Sustainable Impact – how Foreign Direct Investments (FDI) contribute to achieve the Sustainable Development Goals (SDGs)

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Abstract

This thesis explores the investment opportunities related to the Sustainable Development Goals 2030 (SDGs) and, at the same time, addresses the lack of academic research on the role of Foreign Direct Investment (FDI) in achieving the sustainable development agenda by the United Nations. The thesis hereby provides a significant contribution to academic research as well as to professional practice.

Currently, research and analysis conducted on the role of FDI in achieving the SDGs have so far focused on either a specific sector or a certain country or region. The SDGs are, however, a global agenda and all 17 Sustainable Development Goals are closely interlinked. Additionally, the professional world, as well as multilateral organizations, are unable to provide ideas and solutions on how to create tangible investment opportunities arising from the SDGs. This study closely examines why there seem to be substantial obstacles in channelling FDI into SDG investment projects. This study also takes the SDG performance measurement aspect into consideration by looking at the expected return of SDG investment projects and how to determine and measure sustainable economic, environmental, and social impact. As a case study, this research further explores government intervention to promote SDG-relevant projects and encourages thought leadership to achieve sustainable impact.

For the data collection, this study applies an inductive research strategy to especially observe patterns while conducting a semi-structured interview approach, where templates have been developed by the most significant factors within this research topic. Outcomes from the research interviews are nurtured from an interpretivist theoretical perspective. The research participants of this study were put into public and private sector groups. As the topic of this research project is relatively current, the study lays a heavy focus on academic journals as well as publications and reports from multilateral and international organizations due to the limited literature that exists. The urgency of this research topic is eminent, as many organizations are seeking ways to implement the SDGs in their strategic planning processes while investors are also looking for opportunities to deploy capital into SDG investment projects. The impact perspective is hereby especially important, as it takes into consideration non-monetary returns on investments. Finally, the study explores the approaches of how to bridge the SDG funding gap through FDI and the necessary practical steps to accelerate the progress on the SDGs considering its 2030 finish line.

In terms of **academic contribution**, this study finds that current investment policies and regulatory obstacles constitute major barriers to achieving the SDGs. The study finds further that the SDGs are often considered a pure branding tool. Multilateral organizations are unable to develop policy frameworks that allow investment promotion agencies to create and profile investment opportunities. Further, the study reveals, how responsibilities on implementing and reporting on the SDGs are being pushed back-and-forth between different entities as no clarity exists on the responsibility of SDG selection, implementation, and reporting. The study, therefore, recommends the creation of an overarching Impact Investment Framework, which allows the cascading of SDG investment opportunities at country levels while measuring investment needs and SDG contribution at the same time. The study also developed fundamental principles that are necessary to implement this framework successfully.

From a **practical contribution** standpoint, this study offers an overview and comparison of the existing SDG reporting measures and finds that the SDGs have two major shortcomings for foreign investors. From an investment attraction and promotion perspective, the majority of the Least Developed Countries, which the SDGs target, are unable to promote themselves to foreign investors, due to political instability, lack of governance and political institutions as well as corruption. On the other hand, the investors are also unable to identify SDG investment opportunities, The study, therefore, recommends the development of a global SDG investment policy, which constitutes a binding agreement that defines the responsibilities for SDG selection and implementation as well as determines the actual funding needs and FDI opportunities as a baseline for investors to tap into the SDGs. Additionally, the study also recommends the development of a global SDG Investment Project Platform, a globally binding certification standard for SDG investors as well as the implementation of a tendering process, where countries and location can present their SDG investment opportunities and investors can pitch for such projects. This study also finds that countries must establish governance structures that allow adequate investment promotion of their FDI locations.

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List of abbreviations

CAAA	- Clean Air Act Amendments
FDI	– Foreign Direct Investment
GDP	– Growth Domestic Product
IPA	– Investment Promotion Agency
IPS	– Investment Promotion Strategy
IR	– Interview Reference
JV	– Joint Venture
LDC(s)	– Least Developed Countries
M&A	– Merger and Acquisition
MDG(s)	– Millennium Development Goals
MoU	– Memorandum of Understanding
OWG	– Open Work Groups
PPP	– Public Private Partnership
ROI	– Return on Investment
SDG(s)	– Sustainable Development Goals
SME	– Small Medium Enterprise
UK	- United Kingdom
UN	– United Nations
UNCED	– United Nationals Conference on Environment and Development
UNCSD	– United Nations Conference on Sustainable Development
UNCTAD	– United Nationals Conference on Trade and Investment
USA	- United States of America
USD	– United States Dollar
WEF	– World Economic Forum

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Disclaimer

The views, suggestions and conclusions made in this research study do not represent those of the Dubai Investment Development Agency (Dubai FDI). The research analysis conducted in this study is based on academic research only and was done as part of the DBA program at Northumbria University. The analysis and its results are not related to the Dubai Investment Development Agency (Dubai FDI). Any publication of the results of this research project is not related or supported by the Dubai Investment Development Agency (Dubai FDI). All findings of this study are based on academic research only.

Declaration

I declare that the work contained in this thesis has not been submitted for any other award and that it is all my own work. I also confirm that this work fully acknowledges opinions, ideas, and contributions from the work of others.

Any ethical clearance for the research presented in this thesis has been approved. Approval has been sought and granted by the Faculty Ethics Committee / University Ethics Committee / external committee on **04. December 2019.**

I declare that the Word Count of this Thesis is **61,014 words.**

Name: Juri Suehrer

Signature:

Date: 06 November 2021

CHAPTER 1

INTRODUCTION

1.1 Rationale for Research

The Sustainable Development Goals (SDGs) came into effect on 01. January 2016 and were already adopted by the United Nations (UN) General Assembly in 2015. In its 2030 Agenda for Sustainable Development the United Nations compiled 17 dedicated Sustainable Development Goals with 169 dedicated targets to inherit and build on the success of the former agenda, which was approved in the year 2000 and known as the Millennium Development Goals (Sachs, 2012). For the global investor community, the announcement of the Sustainable Development Goals constituted not so much of an opportunity at first until the United Nations Conference on Trade and Development (UNCTAD), published its World Investment Report 2014.

UNCTAD stated that in developing countries alone, the annual funding gap to achieve the SDGs is estimated at USD 2.5 trillion and that the role of the private sector will be “indispensable”, according to UNCTAD (UNCTAD, 2014). Globally, in all countries, the annual investment needs to achieve the SDGs are estimated between USD 5 trillion and USD 7 trillion per year. UNCTAD not only suggests a reform in organizational structures to facilitate and channel investments into SDG-related projects but especially points out that Foreign Direct Investments (FDI) have a major share in satisfying the investment potential and filling the annual funding gap. Therefore, there is a natural need for investors to understand what the annual funding gap consists of, evaluate the initial suggestions of UNCTAD in terms of potential for FDI and identify what is needed for investors to translate the 2030 Agenda for Sustainable Development into tangible investment opportunities measuring the impact towards achieving the 2030 Agenda.

1.2 Research Context and Research Title

The linkage between sustainable impact and Foreign Direct Investments has been revived through the introduction of the SDGs (Castellas & Ormiston, 2018). However, the linkage between impact and investment emerged already several decades ago.

In his work named “Free to choose” in 1980, Milton Friedman questioned already the concept of philanthropy and stated that the financial performance of an organization is directly linked and negatively affected by social responsibility (Friedman, 1980). Friedman’s pure focus on shareholders of the business is in contrast to the stakeholder view (Freeman, 1984) that involves all parties of the business including investors, employees and suppliers and also links to corporate social responsibility, which is the ownership of the business beyond its shareholders. The term of social capital was introduced only eight years later in the American Journal of Sociology (Lin, 2017). Not only academia but also the market economy and multi-lateral organizations started to realize at the time the need to embed social aspects and sustainable considerations in their economic development frameworks and policy-making processes.

In 1983, a new organizational body was formed by the United Nations, initially launched as the World Commission on Environment and Development, and later referred to as the Brundtland Commission, in recognition of former Norwegian Prime Minister Gro Harlem Brundtland's who chaired the newly formed body. The idea of the commission was to shape and define sustainable development under the premise of “meeting the needs of the present without compromising the ability of future generations to meet their own needs” (Brundtland Commission, 1987).

After being commissioned for almost ten years, the United Nations went one step further by creating the inaugural United Nations Conference on Environment and Development (UNCED). This conference, which is also known as “Earth Summit” was held in 1992 and marks the launchpad and baseline for the current 2030 Agenda on Sustainable Development. UNCED created the so-called Agenda 21, which referred to the upcoming 21st century at the time. The agenda is comprised of four sections incorporating social and economic dimensions, conservation and management of resources for development, strengthening the role of major groups and the means of implementation. In its continuous efforts, the United Nations created a follow-up event 20 years after the Earth Summit, which took place in Rio De Janeiro, Brazil in 1992, which was known as the Rio+20 or United Nations Conference on Sustainable Development (UNCSD), held in 2012. The outcome of this event was the so-called Open Working Groups or OWG, which started in 2013 to prepare the proposal for the Sustainable Development Goals 2030, we know today.

In 2019, the United Nations adopted a declaration during the SDG Summit to accelerate the achievement of the SDGs by “Gearing Up for a Decade of Action and Delivery for Sustainable Development” (United Nations, 2019[1]). During the World Economic Forum in 2020, global leaders launched a new fund the so-called SDG500, which was described as a “first-of-its-kind blended-finance impact-investment opportunity – mobilizing $500 million toward achieving the SDGs in emerging markets across six individual funds” (WEF, 2020[2]). The fund is to partner with international NGOs to achieve its goals. Considering the actual financing amount of USD 2.5. trillion per year until 2030, as shown in figure 1, the need for foreign investors to step into action is more than ever required. The question is, how and on which basis can foreign investors utilize the SDGs as an investment opportunity and how can they identify investment projects to invest in, which have a sustainable impact toward achieving the SDGs by 2030.

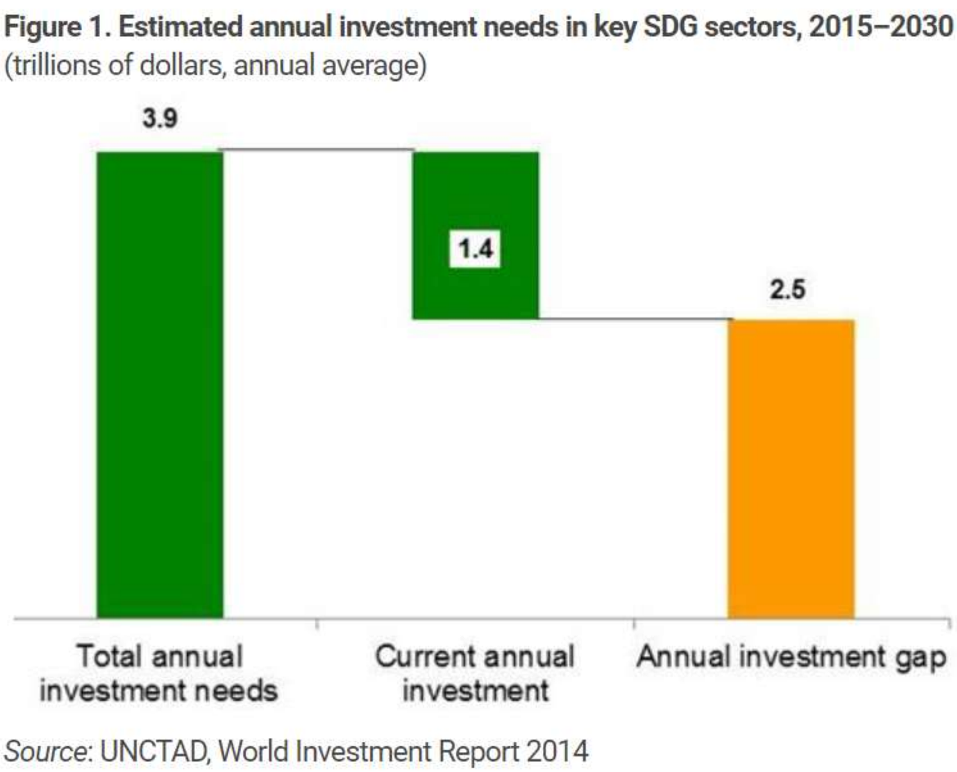

Figure 1: Annual SDG Investment Gap as identified by UNCTAD

[1] United Nations, ‘Political declaration of the high-level political forum on sustainable development convened under the auspices of the General Assembly’, New York, 2020, https://undocs.org/en/A/RES/74/4 (09.04.2020)

[2] World Economic Forum, ‘SDG500: the fund kickstarting sustainable investment’, Cologny, Switzerland, 2020, https://www.weforum.org/agenda/2020/01/sdg500-the-fund-kickstarting-sustainable-development-goals-investment/ (19.01.2020)

During all this time no framework has been created which enables investors to determine investment opportunities directly linked to the SDGs, incorporating the impact of the SDGs in their investment considerations, determine investments risks in LDCs and last but not least, from a policy and financing perspective, no overarching framework exists, which regulates SDG investments and provides a platform for investors to tap into the SDG opportunities to ultimately close the funding gap. This leads to the rationale for this research project to answer the question of how FDI can contribute to achieving the SDGs and how the impact of those investments created can be measured, monitored and reported. This includes a determination of what returns an investor can expect from investing in an SDG project besides financial returns. Research has not yet examined how an investment can be linked to each of the 17 SDGs (see figure 2) and if investments only impact one, several or all SDGs at the same time.

Figure 2: The 17 Sustainable Development Goals

Due to the vast investment need of the SDGs, especially in LDCs, this research project intends to provide answers and recommendations for a global framework that could facilitate Foreign Direct Investments (FDI) into SDG investment projects. The framework could further provide answers to the question of how the impact for each of the SDGs can be measured and reported under a governed process. The annual funding gap to finance the SDGs has been identified, but answers on how to close it, especially through FDI has not been identified. Global investors thus face an enormous challenge in terms of implementing the SDGs in their investment portfolios. This research project intends to provide recommendations for solving this issue on how to translate the SDGs into tangible investment opportunities and determine the impact FDI can have in achieving the 2030 Agenda for Sustainable Development.

1.3 Research Motivation

Strategic partnerships and alliances at a global, regional, national, or local level are key enablers and essential mechanisms for leveraging the success of a long-term implementation of any project, initiative or strategic program. In terms of the Sustainable Development Goals, a constant and thorough exchange of data is considered a key component to successfully implement a strategic partnership. This is especially relevant when it comes to the financing aspect. Over the past 30 years, official development assistance has stagnated while Foreign Direct Investments grew exponentially. Capital markets hereby represent an anchor for financial transactions (World Bank, 2017). However, the engagement of the private sector has not been fully utilized since the introduction of the SDGs.

The practical problem that evolves from this is the question if commercial financing can be mobilized cost-effectively to ensure the realization of the SDG goals by 2030. This is what constitutes a key component towards creating sustainable investments. Another issue that drives this research project forward is the challenge, how policy and regulations globally and nationally can address such market failures as financing is not self-sufficient in addressing the investment needs. Further, it is a challenge to determine, measure and mitigate risks, which affect the willingness of investors to decide in favour of sustainable investment. While foreign direct investments are only one major component of the financing aspect towards the sustainable development goals, public and concessional financing including sub-sovereign financing also reflect a critical part of the successful implementation of the goals. And last but not least the practical problem of this research also includes the ability of locations to attract investments as well as measuring the impact these investments achieve. This study will tackle these fundamental issues by combining academic and practical contributions and finding a solution to channel more FDI into SDG-relevant investment projects that create sustainable impact.

The research project is driven by the sheer opportunity that foreign direct investments offer in contributing to achieving the SDGs. The cooperation aspect is hereby at the forefront of the motivation of this study as the results should encourage countries, leaders, investors as well as academia to come together and join forces to achieve the SDGs and put the idea of the SDGs at the forefront, above personal financial and political interests. Mapping out the different stakeholders contributing to an effective implementation of the Sustainable Development Goals from a financing aspect can be summarized in six different categories in terms of partners, as illustrated in figure 3.

First is the public sector, especially government, alongside the second party, the private sector. As a third partner in portfolio development, finance institutions are relevant to consider. Fourthly United Nations organizations and bilateral institutions. As a fifth partner the civil society plays a crucial role in financing the SDGs effectively. Through private donations, charity and philanthropy the civil society has significant leverage and strategic advantage due to population size and individual ability to not only contribute in terms of financing but also in terms of expertise and knowledge. Last but not least, academia represents the sixth partner in the portfolio of partnerships. While financing is not only about cashflows, investments and asset transfer it also requires research, studies and models to direct the flows of funds into sustainable investments, measures their effectiveness and ultimately determines risks, financial returns and sustainable impact[3].

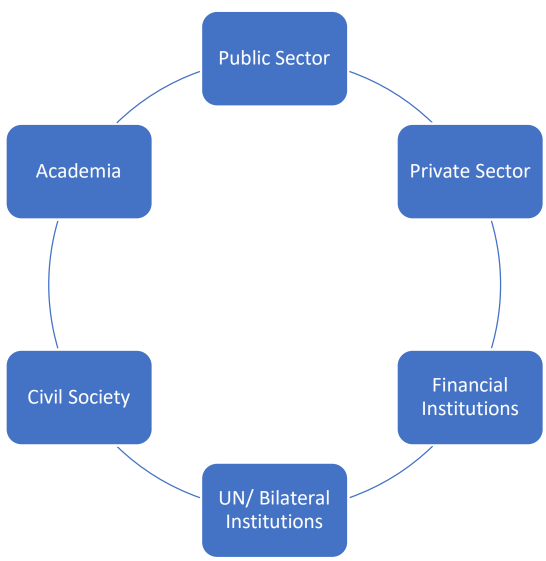

Figure 3: World Bank Group Partnership Portfolio to fund the SDGs

[3] World Bank Group, 'Partnership Fund for the Sustainable Development Goals, Washington, 2020, https://www.worldbank.org/en/programs/partnership-fund-for-the-sustainable-development-goals (18.10.2020)

This research project intends to build a bridge between the academic world and professional practice and connect concepts with reality. The clashes between those who developed the SDGs and those who are supposed to implement them and the overarching discrepancy in the estimation of the actual funding needs to achieve the SDGs are driving this project forward. While many research papers and academic studies run quantitative analyses based on macro-economic data (Lawrence et. al, 2020), this research project is focusing on the insight of market experts, practitioners and policy makers as well as investors. This first-hand knowledge connected with the gaps identified in the literature review will create a substantially new perspective. Often numbers and aggregated data does not reflect the reality of business owners and investors. At the same time, governments try to deviate their responsibility in implementing the SDGs and divert attention to other topics based on their own political agenda. This study should serve not only as a depository of market insights but also as a tool and guidance enabling decision-makers to take on new ideas in bridging the massive annual financing gap of the SDGs through FDI.

Foreign direct investments are usually attracted through promoting a unique value proposition as an investment destination. This destination is mostly geographical, which means a city, region or country. Tasked with the attraction of FDI are the so-called investment promotion agencies or IPA's, which are either independently mandated government entities or subdivisions or departments of local or federal ministries. Partnerships between IPAs, with another government partner or the private sector, are based on agreed-upon terms, which are manifested in a memorandum of understanding (MOU). The successful activation of partnership requires a dedicated governance structure within the IPA, for example through an International Corporation Department or a Corporate Relations Department. To achieve the SDGs, some investment promotion agencies have adjusted, modified and improved their mandate to address a variety of aspects of the SDGs from an investment perspective. Critical in terms of the ability to present the SDGs as investment opportunities, and directly linked to a specific investment destination, is the incorporation of the development aspect.

Therefore, some IPA's have already converted into Investment Development Agencies (IDAs) following the idea and strategic direction of sustainable economic development. The ability to conduct this transformation is, however, strongly dependent on the maturity of the individual organization. Whereas leading investment destinations, attracting substantial capital inflows, can create best practices through utilizing technology and enforcing digital transformation, those investment destinations in need either do not have that ability or the public sector structure does not have a dedicated investment promotion agency for their destination. This means that the capability to implement the SDGs and proactively promote their destination to foreign investors tends to be close to zero. In the spirit and legislation of the Sustainable Development Goals, looking specifically at partnerships, it is envisaged that strong partners use their abilities to enable those partners in need. In terms of FDI destinations, this would mean that leading and financially strong locations and their respective investment promotion agencies support locations, especially in least developed countries, in learning how to implement the Sustainable Development Goals effectively from an FDI perspective. Partnerships and knowledge transfer are fundamental components in this endeavour.

1.4 Research Question and Research Aims

The research question for this study is closely aligned to the different contextual and fundamental elements this research topic consists of. As a guiding point, however, the general research question is being used to connect the overall elements of this rather complex research topic:

How does FDI contribute to the achievement of the SDGs, and how is sustainable impact measured from FDI?

The research strategy of this study follows the different elements of the research question, which include:

1) *The* Agenda *of the Sustainable Development Goals 2030*
2) *The Role of Foreign Direct Investment (FDI)*
3) *Investment Opportunities (funding gap)*
4) *Sustainable Economic, Environmental and Social Impact*

Each of these elements is **linked and articulated in a specific research aim** in this study. An overview of the different research aims can be found below. The summary of how each of the research aims is achieved in this research project are outlined at the end of this study in Chapter 5, where the contributions of this study to research and professional practice are discussed and summarized.

Research Aim 1:

To understand and illustrate the agenda of the Sustainable Development Goals 2030, the interdependencies of the 17 different goals as well as the current progress on achieving the SDGs by 2030.

Research Aim 2:

To critically assess the role of Foreign Direct Investment (FDI) in achieving the Sustainable Development Goals and determine the correlation between FDI as a major financing tool for sustainable development and its relevance for the SDG implementation progress.

Research Aim 3:

To explore how sustainable investment opportunities can be created, measured, promoted and ultimately mapped to help in closing the SDG funding gap.

Research Aim 4:

To critically determine the meaning of sustainable impact from an economic, environmental, and social perspective while incorporating the investor perspective on how sustainable impact can be a way of return on investment.

1.5 Structure of the Final Thesis

The final thesis of this research project follows a standardized structure, which captures all elements of a DBA thesis. The structure of this thesis allows the reader, even without pre-existing knowledge to gain a general understanding of the research topic before the actual analysis is conducted. This is important, as this thesis is even for academics and professionals, which are familiar with the FDI ecosystem, a relatively new area, in which not a lot of research has been conducted yet. Also, from an organizational integration standpoint, many companies are still at the beginning of incorporating the thematic elements of this study in their organization including the Sustainable Development Goals 2030 agenda.

Chapter 1 of this study introduces the research topic and elaborates on the rationale of this research project. Chapter 1 also articulates the research aims and the kind of data and methodology used in this study.

Chapter 2 is the more academic part of this DBA thesis as it critically reviews the academic literature, academic journals as well as economic reports, strategies and publications by international organizations. The chapter is structured starting with the basic definitions, which is important to achieve an aligned understanding of how the different terminologies are used and understood. The chapter then follows a contextual approach in which the different elements of the research topic are picked up again and the respective literature is reviewed and critically evaluated. The chapter further identifies especially the gaps that exist, which would allow this thesis to make a significant contribution by filling such a gap. A majority of the information and data related to the SDGs are publicized by multilateral organizations, which constitute critical sources of information for this study.

Chapter 3 focuses on the research methodology applied in this study. It outlines the approach of semi-structured interviews, which has been chosen for this study. Furthermore, a case study is being highlighted as an example of how international governments create initiatives regarding the research topic. This case study allows a better understanding of the complexity of this topic, before the chapter then details the approach, how the interview candidates were shortlisted and selected. The chapter also provides an overview of the interview questions and how each question was derived and rationalized. Besides the final chronology of research interviews, the chapter also outlines the interview strategy that has been used as well as the final interview questions that were chosen. The chronology of research interviews has been fully anonymized to ensure full personal data protection of the interview candidates.

Chapter 4 outlines the thematic mapping of the interview outcomes and details the structure of how the findings of the research interviews have been analysed and structured. The chapter further defines a structure based on which the findings of the interviews are presented. This structure is used for both groups of interviewees. The first group of interviewees includes all interview participants from the private sector. The second part of Chapter 4 includes all interview participants from the public sector which also includes multilateral and international organizations. The chapter also includes an illustrative example of an investment project on sustainable impact as part of the analysis of the interview findings. Chapter 4 follows a stringent style, where all interview findings are structured by themes, and findings are presented either through referencing or direct quotations of the interview candidate.

Chapter 5 discusses the findings of this study from an outcome-oriented perspective. It builds the bridge between the literature review as well as the findings from the research interviews and details how the findings of this study are value-adding and contribute to research and professional practice. The chapter is thematically structured following the logical order of the research aims as well as the research questions. This chapter aims to recollect all information from this study and bring together the initial research aims with the findings from the research interviews while having in mind the gaps identified during the literature review. This chapter builds the baseline for the concluding chapter which focuses on suggestions and recommendations based on the findings of this study.

Chapter 6 is the last chapter of this study and a summary of findings and conclusions made based on the analysis undertaken. The chapter further gives recommendations from two different points of view. The chapter, shows, how further research can be conducted based on the findings of this study and the gaps which still exist in the academic literature. However, the chapter also discusses the implications for professional practice. As part of this DBA program, this constitutes the main focus. Chapter 6, therefore, makes concrete recommendations on how practitioners, FDI professionals, policy makers and leaders can start enacting based on the findings and recommendations of this study. This study has the uniqueness of showcasing first-hand market insights, as one of the very few academic papers, which can serve as a motivation for FDI professionals and practitioners, even amongst the United Nations, to take the ideas from this research project forward for further action.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

A comprehensive review of the existing literature is a key element for any research project. The purpose of this chapter is to not only review and critically evaluate the existing literature but also to identify gaps, which exist, where this research project could contribute to allowing more academic research to take place based on the findings of this research project. The peculiarity of this research topic is, however, that a wide array of standard literature does not exist as the Sustainable Development Goals (SDGs), were only introduced in 2015. The research project contains three critical elements, as illustrated in figure 4, which is Foreign Direct Investment (FDI), Sustainable Impact and the SDGs. Especially the first element, FDI, is a standard, widely researched field, where this research project will be able to benefit from a large depository of literature.

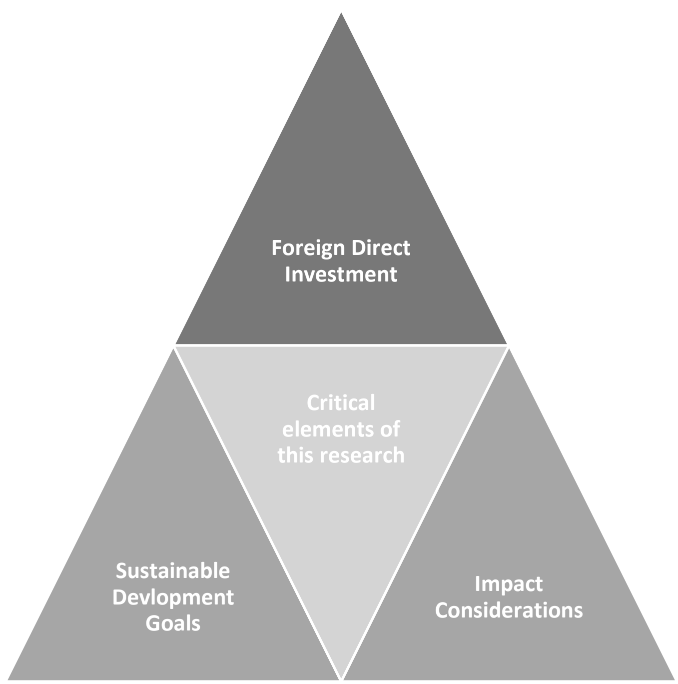

Figure 4: Critical elements of this research project

Sustainable Impact, however, is already bipartite, as there is existing standard literature available on the aspect of sustainability and the aspect of impact, however, the two combined already narrows the existence of sufficient literature. During the initiation phase of this research project, a superficial screening of the literature and potential sources has been conducted but simply checking the number of results found on each of the three elements. While FDI was very solid with a wide range of sources, the Sustainable Impact had some sources available as standard literature, especially in terms of definitions and research conducted on sub-categories of sustainability as well as the definition and meaning of impact. However, more recent studies are rather available in academic journals and magazines.

The third element of this study, which is the SDGs itself, the availability of standard literature is very limited. Therefore, for the purpose of this research project, the research will not only incorporate academic journals and magazines but especially focus on publications of multilateral organizations, economic reports as well as an economic analysis done on the progress of the SDGs. The contemporary nature of this research project requires this diverse approach to be able to capture all aspects and information required to critically review and critique the existing literature without missing any critical aspects. Existing literature is to be explored; however, a certain subjectivity can be expected especially in the economic reports and publications by multilateral and international organizations. Therefore, an especially careful look will be taken to incorporate the information of those documents in the study.

Snyder (2019) compares three different types of literature reviews to be applicable for a research project such as this. A systematic, semi-systematic and integrative approach exists to conduct a literature review. Based on the criteria Snyder (2019) summarizes, this research project will most probably apply a semi-systematic approach as this allows an “overview of the research area and track developments over time…” (Snyder, 2019). The exception will be that the research questions are theme-based are, therefore, very specific, whereas Snyder (2019) states that research questions in a semi-systematic literature review are broad. The applicability of the semi-systematic approach is also in line with the research objectives of this research project as it covers all five areas of potential contribution to the literature review, which are state of knowledge, themes in literature, historical overviews, research agendas and theoretical models, according to Snyder (2019). In fact, this research project additionally looks at economic analysis, reports by multilateral organizations as well as recommendations made by professional bodies and institutions to cover the entire spectrum of literature available in this field of research.

Overall, it can be said, that the research base for this study is very current, however, lacking in terms of standard literature due to the actuality of the topic. This must not be a disadvantage, however, as the research project has an even greater potential to contribute not only to science and academia but also to professional practice. One more aspect to be mentioned, before getting into the structural approach of this literature review, is that only publicly available information is being used in the course of this study. The nature of my professional career allows me access to more information than what is public domain, on the topic of FDI and the SDGs, however, for this research project no additional information will be acquired from non-public sources. Especially economic reports will only be used as a reference for this research if they are publicly available and accessible to any individual. Three areas of literature will be considered in this study, as shown in figure 5 below:

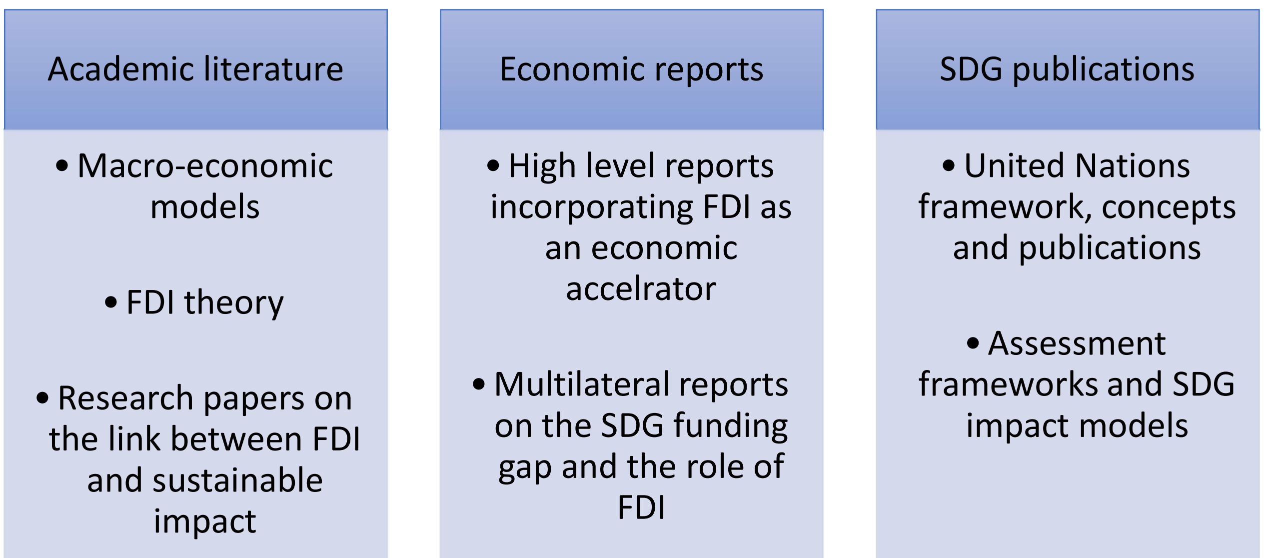

Figure 5: Three areas of literature to be considered for this study

2.2 Structural Literature Review

The literature review will be structured in three focus areas, as illustrated in figure 6 and will start with looking at the basic definitions of the main terms of this research such as FDI, Impact, Sustainability and Economic Development to create a baseline when researching the linkages between them at a later stage. It will then discuss the role of FDI as an economic financing tool, and how this role has evolved and developed over time. The reason is, that this research topic relates FDI as the main lever to achieve the SDGs and asks the question, how this will be done. Therefore, a deep understanding and critical review of the role of FDI is required. Similar to FDI, the role of sustainability and its different facets will be reviewed. The SDGs are focusing on economic, environmental and social development and sustainable development overall, therefore, it is required to understand first, what that means and what are the shortcomings and challenges of these definitions.

Secondly, the literature review will critically review the “impact” term. Over the last several decades, impact has become an increasingly relevant term in business. Similar to sustainability, it is often used in conjunction with investment as Impact Investment. A key point of this study is to identify what impact means and how impact can be measured and quantified. From an SDG perspective Impact Investments and Sustainable Investments play a key role in closing the SDG funding gap, however, does the existing literature reflect this relevance and how does academia and multilateral assess this connection. The main intention, hereby, will be to clarify how FDI can develop to become sustainable and impactful to serve the development agenda of the SDGs. Furthermore, reports, especially by UNCTAD will be critically looked at, which determined FDI to be a major contributor to achieving the SDGs. The main document here is the annual World Investment Report, which is part of the economic report and analysis this research project will consider.

Thirdly, the literature review will focus on the most crucial part, which is combining what is found in the first two parts of the literature review to then build the connection between FDI and Sustainable Impact, how the two are linked together and how FDI can achieve sustainable impact and contribute to reach the SDGs. This part of the literature review also looks at what has been suggested as potential policy measures and methodologies to measure the impact of investments and report on the progress of the SDG implementation. Critiquing those findings will reveal the gaps that exist, which this research project will be addressed after.

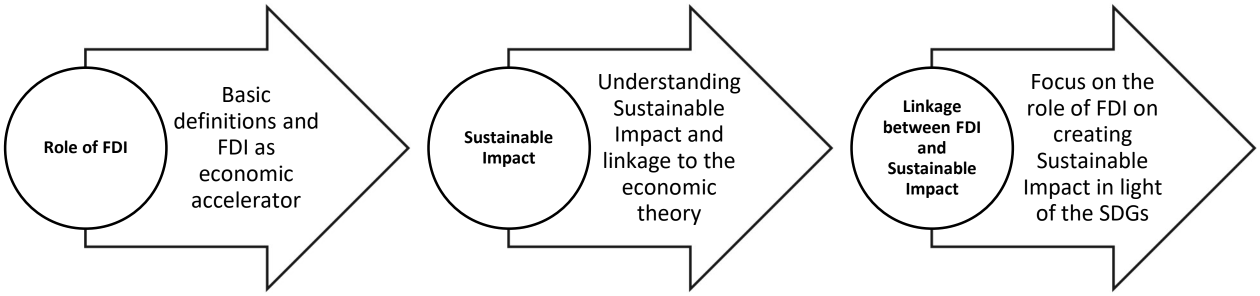

Figure 6: The elements of the Literature Review Process

Overall, the literature review will drive the discussion on how FDI can contribute to achieving the SDGs and how this contribution can be attractive for investors as investment opportunities and how the success and impact of these investments can be measured. The literature review, as well as the findings and outcomes of this study, will also be structured based on their affiliation to either the public or the private sector. The public sector is mainly characterized by being a government-controlled organization that is usually established by mandate and follows statutes and government regulations (Lane, 2000). The private sector in contrast is under private ownership and control and has a profit motivation (Nutt, 2006). This distinction is important in this research project as the analysis of findings including those from the literature has to consider these individual characteristics.

2.3 Defining the baseline for Foreign Direct Investments (FDI)

This section will provide a critical review of the existing literature on Foreign Direct Investment or FDI, elaborate on the role of FDI for sustainable economic development and carefully examine and critically review, the role FDI plays on a global economic system of trade and investment. The different definitions of FDI will be looked at as well as the different types of FDI that exist and how these FDI types differ in terms of economic relevance. FDI is considered a key driver of economic development and therefore, a key component to achieve the SDGs. Understanding the basics of FDI is therefore relevant to build a foundation for this research project, especially due to the fact that FDI is often driven and influenced by political decisions (Büthe et al., 2008). Developing countries are especially a target market for FDI, where FDI sometimes acts as a method of "expropriation" (Azzimonti, 2018). Since developing countries are crucial in the SDG implementation, the dynamics of FDI and the rationale for the investment decisions have been considered as well for this research.

Looking at the macro-economic theories of Foreign Direct Investment, the eclectic paradigm, which is commonly referred to as the OLI Paradigm by Dunning (1988) and revisited in Dunning (2001), economic activity such as internationalization is dependent on three different economic advantages that are desired. First is the accumulation of intangible assets through ownership advantages. Second, is the integration of international transactions in the company by steering hierarchies through FDI structures. And third is to exploit location advantages through strategic FDI capital deployment (Ruzzier et. al, 2006). The OLI paradigm, therefore, illustrates the role of FDI from an economic standpoint, where FDI does not only influence the site selection process, but also the company's internal structure through the deployment of capital in foreign subsidiaries and branches.

Academically Dunning (1993) has given a taxonomy of FDI motives, which characterizes FDI as being market seeking, resource seeking, efficiency-seeking and strategic asset seeking. Foreign Direct Investment from an academic point of view is defined as "a form of international inter-firm co-operation" (De Mello Jr., 1997). However, many academic papers agree that there is not one single definition for FDI and mostly its definition is being derived from multilateral organizations. What is certain, however, is that FDI always involves the acquisition of a lasting management interest stake (Alfaro, 2003), which must be 10% or more. To understand FDI definitions better as a baseline for this research, the different common definitions of FDI are being compared in the following paragraph.

"Foreign direct investment (FDI) is defined as an investment involving a long-term relationship and reflecting a lasting interest and control by a resident entity in one economy (foreign direct investor or parent enterprise) in an enterprise resident in an economy other than that of the foreign direct investor (FDI enterprise or affiliate enterprise or foreign affiliate)" (UNCTAD, 2017, p.3). This is the basic definition of Foreign Direct Investment (FDI), which is widely used to understand the nature of the foreign investment. This definition is aligned to the classification of assets and the relation between FDI and the balance of payments accounts (IMF, 2009).

UNCTAD, which is the United Nations Conference on Trade and Development, the issuer of the main document of the global FDI development, which is known as the World Investment Report, adopted both of those standards and goes to further detail in their FDI concept note explaining the main methodological changes, which were implemented back in 2014. In 2014, many countries adopted the new guidelines for the compilation of FDI data as part of the balance of payments and international investment position statistics based on the sixth edition of IMF's Balance of Payments and International Investment Position Manual (BPM6) and the fourth edition of OECD's Benchmark Definition of Foreign Direct Investment (BD4). There are three major changes introduced in BPM6 and BD4 that have the most significant impact on the presentation and interpretation of FDI statistics, according to UNCTAD (2017).

According to UNCTAD, a “directional principle” has to be followed, which requires FDI reporting to be organized based on the “direction of the investment for the reporting economy, whereas reverse investments are subtracted” (UNCTAD, 2017). In addition, UNCTAD advises that so-called resident special purpose entities require a more meaningful FDI reporting in terms of data and fellow enterprises should record their FDI flows based on the residency of the “ultimate controlling parent” (UNCTAD, 2017). In general, UNCTAD defines FDI as” FDI are on a net basis (capital transactions’ credits fewer debits between direct investors and their foreign affiliates), or net acquisitions of assets (outward FDI) and net incurrence of liabilities (inward FDI).” (UNCTAD, 2017, p.6).

2.3.1 Considering different types of Foreign Direct Investment (FDI)

In general, there are several different types of FDI being distinguished (Borensztein et al., 1998) when determining the contribution of FDI to economic growth. The first and most common type of FDI is Greenfield FDI, where the foreign investors deploy capital into an FDI project building a subsidiary of the parent company in a foreign company. This type of FDI is often seen in global expansion processes, an increase of branch operation networks as well as manufacturing sites. Foreign direct investment is usually characterized by the foreign investor acquiring a minimum 10% stake of the voting rights in the company (Müller, 2007). If the facility in the foreign country exists already and the investor decides to deploy capital by investing into the existing facility or organization, this is what is considered a Brownfield investment or Brownfield FDI.

Besides those two traditional types of FDI, there are other forms, which are usually linked to the rationale the foreign investor has. To gain market entry, foreign investors tend to choose mergers and acquisitions (M&A) as a quite common mode of FDI (Görg, 2000). Acquisitions have several advantages compared to a Greenfield investment. The foreign investor can benefit from existing company infrastructures, staff, supply chains and tap into the local market knowledge and market share the company already has. M&A investments are usually done by investors, which operate in the same similar sector as the company which is acquired. All types of FDI are illustrated in figure 7.

