

# FDI Qualities Initiative

## Newsletter

February 2024



# Message from the Chair of the FDI Qualities Policy Network, Vasant Bhoendie

Dear Members and Stakeholders,



I am delighted to launch our half-yearly newsletters for the OECD FDI Qualities Initiative. As we celebrate our six-year milestone, I would like to extend my heartfelt gratitude to each of you for your unwavering commitment and invaluable contributions to advancing the principles of FDI Qualities Initiative. Our collaborative efforts have underscored the crucial role of investment in driving the green transition, innovation, and employment while fostering inclusive development.

In 2022, after four years of hard work, our initiative has made significant strides towards promoting sustainable investment worldwide. The adoption of the [OECD Council Recommendation on FDI Qualities for Sustainable Development](#) by more than 50 OECD and non-OECD countries, the first government-backed instrument on the subject, was an important achievement

by all of us. Together with the [Policy Toolkit](#), the [Indicators](#) and the Guide for [Development Co-operation](#), it provides governments with the policies, data and expertise they need to encourage sustainable investment that is greener, promotes quality jobs and upskilling, improves gender equality, and contributes to a more productive and innovative economy.

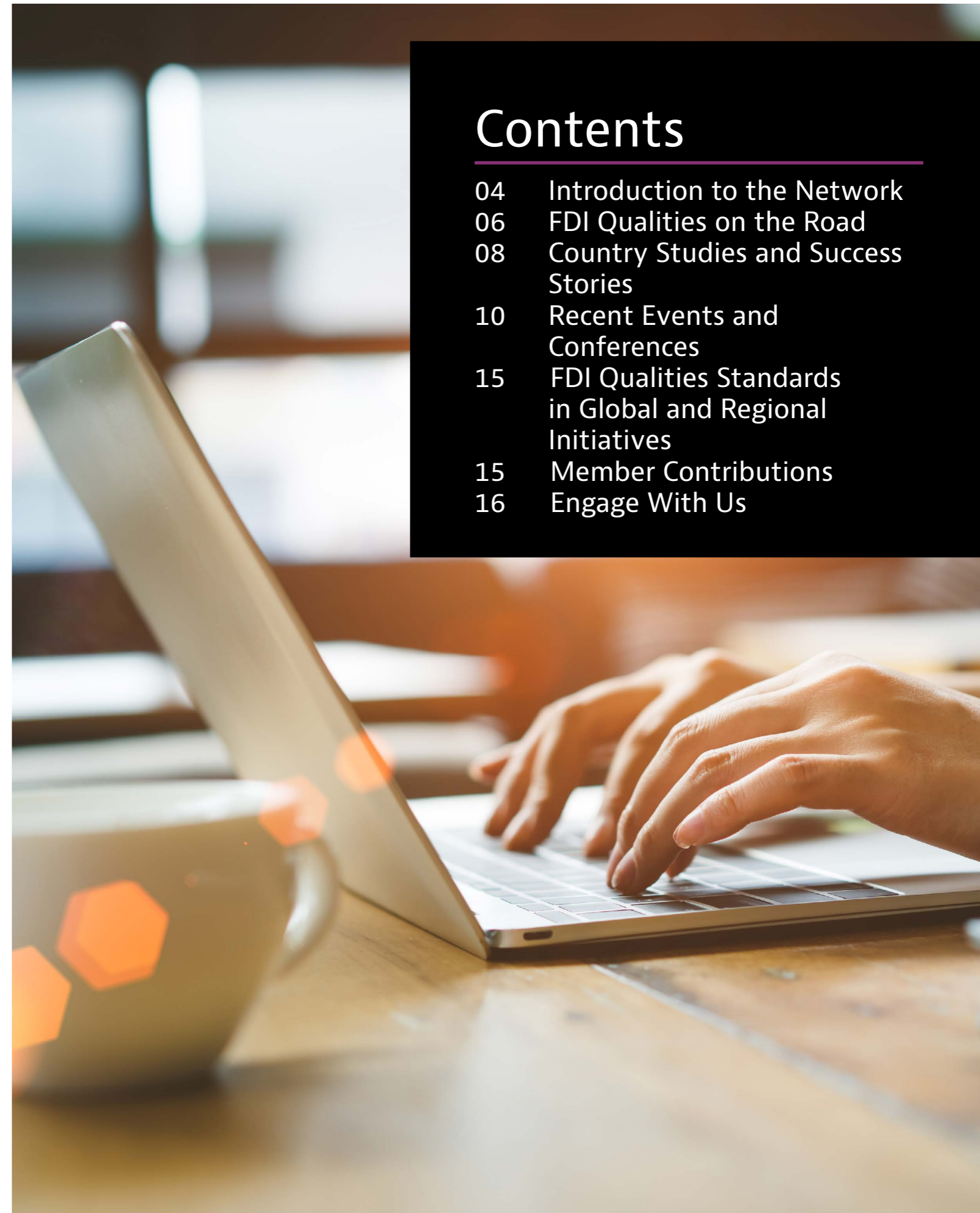
Since then, we have been disseminating FDI Qualities through the [FDI Qualities Implementation Roadmap 2022-2027](#). The roadmap includes: i) conducting country and regional reviews and capacity building; ii), improving the measurement of sustainable investment; iii), expanding our policy tools; and iv) investing in outreach and partnerships with international fora and development cooperation partners. For this endeavour, we continue to count on you – the FDI Qualities Policy Network – to serve as an inclusive forum to exchange policies and experience, and to provide feedback on this stream of work, along with the newly established FDI Qualities Advisory Group.

