aftercare services. As investors become established in a country, they may be interested not only in growth and expansion, but also in developing stronger links with the local economy. Investors may also be interested in investing in skills upgrading or supplier development programmes. An IPA can provide support by identifying potential partners and providing advice and information to ensure that the programmes are inclusive. The examples in box 9 illustrate what agencies can do to increase the SDG impact of both new and established investors.

Box 9

Examples of IPAs supporting investors to improve their SDG impact

Sustainable supplier database

Council for the Development of Cambodia: The IPA has developed the Suppliers Database with Sustainability Dimensions to improve sustainable linkages between foreign investors and local suppliers. The database includes information about the sustainability characteristics of selected suppliers including quality and standards, gender, environmental sustainability, responsible supply chains and employee development.

Sustainability advisory services

Invest in Chile: As part of its investment facilitation services to established companies, the Chilean IPA offers support and advice to investors to improve the sustainability of their operations with a focus on the implementation of initiatives related to social and environmental challenges. It has developed a dedicated special advisory department on value added and sustainable development initiatives.

Gender equality toolbox

Invest Stockholm: The city-level IPA developed a Gender Equality Toolbox to help companies increase their contribution to gender equality. The toolbox includes podcasts, articles, guiding principles and contact details for gender equality experts to support investors with their gender equality objectives.

Source: UNCTAD research; CDC Cambodia – <https://sd2.cdc.gov.kh/>; Invest in Chile – <https://sd2.cdc.gov.kh/>; Invest Stockholm – <https://www.investstockholm.com/>

2.4 Give stakeholders feedback

2.4.1 Track and report on progress towards SDG-related targets and objectives

Ensure that the IPA monitors progress towards SDG-related targets and objectives ... The beginning of this chapter focused on how IPAs could prioritize SDG-related projects and define related indicators and targets to report on. Effective monitoring and evaluation allow the IPA to continually adapt and fine tune its SDG facilitation services and invest resources in those that bring about the greatest SDG impact. It is important to have baselines of reference to be able to report progress. Partnerships to collect and generate data will be key.

... and reports on it. While IPAs are increasingly working towards the SDGs and embedding them across their functions, only a minority of agencies systematically report on their SDG performance. Documenting its SDG performance is useful for the IPA internally and is also a strong signal to investors about its commitment and experience facilitating SDG investments. Box 10 provides an example of how the Costa Rican Investment Promotion Agency reports on its four priority SDGs.

2.4.2 Invest in knowledge management and engage in policy advocacy

As agencies progressively gain experience and knowledge in SDG investment facilitation, they should document practices and share them with investors. As IPAs successfully facilitate SDG investment projects in a location, they will enrich their contact and knowledge base, and acquire tacit information that can be valuable to future investors. They can develop lists of frequently asked questions and the different types of SDG services and advice that the IPA has provided. They can also compile and advertise a menu of SDG-related investment facilitation services that they provide and make these readily accessible online.

Insights gained and lessons learned by the IPA should feed into its policy advocacy activities to improve the enabling environment for SDG investment. Specific SDG information should also be included in policy recommendations that the IPA relates to the government. Through policy advocacy, IPAs can help draw attention to the need for inclusiveness of government-wide investment facilitation efforts. They can do this by sharing feedback on the specific needs and opportunities of SDG investment sectors and specific investor groups with high SDG impact, such as social entrepreneurs and women, youth and rural investors. IPAs should advocate for continuous dialogue and exchange between government bodies in charge of investment facilitation efforts.

Box 10

Costa Rica's IPA reporting on priority SDGs

The Costa Rican Investment Promotion Agency (CINDE) has chosen four priority SDGs that it reports on: SDGs 4 (Quality education), 5 (Gender equality), 8 (Decent work and economic growth) and 9 (Industry, innovation and infrastructure).

Once the four SDGs were chosen, the agency identified specific indicators and related targets for each. As a reference, it used the 2030 Agenda framework of targets and indicators under each respective SDG. Among the targets that it reports on is inclusive employment generated by the companies facilitated by CINDE. To measure this, the agency reports on the percentage of employees hired by different age brackets, sex, geographical regions of the country and by educational background. CINDE has an objective to have 50 per cent of employment generated by investors during any one year to go to women, and the agency keeps sex-disaggregated data on the participation of women in training and development activities that it supports.