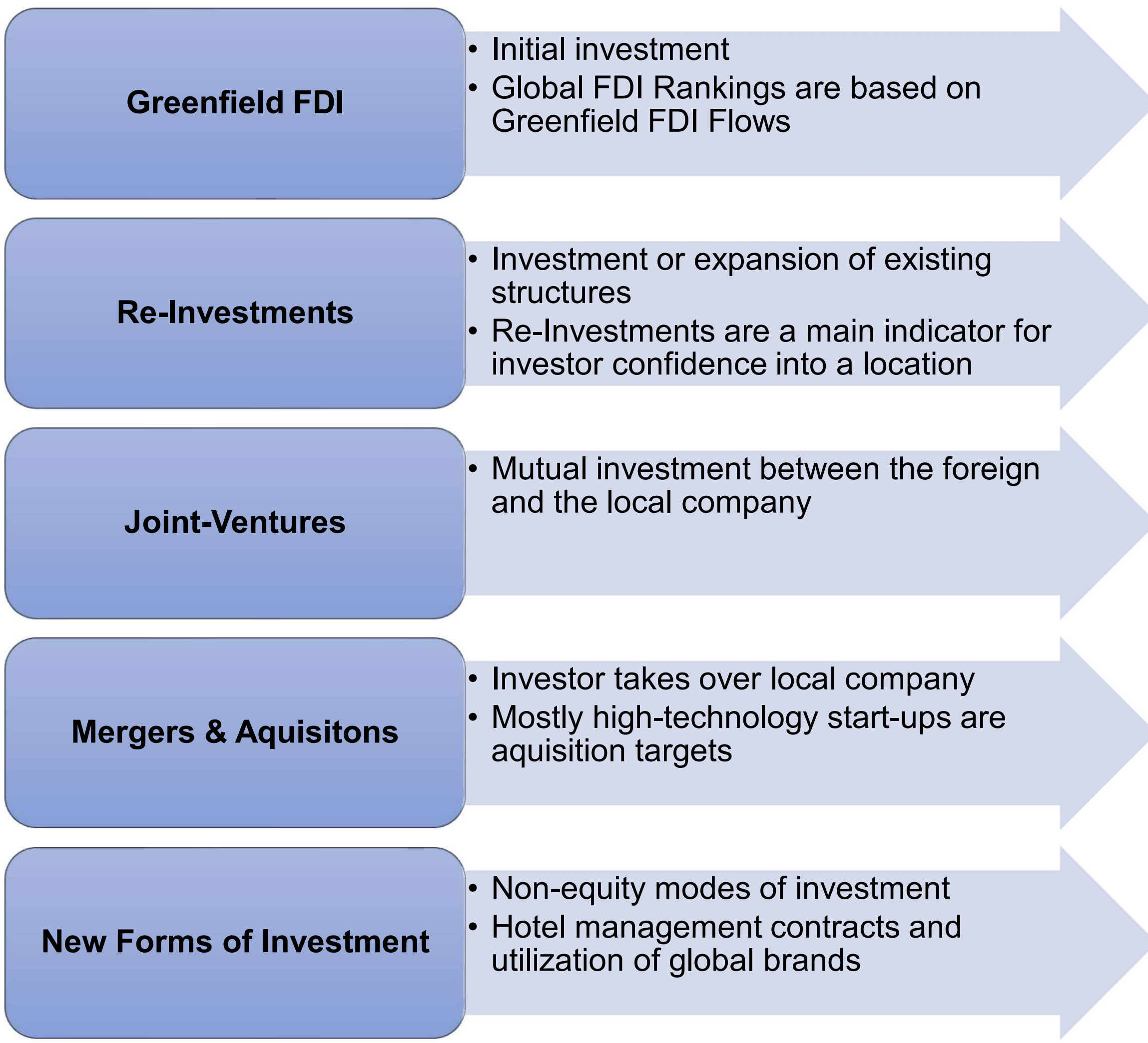

Figure 7: Different types of FDI

However, not all market entry strategies and Foreign Direct Investments are of a friendly nature. Economic rationale, global market shares as well as intellectual property are only a few of the reasons FDI capital is being deployed (Moran, 2012). Joint-venture investments (JV), where the foreign investor partners with a local firm is another form of FDI, which is usually triggered by the local company seeking a global partner to expand the business. However, also JVs can be a form of what is known as an indirect hostile takeover, as JVs also mean joint control of the assets and operations, even if the foreign investor has only deployed capital (Herrmann et al, 2006). Another form, which is also considered as FDI as the re-investment of a company in its existing operations. This can include the hiring of new staff at the foreign location, physical expansion of the site as well as upgrading the existing facilities.

A major aspect for this research project, where FDI is being studied as the main driver to reach the SDGs is the knowledge and technology transfer of Foreign Direct Investment (Kinoshita, 2000). There are several distinct aspects, which should be highlighted in this regard. One of them is what is known as technology spill over. The technology gap between the foreign investor and the local company is involuntarily being bridged between the two companies. This, however, can go two separate ways. First, an investor purposely invests in a company with a high technology component to cause a technology spill over and drain intellectual property. In other words, the investor will benefit from the knowledge and technology the company he is investing in has, without investing any additional money in research & development, as the company, which is acquired, already did that part. This dynamic can especially be seen from investors in Eastern Asia, which try to trigger a technology transfer to their home country by utilizing technology spill overs through FDI (Crespo, 2007).

However, for this research project, another aspect is more relevant in terms of technology spill over, which is the benefit of the investment target from technology and innovation, that the investor brings. Especially investors which seek market entry in developing countries through M&A and JV activity, this can be highly beneficial for the local company. The company can benefit from the R&D the investors bring with them and deploy this technology in the FDI destination. This would then not be a technology spill over, but considered a technology transfer (Glass et al.,1998), as the investor intends to share technology and innovation with the company, which is acquired. Sometimes, small innovative companies in developing countries lack the global visibility, market awareness and financial resources to expand and go abroad, so a foreign investor could also come in through a joint-venture FDI project and conduct a technology transfer utilizing the investors' capabilities and market share. This enablement process would then allow the local company to directly benefit from the FDI.

The last aspect in terms of defining the meaning of Foreign Direct Investments is the global discrepancies in the balance of payments. According to a study published by the Bank of Spain on "… the international comparison of data, despite a common international methodological framework, discrepancies between countries do occur. In fact, the worldwide discrepancy between outward and inward direct investment flows should be zero, if all flows were recorded fully and consistently by both sides" (Duce & España, 2003, p.8). This loss of capital is especially relevant considering the financing of SDGs, as developing countries and least developed countries often suffer from inefficient administrative systems, corruption and political instability. The SDGs would require a significant increase, especially to the African continent (Adeola et. al, 2020). Considering the possibility of FDI vanishing into dark channels, financing economic development in Africa through FDI will become an even greater challenge (Ngowi, 2001).

The next section will take a closer look into the role of sustainability in economic, environmental, and social development including FDI and its different types as a key driver.

2.4 The role of FDI and sustainability in economic, environmental and social development

The economic theory underlying sustainability aspects in business were first introduced in 1994 by John Elkington, which is commonly known in the academic world as the triple-bottom-line (Elkington, 1998). Measuring performance under this theory means expanding one bottom line of profit with those of people and planet as the other two elements. This economic theory is relevant not only in terms of the creation of Corporate Social Responsibility but also in understanding the role of FDI and private investments in achieving the SDGs.

In 2017, the leading research institution on sustainable investments and FDI as a way to reach the SDGs, has discussed the role of an Indicative List of FDI Sustainability Characteristics (Sauvant & Mann, 2017). This paper complements other research confirming the role of FDI for environmental impact (Bopkin, 2017), social welfare impact (Siddique, 2017) and the impact on the economy overall (Aziz, 2020). The academic paper from Sauvant and Mann (2017) focuses on trade and investments, as a driver of sustainable development, addressing an aspect, which is also a key element of this research project, which is the question, how to make FDI into sustainable development attractive for investors and beneficial for the FDI destination. Characterization based on an indicative list that addresses all stakeholders involved in the FDI facilitation process " including negotiators of international investment agreements; international investors seeking to maximize the benefit of their investments; host country governments seeking to attract sustainable FDI; home country governments supporting their firms to invest abroad;

arbitrators in international investment disputes; intergovernmental organizations seeking to develop their own sustainable FDI guidelines; and private institutional investors and industry associations seeking to provide guidance regarding sustainable FDI to their clients". (Sauvant & Mann, 2017, p.V).

The key question hereby is what makes an investment sustainable and how can it be avoided that one single impact factor such as economic growth does not negatively affect other impact considerations such as the environment or social impact (De Pascale, 2020). One idea of achieving this is through a definition, which is:" … commercially viable investment that makes a maximum contribution to the economic, social and environmental development of host countries and takes place in the framework of fair governance mechanisms" (Sauvant & Mann, 2017, p.V). Critically reviewing this paper and the characteristics, the research paper suggests, leaves the question of measurability and availability of information. The paper identifies 150 instruments to determine the sustainability aspect of an investment, however, in a hard assessment, it remains unclear if the idea is measured qualitatively or if utilizing a KPI based system, how to retrieve the information. Also, the paper does not address in detail, what is often a perception of the investor, which is that any FDI project contributes to economic development. A sector-based analysis could also show which FDI projects contribute to environmental development. And lastly, any job creation could be a contribution to social development, so how are 150 characteristics different from these three basic assumptions?

The key is, what is also addressed in this research project, which is not the simple linkage of FDI the three development aspects, but rather the impact the FDI creates and how this impact can be measured (Pegkas, 2015). A feasible way to do so is using an FDI Impact Assessment, which would incorporate the variety of measurement instruments the researchers suggest. Nevertheless, it is interesting to see how little research has been done so far on this crucial topic, especially after UNCTAD determined FDI to be a critical factor to close the annual funding gap to reach the SDGs by 2030. The role of FDI in sustainable development is also illustrated in figure 8.

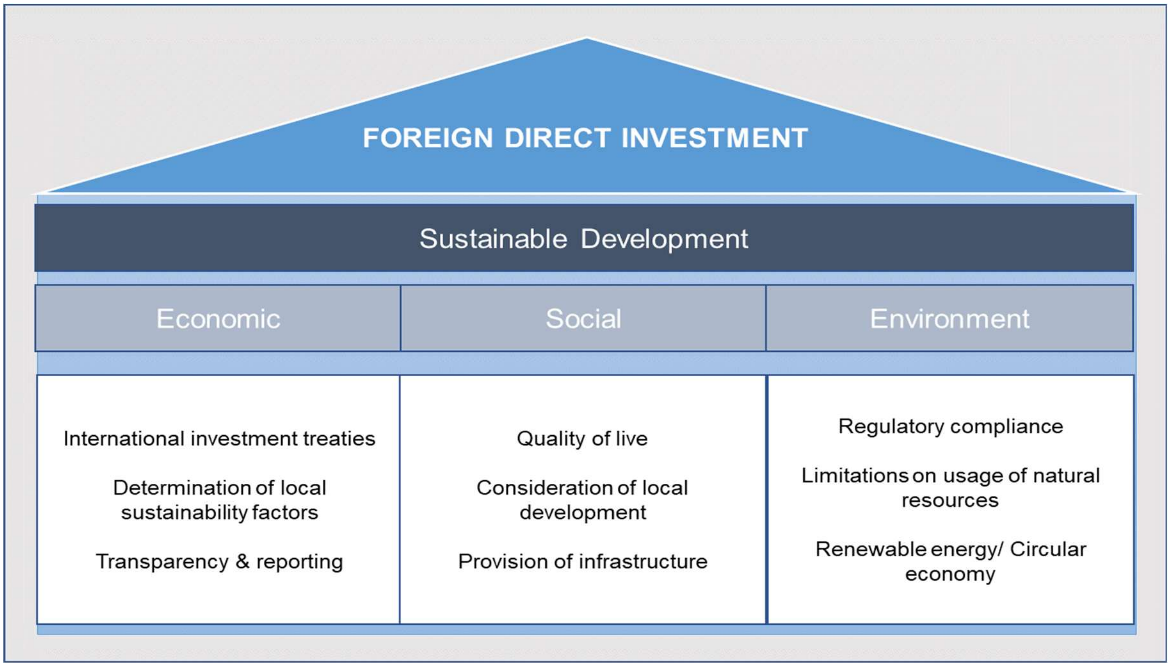

Figure 8: The role of FDI in Sustainable Development (author's illustration)

In the Research Handbook on Foreign Direct Investment, published in 2019, the authors dedicated one chapter to "FDI, international investment agreements and the sustainable development goals" (Johnson, 2019, p.126). The research focuses hereby on "interrelationship between foreign direct investment (FDI), international investment agreements (IIAs) and the sustainable development goals (SDGs) on a foundational level… The SDGs are more and more used to inform the reform of international investment law in a way that FDI should aim at harnessing sustainable development" (Johnson, 2019, p.126). An interesting angle in this research is that also the negative aspects of FDI on sustainable development are being discussed. From the very little academic research that has been done on FDI in relation to the SDGs, one important aspect, which I mentioned during the definition of FDI is the sector bias in the type of FDI attracted (Steenbergen et al., 2020), published as part of the Global Investment Competitiveness Report 2019/2020 by the World Bank Group, where a benchmarking was conducted comparing three exemplary countries. The report states that "many countries aim to attract foreign investment to help create jobs and reduce poverty. Yet the empirical evidence on the direct poverty-reducing effects of FDI is surprisingly scarce, especially in developing countries" (Steenbergen et al., 2020, p.1). Another research also quantified the types of FDI inflows under the hypothesis that FDI can improve socio-economic conditions (Karreman, 2019).

The focus was hereby on the African continent as well, where a majority of developing and least-developed countries exists.

2.4.1 The Impact element

Besides the general academic research, which is focusing on global policymaking, international investment treaties and strategic frameworks, also different aspects of the economy have been researched to investigate the impact of FDI, including a study in 2019, which looked at the Impact of FDI and Innovation Activities on Income Inequality in Emerging Countries (Korovina, 2019).

In 2018, a group of researchers has studied what they described as “corporate engagement” (Zanten & Tulder, 2018). The introductory statement of their research mentions that “The Sustainable Development Goals (SDGs) cannot be achieved without the contributions of multinational enterprises (MNEs)” (Zanten & Tulder, 2018, p.208), which is in principle a correct assumption, considering the investment ability and capital resources of MNEs in deploying FDI. What this research paper does, however, is change the perspective to a more policy-driven discussion. “… private sector’s role in achieving international policy goals… conceptualiz[ing] the SDGs as a goal-based institution. Building on institutional theory, it develops propositions that help explain MNEs’ engagement with SDGs…” (Zanten & Tulder, 2018, p.208).

The paper considers the private sector, and therefore also FDI, as the main contributor to achieving the SDGs and derives policy recommendations, how the engagement of the private sector could be conducted in a binding manner, by adhering to policies, which automatically include the private sector in the journey of reaching the SDGs. Looking at a goal by goal perspective in light of the SDGs, another study, which was published in 2020 is taking a different approach and researches the hypothesis that FDI might not be that relevant in achieving the SDGs, especially looking at SDG goals number 1 and 2. The study looked at the impact of foreign capital (foreign direct investment and foreign aid) on poverty reduction and food security in the case of 50 developing countries over the 1995–2015 period (Dhahri & Omri, 2020). The analysis is also driven by the assumption of combining several methods of development aid and, therefore, achieving a higher impact and progress in reaching the SDGs. The study emphasized that FDI into poor recipient countries (Dhahri & Omri, 2020) has declined during the past decade and that there is no direct indication of FDI having a higher impact on achieving what is formulated in the SDGs than other development aids provided.

It is, however, arguable, especially considering that FDI allows a large number of private sector organizations to directly deploy capital, whereas development aid is often provided by government-backed funds. Furthermore, the pure consideration of macro-economic indicators, such as FDI inflows and the overall poverty rate, is very short-sided when determining the impact of Foreign Direct Investment. FDI can trigger a chain of positive developments besides the direct impact of the investments, and hereby the correlation and interlinkages between the 17 SDG goals play a key role. Looking at each goal individually through macro-economic determination is, therefore, not sufficient to ultimately determine economic, environmental and social development. What is important, however, is the "macro-economic policy coherence" (Chakraborty, 2020), which can influence the decision-making and site selection process of foreign investors. Development aid given, especially through subsidies, can, furthermore, act as an incentivizing lever to attract FDI in a developing or least-developed country.

To be able to provide financing for the Sustainable Development Goals through foreign direct investments, it is required to incorporate and address global challenges and megatrends to be able to profile investment opportunities adequately and provide sufficient information for the due diligence process of the investor. Addressing global megatrends can vary depending on the economic sector as well as the current or future development the megatrend entails. Shifts in the global economy, globalization, technological disruptions, commodity cycles, climate change and urbanization as well as demographic transitions are all factors (Lund et al., 2019) that influence not only the willingness but also the ability to make an investment decision in general, but specifically towards the SDGs, according to a report by McKinsey Global Institute. Global trends are highly relevant for an FDI ecosystem as they influence the decision-making of investments and market dynamics can determine and shift the global flow of FDI.

2.4.2 Demographical considerations

In the World Bank Global Monitoring Report 2015/2016, four major categories in terms of demographics are distinguished, as shown in figure 9. The report hereby maps the different categories geographically on a global scale. North America, major parts of Europe, Japan and Australia as well as New Zealand are described as post dividend, which consists of a combination of a high life expectancy and a low fertility rate. These post-dividend countries represent the majority of the industrialized G8 nations. They also represent the largest proportion in terms of global GDP gross with over 40% (WBG, 2016). The second category with an increased life expectancy is determined as late dividend and mainly incorporates those nations, which are vast in terms of geographical landmass. Russia and Brazil are part of this category. Late-dividend countries still have a relatively high share in terms of global GDP gross but compared to post-dividend countries they also have a share of more than 10% in global poverty.

Figure 9: Demographical considerations[4]

However, most relevant for the correlation between the Sustainable Development Goals and Foreign Direct Investments are the last two categories in the report. These last two categories, both, have an over-proportional share in terms of global poverty reaching up to 50%. The Middle East, North Africa and South Asia region are combined in one category as early-dividend, which has a combination of two components, a declining fertility rate and at the same time an increasing life expectancy. The last of the four categories, marked as pre-dividend, has the highest significance for the SDGs, as this category covers most of the least-developed countries or LDCs, and covers the majority of the African continent. The pre-dividend category is mainly characterized by a high fertility rate, which will lead to a significant increase in population,

[4] Sachs, J., Kroll, C., Lafortune, G., Fuller, G., & Woelm, F. (2021). Sustainable Development Report 2021. Cambridge University Press. https://dashboards.sdgindex.org/chapters/executive-summary (08.08.2021)

however, at the same time, pre-dividend countries suffer from a low life expectancy. This fact is also reflected in terms of the share of global GDP gross and share of global poverty. While the share of global GDP growth is below 5%, the share of global poverty almost reaches 40% in those countries. (WBG, 2016)

From a critical literature review point of view, looking at the SDGs and the role of FDI, the World Bank Global Monitoring Report highlights major challenges, which are relevant from an investment and risk mitigation perspective. Especially the two demographic groups lacking the most of GDP gross and, at the same time, suffering severely from global poverty are directly addressed by the SDG agenda. Challenges such as a lack in human development and education, as well as addressing the needs of over-proportional population growth. Sustainable development requires a paradigm change. Even macro-economic indicators, as presented in this report, indicate the need for SDG investment projects to interfere with the dynamic of social division. The report indicates an apparent lack of engagement of the global investor community to formulate investment opportunities based on the SDGs. On the other hand, the report shows a clear correlation between economic prosperity and demographics, which is a key concern of the social development aspect of the SDGs.

An important aspect, which is often forgotten in the discussion on developing countries and financial aid, is that nations such as China, India and Russia, which are globally perceived as economic superpowers are also developing countries based on macro-economic factors such as the GDP per capita or the Human Development Index (HDI). This is why the World Bank Group itself, has triggered a discussion, already in 2015 questioning the continuation of using the term "developing countries" due to the fact that "The United Nations has no formal definition of developing countries, but still uses the term for monitoring purposes and classifies as many as 159 countries as developing" (World Bank Group, 2015)[5]. From an FDI perspective, however, another angle seems to play a more and more important role, especially after the introduction of the SDGs.

[5]World Bank Group, 'Should we continue to use the term "developing world"?', Washington, Khokhar & Serajuddin, 2015, https://blogs.worldbank.org/opendata/should-we-continue-use-term-developing-world (26.09.2020)

2.4.3 Investment promotion as a driver for sustainable development

Instead of looking at the development aspect of the recipient countries, World Bank Group also asks the question of the development impact of the Investment Promotion Agencies (IPA), which are mandated to attract FDI to their respective location. The authors mention that ”IPAs can increase their impact by sharpening their strategic focus, building a coherent institutional framework, and strengthening their delivery of investor services” (Heilbron & Kronfol, 2020, p.189). The dynamic and speed of the evolution are also questioned, and IPA services are being determined as a critical factor to increasing FDI flows: “Investors from Developing Countries Value IPA Services more than those from High-Income Countries” (Heilbron & Kronfol, 2020, p.177). To improve the development impact IPAs can have, World Bank Group recommends an overarching framework, applicable for IPAs, which consists of three pillars: “Strategic alignment and focus, a coherent institutional framework and strong investor service delivery” (Heilbron & Kronfol, 2020, p.17). World Bank Group illustrates this in the following figure 10, where development impact even tops the investor satisfaction and investor confidence itself. The foundation to achieve a higher development impact, are, according to World Bank Group national development plans, investment policies and ultimately clear FDI strategies.

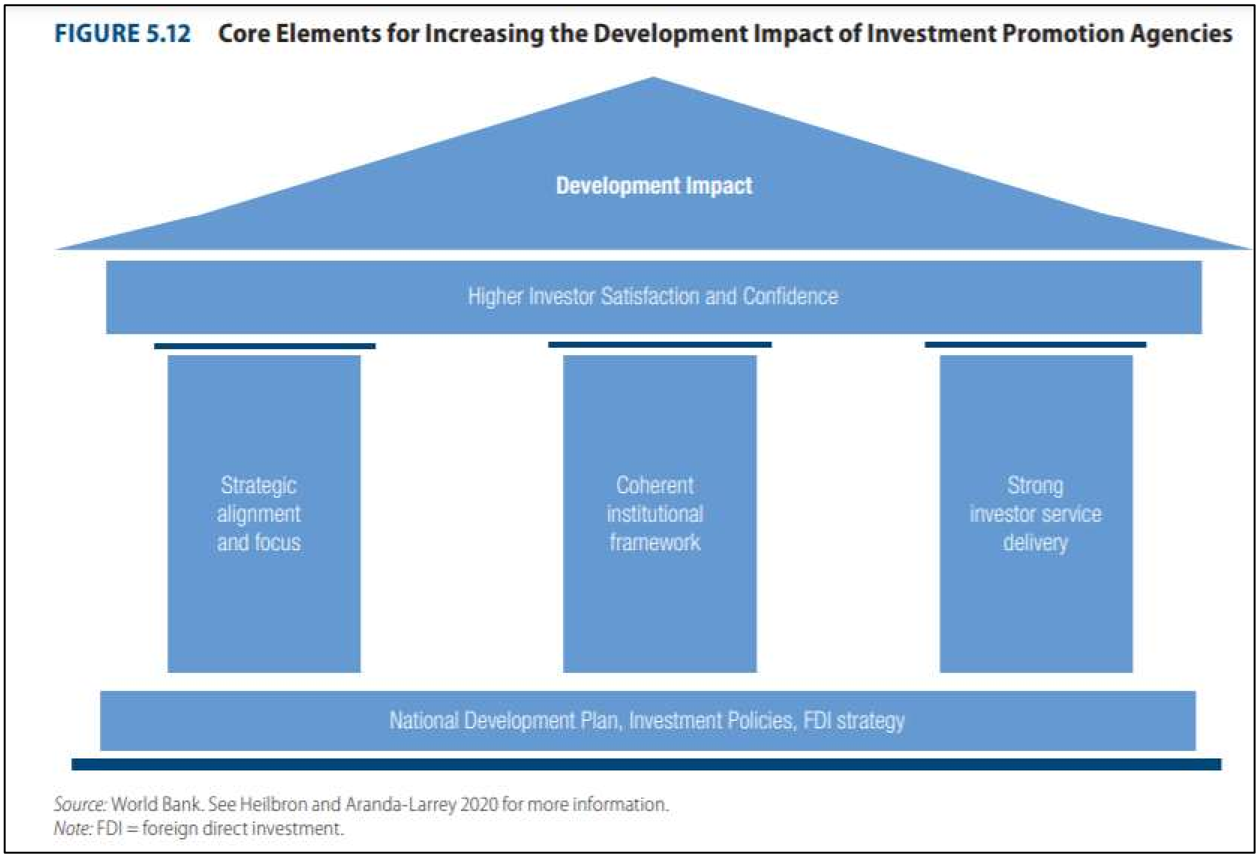

Figure 10: The significance of Development Impact

A major challenge, which serves, at the same time, as an important indicator of successful FDI attraction and a definite value added to the economy, is new jobs created through the investment. A study, published in the Journal of Economic Insight in 2019, looked at this job creation aspect, especially in developing countries under the pretext of studying if the job creation through FDI "is influenced by the economic, social and political climate of the country" (Self & Connerley, 2019, p.59). Interestingly, the study found that "…for some geographic locations, FDI has a positive and significant impact on job creation... [the] relationship is found to hold for projects in East Asia and South Asia and to some extent for Latin America as well. However, this relationship is reversed for projects in Sub- Saharan African and the Middle Eastern and Northern African countries implying a strong regional impact" (Self & Connerley, 2019, p.59). This regional difference is an aspect, which is often underestimated in terms of the meaning of sustainability achieved through FDI in different countries. The study also stated that "…Additionally, it was found that a lack of effective governance at the country level has a negative impact on job creation" (Self & Connerley, 2019, p.59). This regulatory challenge is an important aspect, not only for reaching the SDGs in those countries but especially for attracting FDI and promoting a location as a safe FDI destination

(Quan et. al, 2018). This research project should, therefore, take the highlighted point into considerations and see, if these conclusions are also made by the research participant during the interviews.

Another empirical research, which looked at economic freedom in relation to FDI attraction in developing countries, brought up another aspect, relevant to this research project, which is that “economic openness, gross capital formation and financial development are some of the factors that have a positive and meaningful effect on FDI attraction process in the host country” (Badri & Sheshgelanib, 2017, p.82). In general, FDI is a crucial factor for economic growth as FDI provides capital and adds technology as part of technology transfer to an economy (Nakhaei et al., 2015). In terms of the financing gap and fiscal budget deficit of a country, FDI is a major factor to drive the economy forward based on financing and capital inflows to the recipient country through FDI (Rosario et al., 2017). Also, the ease of doing business, which is indicated through various aspects such as setup cost, taxation, political stability and digital infrastructure is a major factor for FDI (Vogiatzoglou, 2016). The question is how the sustainability aspect can be embedded in this discussion about the relevance of FDI as an economic driver. Sustainability does not only mean saving the environment and building a green economy - but sustainability also rather describes different aspects of sustainable development, which is reflected in the SDG agenda.

One might think this issue is new, but already before the SDGs were introduced an academic study on emerging markets queries in finance and business the relevance of foreign direct investment for sustainable development indicated that there is a significant gap in the relationship between FDI and sustainability (Kardos, 2014). Most academic research focuses on the environmental challenges when discussing sustainability aspects. However, looking at the SDGs, the conclusion those research papers make can easily be adapted to the research done on FDI in relation to the SDGs. A paper from 2012 states that “FDI can serve as a catalyst to attain faster economic growth rates in emerging economies “(Narula, 2012, p.15), which is without objections applicable today (Ayakwah et. al, 2019). Therefore, the conclusions drawn from this research will be used in this research project, however, considered from a widened perspective incorporating all aspects of sustainable development besides the environment.

2.4.4 FDI as an economic tool

Considering FDI is an economic tool to achieve sustainable development, does also mean all types of FDI have to be taken into consideration to be able to create a holistic picture for this research project. A study, published in The Journal of World Investment & Trade indicated that there is what might seem at first glance as a paradox, but the other describes it as Indirect FDI (Kalotay, 2012, p.542). This is FDI “in which the ultimate owner is different from the immediate investor”. The interesting aspect of this research is, however, what the author elaborates on the impact of Indirect FDI. “The development impact of indirect FDI is not necessarily negative; however, it varies by the key types of indirect FDI (delegation of power to regional headquarters, nearshoring, concealed investment, and round-tripping). It also depends on how the project money is transhipped: through an affiliate abroad, or a special purpose entity. Government policies may influence largely the extent and development impact of indirect FDI, especially through tax policies” (Kalotay, 2012, p.542). The complexity of FDI as a financing method, in relation to its impact, requires this research project to highlight all elements of FDI besides the basic definitions. Capital flows to the recipient country through alternative or indirect channels is often a key aspect for developing countries, especially those which offer highly attractive tax incentives.

Furthermore, FDI attraction to achieve sustainable economic growth in developing countries to reach the SDG goals also means to build innovative methods to compile new investor incentives, which are backed by a government strategy that focuses on enhancing the individual location as an FDI destination with global recognition. Encouraging foreign direct investment (FDI) through privatization programmes (Narula, 2012), is one way to utilize existing state assets as a trigger to encourage foreign investors’ awareness. FDI can also have a positive impact on the production output of a country when FDI is being channelled into the right sectors aligned to the country’s economic strategy. Empirical research conducted in Malaysia in 2010 showed that “…FDI and financial development are positively related to output in the long-run…The impact of FDI on output is enhanced through financial development…” (Ang, 2010, p.1595). The author describes this phenomenon also as the “FDI growth-nexus” (Ang, 2010, p.1595). This positive correlation is critical for this research project considering the 169 hard targets, which the United Nations have determined as the intended outcome of the SDG agenda. FDI is not only able to close parts of the annual funding gap to achieve the SDGs but also can act as an accelerator for the economy of a developing country, enforcing the output of productive assets by additional capital injection into the market.

Besides hard economic measures such as macro-economic indicators, GDP growth and annual production output, it will be essential for this research project to also consider soft factors, which are often described as qualitative aspects of the economy. These include innovation capability, governance system as well as cultural aspects. A study on 22 emerging markets, published in 2018 has analysed these factors under the research question if "… quality of innovation, culture and governance drive FDI?" (Kayalvizhi et al, 2018, p.175). The study has found that "FDI increases as technology absorption and innovation capacity increase." (Kayalvizhi et al, 2018, p.175), which is in line with the assumption that more FDI creates a larger impact for the recipient country.

A key foundation to achieving any sustainable development in a country, be it economic, environmental or social is the availability of Research and Development (R&D) capacities. This should usually be directly embedded in the government's strategy. Research from 2009 has looked at ways of attracting FDI that invests in building those R&D capacities. The study indicated that "…attracting R&D-intensive FDI calls for policies such as offering 'research hosting' services to foreign firms through technology parks…" (Guimón, 2009, p.364). These dedicated industrial sites, which can also be free zones or economic clusters, are crucial as technology companies tend to prefer technology hubs as FDI destinations, where also other firms with a high technology component have made investments already. Besides, dedicated technology parks are traditionally characterized by offering specific incentives to the investor, which are not available outside the vicinity.

The soft factor of having a functioning governance system as a basis to promote the value proposition of an FDI destination was also researched in another study, which looked at the FDI decision making process in the state of Taiwan. The study focused on "… both, internalization theory and the resource-based view see FDI primarily as a means by which firms can appropriate rents in overseas markets from the exploitation of their idiosyncratic resources and capabilities." (Lien, et al. 2005, p.739). What is interesting to see is that the overwhelming majority of academic studies researching the different attributes and characteristics of FDI are all done at a country-level based analysis. From an SDG perspective, this reveals a gap, as overarching research, which is applicable at a global level is missing. This research project intends to shed light on the role of FDI in reaching the SDGs by 2030. Country-level analysis can hereby only serve as a source of conclusions, which might apply to other countries that have similar economic, political and social standards. From a global perspective, in terms of achieving the SDGs, however, these conclusions can only be compared with the outcomes from the research interviews and later incorporated in the recommendations made as part of this study.

2.4.5 Policy considerations and regulatory environment

What is more valuable to this research project from a literature perspective, is an academic analysis done of different technical and policy aspects related to FDI, which are directly applicable to the SDGs and the sustainable development efforts made. A 2008 empirical research on spill over effects, which were earlier mentioned in this study, found that "… Local firms benefit from a foreign presence in the same industry and downstream industries. The absorptive capacity of domestic firms is highly relevant to the size of spill overs: vertical spill overs are larger for R&D-intensive firms, while firms investing in other (external) types of intangibles benefit more from horizontal spill overs "(Marcin, 2008, p.155). Insights like these are highly relevant for this research project as they allow a discussion basis with the interview participants and they enable a derivation of policy recommendations, as part of the outcomes of this study, based on findings identified in the existing literature. Especially the intangible benefits, Marcin (2008) mentions in his paper can make a key difference in utilizing spill over effects to achieve the SDGs in developing countries and least-developed countries.

Another element of capital deployment in the form of FDI, besides technology and innovation, is FDI into the service industry. Transnational Corporations (TC) were the main area of research in an empirical study from 2000 on Economic Geography and the Location of TNCs: Financial and Professional Service FDI to the USA (Nachum, 2000). In the study, Nachum (2000) elaborates how FDI is often a tool to enhance the social, economic and environmental impact in the local proximity, which allows investors to tap into local markets and expand within those markets. Overall, is service FDI an often-underestimated category of FDI, which is, on the contrary, predominant in many countries as the largest category in terms of FDI inflows?

For the SDGs, professional services can be a key FDI attraction element. Investors can deploy capital in such projects if they are provided with the conditions and incentives by the FDI location. This ease of doing business has to be supported by clear and stringent import and export regulations. The proximity factor, which is mentioned by Nachum (2000), was also witnessed with FDI projects from the high technology sector, where businesses tend to format clusters of numerous investors, usually around locally available technology hubs. The FDI into the service industry is similar as services require an established network of suppliers, logistics and a functioning value chain.

One challenge with sustainability and FDI is the regulatory environment. While FDI has usually regulated at a country level, especially regulations related to FDI screening processes, also sustainability has its very own unique standards and regulations (Cole et al., 2017). Investing in sustainable FDI projects has been widely researched, however, mostly from a narrow country perspective. Empirical evidence compiled in the United States (USA) in 2010 by the American Economic Association looked at the detailed response of the FDI industry on country-level policies related to sustainability measures, in this case, the Clean Air Act Amendments (CAAA). "The CAAA induced substantial variation in the degree of regulation faced by firms, allowing for the estimation of econometric models that control for firm-specific characteristics and industrial trends…" (Hanna, 2010, p.158). What is interesting in light of the SDGs, which were introduced five years after this study and the correlation to FDI, is that "regulated multinational firms to increase their foreign assets by 5.3 per cent and their foreign output by 9 per cent. Heavily regulated firms did not disproportionately increase foreign investment in developing countries" (Hanna, 2010, p.158). This means that not only does regulation and policies influence the investment attractiveness of an FDI location, but also from the onward perspective does regulation influence the investment appetite of corporations. This aspect is interesting, as usually only the regulatory environment of the destination country is being looked at in the FDI facilitation process.

Another academic study from the United Kingdom (UK) in 2017, soon after the SDGs were introduced, looked into the same supposition where "the pattern of outbound Foreign Direct Investment (FDI) is influenced by host countries' environmental regulations" (Mulatu, 2017, p.65). The empirical study found that "… results suggest a significant effect of environmental policy on the pattern of UK outbound FDI… a pollution haven effect. A one standard deviation increase in environmental laxity increases FDI (assets) in industries that are above-average pollution-intensive by 28% "(Mulatu, 2017, p.65). Once again, a country-level analysis rather than a global perspective, however, the conclusions made in this study are a key factor from the literature review for this research project, as the legislative frameworks and regulation in the FDI source country can influence the investment behaviour into foreign nations. This opens up a completely new perspective when looking at potential policies to drive FDI into SDG investment projects, enforced by regulation and facilitated by transnational agreements on the standards of sustainable development.

2.4.6 The FDI ecosystem

One critical aspect of the research interviews will be focusing on the FDI ecosystem, which includes all stakeholders, investment incentives, regulations, legislation as well as the governmental system in the FDI destination. In 2006, a research team from World Bank Group conducted a study on the correlation between income growth and FDI inflows, which is a critical factor for the attractiveness and agility of an ecosystem. The author elaborates that "countries need a sound business environment in the form of good government regulations to be able to benefit from FDI "(Busse et al., 2006, p.4). The empirical study, which was conducted as part of this study also indicated "evidence that excessive regulations restrict growth through FDI only in the most regulated economies" (Busse et al., 2006, p.4). That would lead to the conclusion that non-regulated or weakly regulated countries provide better opportunities for FDI growth, even if new regulations are being introduced. From a critical standpoint, however, this study should have also considered that part of the risk assessment and due diligence of any investment is to survey the regulatory environment and legislative system of the destination country. Strong laws and regulations that are strictly enforced and adhered to can, therefore, also be a positive aspect in favour of an investment decision and does not necessarily have to be considered as an obstacle. Nevertheless, some investors may also seek circumvention of restrictive regulations, which would be in line with the conclusion of Busse et al. (2006).

The FDI ecosystem, as illustrated in figure 11, was also addressed in a study based on panel data estimation where key governance components were set in relation to Foreign Direct Investment (FDI). The author concluded, "… While controlling for standard FDI variables, the results provide strong confirmation that the rule of law; control of corruption; regulatory quality; government effectiveness and political stability are positively correlated with FDI" (Gani, 2007, p.753). This positive correlation is in line with the critical comments made on the study from Busse et al. (2006), as it clearly shows how regulation can become a driver for FDI. Especially good governance, which is also a key element of economic development and what the other calls regulatory quality (Gani, 2007) are critical differentiators that distinguish attractive FDI destinations from less attractive ones. The SDGs are a framework that is based on the assumption of having a working governmental system with sound regulation. Therefore, a positive correlation between advanced regulation and FDI attractiveness is an important outcome for this research project, which should be further addressed.

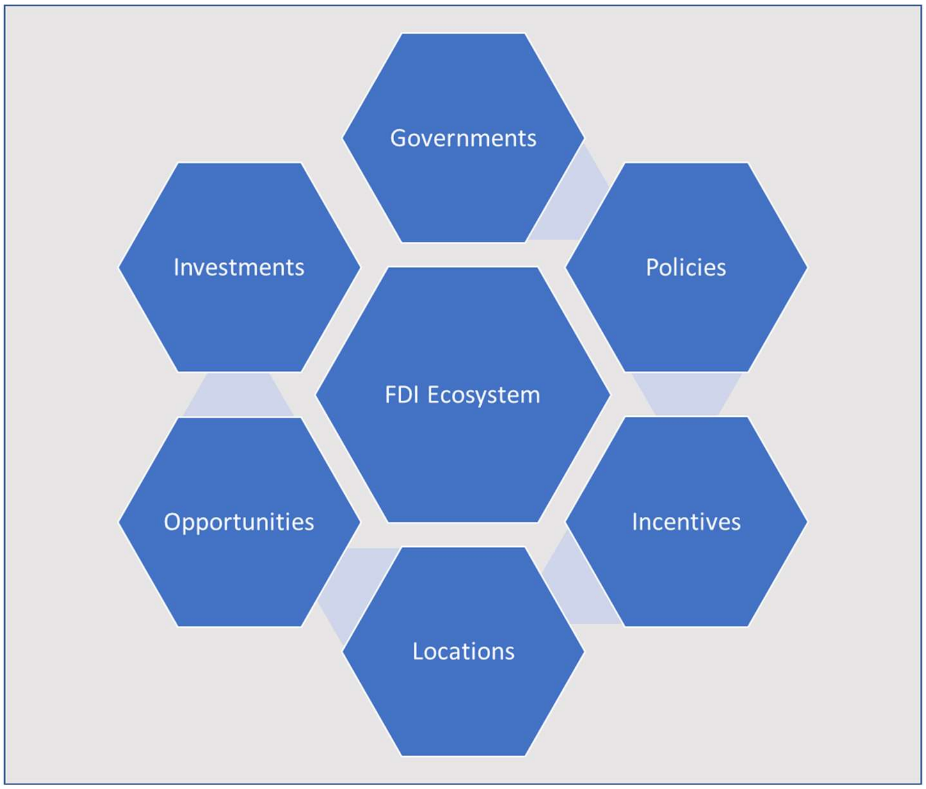

Figure 11: The FDI Ecosystem (author's illustration)

The most essential investment needs for any developing country and certainly most countries under the SDG agenda are the investment in infrastructure. Be it basic physical infrastructure up to digital infrastructure and connectivity, FDI has traditionally been a major driver of infrastructure developments, as multi-national organizations are often eager to deploy capital in large-scale investments projects with multi-layered long-term revenue streams. An academic study from 2004 asked the question "Foreign direct investment in infrastructure in developing countries: does regulation make a difference?" (Kirkpatrick et al., 2004, p.2). The researchers found that local FDI legislation and policies enhance the trust in the private sector and ease market access. Kirkpatrick et al. (2004) further highlights that those FDI locations with weak governance and legal systems in place are often exposed to a lack of trust in the private sector firms and ultimately investors.

This finding is in line with the conclusion drawn from the other research paper, will lead to the assumption that a healthy regulatory environment with a strong governance system in place enhances the FDI attractiveness of a country or city, in this case, especially for large-scale infrastructure investments. Looking at the SDGs and their sustainable development aspect, this is a critical finding as it means, that any ecosystem without a solid regulatory foundation is not able to attract large FDI projects easily, despite those types of investments are considered as crucial to reaching the SDGs, especially in Least Developed Countries where even the most basic infrastructure is missing (Amankwah-Amoah & Osabutey, 2020).

The next section of the literature review will build on the aspects and conclusions made in the FDI definitions as well as the critical review of literature on sustainable development in correlation with FDI and will look at the Sustainable Development Goals in detail. The SDGs have been subject to many academic studies and political discussions. The question, however, is, if the existing literature creates a direct link between FDI and the SDGs and which kind of aspects have been researched already. What could be seen so far, is that a lot of the analysis and empirical research is done from a country-level perspective and no comparison is drawn to other countries. Sometimes regions are being analysed, but overarching studies which apply a global context are very rare.

2.5 The Sustainable Development Goals (SDGs) – a global agenda

2.5.1 The 17 Sustainable Development Goals (SDGs)

In the course of conducting the literature review, it can be stated that extensive research has been done on the initial idea, context and ambitions of the Sustainable Development Goals. While some research is focusing on the overall agenda (Scheyvens et. al, 2016), other academic studies are pinning down one specific SDG goal (Boeren, 2019) to conduct a detailed analysis on the individual goal itself (Lamichhane, 2021). For this research project, two aspects are critical when reviewing the general literature on the SDGs. Firstly, it is to get a general understanding of the SDGs, which is especially focusing on the general context and idea of having SDG goals cascaded from global to national and sub-national levels. Secondly, a strong focus will be on the interlinkages of the different goals and how this affects achieving progress when measuring SDG performance and SDG success concerning Foreign Direct Investments. Most academic papers note that it needs a transformational effort at national levels to realize the SDG agenda (Schmidt-Traub et al., 2017). This includes the necessity to collaborate between nations as well as combined efforts at sub-national and domestic levels. Prioritizing ethical values and sustainable impact over maximized profit ambitions as a new lead way to shape future-oriented business acumen, at organizational levels complements the idea of the SDGs.

From an investment perspective, which is usually a return-driven endeavour, the SDGs are enforcing a paradigm change towards non-financial factors, which are known as ESG, standing for the Environment, Social and Governance as three fundamental elements. In a very relevant study from 2018, the authors describe this as investor materiality (Betti et. al, 2018). As impact measurement is still in the early stage, according to the authors, sustainability aspirations offer new and revised ways of thinking regarding business decision-making. Other studies even go a step further and consider, how the sustainability aspect can protect and improve financial performance (Valente & Atkinson, 2019). Whereas past perception of sustainability was often considered a burden for business, ESG implementation and the SDG agenda encourage a new way of thinking, especially for global investors, as these new sustainability requirements often directly translate into investment opportunities. The ways how this is possible, and what is required to allow this to happen will be a core element of this research project. This study, hereby, not only looks at the match-making process between investor and recipient countries but also at legislative and policy issues as well as the closure of the annual funding gap, which UNCTAD publicized in its report. To structure the literature review, the next sections will look at the detailed elements of the SDG agenda, what research has been done on the role of Foreign Direct Investments in terms of SDG contribution and how ultimately SDG success and the effectiveness of FDI contributions can be measured and reported.