The newsletters will shine a spotlight on recent developments in the realm of FDI Qualities, emphasising why FDI is imperative to achieve our shared sustainability goals. Through insightful country and regional studies, we will highlight projects that embody the core values of our initiative, showcasing their outcomes and contributions to host communities. Our dedication to fostering a conducive investment environment remains steadfast, and we are committed to facilitating discussions, sharing knowledge, and promoting policies that support quality FDI flows globally.

In this first edition, we report on how FDI Qualities featured in journals covering sustainable investment issues, provide insights on jobs created from foreign investment in renewables, highlight findings from our recent FDI Qualities Review of Croatia and shed light on major FDI Qualities publications and events, including the Roundtable on Investment and Sustainable development. We also hear from FDI Qualities experts on recent developments in investment facilitation, investment treaties and sustainable development.

As we look ahead, we are excited about upcoming events, collaborations, and initiatives that will further strengthen our mission. Your engagement and participation in these undertakings are integral to our collective success. I encourage each of you to actively contribute your insights, experiences, and expertise, as together, we continue to shape the landscape of sustainable and inclusive investment policies.

Thank you for your support. I look forward to our continued collaboration and achievements over the coming year.



## Contents

04	Introduction to the Network
06	FDI Qualities on the Road
08	Country Studies and Success Stories
10	Recent Events and Conferences
15	FDI Qualities Standards in Global and Regional Initiatives
15	Member Contributions
16	Engage With Us

# FDI Qualities Policy Network

The OECD has established a dedicated multi-stakeholder policy network in 2018 that was instrumental to guide the FDI Qualities initiative through policy dialogue and technical discussions on project activities. The network is open to everyone and includes more than 200 stakeholders, including government officials from investment, development and other related policy communities from OECD and partner countries; representatives from the private sector and civil society; and experts from the OECD, other international organisations and academia.

# FDI Qualities Advisory Group

At the request of the OECD Investment Committee, the Advisory Group was established in 2023 as a small informal body to provide guidance, directions and perspectives on the development and implementation of the FDI Qualities Implementation Roadmap 2022-2027. It typically meets back-to-back with the [Roundtable on Investment for Sustainable Development](#), which serves as the higher-level forum to exchange on policy issues at the intersection of investment and sustainable development. Progress and outcomes of discussions are regularly reported to the OECD Investment Committee who agrees and endorses all work on FDI Qualities.