CINDE partners with other government entities including the agency in charge of social security, the National Statistics Agency and the Central Bank to strengthen data collection related to investment and the SDGs. It also partners with SEZs to collect data and monitor linkages between foreign companies in the SEZs and local suppliers. In addition, the agency conducts regular surveys of the investors it serves and includes SDG-related questions to strengthen its understanding and data on SDG issues. For example, the agency has conducted a survey of investors to analyse the impact on women employees of layoffs caused by the COVID-19 pandemic.

In 2022, CINDE partnered with the Entrepreneurial Alliance for Development and jointly launched a tool to track data on how the top 400 MNEs established in the country are contributing to the SDGs.

Source: CINDE (2022); <https://www.cinde.org>

Chapter 3. Digitalization of investment facilitation

A strategic approach to digitalization of investment promotion can strengthen an agency's SDG investment facilitation efforts. This chapter reviews the types of digital tools that IPAs can adopt and tailor to their SDG-related targets and objectives. It recommends a progressive approach in which digital tools are considered in all IPA operations and in which SDG data and impact are integrated in each of these instruments.

3.1 Pursuing a progressive approach to digitalization

While digitalization brings about cost-effective opportunities for IPAs with limited resources, agencies are not on a level digital playing field. At a time when agencies are having to “do more with less”, the digitalization of processes and the use of digital tools can make their operations more efficient and effective. However, the pandemic has brought to light the significant digital divide between developed and developing countries, which is reflected in the online investment promotion and facilitation work of IPAs across the world. UNCTAD conducted a review of the virtual investment facilitation activities targeting investment in the health sector of 188 agencies, including their websites and social media presence. The review revealed important differences in the breadth and quality of information provided online by developed and developing country agencies (UNCTAD, 2021c).

Digital transformation is a process that can be undertaken in incremental steps, starting with an assessment of the digital needs of the IPA. Agencies can face numerous challenges to digitalize, including a corporate culture with traditional views that may continue to view technology as a threat to jobs, inadequate digital infrastructure, and insufficient knowledge and experience about the types of digital tools available. A recent survey found that the high costs of technology adoption, lack of digital skills and security, and confidentiality and privacy concerns were amongst the main barriers to digitalization for IPAs (UNCTAD, EY, WAIPA, 2021). As a first step, it is important for agencies to assess their digital needs, and consider the specific challenges, information and service gaps in which digitalization could make a difference.

For many IPAs, the first years of the COVID-19 pandemic have been rich in experimentation and adoption of new ways of working online. After assessing its digital needs, it is important for the IPA to take stock of in-house resources and knowledge acquired. For example, an IPA can begin by reviewing the digital skills of its staff, what technologies have been used up till now, who is using them and for what, and what the impact and experiences have been thus far. This should be a participatory process within the IPA, in which internal communication and feedback is important.

Agencies can assess how digital processes may help complement and prioritize their work ... When defining objectives, IPAs can begin by analysing which areas of their work need a scaling up of digital processes and may need to be further or completely digitalized. The objective is not necessarily to digitalize all of an agency's services, but rather to identify where digital processes can complement and enhance in order to prioritize them. For example, even after the lifting of restrictions related to the COVID-19 pandemic, agencies across the world continue to conduct investor outreach and meetings online and only travel overseas for investment promotion missions when digital tools fall short of reaching the pursued objectives. This should lead to fewer, but better quality in-person meetings and events and a more efficient allocation of resources. Likewise, chatbots can handle the most common customer inquiries, freeing up time for IPA staff to focus on where they can have the most value added and return from their work.