2.5.2 Measuring SDG progress

Measuring the progress of implementation of the SDGs, its impact on the affected economies and the effectiveness of economic tools to finance the SDGs, such as Foreign Direct Investment, has been one of the widely discussed challenges in the academic world as well as in business (Diaz-Sarachaga, 2018). Several multilateral organizations have come up with ideas and policy initiatives to tackle this pending issue, especially since UNCTAD determined that the annual funding gap to reach the SDGs by 2030 is at USD 2.5 trillion. One initiative, which has so far been overlooked by many IPAs as well as research is the SDG500[6], which is a fund that was announced during the World Economic Forum (WEF) at Davos in 2020 (prior to the global pandemic in 2020). The fund was based on a perception made by the Organisation for Economic Co-operation and Development (OECD), which determined that the private sector, is the "missing piece of the SDG puzzle" (OCED, 2020). World Economic Forum estimates the SDG business opportunity at USD 12 trillion with the assumption that "… individual entities targeting individual SDGs has so far not produced the level of financing required" (WEF, 2020). The SDG500 is, therefore, "a first-of-its-kind blended-finance impact-investment opportunity – mobilizing $500 million toward achieving the SDGs in emerging markets across six individual funds" (WEF, 2020). The World Economic Forum (2020) further outlines how a blended finance approach in partnership with UN agencies will be used in each of the six funds, including the International Fund for Agricultural Development, the United Nations Capital Development Fund, Smart Africa, the Stop TB Partnership, and the International Trade Centre.

The idea of blended finance, as shown in figure 12, to achieve the SDGs originated, however, from OECD, which first discussed this method to close the SDG funding gap in 2017. The blended finance approach by OECD is hereby based on five principles, including: "1) anchor blended finance use to a development rationale, 2) design blended finance to increase the mobilization of commercial finance, 3) tailor blended finance to the local context, 4) focus on effective partnering for blended finance, 5) monitor blended finance for transparency and results", according to OECD[7]. The financing approach, with FDI as a key component will be a key focus of this research project. New innovative concepts such as the SDG500 fund, which several nations have committed to already is worth considering. The question which remains, however, is how the performance of such a fund is being measured in terms of getting closer to achieving the SDGs. While the public sector is familiar with these types of development finance, it will be interesting to see how OECD attracts the private sector to join this fund and what kind of benefits and incentives OECD intends to offer the private sector to encourage investments.

[6] World Economic Forum, 'SDG500: the fund kickstarting sustainable investment', Davos, Tembo et al., 2020, https://www.weforum.org/agenda/2020/01/sdg500-the-fund-kickstarting-sustainable-development-goals-investment (09.04.2020)
[7] OECD, 'Unlocking Commercial Finance for the Sustainable Development Goals', Paris, OCED, 2018, http://www.oecd.org/development/financing-sustainable-development/blended-finance-principles (08.08.2020)

Figure 12: OECD DAC Blended Finance Principles[8]

Measuring the progress on the SDGs and determining the remaining gaps in terms of financing, at the same time, has been a key mandate of UNCTAD since the introduction of the SDG goals by the United Nations in 2015. UNCTAD has, therefore, come up with a reporting initiative which is called SDG Pulse[9]. The second edition of the SDG Pulse Report was published on 8th July 2020 and intended to “provide an update on the evolution of a selection of official SDG indicators and complementary data and statistics; provide progress reports on the development of new concepts and methodologies for UNCTAD custodian indicators; and to also showcase, beyond the perspective of the formal SDG indicators, how UNCTAD is contributing to the implementation of 2030 Agenda“ (UNCTAD, 2020). The report can be clustered by different themes or the individual SDG goals, where the report tracks the progress of each of the 169 targets, which are mapped under the SDG goals. The report provides then related economic analysis and statistics regarding the goal as well as heatmaps of different countries, which are in the focus of that goal.

What is interesting for this research project, however, is the SDG pulse defines investment requirements under each SDG target, which are updated. The investment requirements specify in detail, which sector and sub-sectors linked to the SDG goals still require which kind of investment amount to be achieved by 2030. To determine FDI investment opportunities for foreign

[8] OECD (2018[5]), OECD DAC Blended Finance Principles for Unlocking Commercial Finance for the Sustainable Development Goals, http://www.oecd.org/dac/financing-sustainable-development/development-finance-topics/OECD-Blended-Finance-Principles.pdf

[9] UNCTAD, ‘Welcome to the second edition of UNCTAD’s SDG Pulse’, Geneva, UNCTAD, 2020, https://sdgpulse.unctad.org/introduction (07.10.2020)

investors, this analysis can be used as a data source as it precisely specifies the size of the investment opportunity, the sector and in some cases even the FDI destination. The heatmap under each of the SDG targets can also act as a data source for GIS information systems, which many investors use during their site selection process and due diligence. What is interesting from an academic perspective is that these kinds of reports are very well compiled, yet research tends not to refer to them. Especially since most of the empirical analysis and academic research is conducted on a country level basis, it is surprising how little these updated reports are being used as a reference. For this research project, reports, and innovative financing approaches like the SDG500 fund will be utilized when drawing conclusions and giving recommendations for further research and application to professional practice.

2.5.3 Measuring SDG Performance

One academia-based reporting system on the Sustainable Development Goals exists, which is the SDG Index and is based on a publication and data from Sachs et al. (2020). The data has been visualized based on the Sustainable Development Report 2020 in form of dashboards and interactive maps[10]. Besides a detailed analysis on each of the SDG goals and an overview of actions taken in response to the global pandemic in 2020, the report also calculates a so-called SDG Index. This index is based on national-level data from the Sustainable Development Solutions Network (SDSN) and "is not an official SDG monitoring tool, but instead complements efforts of national statistical offices and international organizations to collect data on and standardize SDG indicators…" (Sachs et al. 2020, p.9). The SDG Index, shown in figure 13, is calculated for each individual country under the United Nations umbrella. Looking at the SDG Index scores for 2020 (Sachs et al., 2020, 26-27), one major observation can be made at first glance. Countries with highly sophisticated infrastructures, high technology components, high GDP per capita rates and high education levels are at the top of the ranking with Sweden, Denmark, Finland, France, and Germany ranking 1st to 5th in the same order. Looking at the bottom five countries of the list can be seen that at the bottom of the ranking are especially countries which are either developing nations or even least-developed countries, as Liberia, Somalia, Chad, South Sudan and the Central African Republic ranked 162nd to 166th subsequently.

[10] Cambridge University Press, 'Sustainable Development Report 2020', Cambridge, Sachs et al., 2020, https://dashboards.sdgindex.org (16.10.2020)

Figure 13: SDG Index 2021[11]

The analysis provided in the report on the SDG Index 2021 scores also states that OECD countries have the highest SDG Index scores on average and High-Income Countries (HICs) have by far the largest SDG Indices. The report then further provides progress charts on each SDG goal by region. From a critical literature review perspective, a well-known shortcoming of macro-level data can be witnessed by looking at the SDG Index and the related dashboards and graphs. Foreign investors are unable to base their investment decision on macro-level data, especially if the data substantiates obvious and well-known facts. While the report correlates SDG progress to percentage increases in macro-economic indicators, it does not relate any of the data to Foreign Direct Investment. Instead, the report demands "urgent investments in statistical capacity" (Sachs et. al, 2020, p. vii) and generally mentions in several paragraphs how investments are required to achieve further progress in the SDG implementation. Therefore, the report is certainly useful to obtain an overall status of the SDG progress from a macro-level perspective, however for the foreign investors this data does not reveal any concrete and profiled investment opportunities and does not only determine the different investment needs in each of the SDG goals. Instead, it can be assumed, that the only positive impact more FDI would have on the SDG Index, is increased FDI flows, which would be captured as a macro-level indicator by either measuring FDI inflows or FDI stock on a country-level basis.

[11] Sachs, J., Kroll, C., Lafortune, G., Fuller, G., & Woelm, F. (2021). Sustainable Development Report 2021. Cambridge University Press. https://dashboards.sdgindex.org/chapters/executive-summary (08.08.2021)

Besides the data perspective, another critical element to reach the SDGs by 2030 is the policy perspective. OECD is hereby one of the organizations, which has published a comprehensive study on policy recommendations to achieve the SDGs. One of the recommended actions by OECD is hereby to "… further strengthen support to governments as they mobilize a broad range of financial resources – aid, taxes, both foreign and domestic investments, remittances and philanthropy – required to achieve the SDGs…" (OECD, 2016, p.5). OECD is also advising to utilize the "OECD Policy Framework on Investment (PFI), which helps countries to improve their investment climates…" (OECD, 2016, p.5). This threefold picture is an interesting aspect for this research project, as it requires multi-laterals and international organizations to guide and support governments, which will then support investors to deploy capital and assets in the country.

One of the latest initiatives in terms of policy reforms and rethinking the existing domestic, national and international regulations and commitments of corporations came from the World Economic Forum (WEF) in 2020 under the patronage of its founder Prof. Klaus Schwab, who demanded a strategic response to the global pandemic. WEF and its chairperson are recommending a great reset (Schwab et al., 2020), which includes reconsidering and aligning policy responses to encourage investments and ending political discourse in favour of sustainable development. Global investment dynamics are especially driven by unprecedented events such as the 2008 financial crisis or the global pandemic in 2020, which is why the United Nations Department of Economic and Social Affairs (UNDESA) has conducted an analysis measuring the potential economic impacts and policy dynamics on each of the SDG goals due to the global pandemic in 2020. The results were published in the Sustainable Development Goals Report 2020 by UNDESA.

The report outlines that "… FDI is expected to decline by up to 40 per cent in 2020 as a result of delayed investment caused by the shock in global demand, and by a further 5 to 10 per cent in 2021. The pandemic has the potential to accelerate existing trends that show a decoupling of global value chains and reshoring, driven by a desire on the part of multinational enterprises to make supply chains more resilient…" (UNDESA, 2020, p.58). What is, however, more important from a policy perspective, is what UNDESA finds regarding the SDG goals. "… countries with available data have only a small number of observations over time, making it difficult for policymakers to monitor progress and identify trends…" (UNDESA, 2020, p.4), which means that aggregated data as used on the SDG Index have little indication for policymakers to act. On the other hand, UNDESA states that "… 2020 will depend on how effectively policy measures preserve existing jobs and boost labour demand once the recovery phase begins…" (UNDESA, 2020, p.41), which is a clear indication for policymakers to prepare an action plan for years to come until 2030 when the SDGs are supposed to be reached.

From an investor perspective, as part of the critical literature review, it becomes more and more obvious that policy and governmental implementation plans, as well as tools to measure SDG performance and progress, are yet in the making as investors require answers on where to deploy capital, what kind of risks and returns they can expect and ultimately, how their investments can contribute to reaching the SDGs by 2030.

2.5.4 Interpretation of the SDGs

Looking at the academic literature, besides the publication and studies by the multilateral and international organizations, it is interesting to see the different interpretations of the SDGs under the consideration of inclusive economic development (Gupta & Vegelin, 2018) and its underlying investment opportunity, depending on the type of research and perspective of the authors. Schramade (2017) denotes the SDGs as ambitious and that for both companies and their investors, the pursuit of SDGs offers a path to value creation, while addressing social problems. SDGs further provide a path that presents significant risks as well as opportunities. The study focuses especially on investors, from a general perspective, which is rare as most of the literature found during this literature review is written from a country- or sector level perspective (Rai et, al, 2019). Measuring the SDG impact on the organization, while determining the relevance of the individual SDG goals that are most relevant to the business is critical. Ultimately, measuring the SDG progress, which is then reported on, seems to be the commonly agreed logic, of how SDGs can be interpreted and implemented best, as Griggs et. al (2017) outline in their research.

Schramade (2017) sees the responsibility of reporting on the SDG performance of investment projects with the investor itself and determines that SDG progress measurement is not a substantial measure for overall investment performance. This statement is a valid discussion point for this research project as it pinpoints a major challenge, which is also part of this research – the difficulty of relating FDI project performance to SDG progress and impact. Considering that Schramade (2017) published the study two years after the SDGs were announced, it is obvious how relatively slow the process of reporting has been established over time, as the same challenges are still evident in 2021. Another academic paper on infrastructure investment needs regarding the SDGs goes even a step further by suggesting to "… assess the performance of infrastructure-linked targets… these metrics in a systems model that allows for the quantification of future infrastructure needs and the assessment of portfolios of infrastructure investments and policies that contribute to meeting these needs…" (Adshead et al., 2019, p.1). In other words, this means that planning is required by the investor to establish a KPI-based framework that will then measure the project performance and link it afterwards to the progress made to achieve the SDGs.

From a critical review perspective, it is interesting to see how, on the one hand, multilateral and international organizations focus on macro-economic data points, while academia sees the industry and private sector to oversee measuring performance. These diverging ways of thinking reveal that there was no clear connection between FDI project performance, and the SDG progress made, when the SDGs were launched. Secondly, the responsibility of who should measure and report the SDG progress with what kind of indicators remain completely uncertain. Therefore, this research project tries to seek answers, draw conclusions, and make recommendations based on the gaps identified in this literature and the findings made during the research interviews.

Some researchers have even questioned if SDG progress can be measured quantitively with hard targets or if qualitative measures should be considered instead. A research study from 2020 has summarized different suggestions by leading consulting firms on how to measure SDG performance. While some consulting firms recommend the focus on macro-economic indicators, others imply the consideration of qualitative measures such as leadership ability, collaboration efforts and innovation capability (Yoshino et al., 2020). Several academic studies have recently assessed the methods, which exist to measure SDG performance and the degree of SDG implementation. A study on the SDG performance in the European Union (EU) recommended: "… hybrid Rough Set Data Envelopment Analysis (DEA) and Rough Set Network DEA models that integrate both approaches… [and] allow the inclusion of uncertainty in the underlying data…" (Chodakowska et al., 2020, p.1).

After critically reviewing many different approaches of SDG reporting, a hybrid model, consisting of quantitative and qualitative measures, backed up by a clear SDG performance measurement framework, seems to be a solution, to be further discussed in this research project. Purely quantitative measures have major shortcomings in terms of data accuracy and data availability as well as validity for the investor. On the other hand, qualitative research is lacking in terms of hard data that feeds into the 169 targets of the SDG agenda.

The last section of this critical literature review will look at the main objective of this research project, which is ways to measure sustainable impact from SDG investment projects by linking FDI projects to the SDG agenda. This aspect is the most controversial, as there are even different perceptions on the definition of impact, not to mention, the measurement of impact. This includes the meaning of impact, translation of impact into economic growth and financial return as well as the scope and extent of impact for a specific ecosystem or FDI destination.

2.6 Measuring impact – concepts, approaches and methods

This section of the literature review represents the most significant one in terms of finding answers to the research questions and objectives of this research project, as this study will directly contribute to filling the thematical gap regarding academic studies that look into impact measurement from FDI projects that can contribute to the achievement SDGs. It will be interesting to see what kind of literature and ideas already exist and what kind of methods are being recommended by academia and used in the professional world, as summarized in figure 14. The major contribution this research project can make will be linked to the gaps identified in this section of the literature review and it will also be a source for the questions asked during the research interviews as determination of impact from FDI projects, is one of the most controversially discussed aspect regarding the SDG agenda.

The most commonly used term that connects impact and investments is impact investing. Impact investing has existed long before the SDGs were introduced. It has the notion of "…transforming how we make money while making a difference…" (Bugg-Levine & Emerson, 2011, p.9). The overarching question, however, was always, what does impact mean and how can impact investing create real impact, according to Brest and Born (2013). "… An impact investor seeks to produce beneficial social outcomes that would not occur but for his investment in a social enterprise…" (Brest & Born, 2013, p.22). One of the most referenced and recognized academic studies on defining the meaning of impact regarding investments was made in 2009, where the two authors described impact investing as "…a design for catalysing an emerging industry…" (Freireich & Fulton, 2009, p.1). The study describes the emerging tendency of investors seeking to create impact through their capital investments and how the definition of the term "impact evolved over time.

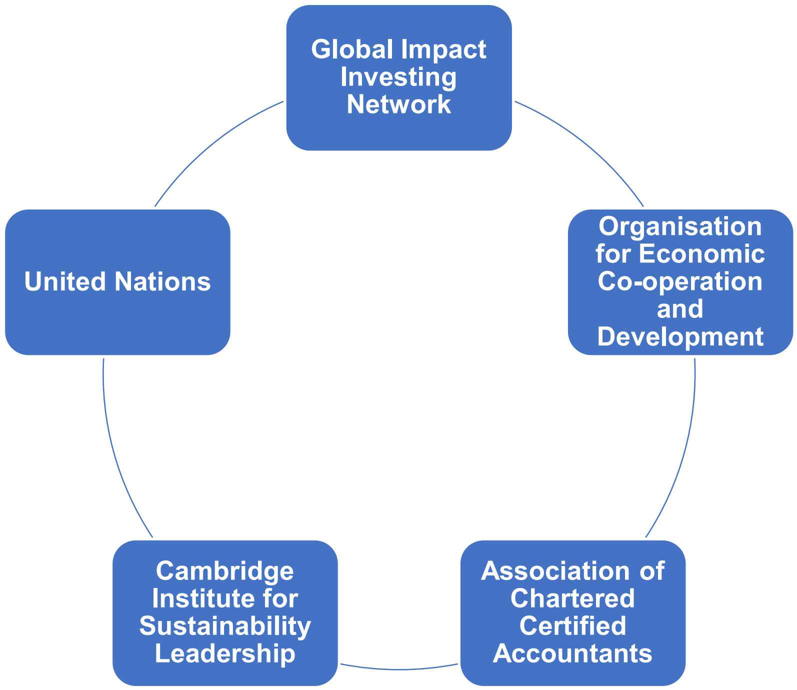

Figure 14: Overview of concepts to measure sustainable impact (author's illustration)

2.6.1 The GIIN approach

An organization that was built on the principles of Freireich and Fulton (2009) is the Global Impact Investing Network (GIIN). The network provides research and guidelines on the methodology of impact performance, conducts surveys and acts as a knowledge hub setting standards for impact investments. In its latest publication on a suggested methodology for measuring impact investment performance, the authors recommend a gradual approach to determine the impact made by the investment (Bass et al., 2020). GIIN suggests to quantitively measure the direct outcomes of the investments first, output-based or by using set KPIs and hard targets. Over time, a short-term impact will be measured to see the outcomes of those initial outcomes, in a multi-layered approach. Once these secondary outcomes have been achieved, GIIN will then look at the long-term outcomes of the initial investment to determine the full scope of impact achieved (Bass et al., 2020).

What this methodological approach by GIIN shows well, are two common challenges in measuring the performance and return of impact investments, which are also applicable for FDI. The first aspect is the massive time lack of implementation. In terms of FDI, the common perception is that especially large-scale projects with high capital amounts have a long realization period. This might be true from a balance of payments account point of view, but from an impact perspective, also small-scale FDI projects, especially those with a high technology component, can suffer from critical time lacks until the true impact is achieved. In fact, R&D investments can sometimes take decades until results are achieved that justify the initial investment amount. From an impact perspective, this poses a huge challenge for any FDI project. Even if an agreed-upon methodology for the measurement of impact performance would exist, only scenario-planning and estimation models would be able to bridge this time lack of impact realization and it could take years for the impact to be visible.

The second challenge, which becomes evident when critically reviewing the methodology approach of GIIN is the lack of quantification at the second and third layers of outcomes. There would have to be additional indicators in place that determine, which of the outcomes achieved on the sub-ordinary layers can still be linked to the initial impact investment made, and which of those outcomes are side effects and even unrelated to the investment. This second and third dimension of impact is also applicable to FDI, as the direct return of an investment and the new jobs created through the investment can be measured. Even the contribution to the local economy, market share and revenue increases could be determined. However, any outcomes from a short- and long-term perspective could be fully mapped to the investment, could be partially influenced by the investment or could even be completely unrelated to the FDI project. This consideration in combination with the time lack factor, which was discussed, are two aspects to be taken forward in this research project, as these two aspects are critical, especially, regarding reaching the SDGs. The SDGs have a set timeline until 2030 and set targets for the anticipated impact. Therefore, the FDI practice has to be able to develop measures that determine how much of this anticipated impact can be fulfilled through FDI projects and also provide a clear timeline, when the respective FDI project is able to create that impact.

2.6.2 The OECD approach

OECD has also studied the impact required to reach the SDGs by 2030. However, OECD did not call the bridging of the financing gap as impact but refers to it as “Measuring Distance to the SDG Targets…” (Cohen & Shinwell, 2020, p.1). The study reveals an “…innovative approach to classify SDG indicators along the input-process-output-outcome chain…” (Cohen & Shinwell, 2020, p.4). What is interesting, however, mostly OECD countries are leading the progress of implementation in each of the 17 SDG goals. Naturally, OECD would focus its research on OECD countries, the question is, however, if their methodology approach is also applicable to non-OECD countries. And indeed, OECD has thought of that as the authors state “… this paper expands the methodology for use in different settings, including in non-OECD countries…” (Cohen & Shinwell, 2020, p.4).

The solely quantitative approach of indicators described three levels, where the first would OECD’s data, the second will be data from the 169 targets under the SDG agenda and thirdly if none of this data is available, OECD recommends using close proxies that are “… considered suitable…” (Cohen & Shinwell, 2020, p. 9). OECD further recommends assessment groups based on territorial borders. From the perspective of this research project, it can be said that this rather macro-economic angle will be again meaningful for the foreign investor, as the FDI feeds into the aggregated level of FDI inflows of an economy, however single FDI project outcome and impact are not measured as part of this approach.

2.6.3 The ACCA approach

Looking at the United Nations itself, all 169 targets have been quantified to measure the progress of the SDGs in a global database. The United Nations Development Programme (UNDP), however, has gone a step further and has introduced a consultation paper in 2020 on SDG Impact Standards for Enterprises (UNDP, 2020). According to UNDP (2020), the standards are voluntary and a recommendation for enterprises to contribute to the better good. Similar to CSR regulation, the companies are encouraged to follow practices that are in line with the rationale and mandate of the SDGs. More interestingly, however, UNDP refers to another set of recommendations that has also been published in 2020 by the renowned Association of Chartered Certified Accountants (ACCA) in London, UK. ACCA states that these recommendations have been developed for “…all types and sizes of reporting organizations – to develop their SDG accountability and governance approaches aligned with reporting frameworks/ standards that they use and to guide their approach to the SDGs…" (Adams et al., 2020, p.6).

What is interesting is the five different steps, Adams et al. (2020) suggests achieving value creation and sustainable development when trying to measure sustainable impact. As a first step, ACCA puts the to understand the relevant sustainable development issues for the organization. This is a very sound approach, as the general integration of SDGs in the organizational strategy cannot work without linking the SDG goals to individual challenges the organization has. Secondly, ACCA demands to identify any sustainable development issues that affect the long-term value creation and prioritize them (Adams et al., 2020). Thirdly, and this is the critical aspect, ACCA recommend developing a strategy that contributes to the SDGs through the operations of the companies' business model and not through strategic alignment encapsulated from the operating model. As a fourth step, some soft factors are mentioned such as integrated thinking, connectivity and good governance. And lastly, an annual report of measures taken to contribute to achieving the SDGs should be compiled.

From a critical literature review perspective, these recommendations by ACCA present an opportunity for a bottom-up approach, which at the same time defines the line of responsibility for the investors. The organization would measure the positive impact they made based on their priorities and challenges and present the results in an annual report. The gap, which appears from these recommendations is how to compile all individual information from the annual reports and feed them into the UN SDG database. And secondly, how to ensure that the SDG priorities of the organization are aligned to the SDG priorities of the country. To achieve sustainable impact, the organizations and investors would have to contribute to the national priorities of the country. Once again, it becomes evident, that an overarching framework to bridge this gap and link investing companies with the national agendas, measuring the impact of FDI on the SDG progress and its impact, is missing.

2.6.4 The CISL approach

Due to a lack of clarity and action from the multi-laterals and international organizations since 2015 and the delay of SDG relevance and implementation at the national levels, more academic institutions are developing solutions for investors to measure their SDG impact. The Cambridge

Institute for Sustainability Leadership (CISL) has created an SDG Impact Dashboard as part of their Investment Leaders Group.[12] The framework established by CISL consists of six defined themes that measure the quantitative impact created per USD 1million invested in each of the themes. “The new set of impact metrics is designed to translate the SDGs into measurable indicators that can be calculable, easily understood, and implementable by investors…” (CISL, 2019). The six themes CISL has defined are: Wellbeing, Basic needs, Resource security, Healthy ecosystems, Climate stability and Decent work. It certainly makes sense to break down the complexity of the 17 SDG goals and their 169 underlying targets and make them more tangible for investors. CISL is one of the first academic institutions, publishing an approach that quantifies sustainable impact achieved by investments.

This is the right direction in attracting more FDI into SDG projects. Going deeper from an impact perspective, however, the model comes short in determining the subsequent impact the initial investment has. For example, will the initial investment create the same impact in the next reporting period or are all these impacts one-off effects. And secondly what is the “impact of the impact”, meaning, if USD 1 million invested creates 1.9 new jobs, according to CISL (2019), what impact would those 1.9 jobs have for the economy and society. They could allow a family to send kids to school, they reduce poverty, they might allow access to healthcare and so on and so forth. So, all these subsequent dimensions of impact are not quantified yet and most investors are unaware of the multi-dimensions of the impact their initial investment can create.

2.6.5 United Nations considerations

Another initiative under the United Nations umbrella was published by the UN Environment Programme (UNEP) in 2018. “The paper reviews the scope and nature of the financing gap for sustainable development and the Sustainable Development Goals (SDGs)…” (UNEP, 2018, p.3). Several observations made by UNEP are relevant to this research project, as they are also in line with the research objectives. What UNEP determines is that “… The SDG financing gap is symptomatic of a business model gap…. the two core features of an impact-based economy are to work back from impacts to come to the right investment decision, and to achieve as many impacts as possible through each investment…” (UNEP, 2018, p.11). UNEP also demands an

[12] Cambridge Institute for Sustainability Leadership, ‘Measuring investments impact’, Cambridge, 2019, https://www.cisl.cam.ac.uk/business-action/sustainable-finance/investment-leaders-group/measuring-investment-impacts (01.09.2020)

improvement of capacity in impact analysis, which is a critical factor to measure impact. UNEP also states that "… we need an impact-focused ecosystem involving all stakeholders…" (UNEP, 2018, p.25). This capacity-building aspect is especially something, which will be taken forward in the course of discussion during this research project, as understanding impact and having the ability to measure it is key to reaching the SDGs. Especially IPAs are called upon to act on this topic, as investors need to be educated on how SDG investment opportunities create impact and help to achieve the SDGs.

While reviewing the literature on measuring the impact of investments regarding the SDGs, a similar pattern to measuring the SDG progress appears. While a majority of academic research and analysis on SDG progress is based on country-level research, the review of literature related to impact shows that a majority of the analysis conducted is linked to one individual SDG goal or limited by regional boundaries. This narrow perspective leaves the question, why analysis on a global scale is widely untapped and what are the challenges. Establishing a baseline through this study for further research at a global level could be a major outcome of this research project, as it is an existing gap in the current literature. Giving recommendations for guidelines and an overarching framework on how to measure impact through FDI, linked to the SDG progress will be another aspect, which this study could contribute to the academic world and professional practice.

One major factor, which will make the difference in achieving the SDGs is not the closure of the funding gap. Only this would ensure that the intended sustainable impact on the economy, environment and society is achieved. The International Finance Corporation (IFC) has re-emphasized this issue in a research paper in 2019, where the author state that "… raising taxes to expand public spending is an option for many middle-income countries to fill the gap, but it will be insufficient for low-income countries. Private financing, especially of infrastructure, can also contribute to bridging the gap, but it will depend on the availability of investable projects…" (Doumbia & Lauridsen, 2019, p.1). Two critical aspects address the least-developed countries in their inefficient governance and taxation structures, which on the other hand means a need for foreign investors. Secondly, the availability of investment projects, which is a statement directly linked to the IPAs. Understanding and implementing the SDG agenda also means to profile SDG investment opportunities for investors and promoting them accordingly. Without these activities, investors have nothing to tap into and the chance that a reactive approach by the IPA will not lead to an impact large enough to achieve the SDGs by closing the funding gap is remarkably high.

Exchange rate volatility, fiscal and trade deficits, as well as political instability, are just a few factors that can influence the financial ability of a country to attract foreign investments (Klasen, 2019). Socio-economic impact is the most critical layer of impact for many of the SDG countries. After conducting this critical literature review, it becomes evident that there is a major gap in terms of academic research and investors, as well as international organizations, are seeking answers regarding how to achieve the SDGs by 2030. The global pandemic in 2020 has even worsened some of the initial predictions made by the United Nations and UNCTAD. The investment needs have inflated, and the funding gap has widened. A global SDG investment policy, framework and clear guidelines and how to achieve, measure and report sustainable impact are missing.

The intention of this research project should be to provide answers to those questions based on the research objectives and the identified gaps in the literature review and offer recommendations based on the research interviews on how to solve these pending issues. The literature review has shown how volatile the entire SDG construct is from an FDI perspective how many questions remained unanswered since 2015. The outcome of this research project can be a new train of thought for academia to conduct further research and provide models to measure the sustainable impact of each FDI project and to encourage the professional practice to upskill and build capacities in understanding SDG investments and driving them forward.

A summary of all approaches with the main objectives of each methodology can be found in figure 15.

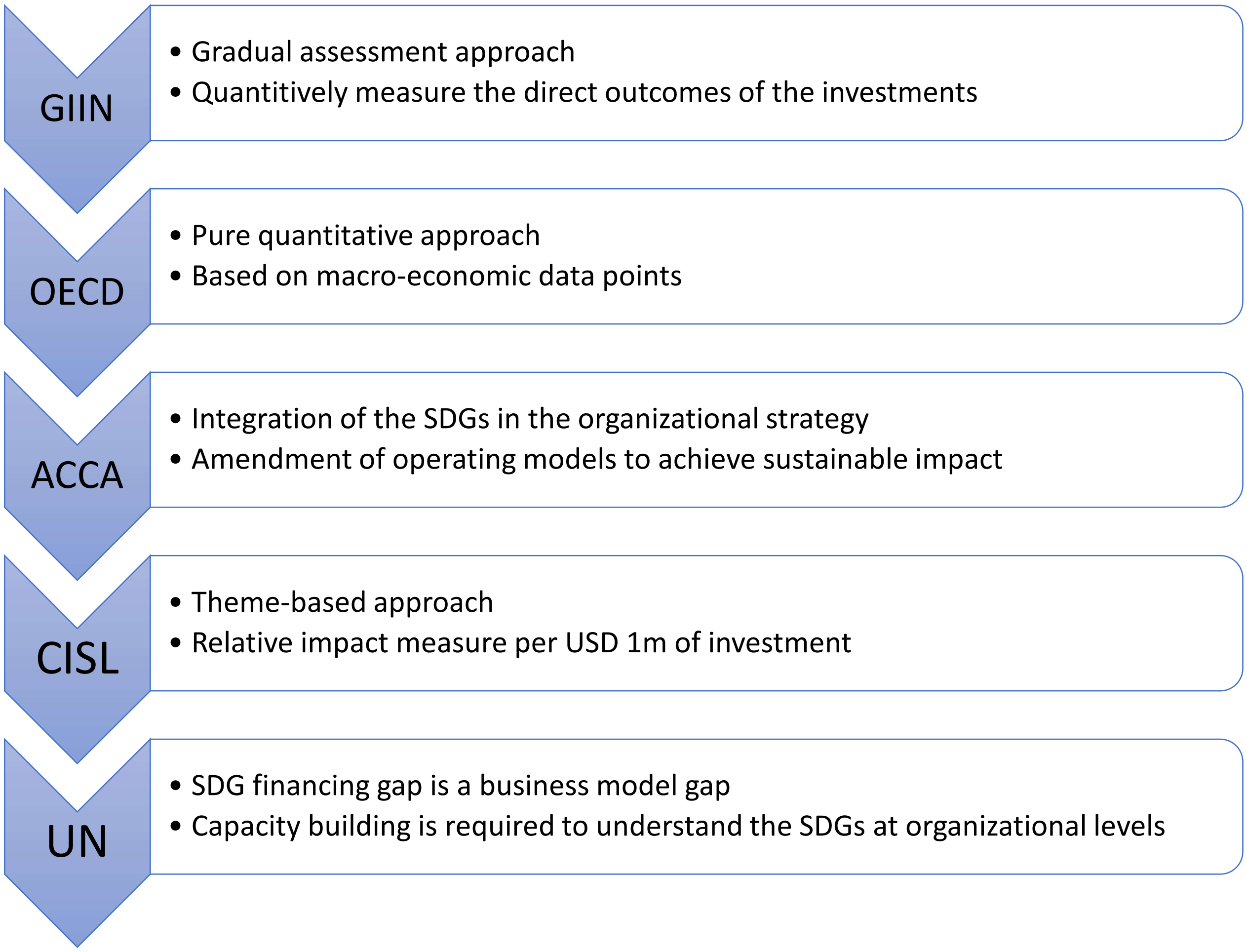

Figure 15: Summary of main objectives of the different impact measurement concepts (author's illustration)

2.7 Summary of Main Identified Literature Gaps

The literature discussed in a structured way the different thematical aspects that should be considered in reference to the research question of how FDI can contribute to achieving the SDGs. It was identified that from an academic point of view theoretical models on the role of Foreign Direct Investments as an economic international expansion tool exist. The role of FDI in relation to sustainable impact is hereby mostly analysed based on macro-economic data such as GDP-based data rather than empirically derived analysis. It was revealed that only recently several academic institutions have connected FDI and the SDG, initiated by the World Investment Report of UNCTAD, which determined the financing of the SDGs while raising FDI as a principal element for its closure until 2030.

Overall, the literature review has highlighted that no economic theory exists on the role of FDI investments in achieving the sustainability aspects that are covered by the SDGs. Whereas this study will get first-hand insights through research interviews from practitioners that are directly involved with the SDGs, most existing academic research is drawing analysis based on quantitative data while missing out on qualitative aspects.

Furthermore, it has been identified that the actual measurement of the sustainable impact that FDI creates has mostly been researched by multilateral institutions and international organizations rather than academia. This means that those studies were conducted in absence of academic models are therefore also mainly based on macro-economic indicators. This study intends to provide a framework on how the role of FDI in achieving sustainable impact can be measured based on the actual FDI inflows rather than macro-economic data.

As a third gap, the literature review revealed the lack of alignment between the different conceptions in quantifying sustainable impact. Reasons for this are the lack of existing overarching policies and legislation as well as no international framework on how FDI impact on SDGs can be characterized, certified, or measured. Instead, the literature review showed a lack of coordination and responsibility between the involved parties and that individual countries and organizations are developing models independent from each other which results in data that is difficult to compare. This study will therefore tap into this gap and make recommendations on how to create an aligned model to measure SDG investments and ultimately quantify sustainable impact based on the findings from the research interviews.

The next chapter will elaborate on the research methodology applied in this research project. It will also give an overview of the research strategy, how to incorporate the findings of the literature review and give insight on the research design, how the research interviews were prepared and conducted. The chapter will also include statistics on the research interviews as well as details on what has been done to drive this research project forward despite the global pandemic in 2020.

CHAPTER 3

RESEARCH METHODOLOGY AND METHODS

3.1 Introduction

Based on identified gaps in the literature review it has become evident, that the shortcomings of the existing research are not only the lack of existing research and standard literature on the topic, but also the uncertainty related to the clear correlation between FDI, and the SDGs as proclaimed by UNCTAD. Using a semi-structured interview approach, this research project intends to clarify, how FDI can contribute to achieving the SDGs, but also how the SDGs can be translated into specific investment opportunities.

This chapter will explain how the research methodology has been selected and is being adopted effectively. As a government official and expert in the FDI industry, it is essential to demonstrate how my ontological position from a theoretical perspective plays a significant role in this approach. Furthermore, it will be elaborated on how the adoption of a constructivist ontological position is being created while nurturing the outcomes of the semi-structured interviews from an interpretivist theoretical perspective. The research strategy applied in this research project is purely inductive as new theories arise from the existing data based on qualitative research conducted through semi-structured interviews.

The data collection process of this research project is outlined demonstrating consensus with the research philosophy. Ethical considerations and the individual designations of the interview candidates are considered as well as the nature of documents and reports, which were analysed as part of this research project. The literature review has influenced the questions developed in the interview guide and the global pandemic in 2020 has impacted the conduction of the interviews, which will be highlighted in the chronology of interviews.

A case study of how the SDGs and the future of investment can be looked at from the perspective of an Investment Promotion Agency (IPA) will be showcased, as it was one of the first strategic initiatives in the world, who directly linked achieving the Sustainable Development Goals (SDGs) with the FDI practice. This chapter will also demonstrate how individual market access, market influence and market share of the interview candidates played a significant role in the profiling process. The global coverage of interview candidates is being shown as the SDGs are a globally established sustainable development agenda as well as the access to the individual interview candidates and expected response rate is being explained. The final duplication check, which is to ensure the quality of research as well as any other ethical considerations will be also shown in this chapter of this study.

3.2 Research philosophy, approach and research ethics

To select the right research approach for this study, it was important to have a comprehensive understanding of the different philosophical ideas and research conceptions. Saunders et. al (2015) offers hereby a solid foundation to understand the different layers to be considered when choosing a research philosophy. Saunders et. al (2015) also includes the research method, time frame and the data collection process. The topic of the SDGs requires a specific research philosophy that is, on the one hand, allowing a personal, subjective interpretation of the SDGs and the considerations of sustainable impact, and on the other hand, does not limit the thinking process in terms of implementing an SDG agenda at organizational or national levels.

Using epistemology as looking at the nature of knowledge and social reality, positivistic research would assume an objective position where personal experiences and values are not necessarily being considered, while the interpretivist is able to look at the world in a subjective manner. The role of the interpretive researcher is hereby important, which, in the case of this study, is highly relevant considering the nature of the DBA program. The researcher's profession, as well as personal interest, substantiates the interpretivist approach (Bell et. al, 2018) as illustrated in figure 16. This philosophical approach seems to suit very well for this research topic compared to ontology, which looks at a social reality independent of human understanding and interpretation. Scientific paradigms are determined by ontological positions which include realism, idealism and materialism. The main indication for realism is hereby that there is no reality beyond subjects, which does not allow open interpretation as part of this research project, as findings are based on subjective research interviews. Similar to realism, also idealism and materialism set boundaries that limit the ability to interpret research findings from the interviews, thus this philosophical approach was not further pursued.

Choosing the right perspective from a philosophical approach is crucial. Axiological assumptions are looking at universal facts with predictions and probabilities. Whereas interpretivism tries to achieve an understanding the positivist will focus on the explanation of the paradigm or reality. Compared to the epistemological philosophy, where knowledge generated assumptions are in the focus, axiology derives findings value-free and unbiased (Biedenbach & Jacobsson, 2016). This fact, however, will not contribute to the value of this research project as all answers in the research interviews are subjective and not free of any individual interpretation or opinion.

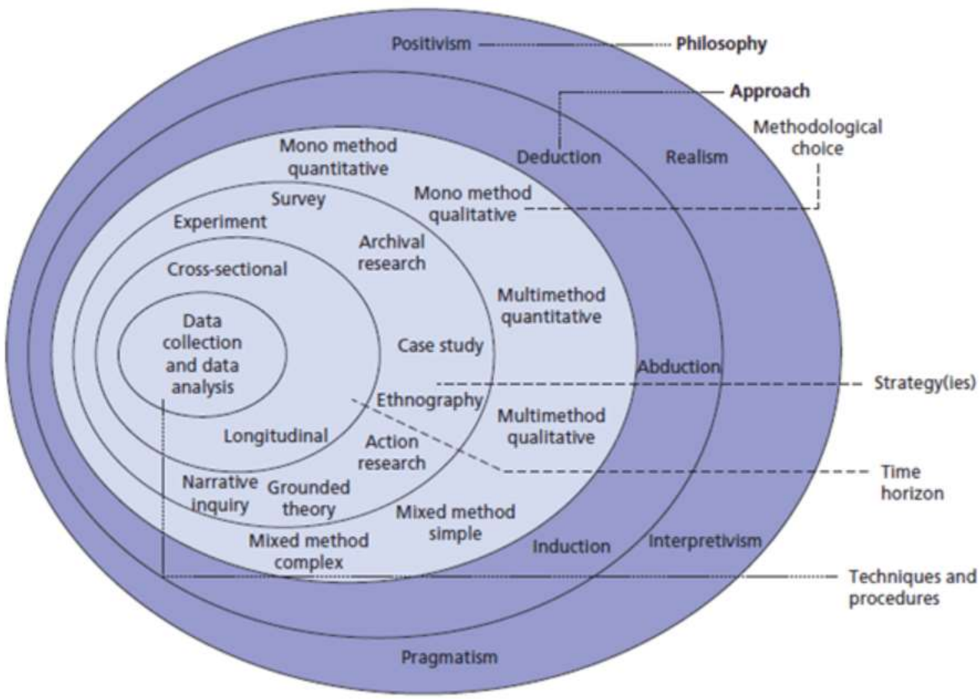

Figure 16: The "research onion"[13] concept

Pragmatism is another research philosophy, which focuses on the actual research question and the facts given, which means, at the same time, a limitation to interpretation. The focus on the current state is what is hindering the success of this research project if pragmatism was chosen, as the research topic requires openness to the past and especially the future. It also requires a certain subjective ideal, as there are no overarching guidelines or policies for the SDGs. Instead, this sustainable development agenda encourages individual thinking and the interpretation of the goals by every individual. The independence of the human mind is generally beneficial for this study. However, Bell et. al (2018) give several examples of the similarity or common features

[13] Saunders, M., Lewis, P. & Thornhill, A. (2012) "Research Methods for Business Students" 6th edition, Pearson Education Limited

between positivism and realism, which both lead to the conclusion that interpretivism is a rejection of positivism (Bell et. al, 2018), will be the way forward for this study. Besides the standard literature of Bell and Bryman, also other academic papers confirm the close link between qualitative research and interpretivism.

Qualitative research ethics are another critical aspect as part of the research methodology to consider. Wiles (2012) elaborates on the importance of obtaining informed consent from any research participants, which is done in this study through dedicated Informed Consent Forms for each interview participant. Further ethical considerations include that can be no financial or non-financial incentives for anyone contributing to this research. Further to that consent to record any interviews and full confidentiality and anonymity must be provided. The interview participants must be clear that there are no off-the-record comments as Wiles (2012) describes them, as everything the interview candidate provides in terms of information is being used for the data collection process. Ethical approval from the research institution, in this case the university, for the overall research project is hereby another critical element, which must be obtained.