**Chair:**

**Vasant Bhoendie**, Ministry of Foreign Affairs, the Netherlands

**Alejandro Buvinic**,  
Ministry of Foreign  
Affairs, Chile

**Felix Imhof**,  
State Secretariat for  
Economic Affairs,  
Switzerland

**Radwa Kamouna**,  
General Authority for  
Investment, Egypt

**Faizal Mohd Yusof**,  
Ministry of trade &  
Industry, Malaysia

**Maria Nedelcheva**,  
DG Trade, European  
Commission

**Janet Shannon**,  
Department of State,  
United States

**Christine Kaufmann**,  
Chair of OECD Working  
Party on Responsible  
Business Conduct

**Achim Hartig**,  
Chair of OECD  
Investment Promotion  
Agency Network

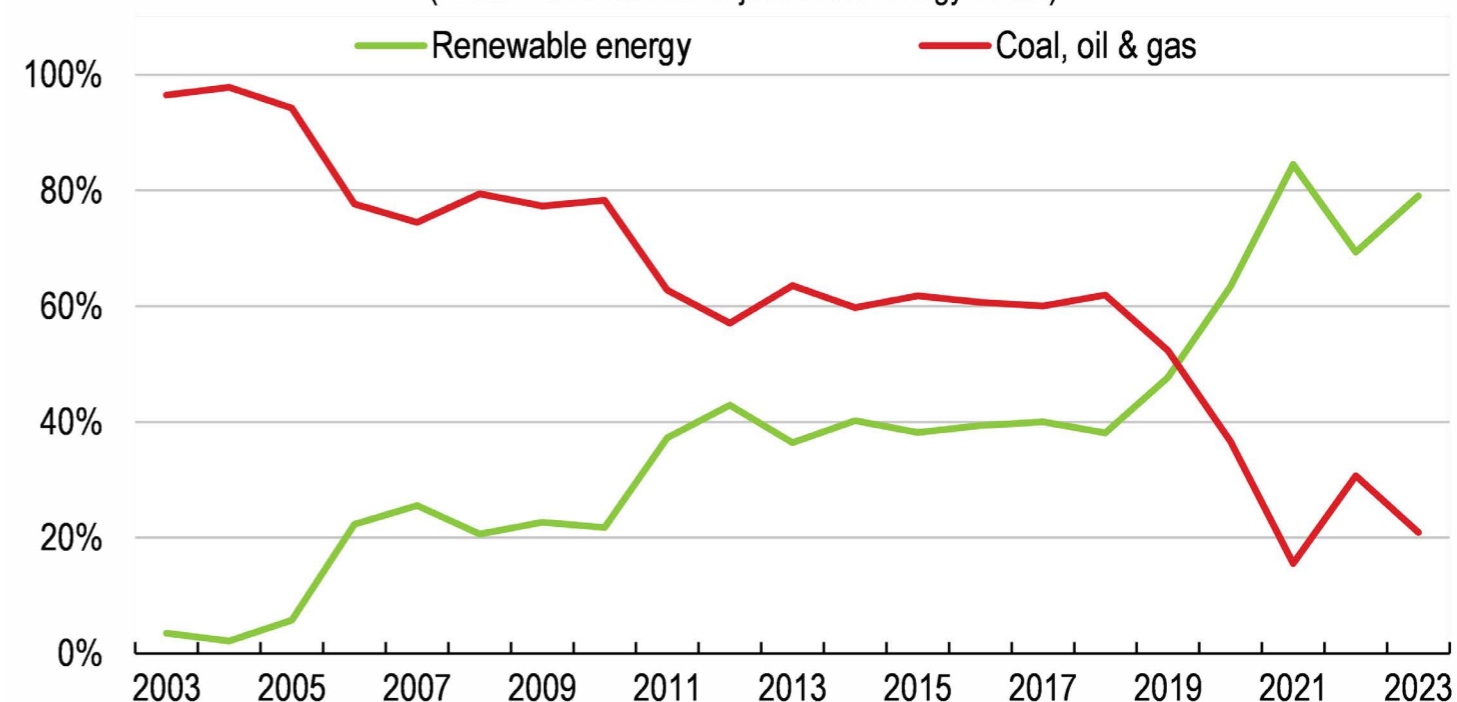
**Andrew Jowett**,  
Chair of OECD Working  
Group on International  
Investment Statistics

**Filip Stefanovic**,  
Trade Union Advisory  
Committee to the  
OECD (TUAC)

**Benedikt  
Wiedenhofer**,  
Business at OECD  
(BIAC)

## Jobs created from FDI in renewables surpassed jobs from fossil fuel investments

(100% = total number of jobs in the energy sector)



Source: OECD based on Financial Times' fDi Markets database (2023).