... as well as areas where their work can be enhanced by improved data and metrics. Digital tools can enhance the performance and quality of an IPA's work, namely by providing data and allowing for improved metrics. Almost all areas of work can benefit from more and better data, from investor tracking, customer relationship management (CRM), and communications and outreach to impact reporting. Agencies can define in which areas their data can be improved by digital tools and prioritize according to set objectives. For example, providing SDG investment facilitation services is still a nascent area of work for many IPAs, and they could benefit from digital tools that can provide feedback provide feedback on what is working and what is not.

Defining clear goals and expectations from each new digital process and tool is a key step in the digitalization process. A progressive approach to digital transformation can begin with one or two areas of work and move from there. Once the areas of work that would benefit from digitalization are identified,

clear goals and expectations should be defined for each new digital process or tool. One goal may be scaling of activities, such as increased website traffic or engagement on social media. It is useful to define baselines and keep track of metrics to be able to gauge progress and continuously adapt or refine goals.

Finally, the adoption process should be agile, allow for feedback mechanisms and a learning curve. One cost-efficient approach is to begin with free digital tools. The adoption of digital tools can be perceived as costly, and agencies may face difficulties in obtaining approval for a budget without clearly understanding beforehand its impact and expected benefits. However, digital transformation does not have to be overwhelming or expensive. Agencies can consider starting by using free versions of tools before signing up and paying for the software. The next step is to take the time to analyse what is working to be able to make more strategic decisions, including where to allocate resources to upgrade. For example, it's worth taking the time to test different creative content on social media and see what the audience responds to before considering a paid marketing strategy. Box 11 provides a summary of the steps to digitalize IPA operations.

Box 11

UNCTAD proposes four steps for IPAs to adopt a strategic approach to digitalization



1. **Assess digital needs:** Consider the specific challenges, and information and service gaps within the IPA that could be addressed by digitalization.
2. **Take stock of in-house digital skills and technologies:** Review digital skills of IPA staff and map which areas of work are already fully or partially digitalized and which are not.
3. **Define goals of digital processes and tools:** Identify and describe where digitalization can complement and enhance existing services or where functions can be strengthened.
4. **Adopt agile processes and regular feedback mechanisms:** Digital transformation can be an incremental process and IPAs can begin with one or two areas of work. Regularly monitor and benchmark progress on goals.

Source: UNCTAD.

3.2 Digital tools used across an IPA's operations

To date, most digital tools adopted by IPAs relate to their investment promotion functions, such as marketing and investor targeting. A recent survey of IPAs conducted by UNCTAD confirms that more than half of IPA respondents had used digital tools to support their investment promotion tasks, including marketing and communications, while less than half had used them for their other functions (UNCTAD, EY, WAIPA 2021). Recognizing the enhanced reach of digital platforms to their target audience, IPAs have used websites and social media for image-building, inbound marketing and lead generation purposes. Many IPAs also make use of digital tools and big data analytics to narrow down companies and investors that they want to target for investment, according to defined criteria.

Increasingly, however, and in line with wider e-government efforts to focus on investment facilitation, digital processes and tools are used across the entire investment cycle. They focus on information provision, streamlining of administrative procedures, and tracking data. The number of government digital information portals and digital single windows have increased in both coverage and quality over the past few years. Since 2016, the number of countries with digital information portals increased from 130 to 169, and those with digital single windows increased from 29 to 75 (UNCTAD, 2022a). In line with this e-government trend, IPAs are making use of an array of platforms and tools to strengthen their investment promotion and facilitation work. Table 3 lists selected tools and practices used in the investment promotion cycle.

Table 3

Types of digital tools used by IPAs

Investment function	Digital tools and practices
Investment promotion	IPA websites, social media, online investment guides (iGuides), digital platforms featuring investment opportunities, digital benchmarking tools, automated value proposition generation tools
Investment facilitation	Step-by-step online information portals (eRegulations), investment maps, online single windows (eRegistrations), digital site selection maps, guided virtual tours, digital comparison tools, project monitoring platforms, incentive calculator tools
Aftercare services and policy advocacy	Customer relationship management (CRM) systems, online investor surveys, business linkages matchmaking exchanges, online supplier databases, virtual grievance consultations

Source: UNCTAD.

Digital information platforms and tools can strengthen an agency’s role as focal point for information about a country’s SDG investment climate, including enabling policies, sector analyses and specific SDG investment opportunities ...