3.3 Inductive research strategy

As a researcher, it is important to be unbiased when conducting a qualitative analysis. The DBA program, however, allows professionals to become academic researchers while continuing to work in their current position. In my case, this is as a senior official at an Investment Promotion Agency. From a methodological stance, a constructivist ontological position has been established to conduct this research project. The complexity of this research topic and the qualitative approach requires a methodology that accepts certain facts to pre-exist that cannot be debated and are therefore a nature of reality (Slevitch, 2011). On the other hand, this research topic is also guided by human experiences, those of the research participants as well as the own experience of the researcher. Therefore, a constructivist ontological position will be used as a philosophical approach during this study (Packer & Goicoechea, 2000). However, to understand and analyse the outcomes of the research interviews, an interpretivist perspective is needed to accommodate the diversity of answers and determine the relevance of statements as well as distinguish between personal opinion and valuable input for this research project (Schwandt, 1994).

The research strategy for this study will be inductive in its nature (Gioia et. al, 2013) as this study tries to derive and develop new theories based on the findings and outcomes. It will be important to observe any patterns during the research interviews, for instance, in terms of answers or perceptions to then develop a theory on the validity of the statement. Conclusions drawn, however, cannot be proven as they are based on qualitative analysis of the answers during the interviews, however, new theories can be derived, as the study follows a semi-structured interview approach, as further outlined in the next section. The inductive research strategy also allows flexibility and the contextual proximity to the topic are always given, whereas a deductive approach would not allow this agile approach as it rather defines premises to then be proven through concluding. (Thomas, 2006).

3.4 Research Design & Case Study

The philosophical stance has been elaborated and justified in the prior section. To allow this research project to benefit from as many insights as possible a semi-structured interview approach has been chosen (Schmidt, 2004), as this research method allows to receive both, responses to standardized questions to again follow the inductive research strategy identifying any patterns, and secondly to also allow the interview participants to add any further information as part of an unstructured rather open discussion. (Longhurst, 2003). Comparability of qualitative data on the one hand, but also the ability of the interview candidates to express their individual opinion was particularly important in this regard. The questions chosen are also open-ended, which means the interviewee can give an individual qualitative answer (Harrell & Bradley, 2009).

The idea to conduct semi-structured interviews as part of this research project is also based on several different pillars, substantiated by the overall limitations in terms of availability of standard literature, academic papers and sufficient written material to analyse overall. Despite the main observation, which the United Nations Conference on Trade and Investment (UNCTAD) found in its initial assessment in 2015, stating that Foreign Direct Investment (FDI) is a major contributor to achieve the Sustainable Development Goals (SDGs), only a small number of researchers has picked this topic up to further elaborate and determine, whether FDI has an impact, and how big this impact on the SDGs might be. In fact, only one research institution in the world, as mentioned earlier in the literature review, has made tremendous efforts and constantly issues publications on the subject matter. These research papers and critical assessments by Columbia University are now considered as a major guiding document in the academic world when it comes to sustainable investments and the SDGs.

In the process of drafting the research design of this study, a case study has been used as a tool of academic, but also personal inspiration and guidance. This case study, which will be presented in the following paragraphs is an initiative I am personally responsible for as one of the leading strategic programs at the Dubai Investment Development Agency. Dubai's leadership has always envisioned the future of the global economy and what is needed to take the world forward. When the SDGs were announced in 2015, the Dubai Investment Development Agency started the process of creating a strategic initiative that brings together Foreign Direct Investments and the Sustainable Development Goals through different pillars. These pillars included thought leadership, capacity building as well as initiatives to create a new platform to enable investments into SDG projects. The project was launched under the patronage of His Highness Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai and Chairman of The Executive Council and was named the Hamdan Centre for the Future of Investment (HCFI). Since its inauguration HCFI was presented at numerous globally leading conferences such as the World Economic Forum at Davos, Switzerland. In my current professional capacity, I am leading this initiative on behalf of the Dubai Investment Development Agency, which allows me to have a great link between academic research and professional practice, closely related to my actual research topic. HCFI has signed cooperation and Memorandums of Understanding with several international entities and regularly conducts consultations with organizations such as UNCTAD and UNIDO. HCFI is also holding an annual forum on impact investments and is awarding investors that have created a significant economic, environmental or social impact for the Emirate of Dubai. From an international perspective, HCFI is a unique government initiative that serves also as a role model to other governments, both, federal and local.

In recognition of its leading role as a leader in the global FDI ecosystem, HCFI enabled Dubai also to be granted the presidency of the World Association of Investment Promotion Agencies (WAIPA) for a term of two years. HCFI in cooperation with WAIPA has launched a new global FDI capacity program, which looks at exchanging best practices globally amongst IPAs to enable them to achieve the SDGs by 2030. For this research project, HCFI represents a notable example of how government initiatives and interventions are possible in a proactive manner, emphasizing the role of FDI in achieving the SDGs. HCFI, hereby, also emphasizes the necessity of lifting boundaries and bridging gaps, which leads to engaging also with competing IPAs to serve a greater purpose in mutually collaborating to achieve the SDGs. The insights of this case study and my professional experiences in leading this initiative will be utilized in this study as it serves as a baseline to have a basic understanding and platform to engage with other government entities during the interviews. Additionally, I will be able to utilize the professional network of HCFI for the research interviews.

To allow this research project to benefit from as many sources and different viewpoints as possible, it was, therefore, important to develop an interview strategy, which ensures to cover and capture all angles FDI is being looked at in terms of the SDG contribution. This includes the public sector, private sector, multilateral organizations as well as technical experts from the industry and FDI data analysts. To identify who is most beneficial for this research project, an initial stakeholder map for the semi-structured interviews was developed, to first collect all possible candidates to cover all the above-mentioned aspects in terms of viewpoints. This three-dimensional approach resulted in a stakeholder map of over 80 entities, organizations and individuals, which were potentially part of the interviews of this research project. Each potential interviewee has then been assessed based on five different suitability criteria with the aim to filter the stakeholder map and create a shortlist for each type of entity to cover all aspects. These assessment criteria consisted of five different criteria, which are further outlined in the following section.

3.4.1 Semi-structured interview strategy

The following section will explain in detail the five different assessment criteria, which have been used as part of the interview strategy to shortlist potential interview candidates before engaging with them as part of the formal interview invitation process. This step was critical to allow this research project to benefit from candidate profiles with a variety of professional backgrounds. The strategy for the semi-structured interview, hereby, also incorporated potential limitations in terms of the availability or accessibility of interview candidates.

3.4.1.1 Relevancy for this research project

Based on the initial brainstorming and research the identified potential interview participants were screened once more, based on the research questions and methodology of this research project to determine if their contribution has relevancy for the findings of this research project. In a straightforward manner of either yes, it has relevancy or no, it does not have relevancy a first filter was applied to the entirety of the group of interview candidates (Opdenakker, 2006). This first step allowed the research project to have a more accurate group of potential interview candidates and eliminated those, which are somehow linked to the research topic and research objectives at large, however, do not have immediate or sufficient relevancy to contribute to the analysis conducted in this research project. This filtering process was based on the other interview candidates in the same peer group as well as the amount of publicly accessible material, which could be found from the individual interview candidate (Qu & Dumay, 2011). For individuals, this also included publications, public appearances such as conference speeches and interviews. Ultimately, non-relevancy does not mean that these candidates could not have been given insights for the research projects, however in respect of their peers and the idea of this research project to conduct interviews with the most relevant, influential and well-recognized organizations and individuals, this first filter, overall, allowed a more focus lens on those candidates, who were shortlisted.

From the initial group of 80 potential interviews candidates, as shown in figure 17, 25 were excluded through this first relevancy filter from further perusal, as they did not match the criteria given and were therefore removed from the stakeholder map as a result of this analysis. It was identified that 18 had no immediate relevancy for the research objectives, whereas 6 other candidates were lacking relevancy especially on the correlation to the SDGs and 1 candidate, who has a heavy focus on the SDGs, has however no connection to the FDI ecosystem.

Figure 17: Initial interview candidate screening

It is important to mention, as I will elaborate in detail at a later stage in this paper, where the invitation and contacting approach is being explained, that none of the 80 initially identified stakeholders have been made aware of this research project. Contacted were only those potential interviews candidates, who were part of the final shortlist, who passed all five initial stakeholder assessment criteria. The compilation of the 80 interview candidates was, as mentioned before, based on analysis by the researcher. To contact all potential candidates, would not make sense, as this would mean that a majority of them would have to be contacted again to then be told, that they are no longer included in the research interviews. Following a stringent interview practice (DiCicco-Bloom & Crabtree, 2006), therefore only those candidates from the final shortlist were approached and invited to be part of this research project through their valuable contribution.

The relevancy factor is also important considering another aspect of outcome-oriented research as it will be further explained in the following paragraph. The nature of this research project is an analysis on a very strategic level as it touches the foundation of the SDGs as well as the fundamental concept of Foreign Direct Investment (FDI). This means that any potential interview candidate not only needs to have a profound oversight as well as awareness of all aspects of this topic, but it also means that the market access, market share, market influence and ultimately relevancy and knowledge of the ecosystem as a whole is critical for the candidate to be able to provide insights for this research project from a strategic perspective. To further shortlist the remaining 55 candidates a screening for exactly those factors was then conducted to ensure their suitability as an interview candidate following a semi-structured approach, as illustrated in figure 18.

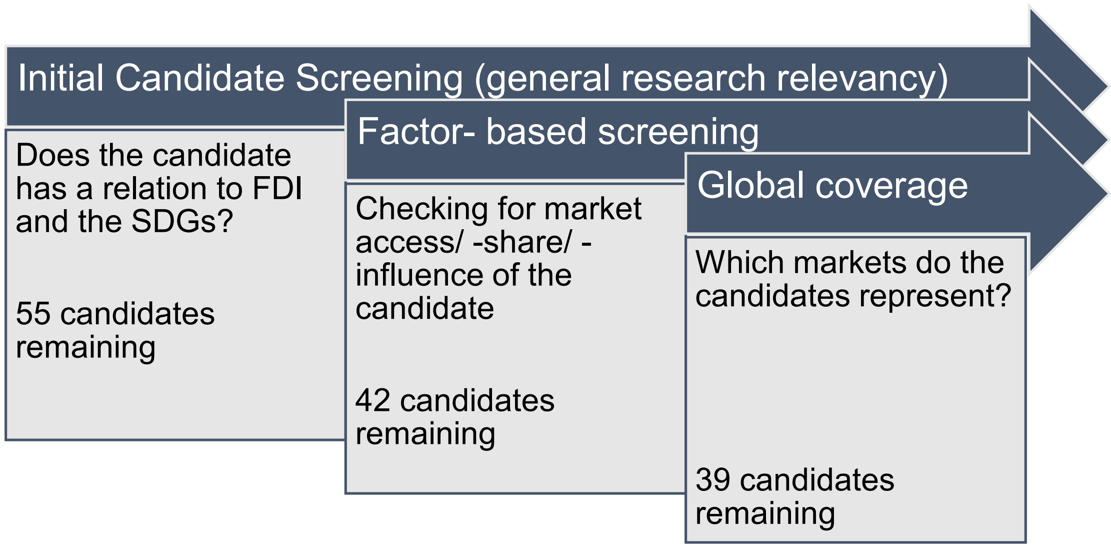

Figure 18: Interview Candidates Factor Screening

3.4.1.2 Market access, market share, market influence

The variety of potential interview candidates identified for this research project was filtered through applying several determining factors (Gubrium & Holstein, 2001), which outline the individual validity of the interview candidate to be interviewed based on a comprehensive interview strategy. 55 interview candidates remained after applying the first filter on the stakeholder map, which was checking the general relevancy of the organization or interview candidate for this research project from a broader perspective. As a second filter, those 55 candidates were screened in terms of their individual market access, which predominantly is the knowledge and awareness of the market and the FDI ecosystem as a whole. While some of the background research showed that some candidates would allow this research profit to benefit from an outstanding awareness of the entirety of the market, other candidates only offered a limited and narrowed point of view. Especially multi-lateral organizations have shown that their insights on the Sustainable Development Goals and the FDI ecosystem is superior and therefore a preference for this research project.

For private organizations and companies, which were considered as potential interview candidates, the individual market share of the company was a major consideration in the background check conducted. The major objective of the interview strategy is to shortlist those candidates, who offer the most value for this academic piece of work in terms of market knowledge, awareness, but also the ability of the researcher to eliminate any bios by tapping into as many different markets as possible to create a picture of entire FDI ecosystem. Therefore, the focus in this filtering section was also on the leading private organizations, which have either large market shares or even demonstrate unique selling points, as they are the only or one of the few global providers of this service. A good example for such an organization is especially the FDI data providers, which are specialized companies and organizations, who collect, analyse and publicize FDI data in the world based on information acquired by either the national governments or economic estimates stipulated by multi-lateral organizations.

At this point, I would like to re-emphasize that part of the requirements of this research project and conducting a semi-structured interview approach is to ensure the full anonymity of every research participant. Therefore, no detailed information about the eliminated and or pursued interview candidates is given. Also, any information, which would allow a clear identification of the specific organization, is purposely not provided to ensure full compliance with the requirements of conducting the research interviews. The research project provides, however, some general and macro-level information on the interviewed candidates in the appendix. This information does not allow any identification of the interview candidates and instead gives a clear overview of the different business segments of the FDI ecosystem which were covered. It also shows that this research project intends to cover a wide array of countries to be able to reflect an international picture of insights on the research topic. The detailed information also shows how the interview was conducted.

Looking at the third factor of this second filtered step to create a shortlist of interview candidates the market influence was taken into considerations as part of filtering for relevancy (Gillham, 2000). While some organizations and also individuals are globally recognized as the main source of information and global influencer in terms of FDI and the SDGs others do not have that standing. The market influence is critically important, especially for individuals and experts who were part of the initial stakeholder map. One of the main reasons is that candidates, who have a high market influence will generally be considered for a research interview. Due to the strategic nature of this research project, however, candidates would have to understand both, the SDGs and the FDI ecosystem and therefore be influential in both subjects. To identify if this is the case, background research was also conducted on conferences speeches, magazine and newspaper articles as well as other literature existing by the individual.

As a result of the second step of this filtering process, a total of 55 candidates was considered. Three candidates lacked sufficient market access and the focus was therefore put on the remaining candidates, while these three candidates were excluded. The background check revealed that the market access of the other candidates, based on publicly available data was generally larger as they either served in more countries, sectors or served a wider range of customers for private organizations. For other stakeholders, their market access in terms of knowledge and awareness turned out to be outperformed by the other candidates. From the remaining 52 candidates market share for private organizations and market influence for multi-laterals and experts, two candidates were eliminated as their global market share is too low as they only serve fractional or niche markets. Market influence, however, was the more decisive factor in this step of the filtering process as this enforced the research project to focus only on these organizations and individuals who have the highest global influence and most recognized standing in their field of expertise or individual sector. Another eight candidates dropped out as their market influence was outperformed by the remaining candidates, which resulted in 42 candidates being considered for filtering step three.

To ensure the integrity and academic credibility of this research project, while at the same time, reaching a decent sample size in terms of interviewees to allow a profound array of findings to draw conclusions for this research project there is also a logistical factor, which will be explained further in the section on how the final candidates were approached. With 42 candidates remaining after the first two main filtering steps, which means that almost 50% have been eliminated, it was now important to also incorporate other factors in the filtering process to ensure that the interview research strategy can be implemented successfully, with the intended outcomes and logistically reasonable. There have been made some adjustments due to the global pandemic, which took place in the main phase of this research project, but this will also be elaborated in the logistics part of the interview strategy.

3.4.1.3 Global coverage

To fulfil the objectives of this research project and those outlined in the interview strategy, it is critical to take into consideration the global coverage in terms of continents, regions and countries when conducting the interviews. The FDI ecosystem is a globally linked investment environment, which usually means that single nations follow a global economic trend in terms of FDI. However, from a policy perspective, for instance, major differences occur in different parts of the world in terms of screening FDI, measuring FDI as well as reporting FDI. The SDGs on the other hand are also a global sustainability agenda, and again present a framework incorporating the majority of countries in the world unified under the United Nations umbrella. Similar to the FDI ecosystem, however, also the SDGs have different meanings and impacts on individual country levels as well as in different regions of the world. Especially distinguished in this regard are the developed countries, mostly industrialized countries and the so-called least developed countries or LDCs, which are mostly developing countries. For the interview strategy, this means, that interviewees should be able to represent and come from a variety of different countries and industries to ensure what has been summarized in this filer as global coverage. Looking at the 42 interview candidates which were remaining after the first two filtering steps, a country matrix was produced to summarize the country of origin for all 42 candidates to identify duplications. The matrix also distinguished between the FDI ecosystem expertise and the SDG expertise. It also included a categorization if the candidate is a private organization, public sector organization, multi-lateral organization or an expert individual. This way any duplication would be identified, and a decision has to be made on those duplications. The full country matrix of interviews can be found as well in appendix B. Global coverage is the key here with the ambition to achieve a global picture in terms of interviewees. Following this stringent matrix, three candidates were eliminated due to duplication and a choice was made based on the set criteria. This means that 39 interview candidates were left to be shortlisted.

3.4.1.4 Access to candidates & Expected Response Rate

As the fourth filtering factor the access to candidates and the expected response rate was taken into consideration. While the first three factors overwhelmingly focused on qualitative aspects to ensure high-quality outcomes from the interviews process the fourth factor looks more into the logistical aspects of conducting the interviews. The reason this factor was chosen is that from experience with accessing a network and engaging especially with high-level officials it can often be a lengthy process to get in touch with them or there are protocols in place in terms of how to contact them. Beneficial in this regard were several years of experience as a government official and managing consulting where I have engaged with people and organizations on the highest level frequently. Therefore, I was well aware of what to expect and it was reasonable and sound to put this into consideration in the filtering process. In terms of access to candidates, which means the ability to get in touch with them, brief them about and invite them for the interview I applied three different types of accessibility. The first one would be low accessibility, which are candidates that I have never dealt with before or who I have never had any contact with. Additionally, the pure nation of their position is critical in this regard as well. The way of how I identified potential interview candidates in organizations and companies I have not dealt with before will be outlined in the interview strategy and contacting approach. As a category, these low accessibility candidates will have the highest possibility to be excluded from the process, if it turns out that access to them or their organizations appears to be unreasonable in the amount of time which was designated to conduct the interviews. This was also influenced at the time by the global pandemic.

Medium accessibility was given to candidates, which I have either dealt with before or which I know how to contact and where are no comprehensive protocols in place. These protocols can include going through several departments to identify the designated person responsible for the matter. Also, secondary contacts of my network were included in this medium accessibility category. The full table of the accessibility assessment can be found in appendix B as well. Lastly, the interview candidates with high accessibility were determined. Those are potential interviewees which I have a direct connection with and primary contacts of mine. The high access category also includes contacts that I have secured through numerous direct engagements at conferences I attended, moderated or spoken at as part of my current role as a government official.

As a result, a total of four potential interview candidates have been excluded from being part of the shortlist, all in the low accessibility category. These four candidates turned out to be very difficult to get access to as they are third party contacts, which are not accessible easily, either without a significant recommendation or a lengthy engagement process with their respective organizations. To emphasize again, this entire filtering process was intended to serve the quality and efficiency of this research project. As the ambition is to receive maximum outcomes in terms of quality and potentially interview decision-makers and high-level officials, which have full insight on the topic. The initial stakeholder map was compiled based on the initial research, literature review as well as screening of my entire network. Everyone who could possibly contribute anything valuable to this research project has been put on the stakeholder map, which resulted in a total of 80 potential interview candidates.

The total list was then put through a filtering process, considering qualitative and well as quantitative aspects and finally resulted in a shortlist of 35 interview candidates. The expected response rate was initially part of the filtering process; however, it was moved to the contact approach and general interview logistics as there was no evidence found that the response rate is dependent on the nature of the interview candidate. Instead, it can generally be anticipated, that the response rate is dependent on the level of access, which was measured in the accessibility and the seniority and designation of the individual candidate. However, academically and without bios, it cannot be determined if and how each of the candidates will respond and in which manner, as it is highly subjective, therefore this criterion has been removed from the filtering process and the final shortlist was a total of 35 interview candidates, unchanged.

3.4.1.5 Final Duplication and Completion Check

With a final shortlist of 35 interview candidates, an overview matrix was created to ensure all initially intended areas such as regions, countries, sectors, types of organizations and seniority level were covered. This final check should also ensure that several interview candidates do not cover the same field while other areas were left blank. To properly prepare for the engagement with the interviewees a second step was introduced at this point adding the contact details of each candidate to the table to make sure all required information is compiled to contact every candidate. This final duplication check resulted in no further exclusions and validated that all 35 candidates will be taken forward for the research interviews.

Overall, I can say that this filtering process was worth the effort, even though it was quite lengthy, as it allowed me to organize all interview candidates and make sure all aspects in terms of research objectives are addressed and the intended outcome of the semi-structured interviews can be achieved with the shortlisted interview candidates and organizations. A detailed overview of the interview candidate selection process can be found in below table 1.

Interview Candidate Selection Process - Overview	
Criteria applied	**Remaining candidates**
Initially identified interview candidates	80
Expertise in the field of FDI and the SDGs	55
Market access/ -share / influence of the candidate or organization	42
Ensuring all global markets are covered and avoiding duplication	39
Individual Access to candidates	35

Table 1: Interview Candidate Selection Process - Overview

3.4.2 Interview preparation and contact approach

The initial research plan, which I developed in the first year of this research project outlined a clear plan on how to utilize my professional network and numerous day-to-day high-level engagements for this research project. Especially speaking engagements at an international conference, moderation of expert panels, FDI training and capacity workshops as well as in-person meetings with high-level officials and delegations was a core part of the engagement process. From experience, it simplifies engagement when a person is already familiar with the overall idea of the research project. Therefore, I used any engagement with potential interview candidates to briefly inform them informally about the research project I am doing to also see if there is a general interest and willingness to be part of it. This approach, of sounding the idea of the research with potential interview candidates is also part of my interview strategy and turned out to be helpful. It was especially interesting, that many of the personalities I approached, considered as a pleasure and privilege to be part of this research project despite their tight and busy schedules.

From a preparation point of view, this sounding especially paid off in 2020, when the world was hit by a global pandemic. Social distancing, limitation of travel and the cancellation of almost 100% of meetings, conferences and roadshows constituted a major challenge in executing the initial research plan, where these in-person engagements played a significant role in achieving research results. Due to the sounding, however, I already made a connection with the interview candidates prior to the unexpected pandemic, which allowed me then to take this as an advantage, when I switched almost 95% of my interviews and engagement using virtual tools such as video calling platforms. Without the initial in-person sounding, it would have been certainly harder and in some parts almost impossible to even get in touch with some of the candidates, make them properly aware of the research topic and create a general interest and willingness to participate in the research interviews. Thanks to the sounding, however, I was able to reconnect with the interview candidates when I provided them with the formal invitation for the research interview. The invitation consisted of three different parts, which will be explained in more detail in the following paragraphs.

3.4.2.1 Formal invitation statistics

To simplify and accelerate communication with the interview participants, all formal invitations were issued via electronic mail (Email). Each email was personalized for the respective individual or organization. As part of the interview strategy, I designed a follow-up process for the initial invitation. For some participants, especially those in major organizations or large-scale companies I gave them a quick heads up via phone that they can expect the formal invitation in their inbox. This way I was sure, that my invitation will not get lost in the massive number of emails they might receive daily. For others, I sent the formal email without prior notification. In case the participant did respond within one week confirming the invitation, this would lead to the second step which is described below. If the participant rejected the invitation within one week, I would reply in a more informal way asking for the reason of rejection and offering further clarification. If no response whatsoever was received within one week, I would send a first follow-up email. Below table 2 is the overview statistics, how all 35 participants responded and in what time frame:

	No. of participants	Participants as a % of total
Responded to invitation within **one week**	18	51%
Responded to invitation within **one month**	16	46%
Did not respond at all despite follow ups	1	3%
TOTAL	35	100%

Table 2: Timeframe of responses of interview participants

Further to the statistics above, which outlined the timeline until invited interview participants responded it was even more important for the research project to see the confirmation rate and know the final number of those, who were willing to get interviewed as part of this research project. The below table 3 indicates, the number and percentages of invited interview participants who accepted and declined the invitation:

	No. of participants	Participants as a % of total
Accepted invitation	24	69%
Accepted invitation **after initial decline**	5	14%
Declined invitation even after further clarification	6	17%
TOTAL	35	100%

Table 3: Overview of Acceptance of Interview Invitation

Before going into the details of how the interview invitees were approached and what specifically the invitation process and material consisted of, I would like to address the two of the above-mentioned categories, which accepted the invitation after an initial decline and the declined invitations even after further clarification. Summarizing the above response rates, the total acceptance or confirmation rate of the invitations was 83%, while 17% of all invitees declined the invitation. As 14% declined the initial invitation, accepted however after some further engagement and clarification, I would like to mention the initial feedback those invitees gave regarding the invitation, and what responses were given from my side to ultimately convince them to participate.

Two out of the five invitees simply requested a formal meeting, as they expected to be briefed on the research project by myself to validate if this research interview will be worth their time. I accepted to take the time to brief both in a meeting, which took around 30 minutes, and both candidates informed me that they receive a lot of these kinds of enquiries and therefore just have to be selective with their time. The two meetings were conducted separately with each interviewee individually. The remaining three interview invitees, who had initially declined the invitation, informed me that they just wanted to make sure, that the information they provided will be treated confidential and their personal name or company name will not appear in any publication. This information is given in the invitation documents, so the candidates simply wanted to confirm this with me personally. One candidate also told me that their organization usually does not support research projects externally, as they run their own research centre, however, after some consideration, he also accepted my invitation and was happy to be part of this research project.

For those interview invitees, who declined the invitation, even after I followed up with them, the following should be stated. 17% of invitees declined the invitation, which seems reasonable, yet a bit high at first glance, considering the thorough filtering process. It has to be mentioned, however, that four out of the six candidates, were individuals from organizations I have never dealt with, neither on an academic nor professional or personal level. Therefore, there were completely unaware of who I was. Despite offering them a clarification meeting as well, they either still declined or did not respond anymore. The remaining two candidates simply declined the initial invitation. After following up with them and their organizations, one informed me that the organization is not interested in contributing to research projects. The other organization responded by simply declining the follow-up invitation as well.

This short brief of the responses received is intended to illustrate, how declined invitations have been handled as part of this research project. It is important, since the interviews are one of the main sources of information for this research, and each rejected invitation is one information source less to utilize. However, an overall confirmation rate of 83% is still very positive, as it more than 4 out of 5 invitations and with a sample size of 29 research interviews, I was able to compile a quite comprehensive list of individuals and organizations to contribute to this project. Summarizing and considering that each research interview is scheduled for roughly 60 mins, this meant an expected recording time of 29 hours, which is more than one day in recorded information to harness from.

3.4.2.2 Formal invitation documents

When designing the invitation process and the respective documents to be shared with the invitees, two important aspects had to be considered. First, the ability to inform the potential invitee about the context of the research project, as well as the scope of the semi-structured interviews and secondly the process of how to allocate and secure a time and date to conduct the interview as well as considering what will happen after the interview.

Information Letter

The context of the research project and the scope of the interview was outlined in a dedicated information letter, which each participant received as an attachment to the initial invitation. A sample of this information letter can be found in appendix D. It is also important to mention that the main invitation was included in the text of the email. The information letter further explained the topic of this research project, briefly summarized the research objectives and informed about the contextual links. Furthermore, it provided clarity on the structure of the interviews, the time frame and the format the interviews would be conducted in. The information letter also emphasized the voluntary nature of participation and briefed the invitee about the confidentiality aspects as part of ethical and data protection considerations. Additionally, the global pandemic was addressed, suggesting conducting the interview via video call to allow not only more flexibility in terms of timing but also adhere to the required safety measures in light of the current situation in 2020.

Informed Consent Form

As part of university procedures, informed consent was requested and received from every interview participant. It is important to note that the informed consent form was provided, once the participant had confirmed their participation in the interview. The detailed process steps of engagement can be found in the next section, which is related to the process of setting up the time and date for the interview and the interview conditions in general. A sample of the informed consent form can be found in appendix D. In the scope of this research project, the consent form especially addressed, but was not limited to, information the interview participant would potentially provide in terms of personal and professional insights, expertise and opinion on the research objectives. It was important to make sure, every interviewee understood that the outcomes of the interviews will be purely used for the research purpose in an anonymized way. Therefore, the participants would not have to worry that their insights will be mistaken as a statement on behalf of their organization or being quoted using identifying attributes that could indicate who the source of the information is. I emphasize this point as this was one of the most discussed and asked aspects in the preparation for the interviews, especially those, which were scheduled with high-level officials.

3.5 Interview process and general conditions

As part of the interview strategy, the intention for the actual interview process was to benefit from a variety of candidates from various industries, business fields and sectors as well as nationalities, gender and age groups. The Sustainable Development Goals (SDGs) are generally a topic that is very tangible for a lot of people. Even without detailed knowledge, the familiarity and also popularity of the topic is quite significant. Once I narrowed down at the beginning of this research project what the research methodology will be I started engaging from an early stage. Mainly through meetings but also conferences and networking events I discussed the topic briefly on different occasions to nurture interest, promote the research topic, but also to identify potential interview candidates. That means, that during the conversations I included a phrase such as "… I intend to conduct research interviews with leaders, high-level executives and experts from the industry, would you be generally interested to participate?". With the mostly positive responses, I would then exchange business cards and contact details to secure a certain network of people.

As I mentioned before, in terms of sounding the topic, the informal engagement helped me a lot at a later stage when the interview candidates were approached and invited for the interview.

To allocate sufficient time for the interviews and also to incorporate any potential unexpected events, which may cause a delay in the process, I create an interview plan after receiving confirmations on the initial invitation emails. This first email would consist of the general invitation as well as the information letter. I was personally addressing the participant and all invitations were sent via email.

Once the participant generally confirmed, a second email would have followed, thanking the participant for the interest and asking for a specific date and time. To streamline the process as much as possible, I also included four options with different dates and times in each email for the participant to choose from. Would he or she still be unavailable on all of these dates, I requested then from the participant to suggest a convenient date and time. This second email also had the Informed Consent Form attached. It would have not made much sense to provide everything at once, as a certain formality and protocol also requires to gently drive the process forward with an official invitation at first, followed by the more technical details.

To accommodate the majority of interviews, I dedicated one full week for the conduction of most of the interviews. Considering time zone differences of participants, a typical day would have a maximum of six interviews with breaks between the interview to recapture and set up for the next one. Therefore, the interview schedule allowed me to have several interviews in a day. Each interview, as mentioned before, was allocated a maximum slot of 60 minutes. With 29 confirmed candidates, this resulted in a total interview time of 29 hours. Overall, choosing to have a fully focused interview week, was a major advantage, especially in terms of capturing and scripting all the insights and details given. However, I can mention at this point already that 4 interviews were conducted in person and 25 interviews were conducted online through video calling.

All the in-person interviews were conducted in a pre-arranged setting, usually a conference room or secluded hotel area to ensure full privacy of the conversation. Interview sessions were audio-recorded and at the same time notes were taken. The structured questions were read out to the participant instead of handing them on a piece of paper to ensure focus on each question. For the online interviews via video calling, the session usually consisted of five minutes of greetings and preparation followed by the actual interview. The online interviews were recorded utilizing the video calling tools available. After each interview, the interviewee was asked if he or she felt comfortable during the interview and again given the chance to add or remove any statement made. The interview candidate would then receive the transcript of the interview usually within one week to review and amend anything if necessary. As the sole purpose of the interviews was input for research only minor changes were made after the transcripts were provided, however, all those changes were incorporated into the outcomes of the interview.

Following a semi-structured interview approach, the 60-minute session was spilt into 2/3 equal to 40 minutes for the standard and structured question and 1/3 equal to 20 minutes for the open discussion. Each of the five standard questions was briefly introduced by putting the question into context and relating the idea of the question to the individual participant. In the next section, I will provide a brief contextual setting for each of the five questions, as well as the rationale for the question itself to demonstrate how the specific questions were used and which of the research objectives and research questions, the interview questions specifically addressed.

3.6 Research Interview guide and questions

This section of the study provides insights on how the final research questions were developed to reflect the main outcomes and address the gaps found in the literature review. This section will also demonstrate the process of how each interview question is addressing a specific aspect of the research topic and highlight the final research questions, which were chosen to be taken forward for the interviews.

At this point of the study, I had identified two major target groups for the research interviews, which was the public sector, including multilateral organizations on the one hand, and the private sector on the other hand. However, the idea was to build this research project around the thematic issues and outcomes found in the literature review, rather than comparing the different viewpoints of the two interview groups. Therefore, a long list of potential interview questions was developed based on the content, findings and outcomes of the literature review.

Due to the current nature of the research topic, publications from multilateral organizations, progress reports and economic analysis on the SDGs as well as recent academic papers and publications on the SDGs played a pivotal role besides the standard literature on sustainable development and Foreign Direct Investment. The interview questions, hereby, especially addressed the gaps, which were identified in the literature review to be able to generate insights and answered to close some of the literature gaps through this study. At the same time, the contribution to practice, which is fundamental to the DBA program was being considered, as the interview questions should also provide practical insights that are applicable beyond academic theory.

The following table 4 provides an overview of all potential interview questions, which were compiled in the preparation for the research interviews.

Potential Interview Question	Literature Review Linkage
If you think about FDI, which role do you see FDI plays in achieving the SDGs?	FDI and Economic Development
Considering the funding gap identified by UNCTAD, is it realistic to achieve the SDGs by 2030?	World Investment Report
From a policy perspective, what kind of measures are required to drive the SDG agenda forward?	FDI policies, local, regional, national and international
Do foreign investors usually understand the SDGs?	Capacity building
What is the general perception of the SDGs in your organization?	SDG perception vs. agenda
Do you think the SDGs are nothing more than a branding tool?	SDG branding
Do you believe FDI has the strength to help close the funding gap to reach the SDGs?	FDI as an economic investment vehicle
What should policy makers focus on to facilitate sustainable investments?	Global Investment Policy
Can sustainable impact be quantified?	Components of sustainability

How do IPAs need to adjust their operations to promote the SDGs?	UNCTAD Report on revised IPA model
Implementing the SDGs in your organization, how do you think this is doable?	SDG implementation
In an FDI Ecosystem, how can investment opportunities be created in light of the SDGs?	Translating SDGs into investment opportunities
Is the classical ROI formula outdated?	Risk, Return + Impact
If you look at the SDGs, what kind of interdependencies and linkages do you see between the goals?	Correlation of SDG Goals
What kind of governance do you believe would help to globally channel FDI flows towards the SDGs?	Global Policy Council, Multilaterals
How do you think SDG related data be collected to measure the SDG progress?	SDG Dashboard
Are investors generally aware, what the SDGs mean to them?	Investor awareness
Where do you see the responsibility for the SDG implementation?	UN mandate and UNCTAD report
Least-Developed-Countries are a main target of the SDGs – do you agree?	UN SDG Agenda
Economic, environmental and social development – does this incorporate everything we need?	Sustainable Development frontiers
How could a global Investment Law look like?	CCSI Publication
How would you formulate an SDG investment treaty and who should sign it?	CCSI Publication
As an organization, do you select SDGs relevant to you?	IFC and UN publication on best practice examples
How do you define Sustainable Impact?	Definition

What does impact mean to a foreign investor?	SDG perception
Do you think investors would consider investment projects for the better good instead of financial return?	Responsible Investment and Business Practices
Where is the linkage between FDI and the SDGs?	UNCTAD Report
How would you describe the return of an SDG investment opportunity?	Different dimensions of impact
What are the main factors for investors that SDGs become attractive?	Value proposition
How would you mitigate risks in developing countries to encourage SDG investment opportunities?	Due diligence and risk mitigation
Which of the SDGs do you consider most important currently?	SDG Goals
Looking at the global FDI trend, do you think SDGs have a chance to influence its direction?	UNCTAD Investment Monitor, fDi Markets data
What do you think will happen after 2030 with the SDGs?	SDG Trajectory

Table 4: List of potential interview questions

The process of filtering and summarizing the potential interview started by cross-referencing each question to the initial research objectives and research questions of this study. The idea was to create a set of a maximum of 5 interview questions from the above long list (see Table 4) and still allow all aspects of the research to be included. The potential interview questions were checked for duplications in terms of content and thematically summarized afterwards. Following the structure of the four elements of the research, the potential questions helped to create a clear structure for the final questions. Some of the potential interview questions were contextually eliminated as they had no immediate relevance to the research question itself.

Public and private sector interview candidates would receive the same set of standard questions as the first of the interview. No distinction has been made based on the rationale that the comparison should be taken place based on the main themes of this research project and not based on the organizational background of the interview candidates. Each interview question has been rationalized individually.

To be able to use the interview question in an interview setting and to allow the interview candidate to better find into the topic and visualize the background and idea of the question, each interview question has been contextualized as well. The final interview questions as well as the respective rationale and context of each question can be found in table 5 below. The interview questions have been formulated in a way, to use them as-is in the actual research interview to ensure consistency throughout each of the 29 research interviews.

Interview Question No. 1

“If you think about the Sustainable Development Goals (SDGs), which are in your opinion the most important considerations to shape an ecosystem that is attractive for investors while at the same time contributing to achieving the SDGs?”

Context:

This question gives a brief outline by capturing the two main aspects of the research topic again, which is Foreign Direct Investment (FDI) and the Sustainable Development Goals (SDGs). It is intended to allow a macro perspective on a global scale linking FDI and the SDGs and is also tapping into the investment attraction and site selection aspect.

Rationale:

This question is intended to set the tone for the entire interview and indirectly remind the participant again of the actual research topic. At the same time, the question should give insights on how participants look at an ecosystem, which is promoting FDI but at the same time trying to implement the 2030 agenda. It is also intended to verify if there is a clear link and ability to promote FDI in consideration of the SDGs.

Interview Question No. 2

“Foreign Direct Investments (FDI) has been identified as a major factor to finance the SDGs. Do you agree or disagree with this statement and how do you think FDI, and the SDGs are linked?”

Context:

This question is linked to the UNCTAD World Investment Report, which states Foreign Direct Investment as a major contributor to help close a USD 2.5 trillion funding gap annually to achieve the SDGs by 2030. It also aims at exploring the correlation between FDI and the SDGs, so a core component of the research project.

Rationale:
For this research, the initial perception of the interviewee is important, as this can guide and highly influence the flow of the conversation. Therefore, the statement from the World Investment Report is being verified. Secondly, the question is how FDI, and SDGs are linked, or if the candidate indicates that there is no linkage, then the question would tend towards why there is no linkage as such.

Interview Question No. 3
“The SDGs especially address the Least Developed Countries (LDCs) in the world. How do you think the SDGs can present an investment opportunity in these countries?”

Context:
LDCs are key to the overall sustainable development agenda of the SDGs. Many SDGs focus specifically on the gaps and needs of the LDCs, and the question is if Foreign Direct Investment is capable to address and eventually closing those gaps and fulfilling those needs.

Rationale:
In the context of FDI, it is, however, important to determine if the SDGs actually present investment opportunities as this is widely proclaimed. Sustainability measures and frameworks can also be considered as a burden or a pure branding tool, especially for profit-seeking private corporations. Therefore, the interview intends to determine here if the SDGs present an investment opportunity, especially in poorly developed countries.

Interview Question No. 4

"SDG implementation is still in its early stages in many organizations and countries. In your organization, what role do the SDGs and their implementation play and what would you say are the most important aspects to consider when incorporating the SDGs?"

Context:

Even though the SDGs are already more than five years old, many organizations have not even started to look into them. The question is, why is that so, and if the SDGs have a significant weight in terms of relevancy and priority, for governments and private organizations.

Rationale:

In terms of expertise and to draw conclusions from this research project, this question aims at the obstacles why the SDGs are being unpopular for some, while others drive the agenda and why private organizations often struggle to implement the SDGs in their strategic planning. Also, the perception of the SDGs plays a significant role in this regard.

Interview Question No. 5

"Investments are mostly about the financial return or ROI. If you think of the term impact as an addition to the ROI, how would you say impact measurement could look like and how would you link FDI and the SDGs in a dedicated investment policy framework?"

Context:

The traditional risk and return formula is being reinvented by adding a third dimension to it, the impact of the investment project. There have also been several attempts, mostly by multilaterals to measure SDG performance, however always at a country level. This also leads to the question, which policy measures might be required to drive the implementation of SDG-related performance indicators.

Rationale:

The impact is yet a very vague term, especially in light of a numerical determination. Measuring impact effectively means translating action, strategic decisions, investments, and their outcomes for a specific regional or industrial dimension into a scoring model. The question is how this can be achieved and how can the direct impact of an investment be ascertained.

3.7 Chronology of Research Interviews

This section of the study will outline the chronology of how the research interviews have been conducted. The order follows the date when the interview took place. The chronology also indicates other information relevant to this research project while protecting the identity and personal information of the research candidates. All research candidates have been briefed on the nature of this study and complied with all relevant university documentation.

The chronology of research interviews uses a reference code, which allows the referencing and quoting of each individual research candidate in the findings of the interviews, which can be found in chapter 4 of this study. The referencing system uses the indicator “IR”, which stands for “Interview Reference” followed by a numerical count from 1 to 29. Additionally, the chronology of research interviews provides information on the date of the interview as well as the interview mode, which was either online or in-person. More information on the rationale for the interview mode can be found in section 3.4, addressing the global pandemic that took place during this study.

Additionally, four data points on each of the interview candidates are provided, to allow a better contextual subsumption, when the interview candidate is quoted in this study. The data points given do not, however, reveal in any way or form the identity of the interview candidate and do not allow to conclude who the individual person is. The data points consist of the designation and gender of the interview candidate, as well as the type and country of origin of the organization the interview candidate belongs to. Further statistics on the interview candidates as well as information on the process that led to the final 29 interviews to take place can be found below.

Another aspect regarding the chronology of research interviews should be explained at this point. I would like to re-emphasize that in course of planning the logistics of these research interviews, it was decided to dedicate a full interview week to conduct a bulk of interviews, as all of these interviews would have to be conducted online due to the global pandemic in 2020. Those interviews are additionally marked as “interview week” in the chronology of research interviews as a reference point.