## Did you know?

### Jobs created from FDI in renewables surpassed jobs from fossil fuel investment

Investment plays a fundamental role in supporting the green transition. The [FDI Qualities Indicators 2022](#) highlighted that FDI is often negatively related to carbon emissions because services and light manufacturing activities tend to attract the bulk of foreign investments, while the most emissions-intensive activities – i.e., transport and electricity generation – attract relatively little FDI.

Globally, greenfield FDI account for 30% of all new investments in renewable energy, and the share of renewable energy in total energy FDI expanded rapidly, particularly in the last few years, reaching

84% in 2021. Despite falling technology costs and enabling investment policies, the share of greenfield FDI in renewables stalled in 2022 and 2023.

The shift of FDI in the energy sector away from fossil fuels and into renewables has consequences on job creation. Estimates show that, since 2019, jobs created from FDI in renewables surpassed jobs from fossil fuel investments. Analysis from [fDi Intelligence](#) also reveals that growth in jobs created by FDI since 2010 has been highest in the renewable energy sector, most of which are in planned projects in hydrogen production and other emerging clean technologies.

# FDI Qualities on the road

---

## Featured Article: What can governments do to boost FDI for sustainable development?

---

In an article for the Columbia Centre on Sustainable Investment, Martin Wermelinger, Head of the OECD Sustainable Investment Unit, sheds light on what governments can do to boost FDI for sustainable development. He argues that multinational enterprises can directly enhance SDGs by introducing innovative technologies and better employment practices, along with indirect benefits through value-chain connections, competition, knowledge sharing, and worker mobility. However, irresponsible input sourcing, crowding out domestic small enterprises, widening gender gaps, and high carbon emissions are potential negative impacts of FDI on SDGs. Based on policy directions provided by the FDIQ Policy Toolkit, he highlights that governments play a pivotal role in maximising FDI's positive impact. However, this requires tailored approaches that consider

each country's context and development stage. Essential considerations encompass coherent policies, inclusive decision-making processes involving diverse stakeholders, impact assessments, and addressing market access issues. Additionally, proactive support mechanisms like targeted tax incentives and work of Investment Promotion Agencies can be vital in bridging information gaps and fostering sustainable FDI, requiring regular evaluation for effectiveness and alignment with SDG priorities.

Efforts to strengthen FDI's contribution to SDGs involve collaborative actions between developing country governments and the donor community. This collaboration aims to support policy reforms, align with international standards, mitigate social and environmental

risks, and directly aid the private sector. A proposed strategy entails mapping existing interventions by donors to recipient countries, evaluating alignment with their FDI and sustainable development priorities. Leveraging tools like the UN's Voluntary National Reviews on SDG progress can help identify key areas for enhancing sustainable investment policies in recipient countries, fostering a more targeted approach towards achieving SDGs through FDI.

Source: "Martin Wermelinger, 'What can governments do to boost FDI for sustainable development?,' Columbia FDI Perspectives, No. 354, April 3, 2023.

[Read the full article here.](#)