One consequence of the COVID-19 pandemic is that investors are conducting more research online prior to conducting a site visit to the country and making the decision whether to invest. This means that they are more demanding of up-to-date and comprehensive information online. The previous chapter emphasized that a key objective of an IPA’s investment facilitation services is to act as a focal point for investment information and contacts for investors. Traditional digital platforms, including websites and social media, can strengthen this function, under the condition that they are continuously updated, are user friendly and respond to the needs of investors. In 2021, the annual United Nations Investment Promotion Awards recognized agencies for their work in facilitating investment in SDG 3 (Good health and well-being). The three winners selected were recognized for the quality of information provided online (see box 12). Governments and IPAs are also working together with development partners to create a pipeline of investment projects and opportunities, together with online platforms with comprehensive information to showcase them to investors. Box 13 provides the examples of the SDG Investor Maps developed by the United Nations Development Programme (UNDP) and the Invest-in-the-African, Caribbean and Pacific States (ACP) portal developed by the United Nations Industrial Development Organization (UNIDO).

... as well as information on available investment incentives (including those linked to SDG performance).

IPA websites are being transformed into dynamic digital information portals with detailed information of relevance to investors, including on the range of investment incentives available. In addition to developing online incentive guides, including by sector, some IPAs are using digital tools to better coordinate and map the existing investment incentives offered. It is important that such platforms promoted by IPAs be connected to and provide information about other investment promotion bodies that may have distinct incentives to offer investors, such as SEZs. For example, MIDA has an Incentive Coordination and Collaboration Office that manages a closed, online portal through which national, subnational and sectoral partners are able to upload information on the full range of incentives offered throughout the Malaysian ecosystem, including those granted for advancing national SDG priorities. Collectively, MIDA and its partners generated a national map of 122 incentives, which MIDA now presents to investors through its i-incentive portal.⁴

⁴ <https://investmalaysia.mida.gov.my/incentives/>

Box 12

Investment promotion agencies facilitating SDG-sector investment information online

In 2021 the annual United Nations Investment Promotion Awards recognized IPAs for excellence in facilitating investment in SDG 3 (Good health and well-being). Finalists were identified through an UNCTAD survey and a research project covering the online investment promotion and facilitation activities of 188 national IPAs. The three winners stood out for the comprehensiveness of the information provided online on the enabling environment and investment opportunities in the health sector.

CINDE (Costa Rica) received the award for the depth and quality of information its website provides on health and related sectors, for its online and social media presence, which gives visibility to case studies and news on health-related investments, and for facilitating innovative partnerships that strengthen the health ecosystem in the country.

Invest in Holland (Netherlands) was awarded for its online investment promotion activities showcasing the Netherlands as a connected, life-sciences metropolis and for presenting information on the country's enabling environment for investment in health, including on policy, research and human talent.

Invest Korea (Republic of Korea) was recognized for the wide-ranging coverage of the health sector on its virtual outreach channels, including online tools, sector guides and reports, information about investment opportunities, and incentives and databases on potential partners.

SDGs.

Source: UNCTAD; CINDE – <https://www.cinde.org>; Invest in Holland – <https://investinholland.com/doing-business-here/industries/life-sciences-health/>; Invest Korea – <https://www.investkorea.org/ik-en/index.dodo?clickArea=enmain00009>

Online investment maps can facilitate the site selection process for company establishment and business expansion. Identifying the right location for investment is an important decision for investors who incorporate distinct criteria into their site selection process. While in-person site visits are difficult to replace, there are tools that can help investors screen and compare locations and obtain local-level information about the enabling and regulatory investment environment. This should lead to more effective and focused in-person site visits. Box 14 provides some examples of IPAs that are making use of digital tools for site selection. SEZs are also developing online portals to facilitate the site selection process. The Association of Free Trade Zones of the Americas developed a regional digital portal, RELOCATE LATAM, that allows investors to

compare zones across Latin America.⁵ The South African IPA, InvestSA, includes links to the SEZs in the country on its webpage, including the Richards Bay Industrial Development Zone, which offers virtual tours.⁶