Interview Reference	Date	Interview mode	Designation	Type of organization	Gender	Country
IR1	03 Aug. 2019	in person	Chief Executive	private	M	UAE
IR2	16 Aug. 2019	in person	Managing Director	private	M	UAE
IR3	27 Oct 2019	online	Chief Executive	public	M	Switzerland
IR4	04 Dec 2019	in person	Chief Analyst	private	M	UK
IR5	12 Dec 2019	in person	Vice President	public	M	UAE
IR6	14 Mar 2020	online	Senior Advisor	public	M	Germany
IR7	25 Mar 2020	online	Senior Partner	private	M	Germany
INTERVIEW WEEK						
IR8	17 Aug 2020	online	Chief Advisor	public	M	UAE
IR9	18 Aug 2020	online	Senior Manager	private	F	South Korea
IR10	19 Aug 2020	online	Chief Analyst	private	M	UK
IR11	19 Aug 2020	online	Senior Researcher	private	M	UK
IR12	20 Aug 2020	online	Founder & CEO	private	M	USA
IR13	20 Aug 2020	online	Chief Economist	private	M	USA
IR14	20 Aug 2020	online	Managing Director	private	M	UK
IR15	20 Aug 2020	online	Senior Economist	public	F	Switzerland
IR16	20 Aug 2020	online	Chief Analyst	public	M	UAE
IR17	21 Aug 2020	online	Senior Vice President	private	M	UAE
IR18	21 Aug 2020	online	Founder & CEO	private	M	Turkey
IR19	21 Aug 2020	online	Chief Advisor	public	M	Lebanon
IR20	21 Aug 2020	online	Chief Specialist	public	M	UAE
IR21	21 Aug 2020	online	Chief Executive	public	M	Turkey
IR22	21 Aug 2020	online	Chief Executive	private	M	Germany

IR23	22 Aug 2020	online	Operations Advisor	private	M	UAE
IR24	22 Aug 2020	online	Deputy CEO	public	M	UAE
IR25	22 Aug 2020	online	Executive Director	private	M	UK
IR26	22 Aug 2020	online	Managing Partner	private	M	Austria
IR27	22 Aug 2020	online	Special Envoy	public	M	USA
IR28	22 Aug 2020	online	Under Secretary	public	F	Switzerland
IR29	23 Aug 2020	online	Senior Manager	private	F	UK

Table 5: Chronology of Research Interviews

3.8 Interview template development and revision

Coding the thematic interview template, for the data retrieved from the research interviews was done by creating an initial template with several top-level codes reflecting the main topics of this study. However, throughout the development process of the template, it became clear that the similarities amongst the research interview participants are vast, which meant the idea of creating two different templates, one for each of the peer groups, was dropped. Usually, the template includes four steps in terms of revision (King, 2004).

The first step is the insertion of new elements to the template, either on top levels or any lower-order during the coding process (Taylor et. al, 2015). Changing classification can also result in the second revision step, which is known as deletion. More importantly, however, during the revision is the consideration of changing the scope, which builds another revision step, according to King (2004). Lastly, the classification is being revised to identify if any higher-order classification is required (Taylor et. al, 2015).

Based on the analysis of the transcripts of the interviews several adjustments to the template were made, which lead to adding more sub-elements or lower-order code to the template to reflect the research topic and insights from the interviews in more detail. Some codes were deleted as they appeared to have significantly lower relevance while others were merged. It was important to make sure all elements of each of the transcripts were coded, which required quite some time, as transcripts had to be recoded after to ensure, the codes on the template cover all statements made on the transcripts and vice versa (Magnusson & Marecek, 2015). Lastly, this also involved a check of the research objectives and research themes to make sure the code reflects those as well, which is essential in creating the correct linkage of coding (King, 2004).

The final template, as in figure 19, reflects five different themes as top-level code, which also reflect the interview questions given to the research participants. The *FDI* theme is intricately linked to three main elements of Foreign Direct Investment practice. Firstly, the *Attraction,* which is the process of promoting an FDI destination and attracting FDI to the location. This can be seen on the same level as *Facilitation,* which is the technical process of bringing an investor on board and supporting his investment decision besides the traditional investment promotion. A third enabler to conduct these processes is the *Data & Intelligence,* which is the foundation for any FDI flows to occur. From a coding perspective (Waring & Wainwright, 2008), however, *Attraction* and *Data & Intelligence* can be seen as isolated or independent functions, whereas *Facilitation* is an ongoing process, which requires sub-level coding down to the *Investment Promotion Agency (IPA)* itself, as the IPA has the largest engagement here with the investor. As this is a main touchpoint for the research, I have added another lower-order code here. Former lower-order codes beneath the *Attraction* as well as *Data & Intelligence* were merged into the lower-order code *IPA.*

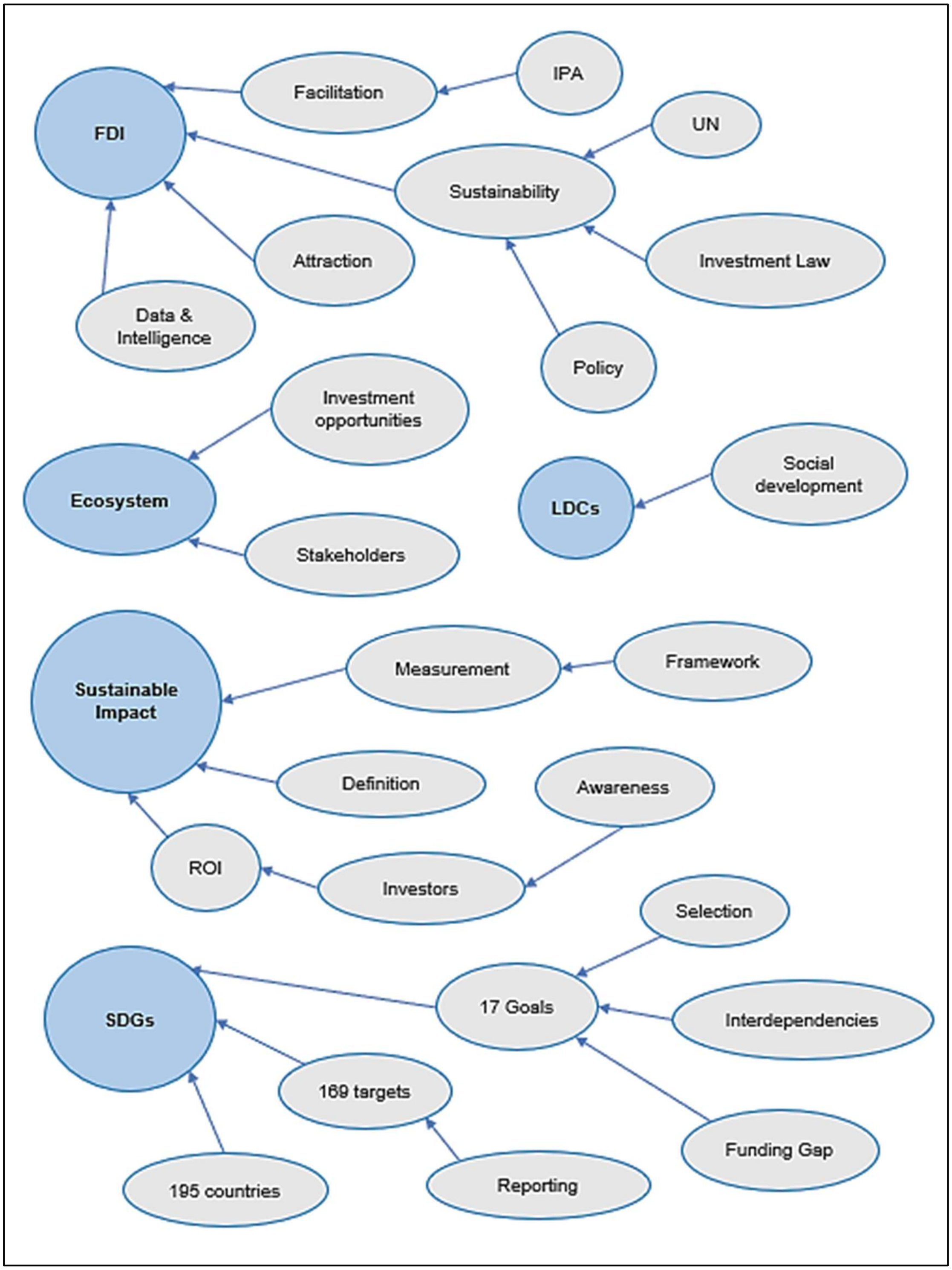

Figure 19: Final template for interview participants

A fourth code under the top-level code of *FDI* was necessary, to allow the reflection of insights from the transcripts on the linkage between Foreign Direct Investment and the Sustainable Development Goals. Therefore, as a fourth lower-order code *Sustainability* was included, serving as a merged code for three crucial elements, which were linked to it on a lower-order code level as part of the template revision process (King, 2004). The first element is the initiator or patron of the SDGs, which is the *United Nations (UN).* From a coding structure and transcript flow, the *UN* will lead to the discussion on *Sustainability* and ultimately on a top-level to the correlation to *FDI.* Another element under *Sustainability* is the legislative aspect, which is mainly reflected in the *Investment Law*. Besides the law, there are more practical regulatory guidelines, which are known as *Policy.* These three elements make up the main pillars under the aspect of *Sustainability* in this study. Following this code did allow all elements of the transcripts, of both, private and public sectors, to be coded correctly after the recoding was done (Cassell, 2005).

A second theme, which is at a top-level describing the surroundings of several aspects of investments is the *Ecosystem.* This is critical to stand alone, as one of the interview questions also pinned out this element for the research interview candidates to look at independently from FDI and the SDGs. Lower-level codes were on one side the *Investment Opportunities*, which are a key discussion point during the interview, as the entire SDG topic evolves around, how investment opportunities can ultimately be created in the ecosystem to make the FDI ecosystem work for investors. Secondly, all participants in the ecosystem, including those partaking in this study had to be reflected, which was done as a lower-order code under the *Ecosystem*, coded as *Stakeholders.* The *Stakeholders* are what drive the ecosystem forward and make it vibrant. In this study, the main insights and findings besides the literature review come from the outcomes of research interviews with such stakeholders. Therefore, no furthermore sub-elements were coded to it to be able to analyse the outcomes regarding the *Ecosystem* only using the two lower-key codes described.

One main priority of the research objectives and research themes of this study was also to have a closer look at the funding gap and sustainable impact in the Least-Developed Countries (LDCs), which are a main concern of the SDG agenda as they are in the focus and a key element of the existing annual funding gap of USD 2.5 trillion as described by UNCTAD. During the revision process of the template, it became clear that findings towards the LDCs can only be properly analysed and utilized for the findings of this study if there are coded independently from other main themes of the research project. This is the rationale why *LDCs* were coded separately as a top-level code and main theme, accompanied only by one lower-order code, which is the *Social Development.* Looking at the LDCs and applying the threefold of the SDGs, which is economic, environment and social development, social development is the main aspect regarding the SDGs, as the needs, LDCs are so fundamental in their nature, that economic and environmental development is more to be seen a secondary step. The level and depth of poverty in the LDCs are so severe that after revising the transcripts of the interviews, it was decided to code *Social Development* as a standalone element under the LDCs to be able to closely reflect on this crucial aspect during the analysis of findings.

The fourth main theme, which was coded at a top-level, is the Sustainable Development Goals (SDGs) themselves. As one of the five main themes of this study and a core element of the research objectives, the SDGs were first merged with the aspect of sustainable impact. However, after reviewing the transcripts of the interviews and during the revision process of the final template (King, 2004), the aspect of sustainable impact was deleted from the SDGs and coded to a higher-order classification as being a standalone theme. The *SDGs* as a top-level code, are often discussed from a more technical or quantitative point of view, whereas the sustainable impact itself has a more qualitative nature. Therefore, the *SDGs* were coded as a top-level main theme besides the *Sustainable Impact* as another main theme, which will be discussed in the next section below. *SDGs* have three major lower-order codes (Taylor et. al, 2015), which reflect the goals themselves, the targets, which were set to quantify the progress of the *SDGs* and thirdly the number of countries, where the *SDGs* were introduced. As all those three lower-order codes are quantified by the *SDGs*, it was decided to include the respective number in each of the coding elements of the template, which resulted in three lower-order codes under the *SDGs*, namely *17 Goals, 169 targets and 195 countries.*

Starting with the third lower-order code, the *195 countries*. After revision the templates and recoding the transcripts of the interviews, it became clear that only a very limited number of insights was given on this aspect, as the number of countries does not influence the success of the SDGs itself, specifically looking at the sheer number of nations the SDGs were launched in. Therefore, no further lower-level coding was done (Taylor et. al, 2015). The second lower-order code, which is the *169 targets,* was one of the surprising outcomes of the research interviews. When reviewing the transcripts, it became evident, that the awareness of the *169 targets* and their existence is relatively low, compared to the *17 goals,* which are well known. Nevertheless, the main focus in terms of the *169 targets* was the actual KPI reporting, therefore, the *Reporting* aspect was reflected as a lower-order code under the *169 targets.*

The third lower-order code were the *17 Goals.* Most of the discussion during the research interviews evolved around the different SDG goals and their particularities. Concerning FDI and the creating of investment opportunities as well as the measurement of sustainable impact, three elements were identified during the template revision process to be crucial. The first one is the *Selection* of the SDG Goals, where most findings relate to, especially in terms of the responsibility and process of how to conduct the *Selection.* Secondly, another major aspect in achieving the SDG Goals are the *Interdependencies* between the different goals. Looking at the FDI horizon, and how foreign direct investments contribute to closing the SDG funding gap, recoding the transcripts revealed *Interdependencies* as a major concern, which is why it was coded under the *17 Goals* in the template. Recoding the transcripts also indicated that the selection process of the SDGs is similar to the interdependencies when discussing the SDG Goals in the course of this research project. As a third element, introduced as a lower-order code under the *17 Goals* is the actual *Funding Gap*, which was introduced by UNCTAD at estimated at USD 2.5 trillion a year until 2030. At the beginning of the template development this *Funding Gap* was mapped under the top-level *FDI* code, as *FDI* is a direct contributor to close the *Funding Gap*. After revising the template, however, and recoding the transcripts the quantitative nature of the SDGs was considered again. Following this stringent logic, the *Funding Gap* was then coded under the *17 Goals* and the SDG development agenda as it linked to the SDGs and ultimately emerged from the SDGs and not from one of the financing methods, which is *FDI.*

The fifth main theme and final top-level code is the *Sustainable Impact.* This term turned out to be the main anchor point of this study and after revising the initial template and coding the transcripts also in light of the research objectives, it became clear that *Sustainable Impact* has to be coded separately as a main theme. A sole but truly relevant point, which was coded as a lower-order code under the *Sustainable Impact* is the *definition* of that term. Coding especially the research interviews of the public sector candidates revealed that often the pure *definition* of *Sustainable Impact*, what it means and what it entails, already leaves room for interpretation. Secondly, the question was the *Measurement* of *Sustainable Impact*, coded also under the top-level code and backed up by the guideline or playbook or how to measure, which is done through a *Framework.* This, however, should not be mistaken with the financial return on an investment, which can be another element under *Sustainable Impact,* especially for foreign investors.

Therefore, *ROI* was mapped as a lower-order code under *Sustainable Impact*, however, separately from the impact measurement overall. As mentioned, those, who have the main focus on the *ROI* are the *Investors*, which was coded accordingly under the ROI, in line with the findings in the transcripts. A more qualitative aspect for the *Investors* which was revealed during this study, a therefore coded during the template revision process is the *Awareness* of *Investors* in regard to measuring the performance of investments, not only from a financial perspective (*ROI)* but also from a sustainable development perspective (*Sustainable Impact).*

The next chapter of this study will analyse the findings of the research interviews in detail. It will hereby group the findings based on two distinct categories. The first category is findings and outcomes from research interviews with private sector participants, followed by those from the public sector.

CHAPTER 4

ANALYSIS OF INTERVIEW FINDINGS

4.1 Introduction

This chapter constitutes the main part and foundation of this research project. It will summarize the findings and insights from all research interviews conducted in the course of this study. It will analyse the statements made by the research participants, where more information on the chronology of interviews as well as the background of the research participants can be found in chapter 3. The intention of chapter 4 is to map the findings of the research interviews to the research objectives of this study and highlight the main findings in relation to the initial research question. A cross-reference will also be made to literature and academic papers, as well as reports found to see, if the findings of the interviews are in line with the literature or may even paint a different picture of the correlation between FDI and the SDGs.

The research interview participants come from two main peer groups, which is the private sector and the public sector. The summary and analysis of all findings of the interviews will follow a two-fold structure to link the findings to a specific peer group. However, the findings will be mainly structured thematically as well depending on the type of organization the interviewee is related to. This thematic structure will be based on a thematic template, allowing a clear comparison between the public and the private sector based on five thematic categories used in the template development process.

4.2 Thematic comparison of research findings

In the following, the five main themes in table 6, which were used during the research interviews will be described, methodologically following Gubrium and Holstein (2001). These main themes are linked to interview questions, which are outlined in chapter 3 of this study and build the first part of the semi-structured interviews.

Main themes to categorize the findings of the research interviews	
1	FDI Ecosystem
2	Linkage of FDI to the SDGs
3	Role of Least Developed Countries (LDCs)
4	SDG Implementation
5	Measurement of Impact

Table 6: Structure of the analysis of the interview findings

To reference direct quotes from the research interview participants, quotations are marked using the reference code of each interview participant (DeCuir-Gunby et. al, 2011). The abbreviation “IR” stands for “Interview Reference” and the numbering is done chronologically by the date when the research interview was conducted. Direct quotations from the interview candidates will therefore be marked using the following format*…” (IRx).*

Before getting into the findings of the research interviews, which represent a main outcome of this research project, I would like to re-emphasize two aspects of the research interviews:

A total of 29 research interviews were conducted. It was initially planned to conduct the majority of research interviews in person, following a comprehensive schedule of attending events and travel to meet interview candidates in person. Due to the global Covid-19 pandemic outbreak in 2019, this initial plan had to be revised during this study. As indicated in the chronology of interviews in section 3.6, only 4 out of 29 research interviews were conducted in person. All other research interviews were conducted online.

Secondly, it was initially also planned to establish focus groups (Gill et. al, 2008) for this study, however, unprecedented global health and safety measures did not allow this to happen. I am reiterating this, at this point of the study, as the global pandemic hit when the research interviews were already ongoing, and the entire interview schedule research approach was finalized. However, the interview approach had to be revised, which also affected some thematic aspects to be eliminated from the study. More information on this can be found in chapter 3.

The next section of this study will start with the summary and analysis of the findings of the research interviews conducted with the research interview candidates from the private sector, followed by section 4.4, which is focusing on the research interview candidates from the public sector including multilateral organizations.

4.3 Private Sector Organizations and analysis of findings

4.3.1 Introduction

This chapter outlines, analyses and summarizes the findings made during the interview process of this research project. Private sectors organizations, especially financial institutions such as banks, consulting firms and rating agencies tend to have a quite different viewpoint regarding global development agendas by the United Nations. This chapter intends to demonstrate the differences and showcase the perception of the private sector on the SDGs, the role of FDI when achieving the SDGs as well as the investment opportunities arising from the SDGs. While the public sector and its findings, which will be analysed in chapter 4.4, has a different legislative mandated background, the private sector and its profit orientation will be especially interesting when conducting this analysis based on the five chosen themes. This chapter intends to outline the key differences between the two, private and public, and as part of this doctoral research project also elaborate on the practical implementation of the SDGs.

The first section will look at the outcomes from the research interviews regarding the FDI ecosystem as a whole, what factors determine an ecosystem suitable for FDI and what role the SDGs play in the FDI Ecosystem. The direct quotations are referenced to the individual interview participant by using the reference coding system outlined in the chronology of research interviews. Each direct quote is given as per the transcript, no editing in terms of wording or grammar has been done. Direct quotations in this study are being presented as stated during the research interviews.

4.3.2 FDI Ecosystem

As a starting point of summarizing and analysing the findings of 29 research interviews that were conducted, the FDI ecosystem will be the first theme to look at. As an introductory question, this topic was taken during the interviews to set the tone for the interview. It was, hereby, especially interesting to see how the interview participants answered differently, depending on if their company had global operations or was only serving a local or regional market. Also, the general understanding of what an FDI Ecosystem consists of as well as the challenges occurring when integrating the SDG agenda into existing FDI ecosystem and environments was discussed.

Embedding the SDGs into the existing FDI ecosystem constitutes a major challenge. *"FDI Ecosystem means that the investment environment in a certain industry, sector, region, country or any other parameter is driven by a certain force, such as technology, data, politics or natural resources" (IR2).* To build the SDGs into such an ecosystem would therefore require *"…the ability of companies to understand, what the SDGs mean for their organization, an investor, which leads to a massive lack in capacity and technology" (IR29).* The perception of the FDI Ecosystem including its global recognition, brand and reputation also play a significant role here. *"Leading investment destinations are usually known for a certain uniqueness or strength in a competitive market…. These site selection factors such as taxation, channelling of revenues, availability of talent and technology remain untouched by SDGs, as they already existed before the SDGs were introduced" (IR10).*

On the other hand, the private sector also considers legislative and regulatory factors to be crucial for an FDI Ecosystem that can embed the SDGs while being attractive for investors. *"The FDI Ecosystem can accommodate the SDGs only, when laws, policies and regulations are adjusted" (IR12), "…which could be seen in the latest efforts to substantiate the SDGs with policy reforms" (IR25)* and "*… legislative measures arising from SDG-driven agenda, mainly by influential personalities and high-worth individuals" (IR4).* At the forefront in an ecosystem focused on investors is the *"…relevancy of the agenda…" (IR9)* and also the *"… transparency and understanding of the information given" (IR13)*, as only this will ensure that investors have the willingness to focus on the SDGs as a priority and any ecosystem, especially an FDI Ecosystem, *"… solely strives and progresses based on the priorities set the investor community" (IR26).*

Attractiveness for investors *"… is correlating with the implementation status, progress and willingness of each location. We were shocked to see how some major FDI destinations have no desire to put the SDGs on the table… it was also alarming how some large-scale investors showed a lack of interest when they were approached and asked about their interest in SDG-projects." (IR22).* An FDI ecosystem exists and develops based on the foundations set through strategic priorities of the location. The question remaining however is *"… does the ecosystem set* *its own priorities based on market dynamics or is a global agenda like the SDGs able to influence the strategy and course of action letting the ecosystem drift in a different direction." (IR1).*

Country-level differences can, hereby, be seen in terms of looking at the FDI ecosystem whereas "*….investors do not consider the SDGs as a true game-changer…" (IR18)* and "*It is often considered to be a reporting requirement rather than a true business opportunity" (IR26)* since the SDGs were "*not sufficiently transformed into business plans" (IR11)* and it was "*up to the company to determine how to utilize the SDGs" (IR9).* While local companies and corporations consider themselves to be part of the FDI ecosystem, either because they are investors themselves or were established as a joint-venture or the result of M&A transactions, the relevancy of the SDGs is widely perceived as *"… something that is only relevant to global corporations" (IR4)… "hard to imagine that it will apply to us as a company with not even 100 employees" (IR2)* and also *"… an agenda that is not affecting industrialized nations as much as poorer countries, where the living standards are low and companies actively take part in the social development of the location" (IR18)*.

Globally operating enterprises, however, see themselves more enabled and challenged to shape the FDI ecosystem through their action. *"For us, it is not only a priority but a day-to-day challenge to have the SDG agenda in mind when making a decision. We have the SDGs displayed everywhere throughout our corporate offices, especially in open areas as we like to remind our employees of the greater good, they are working on every day" (IR25).* The size and global footprint of the company is also an essential factor. *"We have operations in more than 50 countries, and it is unthinkable for us not to consider the SDGs as we are constantly investing in all these locations" (IR12). "In my role, I oversee and analyse FDI data daily and it is evident that ecosystems benefit and create a competitive advantage for themselves when they envision themselves at the top of the SDG agenda" (IR10)*.

Last but not least, the research also found that the understanding and perception of what is an actual FDI ecosystem is quite different amongst private sector organizations, especially having in mind that the SDGs are a global agenda. *"For me, the FDI ecosystem encompasses every individual that participates in the investment process." (IR23) "For everyone who is part of our FDI ecosystem, the SDGs present several goals, where each goal emphasizes a different priority of our economy…. While many fear the SDGs, we embrace the SDGs as we strive to be a leader in* *technology and innovation, not only in Korea, and not only in Asia, and not only in the West but across the entire globe. Therefore, our agenda is global, and the SDGs are as well" (IR9).*

The following section will elaborate on the linkage between FDI and the SDGs, which is one of the main presumptions of this study.

4.3.3 Linkage of FDI to the SDGs

The clear link between the SDGs and FDI is a key element and driver to achieve the SDG agenda is the main statement UNCTAD has made in its World Investment Report. In this section, the related scheme asked the research participants not only if they agree or disagree with this linkage, but also how FDI could play a role in achieving the SDGs in general. While a slight discourse could be seen in the way FDI and the SDGs are linked, a more common answer was given in terms of the relevancy of FDI and the leverage FDI has in terms of achieving global economic development agendas. Also, different to trigger FDI and the tapped into in this section, as many interview participants do not consider FDI to have the ability to create sustainable economic impact without having a local component or counterpart.

"Global value chains are a key element, when you, as an investor, organization or country try to achieve the SDGs. It is almost a miracle for a location to receive large amounts of FDI without looking at what is going on beyond the borders. Therefore, we need to consider global value chains and the global flow of FDI when linking it to the SDG agenda" (IR17). The majority of research participants also saw the clear link between FDI and the SDGs, which UNCTAD stated. *"… it is not only a main driver for the SDGs but the only way we can even start achieving the SDGs in the coming years…" (IR22)* and" *… SDGs require major infrastructure investments…. Everything related to the SDGs is somehow linked to infrastructure, be it digital or physical…. without FDI, the SDGs could not be achieved [I mean] where do you think all these investments will come from, certainly not from countries which are deeply in debt…" (IR23).*

However, FDI does not only mean the inflows of financial investment. Moreover, FDI is a carrier for talent and technology to become available in a certain location as well. *"Large-scale investment projects in SDG countries need two things: 1. An initial willingness by the investor to take on risk and 2… The investor can not only bring money, but he also needs to offer the ability* *to upskill the local population, local SMEs and transfer knowledge and technology as only this will create a sustainable economic impact. A pure financial investment would only be a temporary drive but a sustainable force for the country to become better and achieve the SDGs" (IR7).* Similar statements were made as well on the linkage of FDI and the SDGs such as *"… FDI is not the key driver but is a tool to trigger further local investment…" (IR2), "… I am not sure if UNCTAD realizes that investors do not need an SDG agenda, they need SDG investment projects to tap into…" (IR10), "… the annual funding gap is much larger than UNCTAD if you look into World Bank and IMF data, so the linkage is definitely there, the question is, who has the financial ability and appetite to invest those amounts in a foreign country without second thoughts…" (IR13).*

Accelerated sustainable economic growth at the country-level, driven by FDI is also depending on the legislative environment the individual location has to offer," *… regardless of the SDGs" (IR29).* Innovative businesses that exist locally have to have the ability and platform to become candidates for mergers and acquisitions *"… as a form of a cash injection for the economy. However, if the regulatory environment, bureaucracy or corruption does not allow such ventures, the FDI attractiveness of this location and, therefore, the significance of FDI as a factor to achieve the SDGs in this specific location, be it a city or country shrinks…" (IR23).* This means that government strategies that foster innovation support FDI to be critical when implementing the SDG agenda. Another aspect of the linkage is the selection of individual SDG goals.

"Countries and FDI locations, as well as corporations, need to understand the SDG agenda first before they can make decisions…" (IR10). "… Even though all SDGs might be interlinked, it does not mean that all SDGs can be achieved at the same time or equally important…. The importance rather depends on the strategic priority of the location or organization…" (IR17). "… To link the incoming FDI to achieving the SDGs means to create a clear process of SDG relevancy, which means selecting those SDGs, which are relevant and beneficial for your organization or location…" (IR18). This selection process should be guided by either, *"… an investment policy framework" (IR7), "… an SDG investment framework that allows a clear selection process for each SDG…" (IR4)* or a" *… investment committee on a country level that determines the individual FDI amounts required based on the SDG priorities which were made by the legislator…" (IR11).*

Ultimately there was a common perception amongst many of the interviewees that a clear process is required to select the relevant SDGs and that only this way FDI would play an important role in achieving the SDGs and closing the annual funding gap of USD 2.5 trillion. *"The United Nations* *gave us the agenda, UNCTAD gave us the analysis and facts, however, nobody has yet developed a playbook on how to activate the linkage of FDI and SDGs and make it happen in the everyday life of a global organization" (IR14). "It remains unclear whose responsibility it is, be it the Investment Promotion Agencies, the Government, the Private Sector as a whole or the company itself, to figure out how to create FDI opportunities and channel FDI into the SDGs…" (IR29). "For us as a global investor, we have created an SDG task force to identify how we, as an organization can manage the SDGs and link the SDGs to our own investment decisions abroad…. However, this is just the beginning, the initial strategic alignment…. No one knows today, how the contribution we make through our investments, can be measured and reported…. As not only the process, tools, regulation but also an overarching authority is missing, which does compile SDG progress based on the annual performance of private corporations and investment firms…" (IR23).*

The following section will look closer at the role of Least Developed Countries (LDCs) and how foreign investors can help to achieve the SDGs in those countries.

4.3.4 Role of Least Developed Countries (LDCs)

The SDG agenda for sustainable economic, environmental and social development is a global agenda and therefore applicable to all countries, which are part of the United Nations mandate. The goals, however, especially address gaps and needs of developing countries and advocate for the urgency of action in those countries which are labelled as least developed countries. From an FDI perspective, the question is hereby, how investment opportunities from the SDGs can arise in precarious conditions which exist in those countries, resulting in a high uncertainty for investors and massive circumvention of LDCs by investors due to risk aversion. In fact, the question goes *even* further asking how priority can be given to channel FDI into LDCs to achieve the SDGs in those countries first.

A first finding and also a foundation for every investment decision is the availability of credible and verified data." *Risk aversion does not come from nowhere, it is usually the result of a due diligence process that leads to a go and no go for an investment to take place…" (IR22). "… statistics are needed for sound decision making…" (IR10)* and further *"… a value proposition of a location needs to be substantiated with credible independent data from verified sources for* *anyone to deploy financial resources… "(IR18).* The reputation of the SDGs amongst investors is especially in the least developed and developing countries key factor for decision-making processes. *"The SDGs, to be honest, is often compared to the organic label in the food industry…. If you look closer, the label is only a branding instrument to generate higher revenues whereas only a minority of products deserve to be labelled as organic. Now look at the SDGs and compare. SDG projects are government-driven, which means they are based on a political agenda and other interests than sustainable development… The government needs a substantial amount of money to drive its agenda forward and the SDGs will help this endeavour a lot if used as a branding tool… This practice is what creates the risk aversion amongst investors…" (IR10).*

From a policy and legislative perspective, there are no existing standards on how a country measures its SDG performance. *"… it can be anything from the number of FDI projects marked as SDG- relevant to the GDP contribution and spent on Research & Development, anything can be reported as SDG relevant…" (IR13).* Investment opportunities would have to be profiled first and *"… follow an international standard of transparency and reporting…" (IR7)* for investors to actively consider least-developed countries to deploy FDI. Especially Greenfield FDI projects are *"… only interesting for what is known as a portfolio or institutional investors, who have the financial ability to absorb potential losses and secondly the ability to intervene themselves through engagement with the local entities in charge to steer the investment in the right direction" (IR11).*

Another finding was the need for prioritization of countries that are considered LDCs over industrialized and wealthy nations. This is also closely related to the investor perception of the SDG agenda in general. *"…The SDGs are a journey over more than a decade, which is in principle great for any investor as it allows a long-term horizon. However, classification and prioritization in terms of the funding gap does not exist…*" (IR2). "… A global platform where those LDCs can globally announce and tender their SDG projects is missing… due to local competition for the investments, such as platform could only be driven and established by a neutral, third party such as the United Nations themselves…" (IR10). To enforce governance on how SDG investments can be channelled *"… country-level committees or mandated government bodies are required in every country to be responsible for the reporting on SDG projects but also to channel received FDI into relevant and approved projects… specifically LDCs lack of these government institutions that are focused on economic prosperity over political power…" (IR18).*

Investors, especially in infrastructure projects in LDCs usually seek more than just financial return. *"… Investors are going beyond the ROI and looking into political influence, natural resources, cheap labour or collection of foreign intellectual property… the power and influence an investor has, in LDCs in particular, should not be underestimated…" (IR12). "Investors, which build a manufacturing plant, for example, they do not just build a plant. They build roads, houses, schools, the infrastructure around the plant… they become an integral part of the economic stability of this region through their investment…" (IR14).* Therefore, a crucial aspect to achieving SDGs being converted into true investment opportunities in LDCs is the stringent investment facilitation. *"No investor will deploy resources and manpower in a least-developed or developing country without a local authority facilitating the investment… this also includes investors services such as Aftercare, which means the support of investors by the local authorities after the investment is made…" (IR17).*

The least-developed countries are also part of the ongoing globalization. Digital advancements drive this development even further and there are multiple examples of where processes in LDCs are already digitized to allow access for the entire population, which is sometimes bound to their local region, while in industrialized, advanced nations digitization is lacking. *" Looking at globalization, the SDGs offer have a tremendous potential of inclusion of those countries, which seem to be left behind. Technology enables us not only to communicate better with each other, but a global interconnection is a tool, which allows investors to increase their global outreach and use globalization to tap into unknown markets and deploy capital and resources better…" (IR11).* The global pandemic in 2020 has shown how tightly connected the world is and that physical borders do not limit a global outbreak of diseases or the efforts in the aftermath to fight the pandemic. From an SDG perspective, and especially narrowing the focus on FDI, globalization is indeed an opportunity for SDGs to help those in need to benefit from technologies, resources, innovation and financial ability of those who drive globalization forward. This requires, however, a joint effort of both parties, to give certainty that mutual benefits will be achieved, and the investments made are in the best interest of both, the investor and the receiving LDC.

The following section will provide a closer look at the interview outcomes discussing the SDG implementation, especially at the organizational level.

4.3.5 SDG implementation

Coming to the fourth theme of the interviews with the interview candidates from the private sector, which is the SDG implementation on an organizational level, which constitutes one of the biggest challenges for companies and corporations worldwide. This section linked the overall understanding of the correlation of FDI and the SDGs to the operating model or organizations and elaborated on different aspects of SDG implementation, which includes the responsibility of implementation on a regional, national, and individual level, as well as the application of SDGs for a private organization including the measurement of SDG performance. Starting from the absorptive capacity required to integrate the SDGs in an organization up to the cumulation of SDG performance on an aggregated country level. The impact of this SDG implementation from an economic, environmental, and social perspective will then be discussed in the fifth and final theme of the interviews, which will be covered in the next section.

Looking at SDG implementation from a private sector point of view, the main discussion point about the FDI Ecosystem as a whole is the selection process of SDGs, which apply to the individual organization. *“Every organization has to have the ability and capacity to select those SDGs, which are related and relevant to their strategic objectives as an organization” (IR7)*, and “*international companies cannot divert their focus on growth targets because of sustainable development agendas (IR23)*, which is interesting as the SDGs were intended as an enabler for business rather than another obstacle. Furthermore, investors incentives play a crucial role to achieve a successful SDG implementation in the private sector. *“Incentives targeting investors to advance the SDGs have to follow a clear structure of which incentives are available, who is eligible for the incentives and how the incentives can be availed… this also includes the different types of incentives there are from tax exemption and other monetary incentives up to non-financial incentives in certain location and markets…” (IR24).*

Tapping into the local value chain and the network of existing suppliers is another factor for SDG implementation. Especially in developing countries, where risk aversion of international companies is high, local suppliers play an even greater role. *“Access to and data about local suppliers is very important for us to establish our operation… looking at the SDGs without knowing the local suppliers that are available does not make sense as you would exclude a main contributor and beneficiary of the value created…” (IR9).* Furthermore, *“… economies of scale can only be generated… “(IR4)* and *“… “local SMEs can only be partnered with, if local* *governments and business networks foster those partnerships, especially with foreign investors entering the market…" (IR11).*

"SDG implementation, for me, means Research & Development, what we call R&D and also innovation capability…" (IR1). This collaboration between the private sectors, government and academia is often underestimated, especially in terms of the capacity building amongst local government entities and affiliated branches of foreign companies. *"The creation of centres of excellence is a role model for a clear connection between business owners, investors, universities and the government to allow R&D in the country…. For me, the SDGs cannot be alive without R&D as many of the SDGs require a complete reconsideration of the existing models and instead create the need for new solutions…" (IR2).*

Besides understanding the SDGs and creating partnerships, the angle of investment attraction plays a significant role in terms of SDG awareness. *"…as an investment destination, there is one key element, when you want to promote your location as an SDG contributor to investors, it is the marketing…. this does not only mean advertising, but it also means to have a fully developed investment promotion strategy or IPS, which is a best practice to have for any FDI destination… (IR26).* Multi-national corporations are aware of the underlying rationale to create sustainable impact through their business activities and investments aside from profit orientation. *"When you invited me to contribute to this study, my first thought was, SDGs sounds to me like a CSR 2.0…. let me explain to you, why many companies see it that way: Corporate Social Responsibility or CSR is a core of our operations and strategic vision for many years, so for us as a company with thousands of employees around the world SDG implementation is nothing, we are afraid of… we see it as an opportunity and a chance…" (IR22).*

As an investor, however, there has to be a certain way of recognizing and incentivizing the investor to tap into an investment project that has SDG characteristics. *"… this could be, for instance, a special category of FDI incentives that can only be availed if you, as an investor, fulfil set SDG criteria… "(IR14).* However, amongst many interview participants, one major gap in terms of SDG implementation became visible, which is *"… there is a problem for me as an investor, and that is the lack of clarity and information…. If I invest tomorrow in a certain country in a certain sector, nobody can tell me if this will be an SDG project or not… I wonder why no international platform of SDG FDI projects is there to pitch for, like a global tendering process with clear qualification criteria…" (IR18).*

Another aspect to achieve SDG implementation for investors in the private sector is the actual investment attraction perspective. Scaling operations also means optimizing site selection processes. Travel restrictions and emerging digitization are factors that influence where investors deploy their capital. The traditional Investment Promotion Agency, which is mostly mandated by and linked to a certain local government entity has to innovate its business model to be able to achieve SDG implementation in their location and individual priority sectors. The lack of visibility is hereby especially apparent. *"For me as a site selector, we have to rely on our data and intelligence to provide guidance and give advice to investors as most IPAs fly under the radar when it comes to SDGs… in fact, many of my clients ask me about the SDGs and where the investment opportunities are, however, how can I answer that if not even the IPAs can tell me…" (IR7).*

The traditional investor onboarding process has to be transformed to activate and implement the SDGs. *"… a simple comparison is investment fonds and FDI… in an investment fund, I know exactly what kind of investment is available and what type of investment I am tapping into whereas in FDI the transparency and availability of information for our analysts is minimal when they conduct a due diligence…" (IR4).* Moreover, *"… IPAs need to step up their game and digitize their assets… this starts from having an updated website with published legislation available online up to a virtual site selection process and allowing online meetings between the investor and the IPA…" (IR10).* SDG implementation cannot succeed without offering the investor what is needed to make an investment decision. This includes the promotion of targeted sectors for sustainable FDI and the ability of the investors to receive the information they need.

The next section will look closer at the outcomes of the research interviews related to the main challenge identified by this study, which is measuring the actual sustainable impact, FDI into SDGs can have, what components it consists of and what requirements, policies and tools are necessary to measure the impact of FDI projects.

4.3.6 Measurement of impact

The fifth and final theme of the research interviews is covering the main research objective of this study, which is a way of how to measure the impact that sustainable investments have towards achieving the SDGs. This was also by far, the most controversially discussed theme amongst the interview participants, even amongst those from the private sector. Measuring impact means, ultimately, translating SDG performance into financial and non-financial returns and measuring the effect Foreign Direct Investments had in a specific vicinity regarding economic, environmental or social development. At the time of research, aggregated country-based macro-level data is the only available database measuring SDG performance by determining the progress of SDG implementation using known macro-level indicators.

The more specific question of this research project is, however, how can private organizations, investors, in particular, determine the impact they create through their investment and how this impact can translate into a tangible financial or non-financial return of an investment project. This also means determining the beneficiary of the impact, which can be the investor itself on the one hand and the location, regional market and society the investment project was conducted, on the other hand. Ultimately, a successful SDG investment project would be qualified by the ability to achieve both, positive impact for the FDI destination and positive returns for the investor.

Sustainable impact, achieved through Foreign Direct Investment, has to follow a clear rationale, which *"…considers human rights, climate change, economic growth and social welfare, not only through indicators but in reality…" (IR29).* Without a clear rationale *"… why any investor should consider an SDG project…" (IR26),* no impact can be measured as the rationale provides the pathway and clarifies what the investment is supposed to achieve in terms of impact. However, this rationale should be closely aligned and not be individually determined by every country. *"Sustainable investments are based on the fact, that the same investment is considered sustainable in country A as well as in country B…. Let's take a battery factory – without a clear guideline of what is sustainable, country A could say we love electric energy, and a battery factory is great whereas country B says, batteries contain harmful substances, therefore, for us, an investment into a battery factory is not sustainable…" (IR7).*

Moreover, the parameters considered, when measuring sustainable impact can vary quite significantly. *"Take a standard FDI performance measure, which are the new jobs created through*

FDI…. It is a global indicator used in every FDI project, is that not sustainable impact? If you ask an expert, one will say yes, the other will say maybe if the jobs are value-creating jobs with a high purchasing power, and the third expert will say no job creation is not related to sustainable impact…" (IR1). This difference in perception and opinion, therefore, requires a standardized framework for how the sustainable impact of investments is measured. The construction industry, as a major sector attracting FDI already has certain sustainability measures that qualify FDI projects that create sustainable impact. *"… there are standards in construction based on ISO, which is the International Organization for Standardization. Specific ISO standards measure environmental management and specify sustainability requirements…" (IR12).* Lifting national regulations as the first step of compliance could be another way to introduce standardized measures of impact. *"Many countries have national standards for health and safety or national sector-specific strategies with sustainability targets… any FDI project that can contribute to those targets could be considered a sustainable project… of course at the end of the day, that does not automatically mean it contributes to the SDGs, but it is a start…" (IR18).*

Besides an internationally binding framework or the uplifting of compliance with national strategies, another aspect in terms of FDI project evaluation on a national level is considerable. *"… SDGs are a national agenda, and the government authorities should prioritize not only the SDGs applicable to themselves but prioritize also FDI projects that contribute to the national agenda. Governance is key to succeed, for example through a national FDI committee or SDG investment board that reviews, evaluates and approves FDI projects contributing to the national agenda…" (IR14).* Stringent vetting of FDI inflows has been introduced in many countries and economic zones, mostly to protect local industries. However, this screening process could also be applied for the SDGs, if FDI projects are screened based on set criteria. *"… especially large-scale foreign investments exceeding one billion USD, which will require and utilize local infrastructure, water, land and power supply should be closely assessed by a competent authority… this includes to determine if the investment is government-backed or not, for example by a state-owned conglomerate that is financing the investment…" (IR26).*

What has been witnessed as a precondition to measure sustainable impact is the overall perception the SDGs have in the private sector. The image of the SDGs as well as their credibility as a trustworthy international agenda are equally relevant to the mere fact of the actual influence the SDGs have for the decision-making process of businesses. Several interview candidates stated that *"… for me, the SDGs are not a priority at the moment…" (IR22)* or *"… the SDGs will* *mostly help and be achieved in developed countries, whereas the impact in developing countries is only minor, as the gap to reach a certain level, which the SDGs already assume to be existent does, in reality, not exist in most countries." (IR26).* The question is also what influence the SDGs have in terms of influence. *"CSR and the SDGs have one thing in common, it is the mindset and the perception… for businesses the SDGs are soft targets, even the underlying indicators are soft as they are not applicable for a private organization and rather reflect an aggregated state level performance…" (IR29).*

Another aspect is revenue creation, which is key to any FDI project, especially in the long-term perspective. Non-profit organizations tap into the SDGs as an agenda for the greater good, whereas private organizations, especially investors, struggle to identify potential or additional revenue streams being generated through the SDG focus of their investments."*… Imagine you are a company which wishes to expand, you decide on a location to access a market, to have more customers, sell more products and services, have larger operations, a bigger market share and an increased global footprint…. The question is if the SDGs will support this investment rationale and if so, are the SDGs able to even increase existing or generate new revenue streams for the investor…" (IR22).* Risk mitigation is crucial in this regard. *"… Are you able, as an investor to measure the sustainable impact your projects have? I don't know, but what I can tell you is that most investors already struggle to determine the risks they take when deploying capital and assets into a country, especially those which are considered as developing countries or marked as LDCs…" (IR11).* Risk mitigation and investor uncertainty in this context also means that only authority and a governing body would allow investors to set criteria for measuring impact.