# FDI Qualities Country Studies and Success Stories

## FDI Qualities in support of investment promotion reforms in Croatia

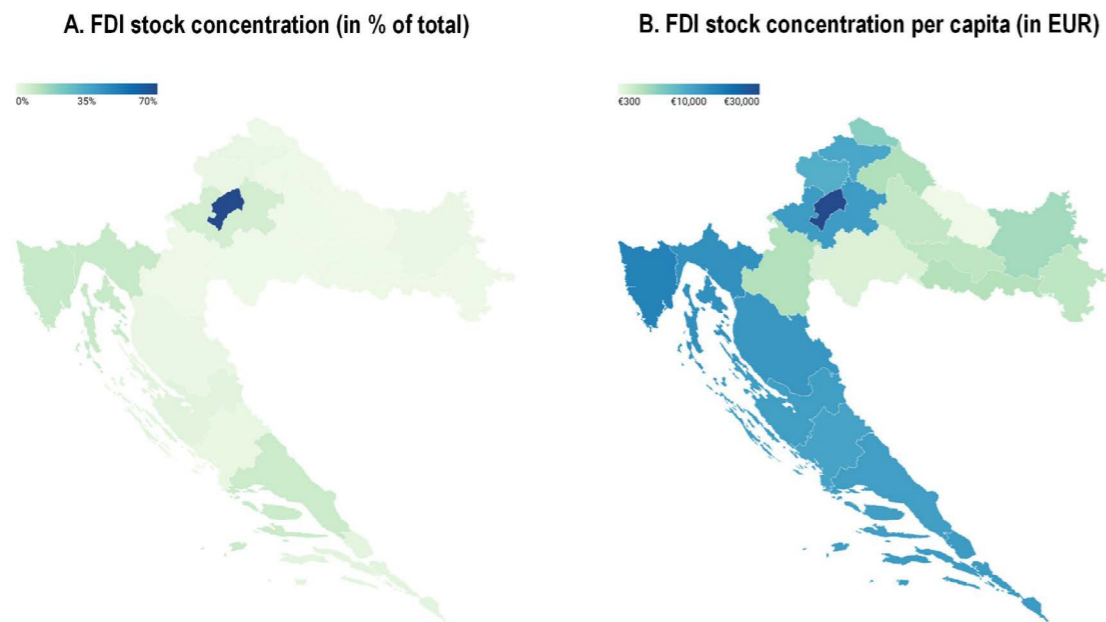
The OECD FDI Qualities Review of [Croatia](#) provides guidance to the Government of Croatia on how to design and implement a strategic policy framework that allows to leverage the economic, social and environmental benefits of foreign investments.

The recommendations support Croatia's ongoing reforms under its National Recovery and Resilience Plan, including the revision of the Investment Promotion Act and the development of a National Plan on Investment Promotion to help promote and attract investment that is greener, promotes quality jobs and upskilling, improves gender equality and contributes to a more productive and innovative economy.

Key findings from the report:

- Foreign investment in Croatia is increasingly geared towards green and digital industries (e.g. renewable energy, ICT and software services).
- Foreign firms contribute to 45% of exports and 62% of business R&D and innovation, and employ on average more women than domestic firms.
- Not all areas of Croatia benefit from foreign investment equally - the city of Zagreb has attracted 62% of national FDI stocks, twice the amount of the Adriatic region (27%), eight times the Northern region (8%), and 21 times the Pannonia region (3%).

[Read the report here.](#)



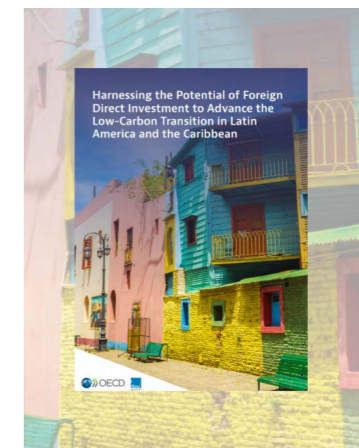
The distribution of FDI stock across Croatia's regions and counties  
Source: OECD based on Croatian National Bank and Croatian Bureau of Statistics.



## Other recent releases



FDI Qualities Review of Chile



Harnessing the Potential of FDI to Advance the Low-Carbon Transition in Latin America and the Caribbean



Sustainable Investment Policy Perspectives in the Southern African Development Community (SADC)



Sustainable Investment Policy Perspectives in the Economic Community of West African States (ECOWAS)

# Recent Events and Conferences

## The OECD Roundtable on Investment and Sustainable Development discusses future investment policy approaches to address global challenges - November 2023, Paris

In November, as part of the OECD sustainable Investment days, we held the 6th edition of the Roundtable on Investment and Sustainable development.