Box 13

Investment promotion agencies working with development partners to create online investment opportunity maps and portals

UNDP SDG Investor Maps: As part of its SDG Impact initiative to accelerate private contributions to the SDGs by 2030, UNDP collaborated with a range of partners and donors, including IPAs, to develop SDG Investor Maps across countries. The SDG Investor Maps are tools to provide investors with country-level market intelligence that highlights key intersections between development need, policy priorities, and investor interest. They provide localized insight into sectors and market conditions that advance the SDGs. The methodology identifies investment opportunity areas and business models that could promote the SDGs. These opportunities are backed by actionable data to guide investor decision-making.

UNIDO Invest-in-ACP portal: Funded by the European Union and the Organization of African, Caribbean and Pacific States, UNIDO developed the Invest-in-ACP Investment Promotion Portal. Invest in ACP is a data portal featuring comparative tools that speed up, simplify and expand the process of generating leads and market intelligence to enable informed, intelligent decision-making. The portal presents investment opportunities within the African, Caribbean and Pacific region.

Source: UNDP Investor Maps; UNIDO (2022); Invest in ACP – <https://investment.unido.org/ACP/about>

Online single windows are replacing and streamlining the most time-consuming, administrative tasks related to investment. IPAs are automating, digitalizing, and simplifying investor support services, including implementing online one-stop-shop portals and digitalizing the facilitation of project set-up, licences, work permits, completion of government procedures and the payment of relevant fees. These services have increased significantly during the pandemic. The subnational Indian IPA Tamil Nadu developed the Tamil Nadu Single Window Portal, a one-stop-shop portal for investors to secure all business-related approvals, licences and clearances. It covers more than 200 services encompassing more than 40 government departments and agencies.⁷ UNCTAD

⁵ RELOCATE LATAM – <https://www.relocatelatam.com/es/>

⁶ InvestSA – <http://www.investsa.gov.za/special-economic-zones/>; Richards Bay Industrial Development Zone – <http://rbidzvt.guevara.co.za/>

⁷ Tamil Nadu Single Window Portal – <https://tnswp.com/DIGIGOV/swp-tnswp.jsp>

regularly provides technical assistance to governments, including IPAs, to adopt digital tools that aim to increase transparency about regulatory procedures for investors, provide step-by-step information portals and support the streamlining of investment processes online (see box 15).

Box 14

Examples of IPAs using digital tools to facilitate the site selection process

Invest Estonia: As part of a range of digital tools used by the IPA, Invest Estonia uses an “electronic investment advisor” that answers questions from investors about the investment location and develops tailor-made value propositions. The agency also offers its “Comparest” tool to investors, which allows them to compare Estonia’s investment environment with that of its main competitor countries.

Invest India: The IPA has an online Industrial Land Bank that showcases all available land in several subregions that can be used for development. The agency is in the process of aggregating the tool at the national level.

Switzerland Global Enterprise: The IPA’s Switzerland Business Navigator is an interactive global information system tool that provides business development support and helps investors find a location for a particular business with an option to compare locations based on certain criteria. It provides detailed information such as the number of industry clusters in a specific area, top start-ups, real estate prices, corporate taxes and infrastructure.

Source: UNCTAD research; Invest Estonia – <https://investestonia.com/compare/>; Invest India – <https://iis.ncog.gov.in/parks/login1>; Switzerland Global Enterprise – <https://www.s-ge.com/en/information/business-navigator>

To follow up with necessary approvals for the implementation of an investment project, some IPAs are hosting digital tools to strengthen information-sharing and coordination among government agencies. An example is provided by the United Kingdom’s Department for International Trade, which launched an integrated system for information-sharing and project coordination. This “data-hub” provides the department with centralized, nationwide project information and facilitates continuous working relationships with the national, regional and local authorities from which assistance will be needed for project approvals and implementation.⁸

⁸ <https://digitaltrade.blog.gov.uk/2021/01/20/from-database-to-data-driven-decision-making/>

Digital platforms can facilitate investment partnerships and provide investors access to key investment stakeholders, including local suppliers, sectoral company clusters, as well as technical and financial partners. In addition to information about investment opportunities, regulatory procedures and incentives, another key investment facilitation function of IPAs is to facilitate investment partnerships that can increase the probability of an investment project materializing or expanding. This involves providing investors with contacts and information about key stakeholders in the sector in which they are investing. These include local labour pools, suppliers, industry clusters, potential technical partners such as universities and research centres, as well as financial partners including development banks. Box 16 provides some examples of digital platforms used by agencies to facilitate collaboration between investment stakeholders.