What many interview candidates determined as a baseline for any impact measurement is the capacity of understanding the SDGs and their underlying hard targets. Local Investment Promotion Agencies would have to be mandated to *"develop action plans how to incorporate the SDGs in their existing investor service portfolio and also be in charge of reporting on the SDGs and the individual FDI project performance of each investment…" (IR13).* One idea, hereby, is to create a dedicated index, which measures the level of impact the individual investment project has based on set criteria. *"… Let's assume we create an indicator that measures the impact of each investment for the local economy, for society and for the environment…" (IR10).* To exemplify this thought for a solar park, the Impact Investment Index would have to be able to measure at least the impact based on one indicator for each of the three-dimensions – economy, environment and society. Alternatively, the Impact Investment Index could also draw from the

SDGs, the individual location has set as a priority. In the example of a solar park, several factors such as reduction of emissions, reduction of usage of fossil fuels, energy prices, GDP growth as well as land utilization and social impact on the surrounding area would be factors to consider.

The value-creation aspect is hereby not only financial, which leads to another idea in terms of measuring the impact of investments towards the SDGs. *"What if not the country sets the priority in terms of SDGs, but the individual investor does…: (IR22).* What that could mean is, looking at the specific FDI project and determine for each project, which SDG goals are applicable for this particular project. The impact is then measured based on this selection. Only as a second step, the impact on the individual SDGs would be compared to the national agenda to identify any convergences. Therefore, if the project contributes, for instance, to SDG goals no. 2 and 5 and the national agenda is also focused on SDG goal no. 5, then this specific FDI project contributed to the national SDG agenda. This bottom-up assessment would have one significant advantage as there will be no limitations in terms of SDGs. The investment could contribute to any of the SDG goals and the contribution to the national agenda would be ratified afterwards. In hindsight, however, SDG related incentives could then only be availed once the project has passed an SDG evaluation process. The Impact Investment Index could then be used to determine the extent the investment projects overlap with the SDG priorities of the national agenda, the higher the consensus, the higher the index value. However, not only limited to the number of SDG goals, which are equivalent but also based on the contribution the project makes to the individual SDG goal.

The discussion around measuring the sustainable impact of FDI projects also lead to suggestions of improving public-private partnerships (PPP), where a local government partner engages with the foreign investor to realize an investment project. *"… One of the most effective methods I see to implement the SDGs in any country is the government to partake in the actual investment…" (IR11).* Public-private partnerships have several advantages in terms of SDG implementation and impact measurement. *"If a government partner is on board, it can act as a guarantee that the project is aligned with national government strategies and SDG priorities…" (IR4)* and further *"… the local government partner would also ensure that all investor incentives are availed, and access is granted to the relevant authorities…" (IR10).* Also, in terms of risk mitigation, the government partner would have a significant advantage since" *… any government authority, especially in developing countries would keep striving for a successful project outcome and act as a trusted partner for the foreign investor…" (IR9).* The mutual benefit of the partnership, similar to a PPP can also be seen in a joint venture, where instead of a public sector entity, a local private corporation joins the investment project. This joint-venture (JV) investment is *"… not only as an easier way of market access, but also a way to benefit from local knowledge, talent and expertise when deploying capital…" (IR2).* The created impact would then be split amongst the partners in this investment. However, the theory might be that *"… a local partner could even increase or multiply the impact created… since the access to the local market is even broader and the credibility of the investor even higher than if the investment comes solely from abroad…" (IR1).*

Measuring impact from a private sector business perspective also led to another idea during the discussion in the research interviews. This idea would apply to many FDI destinations and could act as a role model to solve at least the attraction problem as well as limit the parameters of how to measure the impact the FDI project has. It was suggested to *"… think about free zones, economic zones and clusters, what if cities would start to create SDG Economic Zones, where only approved SDG investors are allowed to open an office, a factory or other industrial facilities… Instead of giving FDI incentives related to the SDGs on a project-by-project basis, all companies in the SDG Economic Zone would have the privilege through their trade license to be granted all available benefits linked to the SDGs. To go even one step further, the SDG Economic Zone could advertise that each SDG goal has a limited amount of dedicated trade licenses available, which means that the investor has to pitch to receive this license, depending on which SDG they want to contribute to…" (IR4).* Picking up this idea would create a solution also the measurement of the impact generated. The reason is, that not the individual company would be evaluated in terms of sustainable impact, but the entire SDG Economic Zone as a whole would determine the impact made towards achieving the SDGs. This economic zone would only work, if a customized FDI incentive package is available to the companies located there and no limitation to market access outside the zone exists.

As a triggering factor to boost FDI inflows into SDG projects and also bolster the efforts made to measure sustainable impact one research participant stated that *"local investments made into SDG projects would certainly encourage foreign investor to also look into this market… it would not necessarily increase the availability and accuracy of data measuring the impact, however, it would enhance the impact overall, in a band-wagon effect manner, where the foreign investor follows the lead of the local investor to tap into the market opportunity." (IR10).* This assumption could certainly be true, especially looking at the fact that SDG sectors are often emerging markets or a rethinking of the existing such as retrofitting buildings as a new form of a construction project.

The driving force, hereby, would not be the sustainability aspects but rather the initial investment the local investor has made. This signpost investment is not only limited to the private sector though, but it could also be the government or a sovereign wealth fund that is inserting cash into an SDG project to lead the way and promote the SDG sector as a new value proposition of the individual FDI destination.

The before mentioned FDI screening process can also act as an enabler and path to measure sustainable impact. *"… Screening of FDI projects as standard procedure to determine SDG impact could be an idea… "(IR18).* To conduct this screening process transparently and utilize existing screening policies and mechanisms could benefit the journey towards measuring sustainable impact. Utilizing a centralized FDI registry, each FDI project would automatically be assessed in terms of SDG contribution. This, however, only works if the FDI destination and its respective authorities have determined their SDG priorities. If an FDI project turns out to be beneficial to the location's SDG agenda, it could then be offered additional benefits and investor incentives, as long as the investor continues to comply with regulatory and reporting requirements. This could also involve another concept, which came up during the interviews, which was *"… a dedicated SDG trade license or certain business activities marked as SDG contributors…" (IR1).* Including the SDGs in the business registration process would automatically ensure that all foreign investments are captured, but also provide a foundation for FDI screening and SDG assessment. Setting up a threshold in this regard, which outlines the anticipated impact generated through FDI could then serve as a benchmark for any investment coming in. Once the criteria are met, the investors could benefit from a specific type of trade license, avail SDG investor benefits and also receive recognition as being a direct contributor towards achieving the SDG goals in the specific country or FDI destination.

This concludes the summary and analysis of the findings of the interviews conducted with research candidates from the private sector. In the following section, the findings of those interviews, which were conducted with research candidates from the public sector including multilateral organizations will be summarized and analysed. To allow more accurate comparison between the findings of the private sector research interviews and those of the public sector, the same five themes will be applied to group the findings, as the themes are linked to the research questions given during the first part of the interview, which was structured through a set of five standard interview questions given to each of the candidates.

4.4 Public Sector Organizations and analysis of findings

4.4.1 Introduction

This section showcases the comparison of outcomes and results of the research interviews from a public sector perspective compared to the private sector point of view, which was elaborated in chapter 4.3. The section includes insights and findings from interviews conducted with research candidates from the public sector including those associated with the multilateral organization. Interview candidates in the public sector consisted especially of high-ranking government officials as well as chief economic advisors and senior-level representatives from the relevant entities and authorities. It was especially due to my role as a government official to receive access to several entities using a network, which I had established prior to and at the beginning of this research project. I would like to emphasize that for the conduction of these interviews all protocol requirements were followed with each of the individual entities besides the requirements of the university. To protect the identity and personal information of each interview candidate, I will not further elaborate on individual protocol steps which were taken to set up specific interviews and instead move on with the summary and analysis of the findings.

As mentioned above, the structure of this analysis will follow the same thematic logic of those in the interviews with the private sector interview candidates to allow a direct comparison of findings in each of the different themes. Additionally, both, the private sector candidates and the public sector candidates received the same standardized questions as the first part of their interview. The rationale behind this tactic is to identify the differences based on their roles, experiences and positions instead of receiving different findings due to different questions. With standardized questions for every research candidate, I was able to conduct a direct comparison of findings.

4.4.2 FDI Ecosystem

As a starting point for each of the interviews, it was interesting to see the different perceptions of each interview candidate of the FDI ecosystem. Especially the public sector view on the ecosystem is overly critical when implementing the SDGs successfully. *“For me, an FDI ecosystem must be agile yet strong enough to sustain any crisis… a working ecosystem will embrace the SDGs as an opportunity for everyone…” (IR6).* Others see it more differentiated, saying that *“… creating investment opportunities from global development agendas is the role of* *the individual countries who should apply the SDGs in their best interest… it is more common for investors, in my opinion, to tap into a profiled investment opportunity, where the government has provided targets of how and when the SDGs will be implemented…" (IR19).* Some even go further and state *"… policymakers and legislators are the ones most capable of translating the global developed agenda into actionable investment opportunities… ecosystems coexist, therefore, a one fits all solution does not apply for this question… we need tangible opportunities with actionable initiatives and hard targets…" (IR21).*

Ecosystems encompass all relevant stakeholders. The public sector, especially multilateral, have a powerful role as it can influence the course of action and divert the attention of the entire ecosystem to a specific agenda. Therefore, partnerships between public sector entities and across borders are required to successfully understand and implement the SDGs. *"… It is miraculous to me how some heads of governments are convinced that they can avoid being part of the SDGs, while others intend to claim all victories and the tiniest progress for themselves… building global partnerships, in terms of FDI especially between the IPAs is crucial to driving the SDG agenda forward…" (IR28).* IPA collaboration was a common suggestion amongst many of the interview participants. This includes lessening the competition and instead of joining forces in terms of creating sustainable impact.

Some public sector ideas, however, go even a step further. *"… Governments and mandated trade and investment agencies have to convene in a dedicated institution, solely established for drafting and enforcing an agenda to achieve the SDGs by 2030… if this mutual understanding is secondary, dominated by profit orientation and self-interest of certain countries, the SDG agenda can firstly never be achieved and secondly, investors will certainly keep their hands off these SDG projects…" (IR20).* For the FDI ecosystem, this means, that it has to grow globally and offer a platform for everyone to participate in translating the SDGs into investment opportunities attractive for investors. A governed body in the form of a global council, committee or entity could be a solution to pool competencies. *"An ecosystem has its own dynamics, however, if a certain lobby is being built, where both, the government and investors come together to discuss the challenges and opportunities the SDGs entail, then this is something valuable that could work…" (IR6).*

One of the biggest challenges for the FDI Ecosystem are regulatory distinctions. *"… policies have to be streamlined… this also means certain nations have to cut back on their protective measures and adjust their legislation to allow SDG investments… on the long-run investment promotion and* *investment facilitation for SDGs can only be successful if there is either a common investment policy in place or individual regulations are aligned to offer investment opportunities to investors without a massive bureaucratic burden…" (IR20).* There were several attempts made to introduce an FDI law and policies that are globally binding and applicable, especially in terms of investment facilitation. The main idea is to give countries a platform, which do not have the capability to create awareness as an FDI destination and promote investment opportunities themselves. Instead, the global policy framework and leading investment destination should help uplift those other destinations and to channel FDI to them. However, protective geopolitical measures, trade barriers and self-interest have so far prevented a successful implementation of such a comprehensive framework that is globally applicable. *"… familiarity with local regulations and investment treaties is low, so how can an ecosystem exist and expand?... it needs a push towards transparency and cooperation to implement and achieve the SDGs successfully…" (IR28).*

To upgrade the ability of the entire FDI ecosystem to be able to implement the SDG agenda and contribute to the achievement of the SDG goals by addressing the funding gap, it also requires another vehicle of business to be further developed. *"… especially the imparity of power within the ecosystem is a major threat to the FDI ecosystem when we talk about sustainability, equality and fair chances… developing countries often lack negotiating power and negotiation capacity which leads to a massive disadvantage in the investment facilitation process…" (IR24).* Capacity building is, therefore, a major aspect in driving and developing the FDI ecosystem to achieve an increased attractiveness for foreign investors. The question is whose responsibility is it to provide the capacity building to shape the ecosystem and enable all its participants and stakeholders. In a recent discussion, policy makers and thought leaders also open the fourth dimension to the definition of sustainable FDI. *"Sustainable FDI considers usually three dimensions, the economy, the environment and the society… more recently a fourth dimension was added, which is the governance… this governance dimension consists of several characteristics such as standards in supply chain management, risk management, consumer protection as well as legal compliance and anti-corruption measures… an ecosystem, from my point of view, cannot exist if it is not properly governed…" (IR27).*

Considering this fourth dimension also leads to a revised perspective on the SDGs and how to shape an ecosystem attractive to investors. Promoting the SDGs before promoting certain FDI destinations could be a way forward, as *"… a major attribute of an ecosystem that is pulsating and thriving is its ability to address and positively present local particularities… in other words,* *every city has its ecosystem and own unique benefits is can offer… if the SDG emphasize those benefits and, at the same time, allow a contribution to sustainable economic development, this could be the answer to your question…" (IR8).* But governance goes even a step further. Foreign investment would have to have the ability to establish and enforce a governance system by rejecting any form of business practice that do not follow certain standards. Any investor would have to commit to corporate social responsibility and a certain code of business conduct (Nyuur et al, 2019). This will also be in line with the idea of the SDGs as *"community development through FDI coming into a location can also mean that the investor actively works on establishing better business practices and carefully observe the impact the investment has locally… This awareness is what we want to see as a government entity that investors not only uphold but actively live and promote best practices in terms of business… " (IR3).*

As well as good governance, an FDI ecosystem can only be attractive for investors it if offers opportunities for revenue, growth and expansion. For the location, however,"*… every investment should follow two main principles… one is creating new jobs… second is adding value to the local economy…" (IR5). "We have seen many investors setting up branches with no or only one employee, proclaiming to contribute to sustainable development… however, if you ask me, this kind of investor should not be eligible to be considered as SDG investors…" (IR6).* As this research study is also elaborating on the criteria for how sustainable impact can be measured and how SDG contribution can be quantified, the job and value creation aspects are valid factors. Stimulating the economy and being a role model by upholding social standards as an investor creates a major contribution to the FDI ecosystem. The question is, however, what can the public sector, in particular, encourage the investors to follow those practices. One way seems to be SDG investor qualification, where *"… those investors, which contribute to achieving the SDGs will have a privilege over investors which do not adhere to the SDG principles… this additional incentive is the only way to offer the investor the SDG compliance as a benefit for them… building investment opportunities derived from the SDGs will then be the second step once the investor is SDG qualified… " (IR19)*

The next section will provide a closer look at the linkage between FDI and the SDGs and how FDI can be a major factor to close the annual funding gap identified by UNCTAD in the World Investment Report. The focus, hereby, is especially on the responsibility of the public and private sector, and it will be interesting to see how public sector officials and representatives of the multilateral organizations perceive this responsibility. The section will also look at the different ways of financing as well as several types of FDI, which can be deployed through the involvement of the public sector and the local governments in the receiving countries.

4.4.3 Linkage of FDI to the SDGs

The annual funding gap of an estimated USD 2.5 trillion until 2030 is by far the biggest challenge to achieve the SDGs. FDI has been identified as a major tool and lever to overcome this funding gap by channelling substantial amounts of FDI, especially to those countries and sectors, where the funding need is the highest. Financing models, however, have caused a controversial discussion, also during the research interviews of this study. *"… for me, the funding gap published by UNCTAD is only the tip of the iceberg, as many funding needs have yet to be quantified, especially in rural parts of the world where all of us face a data gap… "(IR3).* Also, financing models for some research participants did not only mean a straight inflow of FDI from the investor to the receiving country but rather rethinking existing models of FDI and introducing new elements to them. *"… with a multi-billion USD annual funding gap we simply have to think outside the box… business and investment monitoring is one thing, which comes to my mind, another is a tax for non-compliance… SDG investments that do not move the needle towards achieving the SDG should be financial penalized, or if you go a step further, <u>all</u> investments that do not have a clear SDG component or can prove a clear SDG contribution should be taxed by either higher fees for the investors or less financial incentives and exemptions to avail…" (IR21).*

Also, the frequency of investments is an aspect that is crucial when financing the SDGs. While usually, an investor is looking for opportunities to re-invest through growth and expansion, the SDGs require the FDI horizon to be manifold with a need for re-investment. *"Re-investments are key for the SDGs to be achieved, simply due to the extensive due diligence every investor has to go through when entering an SDG market… if all of this effort would be made for a one-time investment it would waste effort in many ways, to be frank… "(IR19).* From a public sector perspective, these reinvestments would have to benefit from a" *… faster and mechanism of approval than a first-time investment… digitization and e-government initiatives are especially helpful as maintaining databases of existing investors can accelerate approval processes significantly…" (IR24).* This fast-track mechanism of facilitating the investment is, however, not only limited to the company registration process. It also comprises of *"… custom clearances, building permits, connection to utilities and tax registration if applicable… "(IR20).*

Investment Promotion Agencies (IPA), also referred to as Investment Development Agencies, are usually public sector entities, either independent or established as a subdivision of a federal or local ministry. The main mandated role of the IPA is promoting the location to foreign investors and attracting and retaining FDI. Closing the funding gap to reach the SDGs means attracting substantial amounts of FDI every year. The question is, therefore, what perceptions do the research participants have of this role and what type of responsibility do they see for the IPAs. Compared to the private sector research participants, which identified the IPAs as the major authority to understand, address, implement and ultimately translate the SDGs into tangible investment opportunities, the public sector has a more differentiated point of view. *" IPAs are at the centre of action in terms of the SDGs… the United Nations and its industry-focused organizations have given the IPAs a clear mandate… UNCTAD has re-emphasized this mandate by quantifying what is financially needed to achieve the SDGs…. however, let me say this, the IPAs are also only a facilitator and enabler, it is up to the investors to provide what is needed to close the funding gap…" (IR15).* This means that the IPA has to enable the investor to deploy capital into SDG projects. Therefore, the IPA is the pivotal point where the investor meets the SDG agenda, figuratively speaking. The IPA would have to trigger the implementation and prioritization of SDGs for the FDI location, determine the investment opportunities and then promote them accordingly to its mandate. Interestingly, *"… the responsibility for making a true impact at the end of the day, however, lies with the investor, not with the IPA as the FDI coming in can close the funding gap, not the work of the IPA…" (IR6).*

What about countries and FDI destinations, however, which do not have an IPA? And often those locations suffer from an even larger funding gap than locations in developed, industrialized areas and economic powerhouses. *" IPAs from leading investment destinations have a responsibility towards those locations, which cannot promote themselves…. Beyond the promotion aspect it is also about the sheer understanding of the SDGs and breaking down the SDGs targets for the location concerned… this is, to me, a major part of the idea behind the SDGs if you look at the United Nations mandate overall "(IR5).* Advising and enabling IPAs in developing and least-developed countries to allow underprivileged FDI locations to tap into the SDG opportunity is, therefore, a crucial element to successfully close the funding gap. *"… Intergovernmental and multilateral organizations have to interfere, where help is needed and encourage local government to utilize all their resources… the SDGs are a global agenda for sustainable development, not a competition for sustainable FDI..." (IR16).*

Quantifying the total annual funding gap is one thing, quantifying the financing needed in a specific country, region or sector is another. However, not every financing need is equivalent to an investment opportunity. *"… despite the SDGs tremendous potential as a development playbook, not every SDG is, in my opinion, an investment opportunity… often the investment opportunity lies within the SDG or only arise when combining different SDG goals …" (IR19).* Therefore, profiling the concrete investment opportunity, which is part of an IPA's mandate is an essential step to start attracting FDI. This, however, requires a deep understanding of the SDGs as well as the correlation and interconnection between the SDGs. *" A step-by-step approach could be the solution here, breaking down the funding gap of a country and determining where foreign investors can tap in and invest…" (IR15).* Other research participants see a two-folded way to close the funding gap through FDI."*… one way, is to keep promoting and attracting FDI as before and instead just measure whatever is SDG relevant…. another way to create new investment opportunities, which specifically emerged from the introduction of the SDGs… to be honest if you are an IPA, you have to do both..." (IR27).* That means mapping existing FDI to the SDGs and measuring the contribution as well as profiling new investment opportunities created through the implementation of the SDGs in a specific location.

Another aspect in terms of using FDI as a lever to close the SDG funding gap is narrowing the focus on a specific sector or a specific SDG."*… so far there is no clear process how governments and IPAs should determine, which SDGs are applicable for them…" (IR24).* Some countries have established reporting structures that measure the progress of the implementation of all SDGs, however, specific FDI destinations should not follow that logic. Instead, government strategies, local priority sectors and specific social needs of the location should determine the SDG priority. If an FDI destination faces massive infrastructure or environmental problems, this should be prioritized over other SDG goals. *"Let's take a step back… choosing the SDGs can not only put pressure on the government if the government does not give guidance on which SDGs are most relevant but the pressure is also handed on to the investor… Let's assume the investor is looking for an SDG project, but neither the government nor the IPA can provide that investment opportunity, then you reached an impasse which is, in my opinion, the worst possible scenario…. you have a funding gap, which is massive, you have financial resources to deploy from the investor, but the receiving end is unable to say where to put the money…" (IR16).* Monetizing and qualifying SDG investment opportunities is, therefore, one of the most important aspects for investors, but also for FDI destinations to successfully find ways to close the annual funding gap towards achieving the SDGs.

The next section will narrow down the focus and look specifically at one of the most important target groups of SDG financing, which are the least-developed countries. Numerous forums and publications by public sector entities have addressed this imminent issue of losing grip in reaching the SDGs in LDCs due to a lack of financial resources and commitment by investors to deploy capital in those countries. It will be, therefore, especially interesting to see, how public sector research participants respond to this pressuring topic.

4.4.4 Role of Least Developed Countries (LDCs)

LDCs represent vastly different requirements to investors compared to industrialized, developed nations. Human rights, inequality, child labour, corruption, lack of transparency and prevailing poverty are just some of the predominant challenges' investors face in LDCs in particular. However, these LDC circumstances are also the main objectives addressed by the SDGs, hence, any investor who is tapping into an LDC market is confronted with these facts. *"… Especially the global pandemic in 2020 was symbolic for the grievances the SDGs are addressing… lack of testing, lack of medical infrastructure and healthcare and a lack of global coordination and prioritization… as an investor, this is the <u>true</u> investment opportunity underlying if you ask me…" (IR19).* The SDGs outline and emphasize the urgency to act, especially in LDCs. For investors, these over proportional needs for basic infrastructure, healthcare and technology present an investment opportunity itself. On top of that is the population factor, which plays a significant role in several ways. *" LDCs, in particular, have an exceptionally large imbalance regarding their population. The majority of LDCs has a high proportion of young people, often unable to receive proper education… "(IR21).*

For an investor, however, this population imbalance can also unveil unprecedented opportunities. Sourcing talent locally, investment in digital infrastructure and education while utilizing other location factors such as low cost of labour could make an SDG investment attractive. *"… when you think of Africa, you think of a huge continent, you think of wildlife, you think of natural resources and a rich nature… but you also think of a huge, young, motivated population that is looking for hope, for work, for a future… this is in my eyes the fundamental idea of the SDGs, not* *to reach quantified goals, but to reach qualitative changes in the mindset of business and in our case in the mindset of investors…" (IR28).* The paradigm change described could be a way, to translate SDGs in least-developed countries into true investment opportunities for investors. From an FDI perspective, the availability of local talent is a key factor to invest, especially in labour-intense Greenfield FDI such as factories and production plants. But also, technology hubs and innovation centres required creative minds, which the investor could nurture. *"… we are false in thinking the government can solve everything… the government is the enabler, but market participants, the stakeholders, the investors, the people are those, who can reach the SDGs… "(IR5).*

Besides the softer factors such as talent and the potential of the existing population, some research interview participants also focused on the hard facts, which is mainly cost-based investment decisions with revenues and profit margins. Textile manufacturing, mining and agriculture are only three industries, which are known for their large-scale investments in LDCs. Be it the availability of low-cost labour or the existence of natural resources and productive land, foreign investors tend to utilize LDCs for conditions they cannot find in their own countries. *"… you have a textile production movement in Southeast Asia, you have an exploitation of natural resources in Africa, and you have a massive destruction of rain forest in South America…. overwhelmingly through FDI… and on the other hand you have the SDGs, which also need substantial amounts of FDI flows to overcome the funding gap, especially in those countries…" (IR15).* So, the perception amongst the public sector interview participants, overall, was truly diverse in terms of the role and intention investors have in LDCs.

While some public sector officials emphasized the potential of the LDCs, others pointed out what they presume to be the role of FDI in the past in the LDCs. *"… when we look at LDCs, as an investor you need to be willing to take risks to utilize the huge potential and profit margins the LDCs have… on the other hand, as a government, as a regulatory, you have to put boundaries on illegal practices and you need to encourage and incentivize those investors, which contribute to sustainable economic growth, those which preserve the environment and those who do something for the people in the country…" (IR27).* Looking at the sustainable impact, which can be achieved in the LDCs, some interview participants also laid a particular emphasis on this aspect by stating that *"… since we are also talking about the impact today, you have to keep in mind that the same FDI project with the same investment amount, will have a completely different* *impact in an LDC than in a developed country… while the impact on the economy or society might be neglectable in a Western nation, the same project will have a huge impact in an LDC..” (IR6).*

Another aspect, which was widely discussed was the over proportional correlation and interdependencies of SDGs in least-developed countries. *“LDCs, for me, have one thing in common. While in countries in Europe you could just pursue one SDG goal theoretically, in LDCs that is almost impossible, be it the lack of existing infrastructure, the legal system or centralized government administrations… that means, if you want to address and reach one of the SDG goals, automatically you also have to address other SDG goals… but don’t get me wrong, this has a positive effect, which is, once you, as an investor address one SDG goal, automatically you can also make progress on other SDG goals in the country..” (IR6).* To put this statement in perspective of this research project, I will give an example. Let us assume the investor wants to address SDG Goal No. 8, which is “Decent Work and Economic Growth”. This would automatically lead to progress made in other SDG goals such as SDG Goals No. 1, which is “No Poverty”. What the research interview participant wants to express is, that from his perspective, the LDCs benefit from an accelerated impact in terms of progress in achieving the SDGs compared to developed countries. This is, due to the higher interdependencies of SDGs in LDCs. The interview candidate also provided a small mathematical model, where he stated that *“… for me the higher the poverty level in a country, the higher are the interdependencies and the higher is the probability that an SDG project will have an impact on several goals at the same time… “(IR6).* An interesting point, which I will be taken into consideration again in the last section of this chapter, which discusses the measurement of impact.

From a financial perspective, the interview candidates pointed out that LDCs have particularity in terms of FDI, which has also been addressed by policy makers in the past regarding capital formation and capital concentration. *“… Investors are often concentrating on specific LDCs and what can be witnessed is, if one large-scale investment is made in a particular LDC, other investors will follow and invest in the same country…” (IR15).* This especially applies to capital intense FDI projects, which also establish the entire infrastructure around the actual site, such as roads, living facilities or even school and medical facilities. The particular location gains, hence, a major benefit from the investors coming in terms of upscaling the existing infrastructure. However, as the research interview participant mentioned, this privilege is often only given to very locations in an exceedingly small number of LDCs. This confined setup also means to spill over effects to other locations in the country are rare.

What this concentration of FDI creates, however, is increased competition amongst the LDCs themselves to attract FDI. *"Usually labour-intense industries bring high capital amounts of FDI into an LDC… conversely this means that the location, which offers the lowest labour cost has the highest attractiveness for foreign investors as the surrounding circumstances in the LDCs are usually pretty similar…" (IR19).* In addition, the cost of raw materials is another factor that forces LDCs to consider their offering to investors. Usually manufacturing FDI brings along the required machinery and equipment to produce, so the question which remains is, what does that mean for reaching the SDG goals. *"Looking at FDI opportunities in LDCs leads me to the conclusion, that there are three types of FDI capital investment possible… first, we talk about a capital-heavy global consortium or investor, which has the financial ability to manage the entire project and climb any regulatory and bureaucratic burden along the way, secondly we talk about a local government-owned project, which seeks funding from abroad and FDI comes in as a financing tool, however, thirdly and this is the opportunity for the SDGs from my perspective, we talk about a foreign investor with a high technology component who partner with a local company in a joint-venture to create something that is value-adding to the local economy…" (IR3).* The three models this interview candidate describes all represent different types of FDI. Firstly, a classic Greenfield FDI project, secondly a public-private partnership (PPP) and thirdly, a joint-venture (JV) investment, where a local company takes a foreign partner on board.

Noticing what was stated earlier regarding the interdependencies of SDGs in least-developed countries, this third type of FDI, the Joint-Venture, is a form of FDI, which can be effective to achieve the SDGs, as it has a multiplier effect with impact on several goals. If we make an example of a hospital being built in partnership with a local company, the main SDG goal addressed is SDG Goal No. 3, which is "Good Health and Well-being". However, at the same time, this investment would also directly affect the progress on SDG Goal No. 1 "No Poverty" and SDG Goal No. 2 "Zero Hunger" through newly created jobs, SDG Goal No. 8 "Decent Work and Economic Growth", SDG Goal No. 9 "Industry, Innovation and Infrastructure", SDG Goal No. 11 "Sustainable Cities and Communities" since a local partner is on board, and SDG Goal No. 17, which is "Partnerships to achieve the Goals", which is also predominant in this example, as shown in figure 20. That means with one SDG goal directly addressed through this investment, six other SDG goals are affected as well in terms of progress to reach them. This leads to a conclusion, which I will elaborate further on at a later stage, that the impact of FDI investments is also dependent on the investment FDI, which the investor engages in, especially in LDCs.

Figure 20: The Sustainable Development Goals (SDGs)

The next section will focus on the public sector perspective of the actual SDG implementation in countries, regions, FDI locations as well as at an organizational level. One interesting aspect, hereby, is how the public sector institutions themselves are implementing the SDGs and if the predominant responsibility of implementing the SDGs is perceived to be with the private sector or the public institutions including those, who initially developed and launched the SDGs under the patronage of the United Nations (UN).

4.4.5 SDG implementation

For a public sector organization, the implementation of SDG goals and reflection of the 169 individual targets is at least equally important than for any private-sector corporation. During the research interviews, however, it was interesting to see that is quite a diverse perception in terms of embedding the SDG goals in the organizational structure of the respective organizations of the interviewees.

Summarizing it can be said that generally three type of responses were given, from a full agreement to implement the goals, *"… Implementing the SDG Goals in our daily routine has been on top of our agenda as we work and interact closely with the United Nations through various functions" (IR28),* to a definite doubt of how to implement the goals *"… even more than five years after the SDGs were announced, I can still not see a clear guideline, how we, as a government entity should apply the SDGs and how our strategy can align… in fact, all our organizational efforts already incorporate sustainability aspects…" (IR24),* up to a formal decline that the implementation of the goals lies with the United Nations and its sub-organizations, *"… we acknowledge the ambition of the United Nations and it is honourable to see extraordinary efforts made to achieve the SDGs by 2030… therefore, we fully comply with any requirements given by the United Nations and other authorities in charge of implementing the SDG agenda… (IR3).*

However, some research interview participants saw the key to implementing the SDGs, especially amongst public sector entities in one of the SDG goals, which is SDG Goals No. 17 "Partnerships for the Goals". A global partnership to reach progress in sustainable development as a quintessence of success *"… all public sector organizations are governed and mandated to fulfil specific duties and tasks in their area of expertise… without the cooperation and close alignment between those entities, even across national borders, it seems like a literal mission impossible to me to ever achieve the SDGs, especially with the ambitious timeline until 2030… " (IR5).* Financial resource mobilizations seem to be a key term in this regard. *"Budget allocation to drive the SDGs forward, that is what is lacking in many public sector entities… there is the intention to put it on the agenda, there is the will do something about the SDGs, but when we talk hard facts, nobody wants to make a decision, because decisions have to be evidence-based, and who can tell me today, how much budget I need to help with the SDG implementation…" (IR19).*

Talking about FDI, many research interview participants saw the main focus on the investment promotion aspect. *"… it is our responsibility as an international organization to enable any country, rich or poor, big or small, to be able to promote themselves as an FDI destination… if this ability is not there, we either have to do on behalf of them or we have to deploy resources to those countries to fill the gap and build up what is missing to become an FDI destination for SDG projects…" (IR21).* This enablement is also known as capacity building. So, some interviewees saw an intensified corporation in this area as a key component to implement the SDGs. *"Absorptive capacity is great, but that means the individual investment destination already has an IPA… what we need is to assess first, which are the most critical locations for SDG investment* *project to then verify, which of these locations have IPAs that promote the location to international investors…" (IR15).*

This also includes a stronger involvement of the United Nations themselves, as a research candidate pointed out *"… We need to build a triangle here, between the UN, the national government and the individual FDI destination… alternatively, it can also be a UN mission or sister-organization present in the country, but excluded the UN and leaving the government on its own trying to figure out how to create SDG investment opportunities will certainly not work…" (IR28).* Political stability and the incoherence of national investment laws and policy frameworks are other factors that can easily become an obstacle for SDG implementation.

While each country needs its ability to draft and issue policies as a sovereign nation, the FDI landscape is global, and the eyes are more on the investment incentives than the national agendas. *"… Policymakers are reliant on data, which has to be accurate and reflective… in my opinion, this is a major factor when implementing the SDGs…. without representative data, nobody can say with certainty, where the investment opportunities are…" (IR24).* Some countries, however, even need to build capacity in policymaking. *"… a key to attracting investments from abroad is to have outward-looking policies that promote an open market, while, at the same time, protect critical local industries from hostile takeovers… this is what we also need to teach those in charge, not to sell out their country, but also not to build barriers for FDI through protectionist measures…" (IR15).*

The timeframe between the years 2020 and 2030 is also referred to as the "decade of action" (Sachs & Sachs, 2021). The United Nations Department of Economic and Social Affairs has created an online database of initiatives established to drive the SDG implementation forward. Many of the research interview participants were aware of these initiatives, so the question is, what do those initiatives mean for FDI? *" Achieving the SDGs by 2030 itself is already a major challenge, what I see, therefore, as a main factor of success is the active role of MNEs, which are Multi-National Enterprises… these types of corporations are the only ones able to overcome local market failures, which are plentiful, especially in developing countries…" (IR16).* A valid point, especially looking at the SDG implementation. Common market failures such as factor immobility, inequalities or monopolistic structures can not necessarily be solved by small-scale investments. Large FDI projects, however, have the power and influence, especially on a political level to bring changes and shift local market dynamics or even establish themselves as a new competitor entering a local market.

Another two aspects, which were frequently mentioned by the research interview candidates were sector relevance and challenges with fiscal policies regarding cross-border investments, hence, taxation and money laundering. Looking at the sector relevance at first, candidates discussed alleviating government strategies for market entry of foreign investors. *"… if you ask me what the baseline for any city or country is to promote itself, it is a clear government strategy… what type of FDI do I want to attract, which sectors do I want to focus on… the SDG agenda is secondary, as this is the more the outcomes of the investments rather than the value proposition…" (IR27).* Furthermore, a sector strategy seems to be a key anchor in promoting value-adding SDG investments. *"… As a government you need to know your economy, your sectors of strength, you need to have your economic agenda… this includes your production capabilities, your GDP, your imports, your exports… a government which is desperate to attract any kind of investment just to boost the economy somehow, will never be able to contribute to the SDGs…" (IR21).*

Some of the SDG goals even have a clear sector-orientation such as Healthcare. However, does that mean FDI destinations should be known for their priority sectors?"*… We have a dedicated department only looking after the SDGs… when they contact local governments to set up consultations we usually don't ask what the priority sectors are… instead we ask the government where are your biggest gaps, because for investors this can also be an investment opportunity, especially in the SDG context… from my point of view, the SDGs are not there to promote what is already great, instead of the SDGs aim to channel FDI into those fields, which are lacking and need attention and support to close the funding gap… " (IR6).*

However, the priority sectors can also act as a value proposition, especially when FDI incentives are aligned to the priority sectors and offer the investor a competitive advantage compared to other FDI destinations. *"… If a country is rich in natural resources or can offer international investors a business environment that allows the investor to benefit from specific sector incentives, it is possible for this country to become a new hub for this specific sector… especially if the cost of doing business is low…" (IR5).* What we also have to keep in mind, not all developing countries are poor countries. Many developing nations are striving for business hubs in trade and manufacturing, technology and innovation. Globalization has also allowed many countries to participate in an international network of trade and investment, whereas recent localization trends tend to lower the demand for utilizing production facilities abroad, especially with increased tariffs and cross-border restrictions.

The second aspect is the taxation and transfer of profits. Especially developing and least-developed countries are often subject to corruption and money laundering issues. So how can foreign investors, in light of the SDGs, deal with these circumstances and what do public entities do to drive SDG investments in countries, which are struck by a lack of transparency and financial as well as political instability. *"Development aid and mutual investment treaties are one pillar of agreeing on a certain standard of collaboration and compliance… however, investors often have their ideas of dealing with their finances, which means for governments they are frequently in a predicament to grant exceptions and sign off discretionary arrangements between the local government and the investor to facilitate an FDI project…" (IR3).* This practice, hence, does not necessarily promote transparency, which is also a key aspect of the roadmap to achieve the SDGs. To implement the SDGs, it has to be clear that one aspect to qualify as an SDG investor, is to *"… fully comply with internationally recognized standards and laws of sound and transparent business practices and allow access to FDI project details to auditing functions of the UN, which track the progress of SDG implementation… "(IR6).*

Away from business, interview candidates also emphasized the "true" meaning of the SDGs. *"… to be honest, for me, the SDGs are not about business, it is about humanity and the people… yes investments have to be profitable and have to create returns, no doubt… but if you, as an investor have the ambition to contribute to reaching an SDG goal than that is honourable… if you, as an investor, want to use the SDGs for your gains, then that is shameful… " (IR15).* A strong opinion, but in the light of this research project, a valuable point, as the correlation between FDI and the SDGs is not only quantifiable, but it is also a matter of qualitative aspirations, that are necessary to reach the SDGs. Especially when creating and granting SDG investment incentives the contribution to human development should not be underestimated. After all, the SDG agenda consists of the economic, environmental and social dimensions to be achieved.

The next section will focus on the main aspect of this study, which is the actual measurement of sustainable impact created through Foreign Direct Investment in the ambition of reaching the SDGs by 2030. From a public sector opinion, it will be especially interesting to see how the public sector perceives this impact measurement to take place, considering that an SDG Dashboard based on the Sustainable Development Report 2020 has been established, which aggregates country-level data on the progress of implementation of each SDG goal.

4.4.6 Measurement of impact

To introduce the findings of measuring sustainable impact, specifically impact created through Foreign Direct Investment, I want to present a short train of thought to facilitate the discussion and put it into an exemplary context:

Example: An investor deploys capital into a Greenfield FDI project and builds a solar plant in a public-private partnership with the local utilities' authority in an LDC country, with an estimated 1500 new jobs created through the Greenfield FDI project. The investor also provides accommodation and infrastructure for its workers in the course of this new construction. The investor qualifies as an SDG investor.

Looking at the sheer potential impact of this example if this example, several dimensions have to be considered:

- The Investor brings technology into the country and enables the local utility authority (technology transfer)
- The Investor hires local population (job creation) and trains its staff on solar energy (knowledge transfer)
- The Investor deploys capital into renewable energy (lower emissions) and collaborates with the local utility authorities (partnership)
- The Investor builds housing (community development) and local infrastructure, for instance, a new school and new medical facilities (infrastructure needs)
- The Investor employs 1500 people, which can feed families and contribute also to the local consumption (GDP growth)
- The Investor produces carbon-neutral energy without exploitation of fossil fuels (sustainability)

What I want to illustrate with this example is the diversity of factors that the impact measurement consists of. The sole consideration of the FDI amount coming into the country through this investment is very short-sided and does not reflect the requirements of a profound impact assessment. An FDI investment project can, instead, influence various aspects of life, of the economy and the economic development of the country and its population. Hence, it will be interesting to see the insights from the research interview candidates on how to measure the sustainable impact of investments.

The prestigious Cambridge Institute for Sustainability Leadership (CISL) has concluded research on the impact measurement towards the SDGs considered investment funds. They have created the so-called Cambridge Impact Framework that assesses the impact of funds on the SDGs in six distinct categories: resource security, healthy ecosystems, climate stability, basic needs, wellbeing and decent work. The assessment is done under the pretext that all investment creates impact. But what is the overall perception of measuring impact amongst public sector institutions? *"… Measuring the impact of FDI… I am sure there are easier topics to discuss… however, the government has to take the lead on this if you ask me because no one has the oversight and access to information as much as the government has it…" (IR19).*

The sovereignty of reporting on the SDGs is one aspect, however, the methodology of measuring impact and determining and define, what is considered as sustainable impact, is another. *"Sustainable Impact Assessment from an FDI perspective should be done based on a standardized catalogue that analyses each FDI project carefully… this catalogue of criteria has to be based on science and research and then developed and formulated by experts who compile the data on the progress of the SDGs at a multinational level…" (IR28).* The urge to address the topic of measuring SDG impact was also embedded in an initiative launched by The Global Reporting Initiative (GRI) and UN Global Compact, which creates a global platform under the motto "Examples of Corporate SDG Reporting Practices", collecting best practices from organizations in terms of SDG reporting from around the world.