Culminating in a thought-provoking and forward-thinking learning experience, discussions provided the global investment policy community with invaluable inputs for future investment policy approaches to address global challenges.

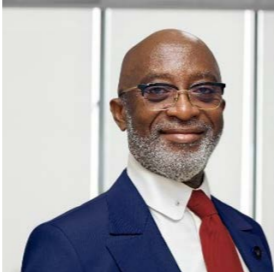
We kicked off the day with opening remarks from the OECD Deputy Secretary-General Yoshiki Takeuchi and a keynote speech by Arancha Gonzalez Laya, Dean, Paris School of International Affairs, who among other points, stressed the importance of inter-institutional cooperation to facilitate sustainable investment.

Participants shared how their governments are attracting FDI to enhance use of renewable energies and advance climate targets. They stressed that it is imperative that workers and the business community are closely involved, and that public and private investment will need to work in complementarity to achieve the green transition. Public resources will need to be directed to investments whose profits are more long-term to ease constraints that block private projects.

Discussions also focused on the importance of aligning incentives with a country's development goals and assessing how incentives will be

affected by the new international tax rules, including the global minimum tax. Participants also discussed policies to manage security implications of FDI. OECD analysis shows that 40 countries expanded security screening of investment in recent years.

*Yofi Grant, CEO of the Ghana Investment Promotion Centre, argued that "An initiative like FDI Qualities that collects, interrogates, and understands the data creates the platform for mutual understanding of the expectations on the outcomes that investment can bring."*



[Watch the event replays](#)  
[View the agenda](#)





## OECD-Viet Nam Investment Forum explored solutions for Viet Nam to attract quality FDI for green, smart and sustainable growth – October 2023, Ha Noi

Vietnam aims to accelerate business environment reforms and enhance its human resources to attract high-quality FDI focused on green, smart, and sustainable growth. The country, with a stable macroeconomy and improved business climate, sees significant opportunities to become a global supply chain hub. Commitment to a carbon-neutral economy and green growth marks a new phase in attracting sustainable foreign investments, driving towards both sustainability and prosperity.

Acknowledging global uncertainties and economic challenges, Vietnam is restructuring its FDI approach, emphasizing quality, efficiency, and sustainability. The country now prioritizes investments in science, technology, innovation, green and circular economies, renewable energy, biotechnology, and knowledge-based sectors. Minister Dũng emphasized the crucial role international organisations like the OECD in helping Viet Nam achieve the SDGs.

The OECD FDI Qualities Indicators show that FDI in Viet Nam – and Southeast Asia more broadly – was shifting from labour to skill-intensive projects, requiring a swift response on skills development. Foreign investment also plays a role in support of innovation and upskilling, with foreign firms in Viet Nam being 70% more likely to spend on R&D than their domestic counterparts while 71% more likely to provide on-the-job training to their workers.

Foreign investment could further support a just green transition, however, and challenges such as legal framework improvements, energy security assurance, adapting policies to global tax norms, and addressing the lack of highly skilled labour remain pivotal for Viet Nam's sustained growth.

The OECD, in close partnership with the government of Viet Nam, will be leveraging in 2024 the OECD's standards on FDI qualities for policy action. Find further details about the event [here](#).

## FDI Qualities in the Middle East and North Africa: EU-OECD workshop discusses policies to boost investment impact on job quality and skills development - June 2023, Istanbul

The [OECD-EU Programme on Investment in the Mediterranean](#) organised in June 2023 a seminar on sustainable investment in the MENA region, held at the OECD Istanbul Centre, with rich discussions between investment policymakers from the Algerian, Egyptian, Jordanian, Lebanese, Libyan, Moroccan, Palestinian, and Tunisian authorities.

The FDI Qualities Indicators show that FDI in most MENA economies can improve job quality through better upskilling and learning within international companies. However, there is ample room to further reap the benefits of foreign investment in the region. Policy action is required, starting by strengthening coordination

mechanisms on investment and skills strategies and better aligning tax incentives with the training needs of workers and multinational companies.

