Agenda Item 4: Mobilizing impact investment and foreign direct investment for sustainable development
Overview

1. Impact Investing

2. Foreign Direct Investment (FDI) for Sustainable Development
   (a) Gender and FDI
   (b) FDI in the digital economy
   (c) Climate FDI

3. Considerations for the Committee
1. Impact Investment in Asia-Pacific

The roles of government in enabling impact investing

- Impact investments can be defined as investments made into a company, organization or fund, with the intention of having a social and/or environmental impact in addition to generating a financial return.
- Government policy key to spearheading impact investment.
- Impact investing was identified as a key means of implementation for the 2030 Agenda in the “Regional Road Map for Implementing the 2030 Agenda for Sustainable Development in Asia and the Pacific”.

Source: ESCAP
2. Foreign Direct Investment (FDI) for Sustainable Development

• Asia and the Pacific has been the largest receiver and destination for global FDI since 2020
• **Quantity** has not translated into **quality** FDI
• Foreign direct investors (businesses) and governments must both act to make FDI more impactful
  • Businesses must undertake FDI with sustainable development considerations from the start
  • Investment policymakers can influence FDI through investment legislation, regulations, and incentives
  • Investment promotion agencies (IPAs) can influence FDI through mainstreaming sustainable development into their investment promotion and facilitation work
• Secretariat is providing capacity building and technical assistance to IPAs in three areas:
  • Gender and FDI
  • FDI in the digital economy – or ‘digital FDI’
  • Climate FDI
2(a) Gender and FDI

Source: Taylor-Strauss (2023)
2(a) Gender and FDI

1. Mainstream gender into IPA promotion and facilitation activities
   - Identify and promote investment opportunities that can have a positive impact on women
   - Showcase women entrepreneurs and suppliers
   - Investor targeting
   - Provide gender responsive services and programmes: marketing material, monitoring and evaluation

2. Achieving gender balance within IPA structures, especially at decision making levels

Secretariat is supporting 2 IPAs
   - Bangladesh Investment Development Authority (BIDA)
   - Investment Fiji
2(b) Digital FDI

Digital FDI in Asia and the Pacific, 2011-22 ($US millions)

Source: ESCAP calculations based on fDi Markets (2022)

Secretariat Digital FDI Work

- Knowledge product
  - Policy Guidebook on Promoting FDI in the Digital Economy (2023)
- Capacity building
  - Promoting digital FDI ESCAP-WAIPA workshop during CTIBI
- Technical assistance
  - Invest Bhutan
2(c) Climate FDI

Greenfield FDI into climate mitigation and adaptation in Asia and Pacific 2016-22 ($US millions)

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<th>Year</th>
<th>Climate Mitigation</th>
<th>Climate Adaptation</th>
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<td>2016</td>
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Secretariat has identified three areas to support member States on climate FDI:

- Identifying investable climate projects relevant for FDI
- Climate FDI promotion strategies
- Investment pitching

Climate FDI is low and unevenly distributed

Source: ESCAP calculations based on fDi Markets (2022)
3. Issues for Consideration by the Committee

• Members of the Committee may wish to share national experiences, including effective practices and lessons learned, in promoting impact investing and FDI for sustainable development

• The Committee may wish to consider taking the following actions:
  • Indicate the types of support, such as training and knowledge-sharing, tools, research and advisory services, that may be required from the secretariat to promote impact investment and FDI for sustainable development;
  • Provide guidance to the secretariat on how impact investment and FDI for sustainable development can be more effectively promoted nationally and regionally;
  • Identify new and priority policy issues related to impact investment and FDI for sustainable development that the secretariat should address in greater detail.
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