Alongside the impact measurement of FDI projects is another factor to be determined, especially from an investor perspective, which is the risk assessment. *"… creating sustainable impact and achieving the SDGs is one thing, but any investor will not enter a new market or invest in a project without doing its due diligence and a thorough risk assessment… so for me, the question is, also, what do we respond to investors, that tell us their project risk outweighs by far the potential* *sustainable impact they could achieve…" (IR8)* Another research interview candidate emphasized the difficulty of even conducting the due diligence. *"… Data constraints do not only concern the impact measurement, but they also affect the due diligence… both ends face the same problem, especially in LDCs, that the quality and availability of data is lacking severely…" (IR20).*

To get closer to a solution on how to measure impact, the idea of following a classic textbook approach in terms of strategy development and cascading of strategic objectives was brought up several times during the interviews. *"We need to have a set of impact objectives before we can measure any impact, be it economic, environmental or social… following the logic of strategy, we would then need KPIs that track the SDG performance of these impact objectives… for me, the beauty of such a system would be, that the government of IPA can set and measure those objectives, as well as, the investor itself could measure them on a project basis…" (IR28).* Going back from a performance and business-oriented solution to a more academic debate, also the definition and interpretation of what already exists was widely discussed.

"… Yes, the SDGs are given, but do you understand and interpret them the same way I do?... what does access to water, access to healthcare, access to education mean for you?... Now imagine you are an investor, claiming that your investments contributed to reaching this goal…" (IR16). Missing clear guidance by the United Nations was already mentioned before by interview participants in the course of this study. It is interesting, that even the public sector recognizes this as an issue that is still not solved. Moreover, private organizations and consultancies have started to publish and create their own SDG evaluation models in the absence of globally binding standards, especially measuring the impact of FDI.

Another point, which was mutually raised by the research interview participants, from both, the private and the public sector, is the time lack of Foreign Direct Investment. An investment project is not realized overnight, instead, it can take years from the site selection process, the project announcement over the capital deployment to actual project realization. And then it can take an additional matter of time until the actual impact towards the SDGs is achieved. *"… Theoretical concepts all have one thing in common, and I don't want to exclude myself here in being at fault, they certainly lack in reflecting the reality and the conditions businesses and investors face in the real world… an infrastructure project can sometimes take 10 to 20 years to be realized if you launch such as project now that would be after the deadline of the SDGs… so you see what I mean by not reflecting the reality…" (IR27).*

The question remains if SDG Impact will just become another reporting requirement. *"Talking to corporations on a day-to-day basis, I hear two things, very often…. One: We have ESG reporting, we have CSR reporting, now we will have SDG reporting and then?... and the second thing is: what is in it for us as investors, as businesses, you hear us comply and we have to invest to reach the SDGs, but where is the agenda that says, this is your benefit as an investor, as a business owner?" (IR28).* This statement alone clearly demonstrates the need for a discussion, which this research project also tries to initiate, in asking the question of where the link between FDI and the SDGs is and how can the performance of investment projects be measured towards the SDGs, which is ultimately also the performance to the benefit of the investor. If investors are presented with opportunities that only evolved through the implementation of the SDGs, that alone constitutes a major advantage. However, linking existing investment projects, and mapping them to the SDG goals is an even bigger challenge.

What was suggested by another research participant during the interview, is a new kind of SDG rating system, which follows the idea and business model of a rating agency? *"… The key to effective impact measurement is independence… you need to establish a globally recognized SDG rating agency that qualifies investment projects… based on the rating the investor can pitch for an investment project, be recognized as an SDG investor and avail SDG specific incentives…" (IR21).* The idea of a rating system is to have multiple dimensions. Besides the project assessment itself, the rating system could also encourage another investor to qualify for an SDG rating. The rating is, hereby, not stagnant, but can improve or decrease over time. It would also include a re-qualification process, where the rating has to be renewed after a certain time-based on pre-set milestones.

This rating system is more the dynamic approach compared to another idea, which was mentioned during the interviews, which is an SDG certification. *"… Every investment that claims to be contributing to reaching the SDGs should be SDG certified following, in a way, the ISO logic… it would be globally recognized as well…" (IR28).* The question that remains, for both ideas is, who is setting the standards and criteria for a rating or certification and who will finance the rating or certification process. Financed by the investor it could cause a conflict of interest, financed by the public could cause other concerns in terms of usage of tax revenues and interference between business and the government. Generally, however, a good approach to at least address the pending issue of how to measure a contribution to sustainable development from an economic, environmental and social perspective.

A holistic impact analysis is another way of translating the SDGs into an investment opportunity. This idea reverses the steps of impact measurement and starts by identifying the gaps in the individual FDI destination first, based on the overall development agenda outlined by the SDGs. It then profiles those gaps as specific investment opportunities and mandates the local IPA to promote those investment opportunities to potential investors. *"… this holistic approach has one significant advantage… the impact to be achieved is also determined before the investment is made… similar to an investment target, the impact target, however, can be flexible… can vary in size, measure, sector and the SDG goal it contributes to…" (IR16).* This means that the impact can be anything from creating a new job to saving one acre of the rainforest, up to providing vaccination for a population of ten million people. Whatever the intended impact might be, the investor is informed by the local authorities before making the investment decision of what the intended outcome will be.

This concludes the summary of findings and analysis of the main ideas, insights and concepts given during the research interviews, which is again illustrated in table 7. The next chapter will be an in-depth discussion of the findings of this research project and an elaboration of research contributions made through this study. It will incorporate, both the findings made for private sector entities as well as public sector entities and will also link the initial literature review made at the beginning of this study. The idea is to create a baseline for what will be the closing chapter of this study, which is the summary of the main conclusions from this research project as well as outlining the contribution to the knowledge of FDI as the main contributor to reach the SDGs. Also, the last chapter will then summarize the main component of the DBA research program, which is the contribution to professional practice from the findings of this research project.

Summary of Main Interview Findings as input for the Impact Investment Framework	
Private sector findings	**Public sector findings**
Ability and intention to cascade SDGs for the organization are key	Governments must set their targets towards the SDGs
Global corporations lead the way in SDG implementation as they see a business potential	Legislation is needed to govern SDG investments to achieve sustainable impact
Business requires concrete SDG investment opportunities	More micro-level data and qualitative studies are needed to measure the FDI impact
Responsibility for the SDG implementation needs to be regulated and governed	The overall funding gap has to be cascaded to an individual country level
LDCs have a hidden potential for investors that needs to be profiled and promoted	A global standard for SDG investments is needed alongside a global platform for SDG projects
Companies need to remain focused on growth targets and cannot prioritize sustainability	Leading FDI destinations have the responsibility to enable LDC investment destination
Collaboration between the private and public sectors needs to improve to achieve the SDGs	Market failures have to be overcome through adequate FDI policies
Qualifying criteria are needed to determine what is a sustainable business practice	Transparency is required in all SDG efforts to reduce corruption and mismanagement
New modes of market entry are key in investing in the SDGs such as joint ventures	Measuring impact also means using FDI projects as a multiplier for further investments
Investor incentives for SDG projects are required to gain more momentum for sustainability	Measure the SDG contribution of FDI based on FDI inflows into the country

Table 7: Summary of main interview findings

CHAPTER 5

DISCUSSION OF FINDINGS AND RESEARCH CONTRIBUTIONS

5.1 Introduction

This chapter will discuss the findings from the research interviews in comparison to the gaps identified in the literature review and will determine the contributions from this study to academic research and literature. Furthermore, this doctoral study will put the main focus on the contributions made to the professional practice, as one key characteristic of the DBA program is to conduct research that offers conclusions and recommendations that are practical, tangible and applicable to the professional world. A distinction will be made, however, in terms of the urgency of recommendations, as some recommendations might be immediately applicable while others would require further substantial research to conceptualize a practical approach for implementation.

The intention is to summarize and reflect the outcomes of this research project and examine the findings from the public and the private sector in a productive and targeted manner. The discussion will focus on the recommendation itself, rather than where the recommendation came from as the idea of this study is to give suggestions and recommendations that contribute to academia and practice rather than analysing the root course and rationale of each statement made during the research interviews. The discussion will be segmented into different sections, where each section addresses either a specific theme or a specific area of research or professional practice.

5.2 Achievement of Research Aims

This section will show how this research project has accomplished the initial research aims, which were outlined in chapter 1.4 of this study.

Research Aim 1 achieved in this study:

During this research project, a total of 29 research interviews were conducted with interview participants from academia, the private sector, the public sector, multilateral as well as international organizations. The interview questions were each rationalized and contextualized to ensure that a collective understanding is established on the SDG topic. This study has critically reviewed the majority of the existing literature on the SDG agenda, especially academic literature and research papers as well as publications from those research institutions, which are focusing on research on the SDGs. The study has, furthermore, incorporated a vast amount of economic analysis and reports published by the relevant entities that are involved in governing the SDG implementation and monitoring the progress on the SDGs. Additionally, the study has looked into other reports from international organizations to create an even wider perspective on the topic of the SDGs and allow a more comprehensive understanding of the different aspects of the research topic. These reports are especially value-adding as the SDG topic is still relatively new and only limited academic research exists. Furthermore, this research project has analysed the different applications and aggregated performance dashboards that track the progress of SDG implementation.

However, this study has extended the standard approach, as it is mostly based on macro-economic standard indicators. The study hereby critically questions and assesses the validity of this data for an investment decision as well as the actual progress of SDG implementation. The study especially showcased how the main targets countries of the SDG agenda are listed at the bottom of each of the dashboards, even though these mostly least developed countries are supposed to be the main focus area of the SDGs. Based on this finding and the outcomes of the research interviews, the study made recommendations on how to track the actual SDG implementation progress in the future.

Research Aim 2 achieved in this study:

This study started by outlining the basic definitions of Foreign Direct Investment to create a baseline of understanding on the difference of FDI compared to other financing methods. The World Investment Report by UNCTAD, which is the main publication determining FDI as a relevant factor to close the annual funding gap towards achieving the SDGs has been critically reviewed in addition to several other relevant publications by UNCTAD and other United Nations organizations as well as the World Bank Group. This study critically reviewed the existing literature on FDI and also looked at economic analysis as well as empirical research conducted to critically assess how FDI works as a major financing tool. During the 29 research interviews, this study looked at the funding gap determined by UNCTAD, not only in terms of the size of the funding gap but also on FDI as a suitable tool to overcome the funding gap towards the SDG goals. However, FDI is an overly complex subject matter, therefore, the investment opportunities, which would enable to close the funding gap were analysed as a separate aspect during this study. This study has also shown through a critical review of economic dashboards and financing reports, how FDI is already being used as a financing tool for sustainable development.

Especially the different types of FDI have been reviewed as they offer several types of market entry and cooperation. The study shows further the significance of local partnerships and government intervention in attracting FDI and this study has also explained how Investment Promotion Agencies (IPAs) transformed their operating models towards Investment Development Agencies (IDAs) to accommodate the SDGs in their mandate. Last but not least, this study makes recommendations on how international cooperation amongst IPAs including capacity training, knowledge and technology transfer will allow accelerated progress in achieving the SDGs through location enablement as well as increased investment promotion activities aligned with the global sustainable development agenda. The aspect on how Foreign Direct Investment can create sustainable impact has been analysed as a separate aspect in this study, as this required an isolated approach starting with the definition of impact from a non-monetary perspective.

Research Aim 3 achieved in this study:

This study especially used the outcomes of the research interviews for this research aim as first-hand insights from industry experts, policy makers and investors have so far not been captured in the academic literature. This contribution would then not only add and close the literature gap but also serve as a platform for FDI professionals, practitioners and investors to utilize the recommendations of this study as a baseline for further action. This study especially looks at the different responsibilities how to identify and profiling investment opportunities, how these investment opportunities are quantified and promoted. The study also focuses at a global scale on international cooperation, as it is evident that only a joint multilateral effort will allow sufficient

FDI funds to be channelled into SDG projects, especially in Least-Developed Countries, which are usually determined as elevated risk FDI destinations.

This study further looks at risk mitigation measures as part of investor due diligence and also determines the role of investment promotion agencies, government and the United Nations organizations in attracting FDI into SDG projects. In this regard, the study also looked at legislative aspects and policy work, which would be required to allow FDI flows into SDG projects. Besides, the study emphasizes the vital role of investor awareness, as the research interviews have revealed a great mismatch between the funding- and recipient sides in terms of FDI. The study also critically looks at the political motivation of some leading industrial nations when deploying capital. On the other hand, the study reviewed how investment opportunities, especially in infrastructure projects, can have a significant economic impact compared to small-scale FDI projects. The study has also contributed by running an opportunity-based analysis rather than a country-level approach, as it has been done many times in the past. This narrow perspective often misses the linkage between the SDG goals themselves as well as regional aspects.

This study, however, runs a broader approach looking at a global scale while determining investment opportunities. Most importantly, the study revealed the need for major FDI destinations to take a lead and enable less fortunate FDI locations, as the true sense of the SDG agenda is a partnership and a joint effort towards a mutual goal. Due to the current pandemic in 2020, the study has also briefly looked at the shifts of priorities within the SDGs and how new investment opportunities arise from unprecedented circumstances such as a global pandemic. The study hereby also incorporated the latest economic analysis by UNCTAD and other leading global economic organizations.

Research Aim 4 achieved in this study:

Starting by looking at the basic definitions of impact and the initial agenda of the United Nations, this study incorporated all general definitions of impact as well as academic research conducted on the topic as a baseline. During the research interviews, this study has revealed a difference of perspectives on what sustainable impact means. The study tested the concept of considering sustainable impact as a form of return for an investment and discussed the different aspects and requirements, how such an impact could be quantified. The study further looked at how sustainable impact is currently measured and found a divergence and partial misconception of how some global initiatives determine impact. The study has revealed the difference between impact identified based on economic indicators compared to the “real” impact, for the people in the target countries of the SDGs.

The study has exemplified how the impact from the FDI project could look like and has also revealed which aspects of impact are so far not being considered or incorporated by the existing macro-level indicators. Specifically, the multiplier-effect, where one initial FDI project can impact and trigger subsequent investment opportunities is outlined in this study. The study also looked at the limitations of impact measurement and how much of the created impact can still be mapped to the investment made. One of the main aspects of this research project is sustainable impact, as a way to achieve the SDGs.

This study, therefore, gives recommendations on what will be required in the future to measure sustainable impact, drive the SDG implementation forward and allow investors to tap into SDG investment opportunities. The research interviews have revealed that this requires a paradigm change amongst many stakeholders in the FDI ecosystem, as for some, the term sustainability still has a negative, rather intangible connotation. It will be required to change this perception and create models that quantify the threefold of sustainable development to create transparency for investors. Furthermore, the study has shown that it needs global initiatives and efforts to expand the traditional risk-return formula and include impact as a third element. This impact can hereby either be an additional return for the investor through further investment opportunities or new revenue streams. But primarily the beneficiary of the impact element is the FDI destination and its population. The study also suggests further academic research as well as global policy efforts to be made to facilitate investments into SDG projects that are intended to create sustainable impact, while considerations of financial return are secondary.

5.3 Research contribution to the academic world

This chapter will summarize the main contribution this study has made to the academic world by being one of the first qualitative studies that gathered, collected and analysed insights from individuals that are directly involved with the FDI practice and the SDG agenda. While the literature review has revealed that most academic research is based on quantitative analysis of macro-economic data or sector- and country-based data analysis, it has also shown the absence of academic research that is based on qualitative research using findings from interviews and inputs from global reports of multilateral organizations, which this study has done as a first of its kind.

5.3.1 Measuring SDG progress

One of the most frequently discussed topics during the interviews was the actual progress made on each of the SDG goals, considering the timeframe until 2030. Measuring SDG progress and SDG performance is a complex topic and many concepts have been introduced through academia (Halkos and Gkampoura, 2021), but also through the multilateral and international organizations themselves. While measuring the progress of one SDG goal, another SDG goal might be positively affected. At the same time, one underperforming SDG goal does not mean another SDG goal follows the same negative trend. What this study has revealed and emphasized is that SDGs are all interlinked. Targeting to contribute to only one of the SDG goals is, therefore, a misconception. Even if an investor aims to contribute to one SDG goal, unintentionally the investor will also affect the progress on other SDG goals (Betti et. al, 2018). Therefore, it can be stated that SDG goals are linked and all 169 targets under the SDG goals are correlated as well since many of them are based on macro-economic indicators that serve as a data source for the progress measurement.

Several studies have measured the SDG progress on a country-level or sector-level basis (Schmidt-Traub et. al, 2017). While this may be useful in some cases a general aggregated value is always required as the SDGs are a global agenda. This means, that SDG progress measurement that is either not aligned to the global SDG agenda or does not feed data into the aggregated database of the United Nations, has only limited value. To achieve that, it will be required that all nations implement systems to measure SDG progress and allow private corporations to report their SDG progress as well. To do so, it became clear that it requires capacity building and an SDG policy framework that clarifies the prioritization of SDGs for the country as well as the reporting mechanisms (Forestier and Kim, 2020). As seen during the literature review, if governments do not intervene proactively and provide solutions and explanations on the SDGs, companies try to come up with their methods to break the SDGs down for themselves.

Overall, the study has shown that SDG performance is often based on macroeconomic indicators and the availability and accuracy of data is a major challenge. Global SDG dashboards indicate that SDG progress is very advanced in highly technologized countries with high GDP per capita ratios (Puertas and Bermúdez, 2020). On the other hand, least-develop countries suffer from a lack of SDG progress. The fact, that this kind of data has truly little added value for an investor is obvious. The data could almost be considered redundant, as it proofs more of an SDG mismanagement than actual success. What this study has emphasized is that the data on the SDG progress needs to be based on the identified gaps in the respective countries, not only in the different SDG goals. If this requirement is fulfilled, then SDG progress can be measured per SDG goal as well as at the country level. But dashboards that indicate the progress of sophisticated economies hide the fact of the true progress in each of the SDG goals. A comprehensive global SDG policy framework should be developed that allows every country to select relevant SDG goals based on national priorities, provides applicable KPIs to be used and suggestions for a governance and reporting structure in the country itself. The SDG selection needs to be based on national agendas and the reporting structure needs to include the public as well as the private sector.

One governance structure that could be established by the local governments to foster corporation between government authorities and the private sector are SDG Investor Councils. These formal gatherings would consist of experts on sustainable development, government officials as well as leading investors from the country that have committed themselves to the SDG agenda. The council would then screen the national agenda and cascade a global SDG policy framework to prioritize SDGs for the country that foreign investors in the country can contribute to. The council would diligently work with the local IPA to be able to profile the investment opportunities and determine the required FDI inflows to close the local SDG funding gap. At the same time, the SDG Investor Council would agree on investor incentives and act as a consultation mechanism for the government to be able to directly address market needs. These councils could also review existing regulations to identify barriers for FDI to come into the country. Documenting the council’s work could be used as a source of information for investors conducting due diligence and planning to invest. The council would also issue guidelines for all foreign investors present in the country, to adhere to, in terms of reporting and commitment to the SDG agenda.

5.3.2 Need for qualitative research

The apparent difference, which the research interviews revealed, of some countries being very advanced in SDG implementation, while others have barely even touched the topic yet, also means that leading nations have to be a role model and take responsibility to drive the SDG agenda forward in all countries. This would also require the United Nations to acknowledge those countries and equip them with the necessary power and tools to act as an ambassador for the SDGs. The same concept could be applied to IPAs. IPAs, that proactively work on solutions to address the SDGs and create SDG investment projects should be able to receive global awareness and transfer their knowledge to other IPAs. What became clear during the interviews, is that some countries do not even have their own IPA (Dickinson et. al, 2021), so active investment promotion and facilitation is almost impossible. It would be the duty of the United Nations and UNCTAD to ensure that these basic governance requirements are being fulfilled and respective institutions are being established in corporation with the local governments. The alternative would be, that other IPAs are creating a joint investment promotion agreement, where the leading IPA would act as a channel for FDI into SDG projects. This would mean that the IPA continues to fulfil its mandate by promoting its own FDI destination, however, on top of that the IPA would also promote FDI for SDG projects in least-developed countries that do not have the required resources or global awareness to promote themselves and pitch for foreign investments.

This concept of an IPA acting as a facilitator between the investor and the FDI destination in the LDC country could be taken over by leading IPAs in the world but should not be left alone to one IPA. Instead, IPAs should join forces and determine, either by sector, country or region, which of the LDC countries they could support in attracting FDI to achieve the SDGs. This would require further research and analysis on which countries do not have sufficient government resources or IPAs to promote themselves and then a global effort to tackle this issue. Otherwise, those nations will never be able to close the funding gaps they face, as they are unable to promote themselves as an investment destination and investors are not aware of the potential SDG investment opportunities in those countries.

Regarding SDG investment opportunities, the research interviews have also shown that besides the fact that those investment opportunities are often not profiled, there is no global database or platform where SDG investment projects can be uploaded. If such a platform would exist, FDI destinations could upload their SDG investment projects there for tendering and investors could pitch for the individual project if they qualify as an SDG investor. The literature review has addressed this issue, where investor qualification is an important factor, as the investor has to commit that he wants to contribute to the SDG (Sauvant and Gabor, 2019). This evidence should, however, also include appropriate structures within the organization that allows measuring of the SDG contribution. The investor would also have to be screened to ensure he is compliant with social standards. A global SDG investment platform seems to be a solution to address several comments made during the research interview. The platform could be hosted by the United Nations or its sister organizations and could give access to all countries to post-investment opportunities. This means, however, that the before mentioned SDG selection and SDG prioritization would have to be done by the country's government first. Then the government would have to determine, with the support of the UN, how large the individual funding gap is, and how much of that funding gap could be solved through FDI. Based on national strategies and priority sectors, the country could then develop investment opportunities.

A big advantage of such a platform would be that it takes over part of the investment attraction process, as all SDG investment projects globally are combined in one platform. Secondly, the platform would have to serve as an SDG certifier. Any investor that pitches for a project on that platform, can be certain that this investment project contributes to the SDGs and creates sustainable impact. Thirdly, investors that pitch for projects on the platform would have to be SDG certified, which would require a global SDG standardized certification body. The platform would ultimately act as a facilitator between foreign investors and recipient countries under the SDG umbrella.

5.3.3 Linking FDI projects and the global SDG agenda

What this study has shown, is the need for such an SDG investment project platform due to the paradox that exists. On the one hand, there are investors ready to deploy capital that cannot find any investment opportunities that contribute to the SDGs. And on the other hand, there are financing needs and investment opportunities that exist, but local governments and the United Nations are unable to promote those investment opportunities, profile them and make investors aware (Akenroye et. al, 2018). The three elements, which were suggested so far as an outcome of this study would directly address this issue. At first, a globally governing SDG policy framework, secondly local SDG Investor Councils and local IPAs that have a channelling function for other FDI destinations and thirdly, an SDG investment opportunity platform, where investors and recipient countries meet based on profiled investment opportunities. Besides all those aspects, the SDG investment opportunities platform would even have another advantage.

The platform could directly act as a reporting tool on the SDG progress at least on an estimation level, as all required data would be available on the platform, which is, the benefiting SDG goals, the recipient country, the size of the investment and the size of the individual funding gap. This would at least allow us measuring progress against closing the SDG funding gap through the estimated FDI amounts. Furthermore, the FDI data can also feed into other macro-economic indicators that are used for the SDG performance such as job creation or the technology component as well as the target sector, which are all information available related to an investment. What can be stated here is that this study contributes through its direct industry insights as the research consulted experts, investors and the public sector as well. The concepts seen during the literature review often lack creativity, innovation and also practicality as they are sometimes providing no value-adding information or are even irrelevant for the individual investor (Van der Wall et. al, 2021). Investors need to have information on the cost of doing business, available incentives, economic and political stability and transfer of profits. A pure macro-economic data set will not drive FDI forward and enable the investor to make an investment decision and site selection.

Another aspect, which was mentioned quite often during this research project, especially during the research interviews was that SDGs are a branding tool that is popular but does not create real impact. This study, however, has also shown that there are some excellent concepts from academia as well the international organizations and investors themselves that all have one thing in common. They all follow the motto of changing the SDG perception by making the SDGs tangible and applicable, making them relevant to investors, company CEOs and decision-makers (Allen et. al, 2019). Once they realize that the benefit is mutual, which means, that an investor can contribute through the investment to sustainable development and at the same time generate returns, the value of the SDGs becomes clear. What has become clear is that some organizations proclaim to adhere to and contribute to the SDG agenda, while in fact, there are no dedicated measures implemented that do so. This leads back to the point of capacity building. The SDGs are important and relevant and businesses, as well as governments, are looking for solutions to use this powerful momentum of the SDGs. It requires the building of absorptive capacity for both, public and private sector organizations, to understand the SDGs potential and the urgency or the agenda to develop initiatives that contribute to their achievement.

Especially from an IPA perspective, this is a critical component as the SDGs cannot be realized without sufficient financing (Kharas and McArthur, 2019). FDI destinations need to be ready for investors that want to invest in SDG projects. This requires educating IPA staff and leadership, addressing the SDGs and understanding the SDG rationale and building investment opportunities that contribute to reaching the SDGs. At the same time, the SDGs can also be interpreted as a global call for IPAs to cooperate more, exchange best practices and ideas, and transfer knowledge to be able to channel funds into those recipient countries that desperately need FDI to eliminate substantial issues such as poverty, basic infrastructure and access to clean water and healthcare. This study has shown that the perception of the SDGs being a charity project by the United Nations is wrong. The SDGs are a business opportunity that addresses urgent needs in terms of economic, environmental and social development. Without investors and funds being channelled into projects that create sustainable impact, the SDGs cannot be reached by 2030.

5.4 Research contribution to the professional practice

This section will focus on the research contributions made by this study for the professional practice, which constitutes a major component of the DBA program. The section, therefore, summarizes the contributions based on various aspects of the research question. It also compiles the findings of the research interviews by suggesting a comprehensive Impact Investment Framework as a recommendation for answering the research question on how FDI can contribute to the achievement of the SDGs. This section also recommends specific actions for stakeholders involved in the FDI ecosystem such as policymakers, investment promotion agencies, and investors on how they can the findings of this study and translate them into tangible actions.

5.4.1 Role of FDI in measuring the SDG impact

The reporting measures introduced by the United Nations to define what can be considered an SDG investment are based on UNCTAD’s World Investment Report 2014, in which UNCTAD did not only calculate the SDG funding gap but also determined 10 priority sectors, which are relevant to achieve the SDGs. Based on those sectors UNCTAD is conducting its analysis and linkage of FDI flows, especially into developing and transitioning economies as well as developed countries[14]. One of the questions, which this study addresses is if any investment made in these categories can be considered a pure sustainable investment and secondly, how can the actual impact of those investments be measured. This is where UNCTAD's reporting and also the other SDG dashboards, which were introduced in the literature review, have their limitations, as they are mostly using macro-economic indicators as a data source. Academia, professional bodies and also international organizations have developed approaches and ideas, how to determine the impact of investments, yet no globally agreed standard has been implemented until today. The outcomes of the research interviews have shown a diversified picture. While some interview participants do not see an ability to introduce measures that would determine and quantify and sustainable impact made, others see the responsibility at the organizational level. The organization has to define sustainability targets for itself, based on national strategies, to contribute to the SDGs. The impact of operations and investments would then be measured based on the company's activities. However, even if companies would do so, who would they report to? An overarching authority that captures sustainable economic, environmental and social impact does not exist.

Furthermore, the biggest question, which was raised during this study, is also where does the impact start and where does it end. And how will interlinkages between the SDGs be incorporated if an activity or investment in one SDG has an impact on the progress of another SDG (Nedopil et. al, 2020). What this study has shown is the urgent need for action from an outcome's perspective of the SDGs. While it seems, that roadmaps and agendas are being set to implement the SDGs, measuring the outcomes and impact lacks behind. For investors, this gap exists even more as they seek for return from their investments. From an impact perspective, this would include that one SDG investment triggers other investment opportunities to open. However, what the research interviews have also shown is, that a controversy exists about the type of return and who will be the beneficiary. For some interview participants, the investor should have an additional incentive to invest in SDG projects and maybe even an additional return. For others, the impact and benefit should be with the recipient countries and the population, while the investor is only an enabler for this impact. The investor does not necessarily need to have an additional benefit from the SDG investment.

[14] UNCTAD, 'Investment Policy Hub', Geneva, 2020, https://investmentpolicy.unctad.org (01.12.2020)

This study recommends the creation of an Impact Investment Framework for Sustainable Foreign Direct Investments. Summarized from the findings of the research interviews, the below figure 21 shows the process of how countries can cascade the SDGs and create Investment Opportunities from SDGs to have a direct SDG contribution from FDI. The full framework can be found in Appendix A.

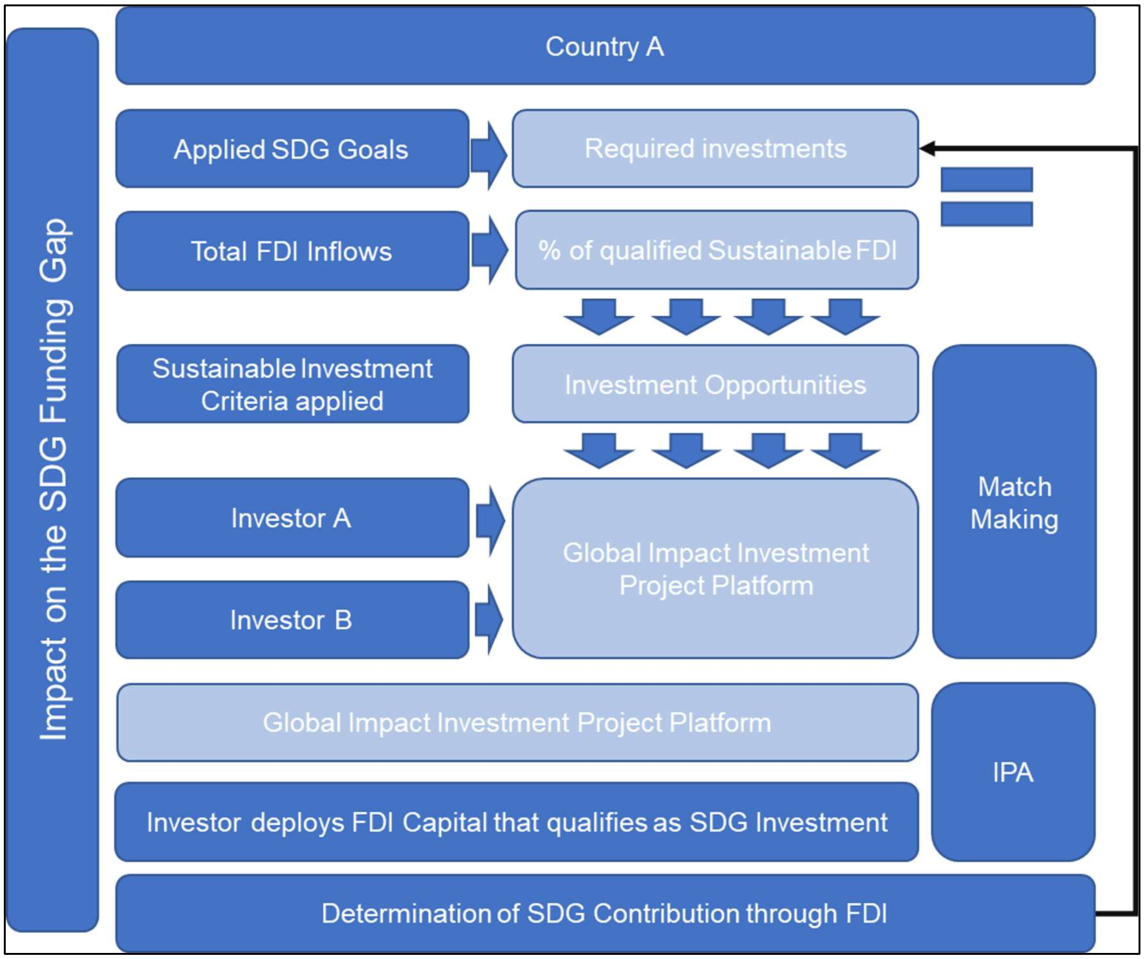

Figure 21: Impact Investment Framework – SDG Cascading (author's illustration)

What became evident during this study is that the perception of SDGs is quite different across all involved stakeholders. The study has analysed the statements and insights from industry experts, which deal with the SDGs daily and contributed through translating those findings into an overarching Impact Investment Framework. On the other hand, many gaps have been identified, which allow further academic research on this topic such as the quantitative modelling of the monetary impact FDI creates for the individual SDG goal. On the other hand, the study has also contributed to the professional practice and given ideas for novel approaches on how to integrate the SDGs in business operations and how to make the SDGs measurable. For investors, the study has revealed the different perspectives on the SDG funding gap and what role FDI has to progress in closing the financing needs, especially for developing countries. The study has also shown, how private organizations are handling the SDGs and how investment opportunities would have to be created to channel FDI flows into SDG projects.

One aspect which was highlighted in the course of this research is the important role of technology and knowledge (Sinha et. al, 2020). Integrating technology into the SDG transformation of economies, while enabling the local population and building absorptive capacities and governance systems is key to success in implementing the SDG agenda. The SDGs have to be flexible to address new technology trends and emerging economic sectors, as technology can be a bridge in accelerating the SDG progress in many industries. Especially during the global pandemic in 2020, it became clear, how crucial digital infrastructure and technology is to allow sectors such as Education and Healthcare to continue to function. Without investments being made in those technologies, the SDGs will become increasingly unrealistic to be achieved by 2030. Defining impact and laying out a plan, what kind of impact is needed for a specific location to achieve the SDGs, and then determining the financing gap, which serves as the baseline for investment promotion activities is the bottom-up approach, as discussed in this study. On the other hand, macro-economic indicators such as GDP per capita, business confidence indices and poverty rates can also be used to determine investment needs in general and establish a national agenda in the sense of an investment promotion strategy for SDG investments.

5.4.2 The role of governments

Once again, this study has shown, that it requires leading IPAs in the world to join forces and allocate resources to transfer knowledge to economies in need. At the same time, it is up to international organizations to encourage and support local governments in establishing governance structures that are mandated to promote the country as an FDI destination. This is requiring research and consulting work, as every country must define its priorities in terms of SDGs. The study has shown a paradox in this regard, as a lot of capacity building and reporting around the SDGs is focusing on developed economies, while ideas and concepts for least-developed countries are lacking, which should be the focus area of the SDGs (Jabbari et. al, 2020). The study has shown that a global investment policy framework would be required to streamline global FDI flows towards the SDGs. The framework would have to be based on internationally binding investment legislation. All stakeholders, the public sector, private sector, academia and multilateral would have to come together to formulate this framework and align interests as well as expectations towards the SDGs. Investments driven by national agendas, or the interest of the investors are often contradictory from those of the United Nations, global developing banks and others. This study has set the tone and given the baseline for further research on this topic. The study also encourages professionals to think beyond the SDG implementation and come up with concepts and ideas on how to measure SDG contribution and impact from their industry perspective or professional practice.

Political motivations, interests and dynamics will always influence the global economic development and flow of FDI; however, the study has shown how organizations such as the ACCA have come up with concepts to address reporting on sustainability measures that create sustainable impact. The research interview candidates have also given ideas, which can be further explored by research teams and academia. Taking one large-scale FDI project, which fits into an SDG sector and then quantitively analysing the financial performance towards the SDGs and also empirically surveys the perceived impact of the local population, could be such an idea. What this study has emphasized, is the urgency of this topic. The so-called “decade of action” as the last ten years of the SDGs are labelled, is a critical period (Sachs and Sachs, 2021). FDI projects have long-decision making processes. If the SDG investment opportunities are not being developed and profiled, investors will not tap into them. This study has shown, how there should be a global certification standard for SDG investors, how investment projects should be tendered globally on a centralized platform, and how the impact of SDG projects should be measured based on commonly agreed standards and performance indicators. This, of course, has to incorporate the financial and non-financial impact of every FDI project. What would be interesting to see is the multiplier of such investments. Thus, how many times does the quantified impact exceed the initial FDI investment amount, could be another academic work, with this study serving as a conceptional foundation.

5.4.3 Thought Leadership and Policy Readiness

Academic research and the benchmarking of best practices is the foundation for a successful implementation of the SDG goals. What this study has shown, is, that numerous concepts and interpretations exist on how the SDGs will affect global economic development and the regulatory changes in the upcoming years. However, ground-breaking studies have not yet been made and from an academic side only one leading academic institution has picked up the topic and frequently publishes dedicated work and research, which is Columbia University. Furthermore, some researchers have approached the SDGs through empirical analysis and studies based on specific sectors or certain regions and countries. A major gap, which this study tries to fill, is the individual research at a global level that provides recommendations applicable to the entirety of the SDG agenda. This study contributes to this niche with findings based on a comprehensive literature review that includes economic reports and conceptual papers by international organizations. For the professional world, this study also provides insights on how far the existing academic research has progressed and what kind of concepts the private sector can implement to contribute to and report on the SDGs through FDI. Especially for foreign investors, this study can add significant value for their strategic planning and capacity building regarding the SDGs. The study provides a complete picture and connects aspects of the SDGs, which have not been connected before. The study also contributes through tangible recommendations that could be directly utilized as ideas to be implemented in the professional world.

One of those contributions is the policy readiness for Foreign Direct Investment (FDI), which is in general already a big challenge for any ecosystem (Breuer et. al, 2019), as this study has emphasized. Location factors and especially investor incentives, as well as economic and political stability and the availability of talent and infrastructure, are critical. Considering the SDGs, this policy readiness factor becomes even more substantial as the FDI destinations also have to facilitate the sustainability aspect of the investment. Policy-making that is aligned with current trends, developments and market needs is one aspect. Another is the future readiness of the policies. This is intricately linked to investment promotion strategies and regulatory restrictions that control the flow of inward investments into a country. Sectors, which are excluded from foreign investments to protect the local economy and guarantee supply of basic infrastructure such as utilities is hereby a regulatory appearance, which many nations introduced recently, including economic powerhouses such as the European Union. In other regions of the world, for instance in the Middle East, those sectors, which are linked to defence and natural resources such as oil and gas are also mainly excluded from foreign investments (Mosteanu, 2019). From a policy perspective, however, recent developments show a rather open-minded approach as fractions of the business such as oil and refinery product distribution companies received large-scale investments from abroad. The core business and the actual assets in terms of natural resources are still excluded. This shows a twofold policy readiness, which is also critical for SDG investment projects. On the one hand, the policy has to be able to defend the local economy from hostile takeovers and aggressive investors. On the other hand, the policy also has to be smart and allow the usage of local resources and economic sectors of strength to be presented as investment opportunities to foreign investors. From an SDG lens, this twofold means that exploitation, especially of natural resources and local labour force should be avoided through policymaking. On the other hand, investment policy has to have a component that allows the foreign investor to also benefit from the national economic strategies and priority industries.

5.4.4 Risk, Return & Impact

Another element, which has been widely discussed during this research project is the traditional risk and return formula, or ROI, of any investment made. On several occasions during the consultations in the form of the research interviews, this study has shown, as one of the very first academic studies, how actual market participants and stakeholders of the FDI ecosystem are eager to revise the risk and return formula, and add a third dimension to it, when measuring SDG investment project returns. Sustainable impact is manifold, as it always requires either a definition or a clear interpretation. For the local population in SDG target countries, the impact often means a positive change of circumstances in their daily life (Vaidya and Chatterji, 2020). For an FDI destination, impact means that the investments which are flowing in from abroad leave something value-adding behind, besides the actual asset, which has been invested in. And for the investor itself, an impactful investment means not only contributing to the SDG progress through the investment but also benefiting from the investment through subsequent investment opportunities. This, however, requires government intervention. As FDI flows are coming in, the government should determine and prioritize certain investors, that will receive preferential treatment in another FDI project, as the government trusts the investors and their competencies. Indirect, non-financial benefits also play a key role here.

Assuming that an investor builds an academic institution, this does not only mean potential government subsidies and revenues from tuition fees. It could also mean that graduates from this school will become a potential workforce for the investors. The location itself will increase in value through research and development activities and global reputation. This will allow the investor to benefit long-term. At the same time, the investors offer access to education and enablement of the local population to receive an advanced degree (Ferguson and Roofe, 2020). This study has shown the complexity of the impact discussion. Measuring impact only based on macro-economic indicators turned out to be very short-sighted and as many of the interview participants stated. The true impact is often achieved on a very rudimentary level, which is not captured or represented by economic indicators. Therefore, organizations and local governments have to implement concepts measuring the economic, environmental and social impact they desire for their own country or organizations.

Another factor, which has been raised during this study is the investment risk. Especially least-developed countries bear a significant risk for the investor and create a climate of aversion towards deploying FDI capital. The risk factor can only be overcome through information, credible and reliable data as well as transparency (Barua, 2020). This is, where another aspect mentioned in this study interlinks, the investment opportunity profiling. The process of identifying, profiling and presenting an investment opportunity leads to increased transparency and provides data for the investor. To actively contribute to risk mitigation is also an important aspect for Investment Promotion Agencies. These local representations need to be able to inform the investor during the due diligence process and facilitate any investor concerns accurately. In terms of the SDGs, this also means that the IPA has to be aware of the SDGs, which are locally prioritized and actively inform the investor, on how the investment will contribute to achieving the SDGs in the specific FDI destination.

Quantifying sustainable impact requires an overarching investment framework that goes beyond the 169 indicators, which were published by the United Nations alongside the Sustainable Development Goals. This study has shown that the term impact is linked to national economic priorities. Without these dedicated government strategies, the impact of foreign direct investment cannot be quantified. Similar to fundraising in charity organizations, the foreign investor should have clarity about the expected impact before deploying resources and capital. From an organizational point of view, the impact consideration has to be closely aligned to the operating model, where this study has revealed that IPAs are adjusted organizational structures to accommodate the Sustainable Development Goals agenda. If companies and organizations commit to the SDGs, depending on their ability and based on their business model, this implementation process can be successful, and the actual impact made can be quantified. One aspect, which is often already practised, but misleading is the substitute impact, which means that the investor has to compensate, for instance, environmental damage is done through investing in environmental protection, often in another location or even a different country. This study has shown that such an oxymoron cannot be considered for sustainable investments, as the idea of the SDG project is to create sustainable impact and not compensate for destruction or damage made. The practice, which can be seen with deforestation and global carbon dioxide emissions is, therefore, not applicable for impact investments as they neglect the original idea of the SDGs.

