# IMPACT INVESTMENT FDI AS A KEY DRIVER TO ACHIEVE THE SDGS BY 2030

**JURI SUEHRER** 

### "DECADE OF ACTION"

# DECADE OF >>> ACTION



### FINANCING GAP – BIGGER THAN EXPECTED?



https://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=937

### FINANCING GAP – SECTOR VIEW

Investment gap in key SDG sectors 1000 •950 900 constant price 850 800 •770 700 630 600 **550** Billion of US dollars, 500 • 480 • 410 400 400 **350** • 330 300 230 •210 210 200 **120** 100 • 80 •70 n Power Climate Transport Education Telecom-Health Eco-system/ Food Water imate biodiversity change security and and munications nange ptation mitigation agriculture sanitation

https://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=937

### COVID-19 IMPACT ON GLOBAL FDI FLOWS



https://www.oecd.org/coronavirus/policy-responses/foreign-direct-investment-flows-in-the-time-of-covid-19-a2fa20c4/

### ONE IDEA..... ADD ANOTHER DIMENSION TO INVESTING

## **3D INVESTING**

RETURN

RISK

ÍMPACT





https://thegiin.org/assets/GIIN\_2019%20Annual%20Impact%20Investor%20Survey\_webfile.pdf

### MULTILATERAL FOCUS IS CLEAR





https://www.ifc.org/wps/wcm/connect/Topics\_Ext\_Content/IFC\_External\_Corporate\_Site/Development+Impact/Development+Goals/SDGs

### SO WHAT ABOUT FDI?

Basic Human Needs

**Nutrition & Basic Medical Care** 



Water & Sanitation



Shelter



**Personal Safety** 



### Foundations of Wellbeing

Access to Basic Knowledge



#### Access to Information & Communications



#### **Health & Wellness**



#### **Environmental Quality**



### Opportunity

#### **Personal Rights**



#### **Personal Freedom & Choice**



#### Inclusiveness



#### Access to Advanced Education





### SOCIAL PROGRESS INDEX IS LINKED TO FDI ATTRACTION

Figure 1: SPI World Map

Data Source: Social Progress Index (SPI), 2019



https://waipa.org/blog/tracking-progress-towards-the-sdgs/

## SDG PERFORMANCE – HOW TO MEASURE THE IMPACT

SUSTAINABLE → DEVELOPMENT → REPORT

Rankings Interactive Map

p Key Messages

Country Profiles Data Explorer

Download Report & Materials

SDGs. The score can be interpreted as a the percentage of SDG achievement. A score of 100 indicates that all SDGs have been achieved.

#### Performance by SDG

Click on a goal to visualize it on the map.

1 poverty <b>Å¥ÅÅÅ</b> ÅÅ	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 education
5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED NEQUALITIES	11 SUSTAINABLE CITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 climate	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE. JUSTICE AND STRONG INSTITUTIONS
17 PARTINERSHIPS FOR THE GOALS			











162	👙 Liberia	47.12	
163	😒 Somalia	46.21	
164	() Chad	43.75	
165	🖨 South Sudan	43.66	
166	手 Central African Republic	38.54	

### RESEARCH CONCLUSIONS (EXCERPT)

- Cascading of SDG Goals based on government strategies is key
- Absorptive capacity is required to implement and live the SDGs amongst corporates
- SDG Incentives to be developed and enrolled in the target countries
- Investment Development to build targeted attraction strategies for SDG Investors
- SDGs to be transformed into a globally certification standard to avoid misuse as branding

The Future of FDI: Achieving the Sustainable Development Goals 2030 through Impact Investment