Box 15

Examples of investment facilitation digital tools developed by UNCTAD for developing countries

Online investment guides (“iGuides” – implemented in 40 countries): Designed by UNCTAD and the International Chamber of Commerce to provide investors online, up-to-date information on business costs, investment opportunities and conditions in developing countries. They are developed with IPAs and their staff are trained in the collection and publishing of content (<https://www.theiguides.org/>).

Step-by-step information portals (“eRegulations” – implemented in 55 countries): These portals contain mandatory procedures to register and operate a business, step by step from start to finish, from a user’s point of view. Verified information includes forms, contacts, costs, duration and the legal bases (<https://digitalgovernment.world/>).

Streamlined processes – online single windows (“eRegistrations” – implemented in 10 countries): These single windows contain mandatory procedures to register and operate a business. They include integrated online forms as well as payment and document uploads, even where multiple government departments are involved (<https://digitalgovernment.world/>).

GER.co index: UNCTAD created GER.co to rate governments’ digital information portals on the degree to which they provide transparency on mandatory registrations for businesses. Ger.co also rates governments’ digital single windows on the degree to which they enable businesses and investors to obtain those registrations online (<https://ger.co/>).

Source: UNCTAD.

Among the most popular digital tools to track key statistics on investors and investment projects are CRM systems ... Such tools can support agencies in the prioritization of investment leads according to defined criteria. They can also keep track of the evolving activities and needs of investors during the investment process. This can include information on the location of corporate headquarters of the investor, contact information of key decision-makers, the location of facilities in the country and data on the incentives that an investment project has applied for. It is important that digital tools such as CRM systems are continuously updated. For example, the Tunisian Foreign Investment Promotion Authority uses a cloud-based CRM system to track information on investors and store key customer relationship information. Data on the agency's CRM system is updated once new information on investors is collected through its aftercare programme, once every one to two years for major investors (Wavteq, 2021).

... that can feed into performance, impact reporting and policy advocacy. More and better data not only help agencies focus their resources more efficiently, but also feed into better reporting on the impact of an investment project, the performance of the IPA, and the recurrent issues that investors face, which is helpful for the IPAs policy advocacy work. Good-practice IPAs require staff to engage consistently with their CRM system and ensure that all activities

Box 16

Examples of digital platforms to facilitate investment partnerships

Board of Investment, Thailand: The agency has an online matchmaking programme that collects information on investors' local company requirements for joint ventures and supplier relationships. It filters local enterprises, which it invites to matchmaking events.

CzechInvest, Czechia: The IPA has online supply chain linkage programmes that connect existing investors to local companies and partners. It also has an online database with standardized profiles of more than 3,000 manufacturing and IT companies by subsector to connect foreign investors to domestic suppliers.

Invest New Zealand: The investment arm of New Zealand Trade and Enterprise developed a free online capital-raising support platform, InvestEd, to support investors accessing finance for their projects.

Source: UNCTAD research; CzechInvest – <https://www.czechinvest.org/en/For-Investors/Database-of-Suppliers?force>; Invest New Zealand – <https://www.nzte.govt.nz/page/get-ready-for-growth-with-invested>; TechPros (2021); Board of Investment – <https://build.boi.go.th/EN/request-view>

and projects are tracked within it monthly. This ensures that IPA leadership can extract monthly overviews of their lead pipeline and staff and organizational key performance indicators. For example, Montreal International requires all staff engaging with accounts to input communications and progress of their accounts on the agency's CRM system, the results of which feed into performance reviews. In 2015, Dubai FDI began to systematically track FDI into the Emirate using an FDI accounting system that registers the impact of the agency's team in securing projects and creating jobs and also the size of capital expenditure that can be attributed to the team's work. The agency also provides a database of foreign investors in Dubai, updated daily, with company contacts.