5.4.5 Foundation of the Impact Investment Framework

What is required as a conclusion to this research is an Impact Investment Framework for Sustainable Foreign Direct Investments. Five defining requirements, summarized from the outcomes of the research interviews, are listed below that will build the foundation to measure the impact of FDI on the SDG funding gap. This represents the second element of the framework besides the SDG cascading model, as shown in figure 22. The full framework can be found in Appendix A.

Figure 22: Impact Investment Framework – Impact on the SDG Funding Gap (author's illustration)

This study has contributed by filling some of the gaps identified during the literature review, as this research project has gathered findings based on qualitative research through research interviews with actual practitioners from the FDI and SDG field rather than macro-economic data. The study has also combined the findings of the research interviews to address the research gap of no overarching framework measuring the role of FDI on the SDG funding gap, which was identified as a major gap during the literature review. Further potential academic research will be highlighted in the next chapter as part of the recommendations. Moreover, this study has created a fundamental baseline for the professional practice, as it is one of very few academic papers, which incorporates findings and outcomes from research interviews with practitioners, policymakers and FDI experts. Based on the findings of this study, the following practical contributions can be summarized:

- For **Investment Promotion Agencies (IPAs)** this study has revealed new and innovative approaches to address and incorporate the Sustainable Development Goals. This study also elaborated on the changing mandate and operating models of IPA incorporating a sustainable development aspect and transforming into Investment Development Agencies over time. This study has shown the importance for IPAs to provide the investor with sufficient information. This includes the selection and prioritization of the SDG goals for the specific location, creation of sustainable investment incentives, consultations between the local and federal government and the investors. The study has also shown that along the investor journey, the IPA has to serve as an active partner for investors and facilitate questions and concerns, especially addressing uncertainty about the SDGs.

- Knowledge transfer and **capacity building** are essential to successfully implement and achieve the Sustainable Development Goals. This study has made it evident that leading FDI destinations have to create initiatives or cooperation and partnership to allow FDI locations in least-developed countries to grow and promote themselves. Many times, those locations even lack governance and a mandated investment promotion agency, which makes it even more important to work closely together with leading locations that have the financial and absorptive capacities needed. In the spirit of the SDGs, the partnership is at the forefront of the goals. This study has shown that partnership is especially important to channel FDI into SDG investment projects. IPAs has to join a global organization such as the World Association of Investment Promotion Agencies (WAIPA), work together, exchange ideas and knowledge and enable each other to serve the investor better towards achieving the SDGs.

- For **policymakers** this study has provided and revealed several innovative ideas to organize globally for joint policymaking as well as a regulatory investment framework that outlines the objectives and basic definitions as well as guidelines for impact investments. The mismatch of available FDI capital that is not channelled into SDG projects and SDG projects that are unable to attract foreign investors has to be addressed to govern the process in the future and create tools and platforms to match investors and recipient countries. This study has also shown several global initiatives in terms of SDG progress reporting as well as frameworks that define sustainable impact. However, the study has also revealed the shortcomings of those frameworks. Interview participants have highlighted the need for an international investment law and clear legislation on sustainable investments. This study went even a step further and suggested a global certification standard that allows investors to be certified for SDG investments and, on the other hand, investment projects to be classified as SDG investments. Policymakers can take these points and further develop concepts on realizing the ideas given by this research project.

- **Investors and business leaders** can benefit from the outcomes of this study as they not only receive first-hand insights from their peer group but also see other stakeholders of the FDI ecosystem and their perspective on the relation of FDI and the Sustainable Development Goals. Besides the individual perceptions, this study also provides insights on how operating models and strategic frameworks can incorporate sustainability aspects without compromising existing company targets. Investors can further tap into the findings of this study, as it provides a global perspective on the relation of FDI and the SDGs, while most academic papers and empirical research done so far has always focused on either a specific sector or a specific country.

- This study directly **addresses obstacles of SDG investments** through the research aims and thematic mapping of the interview questions. Investors can find answers in this study on how to address the SDGs during their investment decision process and what to expect or even demand from an Investment Promotion Agency during the facilitation and aftercare process. This study also addresses the need for profiled SDG investment opportunities, which investors can tap into. Therefore, this study not only contributes to the professional FDI practice but also gives insights for investors that are interested in investing in SDG projects.

- The findings and outcomes of this study provide an enormous **contribution for FDI experts and FDI consultants.** As being one of the few academic research papers analysing the connection between FDI and the SDGs at a global scale, this study provides deep insights into both, the existing literature as well as professional practice. Additionally, this study incorporates many economic reports from multilateral and international organizations and the qualitative analysis of this study provides direct market insights, which can be utilized for further strategy work, FDI consultations as well as clientele that require information on the role of FDI in terms of achieving the SDGs. As many FDI experts were part of the research interviews, a general keenness on the outcomes of this research project could be witnessed as it is still a majorly untapped area, even though the SDGs are already in place for more than five years. FDI experts were hereby especially interested in the viewpoints of the public sector including international organizations, as they barely verbalize first-hand insights, which this study provides. Rather than deconstructed general reports, this study offers answers to specific questions all closely related to the various aspects of the role of FDI in achieving the SDGs. This study has also provided a good international mix of interview candidates, which allows FDI experts and consultants to receive a global perspective on the topic rather than a narrowed and limited point of view.

- **Multilateral and international organizations** have been intensively reviewed in this study to compare efforts in addressing the SDGs, especially from an FDI perspective. This study was also able to receive insights from representatives of those organizations during the research interviews. As one of these organizations is the originator of the SDGs, it is especially a valuable contribution of this study to the academic as well as professional world. The main report, which is correlating FDI, and the SDGs is periodically published by UNCTAD and has also been part of the analysis of this research project. This study, therefore, allows multilateral and international organizations to gain a new and complete perspective of all participants in the FDI ecosystem and their perception of the SDGs as well as efforts made to close the annual funding gap. This study looks closely at this funding gap and developed tools and initiatives to achieve progress on the SDGs by closing this funding gap through impact investments. The study also revealed the requirements and conditions needed for investors to tap into those SDG investment opportunities.

- Besides, the study also pointed out the gaps of international **SDG progress reporting** as well as the shortcomings of international efforts to channel FDI capital into SDG projects. At the same time, this study has shown successful initiatives as well, that were launched globally to allocate FDI capital for SDG relevant projects. Last but not least, this study allows a wider perspective for multilateral and international organizations as it pins down the actions needed to realize the SDG agenda. The study hereby also exemplifies how the perception of the term sustainable impact differs depending on the type of stakeholder in the FDI ecosystem. The study, therefore, gives a baseline and discussion platform for further cooperation between the different stakeholders and also provides a variety of new aspects and ideas to be taken forward in future consultations papers as well as SDG-related strategies and frameworks.

This concludes the summary of main practical contributions as an outcome of this research project. The next chapter is the closing chapter of this study. It will summarize the main conclusions of this research project and also give further recommendations for academic research as well as concrete measures to be implemented immediately as an outcome of this study. The timeframe between the years 2020 and 2030 has been declared as the ‘decade of action’. Therefore, the last chapter of this study will also include action points that could be essential to reach the SDG goals by 2030. The last chapter will also include a personal assessment of the status of the SDG progress based on the outcomes of this study and a brief evaluation of the effectiveness of FDI as a driver and tool to close the annual funding gap of the SDGs.

CHAPTER 6

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

This chapter is the last chapter of this study. It provides a summary of the main conclusions of this research project as well as recommendations for further research. It will also provide recommendations for the professional practise as part of the practical contribution of the DBA program. This includes ideas as well as action measures of critical nature after reviewing the outcomes of this study. The chapter also includes a personal assessment of the author on the findings and outcomes of this study, the overall progress on the SDGs, and the role of Foreign Direct Investment in achieving them. The personal assessment is hereby based on the personal opinion of the author and also incorporates the experiences and personal interactions made during this research project.

6.2 Summary of conclusions for the academic world

The uniqueness of this study is that only very few academic research is focusing on the Sustainable Development Goals and the role of FDI. Besides the different outcomes of the research interviews, which can be tapped into by any researcher for further analysis, this study has especially provided a baseline for further research on potential policy measures, FDI incentives and legislative frameworks needed to facilitate FDI into SDG projects. The study has shown the relevance and urgency for further academic research in terms of SDG prioritization, SDG interlinkages and SDG cascading at organizational levels. The study will also allow researchers to tap into the comprehensive literature review and address further gaps, which this study is not able to fill. This includes literature on impact investments and sustainable investments that are detached from the environmental perspective and rather incorporate sustainable economic and social development.

Future research on Foreign Direct Investment can utilize the findings of this study and incorporate them as this study provides first-hand market insights on the topic. As this study is not limited to any sector or region, researchers worldwide can utilize the findings of this study as they are globally applicable. Furthermore, this study shows how international organizations are taking the lead on publications on this relevant research topic, while academia is often underrepresented. Only a few academic journals are tapping into the topic linking FDI and the SDGs, whereas this study should serve as a driver for further research in this area. All practical concepts recommended in this study should be backed by academic research, therefore, researchers can tap into the recommendations and further tap into the theoretical concepts behind the initiatives as well as to conduct empirical research on their relevance and validity. Looking specifically at the statements and outcomes from the research interviews, this study shows a large degree of uncertainty amongst the FDI community. This is not only based on topicality, but also because academic research, analysis and studies are missing or failing to give answers that go beyond the high-level macro-economic perspective. This study has gone deeper into the subject matter, however many aspects of this area of research are still untapped and offer further academic work to be done. The literature review of this study has also revealed how standard literature needs to be updated as many academic books and papers are still referring to sustainability concepts before the SDGs. Another conclusion in this regard is that academic literature often does not incorporate global political dynamics (Fukuda-Parr and McNeill, 2019), especially those of emerging economies. From an almost narrow point of view, many studies that claim to reflect the FDI ecosystem as it is, often anticipate unrealistic circumstances. Besides macro-economic theoretical analysis, researchers should use this study as a guiding approach to go beyond the data and macro-level predictions and indicators and conduct qualitative research that is tangible and relevant not only to the academic but also to the practical world. This study has provided this paradigm change as it is also a major part of the intention of the DBA program.

Future research could also be utilizing the outcomes of this study for further quantitative analysis and the actual data perspective. Academic researchers could follow the same concept of this study, however replacing the semi-structured interviews and qualitative approach with data-driven analysis to see if the findings, outcomes and recommendations are similar. It would be interesting to see if data analysis supports the statements and findings from the research interviews. Further to that, a quantitative model could be developed to expand the risk and return formula by the impact element as concluded in this study. Besides this formula, quantitative academic work could also use this study to develop a model that measures the sustainable impact of an investment before foreign investors deploy capital. This study could also be used to conduct an academic survey as part of a research project with a large sample size to see if the survey confirms the findings from the high-level research interviews and if the outcomes of those interviews are confirmed by a larger audience.

As another conclusion of this study, it should be mentioned that the academic world has a significant opportunity by driving research projects forward that address the Sustainable Development Goals. The FDI perspective is hereby only one aspect, that is, however, highly relevant for the closing of the SDG funding gap. The funding gap itself was published by UNCTAD, however limited academic research so far has analysed the findings of UNCTAD and questioned the validity of the size of the funding gap as well as the investment tools proposes to close the funding gap. Therefore, further research on this topic as well as the effectiveness of development finance and chances of FDI in the future can be conducted. Also considerable is a collaboration between an academic institution and an international organization, where this study is being used as input for further research to drive academic work on the SDGs forward.

Overall, it can be concluded as an outcome of this study, that academic work on the SDGs, and especially the role of FDI is still in the beginning. This study will serve as an ideal platform for further research and hopefully make academic researchers interested in the topic, as the significance of it today is bigger than ever before. The next section of this chapter will look at the conclusions made for the professional practice, which is another essential element of the DBA program.

6.3. Summary of conclusions for the professional practice

Besides the contributions to the professional practice, it can be concluded as an outcome of this study that especially the perception of the SDGs is a decisive factor in terms of willingness and efforts to implement the SDGs. This study has shed more light on the topic and has presented different perspectives from various practitioners and FDI professionals. Especially the statement that SDGs are only a branding ‘gimmick’, which has been made by some interview participants is alarming. This study has shown that sustainable development and sustainable impact can be tangible if facilitated and governed correctly. This study has also given ideas on how organizations can integrate the SDGs in their business model and how the SDGs can be beneficial especially for investors. Therefore, it can be concluded that, overall, that the outcomes of this study are valued arguments that contradict the perception that the SDGs are a branding tool. Instead, this study encourages investors to be role models in SDG implementation and utilize SDG investment opportunities in the sense of a first-mover advantage.

However, it can also be concluded that the complexity of the research topic, especially from a policy perspective is overwhelming for many practitioners. A lack of clarity, guidance and direction combined with a reluctance of responsibility (Bexell and Jönsson, 2017) seems to prevail in some parts of the FDI ecosystem. This study has, therefore, shown ways and methods on how to address this complex topic and break it down into simpler fragments. The study also emphasizes the need to establish clarity and governing frameworks especially on the SDG prioritization and selection process as well as the profiling and tendering of SDG investment opportunities. The study concludes to establish globally applicable instead of regional legislation and convert the SDG progress reporting into a prudential approach, which measures SDG progress based on real-world local developments instead of aggregated indicators. At the same time, this study concludes that SDG Dashboard rankings show highly developed industrialized countries at the top, while focus countries of the SDGs are at the bottom lack in value, as they rather display common sense than actual SDG implementation progress.

It can also be concluded, based on the outcomes of this study, that FDI professionals must educate themselves and build capacity to understand the SDGs and incorporate them in their investment promotion activities. Knowledge and technology transfer to underprivileged FDI destinations are hereby key. The SDGs also require enhanced research and development by private organizations as many of the SDG goals require advanced technology to accommodate the overwhelming challenges considering population growth and lack of even basic infrastructure. At the same time, this study concluded that governments have to be willing to address the SDGs and determine based on their economic priorities, environmental conditions and social needs, which SDGs to prioritize for foreign investments. This includes a sector strategy that outlines the investment potential as well as FDI incentives to be availed. The location determinants should also incorporate local competition on the one hand, as well as the potential for corporation and partnership on the other hand. Large-scale infrastructure projects might be established in one nation but can benefit an entire region. This study has emphasized the need for increased partnerships to facilitate FDI flows into SDG projects. Ideas for potential partnerships as well as methods to establish them have been provided, which the professional practice can benefit from.

It can further be concluded that FDI professionals seek answers to address the SDGs. Many of the research interviews have shown that the availability of suitable discussion platforms, as well as the conformity with professional duties, limits the willingness to express ideas openly. This study has provided this platform in an anonymized form and, therefore, contributed to encouraging the discussion amongst practitioners. The study can also be used as a pool of ideas for further discussion amongst stakeholders in the FDI ecosystem. It can be concluded that the SDGs require a canvas approach, where ideas are collected and solutions are being developed, incorporating all relevant stakeholders at the same time. A ‘one-fits-all solution does not exist for a complex topic, which the SDG implementation is.

This study has also shown how the professional practice is actively pursuing innovative ideas to collect funds for the SDGs, which are usually triggered by charity or philanthropic ideas. The pure investment aspect, however, where foreign investors deploy capital for the better good is a difficult discussion. It can be concluded that both research and the professional world could help to overcome this obstacle by bringing together investors and countries in need to openly address and verbalize the requirement on both sides. This study can, hereby, serve as a lever to initiate this discussion as one of the outcomes of this study is that there is a willingness on both sides to address this topic, however, both sides are hesitant or struggle to formulate their requirements. Looking again at the canvas approach, this study could serve as a pool of ideas, which practitioners can tap into to formulate what is required to bring SDG investors and SDG recipient countries together.

Overall, it can be concluded, that this study serves both, academic researchers as well as professional practice, as the approach of this study was to incorporate both parties in the qualitative analysis based on the semi-structured research interviews. This symbiosis of ideas and insights allow both worlds to equally benefit from this study, where the focus for the academic world lies on the literature review and the focus for the professional practice is more on the outcomes of the research interviews. The last section of this chapter will provide a personal assessment based on the author’s opinion on the current progress of the SDGs as well as respective FDI investment opportunities. Additionally, general reflections on the research project will be given as well as experiences from the interview phase. The following section will conclude this research project.

6.4 Personal assessment and general reflections

Each research project certainly faces limitations. It can be stated that during this research project several limitations were faced, which were not expected in the beginning. One of them was naturally the global pandemic in 2020, which lead to complete conversion of the existing research plan and incorporation of online tools to continue with the research. Secondly, the massive gap, especially in academic literature was one point, which has been underestimated in the beginning, as especially Foreign Direct Investments are a widely researched field. However, a lot of theoretical studies did not address the role of FDI in achieving the SDGs and rather generally described FDI as a financing mechanism. This presented a great chance for this research project to contribute to the academic research but at the same time a limitation in terms of academic input for this study.

Further limitations included the overall access to interview candidates. At the beginning of this research project initial consultations, which were also described as ‘sounding’ has been conducted as it is especially with high-ranking officials a suitable way to get access and familiarize them with the research project before actually conducting an interview. It was interesting to see, however, how overwhelming the reluctance was in terms of going beyond the general opinion about the SDGs and answering detailed questions from a personal point of view. The level of uncertainty and lack of tangibility around the SDGs still prevails up to this day. Even proven experts are unable to determine the real extend of the SDG funding gap, as many areas have not additionally been expanded in terms of financing needs due to the global pandemic in 2020.

As a researcher, I can conclude as an overall assessment that the Sustainable Development Goals are an ambitious agenda. The financing needs of the recipient countries are substantial which lets one doubt if the SDGs can be achieved by 2030. However, it has also become clear during this research project that the idea of the SDGs is not necessary to achieve all the goals by 2030, but to rather motivate investors, leaders, politicians and organizations to take steps in the right direction and to narrow the focus on sustainability aspects rather than profit orientation. The SDGs also show a need for action and create awareness about countries that are desperate to even establish basic infrastructures such as access to clean water and sanitary installations. Considering the SDGs from an investor perspective, it is necessary to also hear what the investors have to say, what this study has provided. The willingness of the investors to deploy capital into

SDG projects is there, however governments and international organizations have to present investment opportunities. Unguided investments, which are based on the initiative of the investor face a much higher risk to be exposed to political inefficiencies and corruption. With governance and legislation in place, such as a global investment law, SDG certification standards and clear matchmaking between SDG investors and SDG recipient countries it can be ensured that sustainable impact will be achieved as well as progress on the SDGs. At the same time, the risks of the investments will be mitigated.

FDI is an immensely powerful economic tool, there is no doubt about that. This study has shown how important the role of FDI is in reaching the SDG goals by 2030. The concept of impact investments has to be revised. The SDGs go beyond charity and philanthropy. For foreign investors, it is crucial to conduct a site selection process based on hard data. Impact investments, therefore, require a facilitation process that is closely aligned to the SDG goals to enable the investor to create sustainable impact. The opinion about the interlinkages between the SDG goals is important in this regard. While some say all SDGs are interlinked and you cannot invest in one SDG goal alone, other demand investment opportunities based on individual SDG goals. Further research on this topic is required to understand and also measure the correlations between the goals. What is important for this study, however, is the pathway to promote the SDG goals as investment opportunities. In many consultations during this study, I was encouraged as many participants of this study stated that they cannot believe, how SDG investment opportunities still do not exist as a global trademark. After all, this research project has also taught me a lot about the limitations business leaders sometimes have as they are bound to profit orientation, shareholder influence and the overall company strategy. A lot of branding efforts have been made to increase the popularity of the SDGs. What this study has shown, however, is that foreign investors require data and policies that allow an informed decision-making process. Impact and return have to be quantified. This study has included this aspect in the expansion of the risk and return formula by a third dimension.

Reflecting on this research journey and the outcomes of this research project, I am glad I choose this topic, as I am being asked about some aspect of the SDGs regarding FDI almost every week as a professional. Investors, advisors, colleagues, are all interested in this topic and every time a publication is made by a globally renowned organization such as UNCTAD or the World Bank Group, they are reminded that this topic matters. The outcomes of this study will therefore be most valuable not only to the academic world but especially to the professional practice as it is essential as a researcher to hear all stakeholders receive a complete picture of a research topic when doing qualitative analysis. This research project also allowed me to further expand my network in the investor community, but also with other leaders, industry experts and officials that are interested in the topic.

Certainly, there is always a risk of a researcher's bias, to be distanced enough to the statements made during the research interviews and to not base findings on personal opinion or subjective conclusions based on personal and professional experience. This bias can be eliminated by stringently following academic standards and referencing all information properly, which I have done. Ultimately the interpretation of results and conclusions is the part where subjectivity plays an important role, as the researcher must be able to conclude based on his capabilities. The reader of a research paper, however, needs to see how all conclusions made are based on findings of the research project itself, which is done through the qualitative analysis of data. This allows eliminating any bias of the researcher and any doubt of third parties.

As a general reflection, I can say that my hope is this study will encourage other researchers to tap into this topic. During the research project, I published several articles and presented on numerous occasions during global conferences and speeches. The appetite to tap into this topic is there, so I hope that this study will also serve as a lever or stepping stone for other academic researchers to further conduct studies on the many different aspects of this complex topic. Last but not the least, I would like to mention that it was a privilege to be part of the DBA program at Northumbria University and that I am looking forward to teaching and encouraging other prospective researchers about the importance of the role of FDI in achieving the Sustainable Development Goals 2030.

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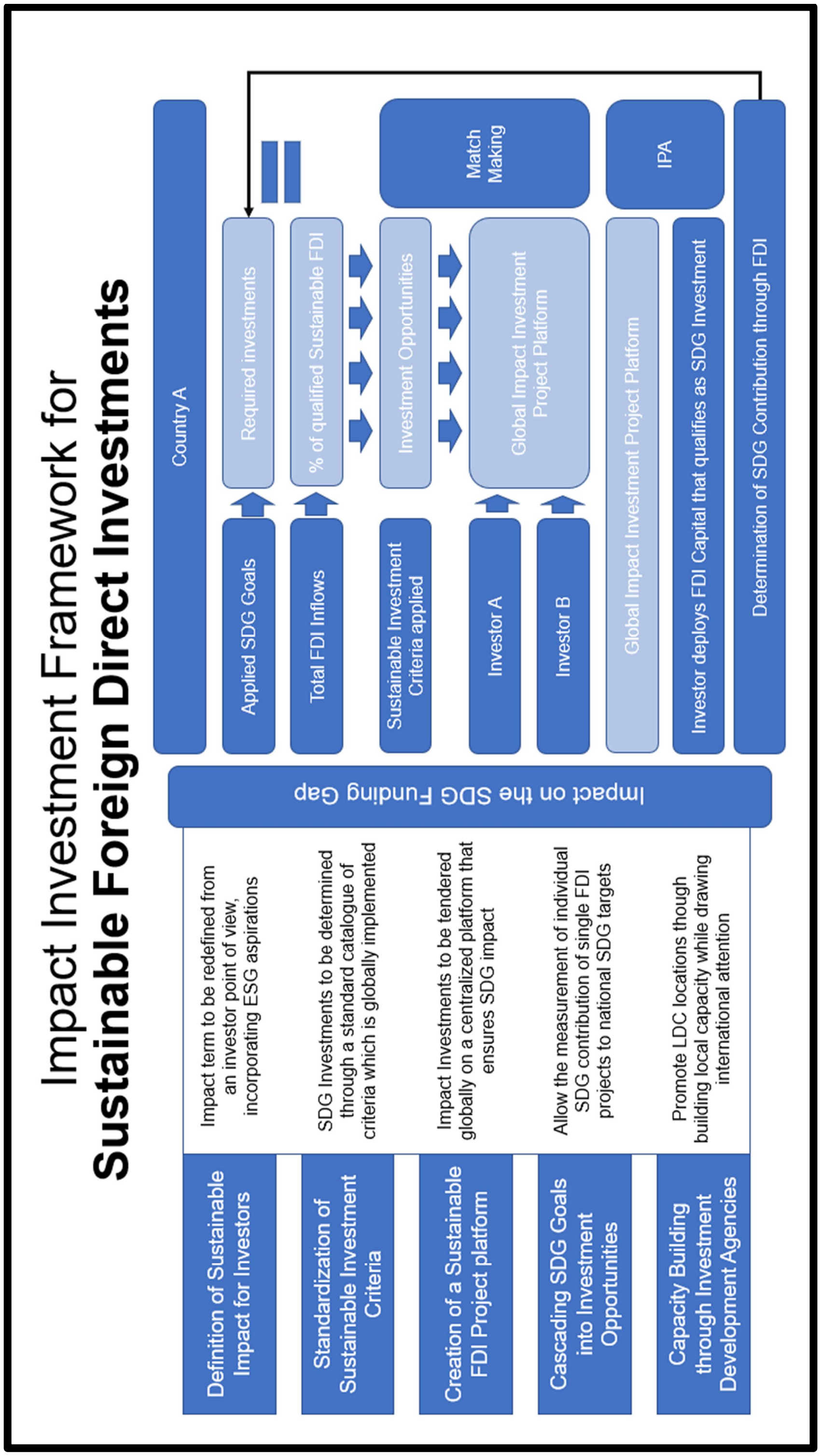
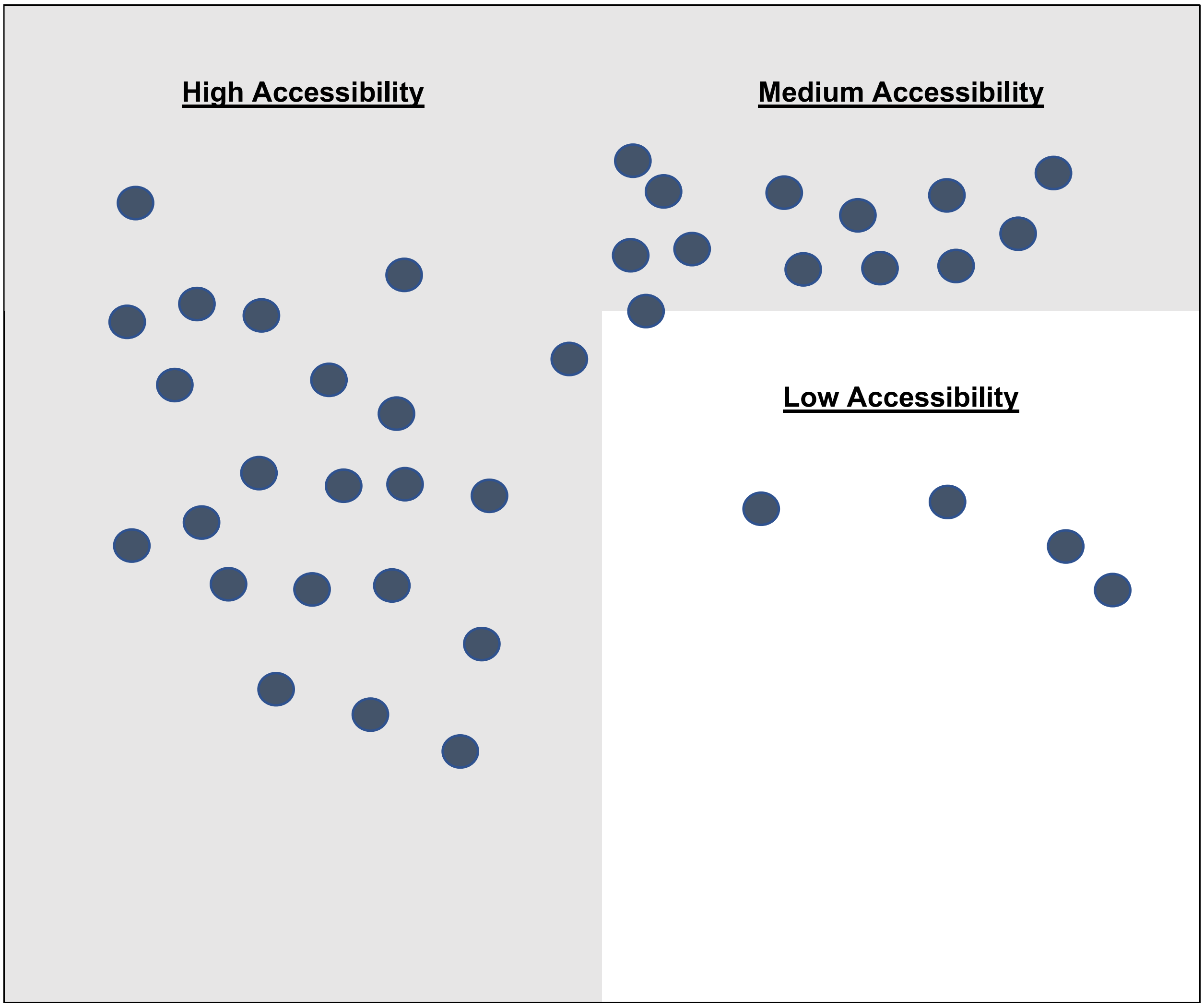
APPENDIX A

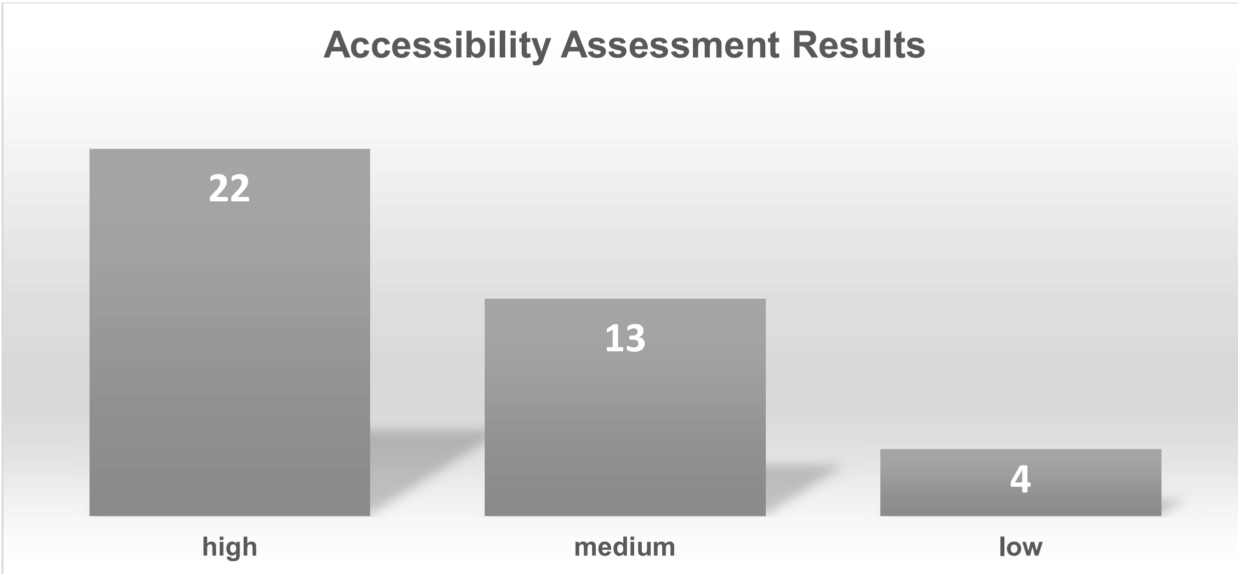
FULL IMPACT INVESTMENT FRAMEWORK VISUALIZATION



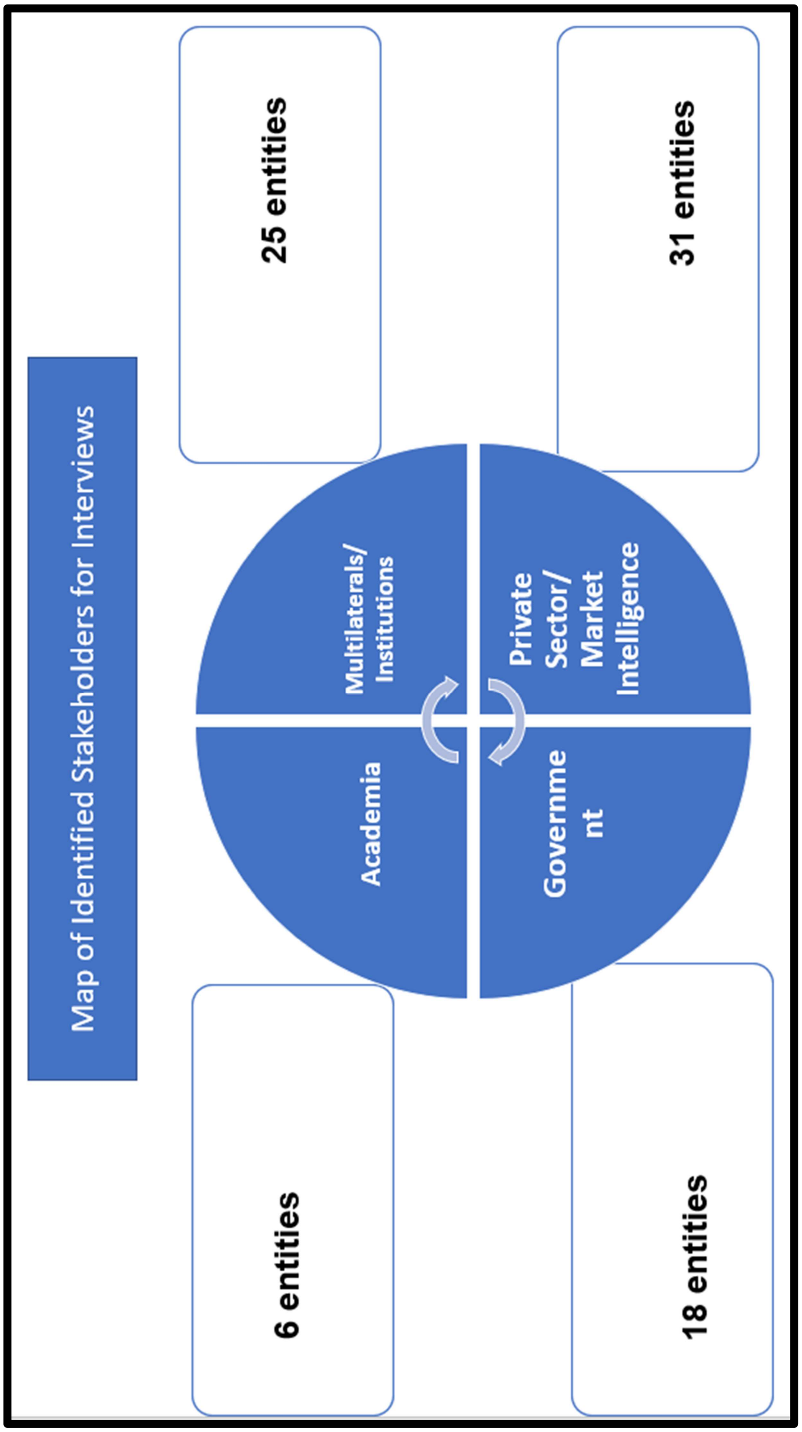
APPENDIX B

ANONYMIZED ACCESSIBILITY ASSESSMENT OF POTENTIAL INTERVIEW CANDIDATES




Accessibility Assessment Results
22
13
4
high
medium
low

INITIAL STAKEHOLDER MAP



COUNTRY MATRIX OF FINAL INTERVIEW CANDIDATES (GLOBAL COVERAGE)

Name of country	Number of potential interview candidates	Continental region
Austria	1	Europe
Germany	3	Europe
Lebanon	1	Middle East (Asia)
South Korea	1	Asia
Switzerland	3	Europe
Turkey	2	Europe/ Asia
United Arab Emirates	9	Middle East (Asia)
United Kingdom	6	Europe
United States	3	North America
Total	**29**	

APPENDIX C

EXTRACT FROM RESEARCH INTERVIEW TRANSCRIPT – IR3

Interviewer:

Thank you for taking the time today for this interview. It is great to speak with you.

Interview Candidate IR3:

Absolutely, nice to see you again, let's get started.

Interviewer:

Sure, let me start with the first question to set the tone for the interview. If you think about the Sustainable Development Goals (SDGs), which are in your opinion the most important considerations to shape an ecosystem that is attractive for investors while at the same time contributing to achieving the SDGs?

Interview Candidate IR3:

You know I work a lot with the SDGs daily. We acknowledge the ambition of the United Nations, and it is honourable to see extraordinary efforts made to achieve the SDGs by 2030… therefore, we fully comply with any requirements given by the United Nations and other authorities in charge of implementing the SDG agenda. I should also mention though that in terms of investments the SDG are both, a challenge and an opportunity.

Interviewer:

What exactly do you mean by that?

Interview Candidate IR3:

I mean let's be honest here, for me the funding gap published by UNCTAD is only the tip of the iceberg, as many funding needs have yet to be quantified, especially in rural parts of the world where all of us face a data gap. Data is essential for any due diligence process or like in your case for any research. I believe there is a big misconception that the United Nations know what is needed in all its member states. The SDGs are a general roadmap, a best practice model, not a real-world, need-based concept. That's what most people in policy, in business and the *academic world do not admit, instead, they are taking a theoretical plan and mixing it with real-world data, before testing if those assumptions made by the UN are valid.*

Interviewer:

What if you look into LDCs, isn't there an obvious need for any kind of action?

Interview Candidate IR3:

Community development through FDI coming into a location can also mean that the investor actively works on establishing better business practices and carefully observe the impact the investment has locally. This awareness is what we want to see as a government entity that investors not only uphold but actively live and promote best practices in terms of business. Looking at FDI opportunities in LDCs leads me to the conclusion, that there are three types of FDI capital investment possible. First, we talk about a capital-heavy global consortium or investor, which has the financial ability to manage the entire project and climb any regulatory and bureaucratic burden along the way, secondly, we talk about a local government-owned project, which seeks funding from abroad and FDI comes in as a financing tool, however, thirdly and this is the opportunity for the SDGs from my perspective, we talk about a foreign investor with a high technology component who partner with a local company in a joint-venture to create something that is value-adding to the local economy.

Interviewer:

Interesting. If I take this point and ask you about the policy-making side of it, what would be your recommendation in terms of FDI policies to drive the SDGs forward?

Interview Candidate IR3:

Development aid and mutual investment treaties are one pillar of agreeing on a certain standard of collaboration and compliance, however, investors often have their ideas of dealing with their finances, which means for governments they are frequently in a predicament to grant exceptions and sign off discretionary arrangements between the local government and the investor to facilitate an FDI project. I mean look at your research. You are doing it not only due to the lack of academic literature and studies. You are doing it because global corporations are lacking to give answers to investors and legislative bodies lack to implement policies that lead to the sustainable impact the SDGs are aiming for.

Interviewer:

Well for me it is business and academic research at the same time…

Interview Candidate IR3:

Exactly, that's the point, sorry to interrupt there, but you only saw this massive gap because you live in both worlds. Others operate in silos. Policymakers take time, naturally, business leaders are seeking for answers, the UN says they have done their job and are awaiting results and last but not least, the governments, struggle to implement the SDGs at a global, regional and local level, massively. But we have to start somewhere, so I fully support what you do, to be able to find solutions for solving the challenges that came with the SDGs in 2015.

Interviewer:

Thank you that is so good to hear and one part of what is driving me forward in this project.

End of Extract

APPENDIX D

INFORMATION LETTER

Northumbria University NEWCASTLE

INFORMATION LETTER

Dear Research Participant,

As part of my Doctoral Studies in Business Administration (DBA) at Newcastle Business School, Northumbria University, UK, I am writing you to kindly ask you to be one of the esteemed interviewees of my research project.

The research project investigates and elaborates the role Foreign Direct Investments (FDI) play in achieving the Sustainable Development Goals 2030 (SDGs) by the United Nations. It is especially focused on measuring the impact of FDI and the contribution FDI has in achieving the goals.

I will be conducting a set of interviews with high level senior officials, industry experts, thought leaders and top executives in this regard to get first hand insights on their current awareness of the SDGs and the role FDI plays in achieving the goals as well as to determine ways and gather thoughts on what they think the potential of investment opportunities arising from the SDGs is and how return and impact can be measured towards the SDGs.

I would be grateful to have you as an interviewee for this research project. All interviews follow a interview guide with questions and consist of a structured interview part in the beginning and a second part, which will allow an open discussion on further aspects. All interviews will be recorded and transcribed and the transcript will be provided to you for confirmation or any further changes from your side before using the data and information for the research. The interview will last 45-60 mins and will be held through phone or video call.

Please note that the interview is absolutely voluntary and completely anonymous. Under no circumstances will interview participants be named in any publication or any details be provided to a third party, which would allow them to identify the interviewee. The results of the interviews and this study are for academic purposes of this research project only and your personal information including organizational details will not appear in any written document. Obviously, it would be my pleasure to have you on board and you will also receive a copy of the final dissertation.

Should you have any further questions, please let me know. If you agree to take part as an interview participant, please send me a confirmation email so we can arrange a suitable time for the interview.

Best Regards,

Juri Suehrer

CONSENT FORM FOR INTERVIEW PARTICIPANTS

Northumbria University NEWCASTLE

INFORMED CONSENT FORM

Dear Research Participant,

It is my pleasure to thank you for agreeing to be part of this research project. The lead researcher is Mr. Juri Suehrer, Doctoral Candidate at Newcastle Business School, Northumbria University, UK.

The scope and purpose of this research project has been outlined to you in the information letter, which you have received alongside your personal invitation. This consent form is being used to ensure that you are fully aware of the research project and its context and that you give full consent to participate in it.

By signing this consent form, you confirm that you understand the scope and purpose of this study, that you have been given the chance to ask further clarification questions and that you agree to be interviewed in the scope of this research project.

You may refuse to answer any of the interview questions and you may also withdraw from answering questions at any time.

All personal information of yours are kept confidential and 100% anonymous and will NOT APPEAR in any printed material such as research papers or the final dissertation.

Please sign this form below.

FULL NAME: ____________________

DATE: ________________________

SIGNATURE: ____________________

*Due to the current global pandemic, a confirmation via email will be accepted as signature. Interviews will be conducted virtually through phone or video call.

INTERVIEW GUIDE FOR THE STRUCTURED PART OF THE INTERVIEW

Northumbria University NEWCASTLE

1. If you think about the Sustainable Development Goals (SDGs), which are in your opinion the most important considerations to shape an ecosystem that is attractive for investors while at the same time contributing to achieve the SDGs?
2. Foreign Direct Investments (FDI) have been identified as a major factor to finance the SDGs. Do you agree or disagree with this statement and how do you think FDI and the SDGs are linked?
3. The SDGs especially address the Least Developed Countries (LDCs) in the world. How do you think the SDGs can present an investment opportunity in these countries?
4. SDG implementation is still in its early stages in many organization and countries. In your organization, what role do the SDGs and their implementation play and what would you say are the most important aspects to consider when incorporating the SDGs?
5. Investments are mostly about the financial return or ROI. If you think of the term impact as an addition to the ROI, how would you say impact measurement could look like and how would you link FDI and the SDGs in a dedicated investment policy framework?

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