Global Policy Volume 10 . Issue 3 . September 2019

Juri Suehrer Dubai Investment Development Agency

#### Abstract

Publicized as a global call for action in 2015, the United Nations General Assembly passed a resolution-Development Goals 2030 (DSG). Before issuing the SDGs in 2015, the United Nations Conference on Trade (UNCTAD) has already identified in 2014, as part of their World Investment Report, that especially devel facing an estimated USD 2.5 timlion funding gap annually in the efforts to achieve the SDGs. Yet, the invest and challenges for investors, when contributing to the closure of this funding gap while benefiting from it it have not been widely discussed. Despite that Foreign Direct Investments (FDI) are a key driver to su growth and prosperity of a nation, policies and a holistic framework linking the 2030 Agenda to actionable intities for private investors are missing. Furthermore, a global plaform capturing, channeling and promoti jects aiming to achieve the SDGs through impact investment has not been established. Utilizing global more effectively while developing new approaches and tools to promote impact investments, which demor for investors to tap into the funding gap of the 2030 Agenda, will have the potential to significantly shape future of FDI.

A global paradigm change has happened since the 2030 Agenda for Sustainable Development by the United Nations (SDGS) detailed through 169 precise targets how to achieve those goals were a trigger for academia, governments and comportations worldwide to not only consider their individual contribution to achieve the SDGs, but also to determine how to transform strategic decision-making, business processes and operations to benefit from this global sustainabiltity agendia (HII) 2011).

Macro-economic planning and micro-economic attempts to quantify the economic potential of the SDGs on the one hand (Sauvant and Ortino, 2013) and a new and innovative way to determine what is an impactful and sustainable return of a project or an investment on the other hand. In light of the theory of change, considering the economic value of impact enabled through the SDGs, sustainability has become a relevant strategic business factor, especially for foreign direct investments (FDIs). Away from a purely profit and return oriented decision-making, investors tend towards innovative models measuring the impact of investments and the financial value creation through contributing to achieving the SDGs. Especially in developing countries and emerging markets the potential for those impact investments is significant (OECD, 2016).

The question is, however, how leading investment destinations in the world such as Singapore, London or Dubai establish ways to facilitate and channel impact investment establish ways to facilitate and channel experiment destiindividually using their unique value propositions. While

Global Policy (2019) 10.3 doi: 10.1111/1758-5899.12714 © 2019 The Author. Global Policy published by Durham Univers This is an open access article under the terms of the Creative Commons Attribution-NonCommercial-NoDervis I distribution is not mediate the second work is exceeded and the second work is exceeded and the second second the

investor community and individual in difficult to determine, leading inv would have the capability and knowle of channeling funds into countries, wh is aiming for. Much more than a midd Impact Investment 4.0 – a strategic could not only act as an economic po investors, but also commit themselves investors to target the right sectors. leeway in response to Covid-19 to enforcement of transparency on ex jects, tackling the ambitious targets of promoting them. Following a classic ful achieve the Sustainable Development investments could be targeted to those stantial impact would be achieved, dri Goals (SDGs) the 2030 Agenda. Not only horizontal and backward vertical FDI would be strategic perspective.

#### Policies and a holistic framework Overall, internationalization approaches

Overail, internationalization approaches start-ups or young innovative compani to invest and expand. Determinants of F making is mostly influenced not only by but also by economic factors such as potential, financial stability and econom of determinants of foreion investment e

Juri Suehrer, M.Sc. Juri Suehrer, M.Sc. Innovation capability and the flexibility to adapt business models and operating procedures through integrating latest technology, have become strategic factors during the pandemic. Sector-focus on healthcare and e-commerce and the implementation of precautionary measures to gradually re-open the economies are the need of the hour. The question is, how can investors with a long-term perspective tackle the challenges and lessons learned from the pandemic and turn them into investment opportunities. And further, how can a strong focus on the SDGs be the signpost to tackle the pandemic with technology-driven impact investments.

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ation (2018-2021) Agency (Dubai FDI) Department

Research Pane

"The Future of Investment Development – a global policy endeavor beyond 2030"

by

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bmitted for publication elsewhere. The do not represent those of the Dubai

### KEY TAKEAWAYS FOR FURTHER RESEARCH

- Missing platform to match investment opportunities & investors
- Attempts to measure impact lack of relevancy for business
- Risk of investment is often not adequately reflected or revealed
- SDG interlinkage and correlations
- No academic concept to expand ROI and include impact exists yet

# THANK YOU

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