Finally, technology can facilitate a closeness with investment stakeholders and allow for regular feedback mechanisms that can strengthen an IPA's policy advocacy efforts. Online meetings and videoconferences, and online investor surveys have been used by many IPAs during the pandemic not only to relay information to investors, but also to continuously engage with them and obtain their feedback about the current challenges they are facing and their specific needs with regards to their ongoing operations and potential new investments. Some agencies have further developed digital tools and implemented digitalized standard operating procedures and online feedback mechanisms to undertake effective policy advocacy. Some examples are provided in box 17.

Box 17

Examples of digital tools used by IPAs to improve online feedback mechanisms to contribute to policy advocacy

Austrade, Australia: The IPA has implemented a comprehensive feedback mechanism for investors that directly feeds into the communication channels that it has with other relevant government agencies.

Invest in Latvia: The Latvian IPA utilizes a multi-stakeholder online system to collect and channel relevant feedback to policymakers about regulatory hurdles faced by investors.

KOTRA, Republic of Korea: The agency's Foreign Investment Ombudsman works to support grievance resolution of foreign investors in the Republic of Korea and has an online, zero-contact consultation grievance application system with video meetings.

Source: UNCTAD research; <https://www.austrade.gov.au/>, <https://investinlatvia.org/>, <https://ombudsman.kotra.or.kr/ob-en/ob/i-2635/dstrss/front/cnsit-aply.do>

3.3 Strategically leveraging digitalization for SDG impact

Agencies should adopt a strategic approach to digitalization. The COVID-19 pandemic has demonstrated the critical importance of digitalization to continuously engage with investors in times when travelling and in-person meetings are discouraged or impossible. Beyond the reactionary approach adopted by many agencies as a response to the restrictions imposed by the global health crisis, IPAs now need to address digitalization more strategically in a way that allows them not only to continue to undergo their traditional operations but to better achieve their objectives in new and more efficient ways. Digital transformation involves more than simply buying off-the-shelf digital tools. It requires changing internal processes and even the culture of the organization as part of an overall strategy.

In doing so, they can deliberately consider how digitalization can strengthen the SDG impact of their activities. As IPAs try to keep up with competition to digitalize their services and processes, they should analyse how these adaptations can enable them to achieve their SDG investment objectives more efficiently. The previous sections provide an overview of some of the types of digital tools that IPAs are using. Depending on their resources and priorities, agencies can decide which tools to adopt and tailor them according to their specific SDG-related targets and objectives.

Digitalization has the potential to strengthen the SDG impact of an IPA's investment facilitation services, but it is not automatic. Chapter 2 of this guide provides practical guidance for IPAs on how they can tailor their investment facilitation offering to leverage a greater sustainable development impact. Only once this is done can IPAs assess which digital tools can support them in making their SDG investment facilitation services more efficient.

Investment promotion agencies should ensure that SDG data are included into their investment facilitation digital tools and processes and those of the government more broadly. While digitalization can generate data to better prioritize SDG projects, this will only happen if relevant SDG information is fed into digital tools and processes. This can include adding categories and information about investors and their SDG-related activities in CRM systems, including information about suppliers working in SDG sectors in online supplier matchmaking platforms, or mainstreaming SDG-relevant data in virtual selection tools. IPAs can also ask questions related to the challenges and opportunities

of conducting SDG-related investment in their online investor surveys. Digital tools therefore have the potential to contribute to evidence-based policy recommendations to strengthen the enabling environment for SDG investment.

Bibliography

Acumen and IKEA Social Entrepreneurship (2021). *Corporate Ready: How Corporations and Social Enterprises do Business Together to Drive Impact*. <https://acumen.org/corporate-ready/>.