Using the FDI Qualities Policy Toolkit as a basis for discussion, MENA policymakers shared their respective challenges, experiences, and policy solutions, joined by experts from Costa Rica, Malaysia, and Türkiye.

Read [here](#) the background note on FDI Qualities in the Middle East and North Africa A mapping of policies and institutions that can strengthen sustainable investment.



# FDI Qualities Standards in Global and Regional Initiatives

---

## G7

---

The G7 welcomed in October 2023 in Marrakech a [strategy for action that OECD developed](#) to support emerging and developing economies to attract more, better, and safe FDI and achieve resilient growth. The Recommendation on FDI Qualities for Sustainable Development is part of the set of OECD standards that the strategy leverages to assist emerging and developing economies in attracting sustainable investment.

Work to support the implementation of this strategy will involve regional policy dialogues with policymakers from Africa, Southeast Asia and other regions.

Read the Strategy [here](#) and the G7 Finance Ministers and Central Bank Governors' Statement welcoming the strategy [here](#).

## Asia-Pacific Economic Cooperation (APEC)

---

[APEC Committee on Trade and Investment 2023 Annual Report to Ministers](#) highlighted that the [Investment Experts Group](#), which operates under this committee, is actively updating itself on the application of the OECD FDI Qualities Policy Toolkit. The OECD is regularly invited to participate in APEC Investment Experts Group

meetings, and attended the last meeting in Seattle, during the 2023 United States host year, to present OECD's latest FDI qualities trends and policy developments in APEC, including policy insights based on the FDI Qualities Review of Chile. Since 2020, APEC is capturing 80% of all FDI flows, twice more than in the 2000s.

# Member Contributions

---

*Developments in investment facilitation, investment treaties and sustainable development, by Maria Nedelcheva, DG Trade, European Commission, and expert in the OECD FDI Qualities Advisory Group*



The OECD is working on the [alignment of investment treaties with the Paris Agreement](#) and considering how investment treaties could facilitate and increase sustainable investment that is essential for all countries to meet Paris Agreement commitments and the SDGs. This is a timely discussion.

It is true that when we speak about investment treaties and climate change, the focus has been primarily on investment protection, for instance whether to exclude from the scope of protection certain types of investments. There is a potential to develop the discussions towards a more positive agenda, focussing on what the Parties to an agreement could do to proactively attract sustainable investment or ensure the

sustainability of existing investment across various sectors of the economy that would help the green transition.

Recently, several notable developments have occurred in the field of investment facilitation and treaties. The conclusion of WTO negotiations on an agreement on investment facilitation for development was announced in July 2023. More than 115 WTO Members, mostly developing countries, participated. Secondly, as regards bilateral agreements, the EU has just signed (November 2023) its first-ever Sustainable Investment Facilitation Agreement with Angola.

But there are important questions about whether investment facilitation agreements can go further by including additional sustainability considerations, and importantly how they can be implemented. The European Commission currently supports an OECD project exploring to what extent investment facilitation provisions in investment treaties can support attracting sustainable investment, and potentially complement other treaty reform considerations. It thereby leverages the OECD FDI Qualities standards and considers potential areas where sustainability provisions could be adjusted, deepened, or added in existing and future agreements, and how these provisions can be implemented.

We continue to shape the landscape of sustainable and inclusive investment policies.

Thank you for your support. I look forward to our continued collaboration and achievements over the coming year.



# Engage With Us

---

## Upcoming Events

---

On 12 March 2024, the OECD is organising a joint session of the Freedom of Investment Roundtable and the FDI Qualities Network on “Sustainable investment through investment facilitation agreements: Leveraging the FDI Qualities standards”.

Please register [here](#). Online participation is possible.

## Connect with Us

---

Contact Fares Al Hussami at [fares.alhussami@oecd.org](mailto:fares.alhussami@oecd.org) for more information on the topics covered in this newsletter or our work in general.



Follow  
[@OECD.bizfin](#)



Follow  
[OECD International  
Investment Policy](#)



Sign up for the [OECD  
Business and Finance  
newsletter](#)

## With Support From

---