Brazil, Ministry of Agriculture (2022). *Plano Nacional de Fertilizantes 2050: Uma Estratégia para os Fertilizantes no Brasil*. Secretaria Especial de Assuntos Estratégicos. <https://static.poder360.com.br/2022/03/plano-nacional-de-fertilizantes-brasil-2050.pdf>.

CINDE (2022). Informe de Impacto CINDE 2021. <https://www.cinde.org/es/recursos/informe-de-impacto-cinde-2021>.

Organisation for Economic Co-operation and Development (2021). *Global Outlook on Financing for Sustainable Development 2021*. OECD Publishing, Paris. https://www.oecd-ilibrary.org/development/global-outlook-on-financing-for-sustainable-development-2021_e3c30a9a-en.

TechPros (2021). Digital engagement: A new era in investment promotion. Chapter 02: Digital technology in investment promotion. <https://techprosio.foleon.com/network-sunday-and-techpros-articles/digital-engagement-a-new-era-in-investment-promotion/chapter-02-digital-technology-in-investment-promotion/>.

UNCTAD (2014). *World Investment Report – Investing in the SDGs: An Action Plan*. United Nations publication. Sales no. E.14.II.D.1. New York and Geneva. https://unctad.org/system/files/official-document/wir2014_en.pdf.

UNCTAD (2016). *Global Action Menu for Investment Facilitation*. Geneva. <https://investmentpolicy.unctad.org/publications/148/unctad-global-action-menu-for-investment-facilitation>.

UNCTAD (2018). *Promoting Investment in the Sustainable Development Goals. Investment Advisory Series A*, number 8. United Nations publication. New York and Geneva. https://unctad.org/system/files/official-document/diaepcb2018d4_en.pdf.

UNCTAD (2020a). Mainstreaming gender equality in investment promotion. The IPA Observer, issue 10, November. https://unctad.org/system/files/official-document/diaepcbinf2020d7_en.pdf.

UNCTAD (2021a). *Handbook on Special Economic Zones in Africa: Towards Economic Diversification across the Continent*. Geneva. https://unctad.org/system/files/official-document/diaeia2021d3_en.pdf.

UNCTAD (2021b). *Investing in the Sustainable Development Goals: The Role of Diplomats. Investment Advisory Series A*, number 9. United Nations publication. New York and Geneva. https://unctad.org/system/files/official-document/diaepcb2021d1_en.pdf.

UNCTAD (2021c). Promoting investment promotion in health post-pandemic: A global trend? *The IPA Observer*, issue 11, July. https://unctad.org/system/files/official-document/diaepcbinf2021d4_en.pdf.

UNCTAD (2022a). *Investment Facilitation: Progress on the Ground. Investment Policy Monitor*. Special issue 6, January. https://unctad.org/system/files/official-document/diaepcbinf2022d1_en.pdf.

UNCTAD (2022b) *World Investment Report 2022: International Tax Reforms and Sustainable Investment*. United Nations publication. Sales no. E.22.II.D.20. New York and Geneva. https://unctad.org/system/files/official-document/wir2022_en.pdf.

UNCTAD, EY, WAIPA (2021). UNCTAD-WAIPA exchange platform: Gearing up the digitalization of investment promotion. Presentation of an e-survey to identify digitalization trends in IPAs, EDBs and SEZs. Presented at the UNCTAD World Investment Forum, October 2021. <https://worldinvestmentforum.unctad.org/session/unctad-waipa-exchange-platform>.

UNDP. SDG Investor Maps. <https://sdgfinance.undp.org/sdg-tools/impact-intelligence-mapping-investment-opportunities-sdg-investor-maps-0>.

UNIDO (2022). ACP Business-friendly: Supporting value chains through inclusive policies, investment promotion and alliances. https://hub.unido.org/sites/default/files/publications/Brochure_ACP_2021.pdf.

Wavteq (2021). Wavteq Year in Review: 2021. <https://www.wavteq.com/news-blogs/2021/december/wavteq-year-in-review-2021>.

WTO (2021). Joint Statement on Investment Facilitation for Development. https://www.wto.org/english/tratop_e/invfac_public_e/invfac_e.htm.

