International Labour Organization

World Association of Investment Promotion Agencies

▶ ILO brief

ILO Brief

March 2026

Investment Facilitation for More and Better Jobs

Leveraging Responsible Business Conduct to Enhance the Positive Impact of Foreign Direct Investment

Key points

- The brief highlights the shift of foreign direct investment (FDI) towards quality and sustainable investment. There is a growing global recognition that not just the quantity of investment flows is important, but also how FDI contributes to advancing national development priorities, including more and better jobs. Governments are increasingly prioritizing FDI facilitation that supports productivity upgrading, skills development, technology transfer, linkages between foreign and local enterprises, and the creation of more and better jobs, among others.
- International and regional frameworks provide clear guidance on policies and incentives needed to steer FDI towards development outcomes, including sustainable development and decent work. Instruments such as the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration), the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, and the UN Guiding Principles on Business and Human Rights outline expectations in terms of responsible business conduct, decent work, and respect for international labour standards. These frameworks provide guidance to both host and home countries of multinational enterprises and to investors on how to maximize the positive social and economic impact of investment and business operations more generally.
- Investment Promotion Agencies (IPAs) are uniquely positioned to shape the development outcomes of FDI. Through their role as intermediaries between governments and investors, IPAs can influence investment decisions across the entire investment facilitation cycle—from project promotion and investor targeting, to facilitation, aftercare, and long-term monitoring. By systematically integrating responsible business conduct (RBC), decent-work considerations, and sustainable development objectives into their strategies and services, IPAs can attract sustainable FDI, promote adherence to RBC standards and strengthen the contribution of FDI to inclusive growth and decent work.

Background

Foreign direct investment (FDI) is the largest external source of private capital in developing countries and can advance broader development objectives.[1] Its development impact, however, depends on diverse factors such as the type of investment and a country's absorptive capacity.[2] FDI flows can increase productivity, create formal employment, create linkages, transfer skills and technology, and support progress toward sustainable development.[3]

Governments increasingly want to know and have evidence on how FDI delivers progress towards national development. This requires looking beyond headline investment volumes and tracking additional performance indicators, including how many decent jobs each investment generates directly and indirectly, how national enterprises benefit from FDI, whether workers gain skills and have a decent income, enjoy adequate labour protection, and benefit from technology transfer, to name just a few.

Multinational enterprises (MNEs) are the primary vehicles for FDI, channeling capital, technology, and management across borders through greenfield projects and cross-border mergers and acquisitions. The ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) situates responsible business conduct within the broader sustainable development agenda, including principles that promote local linkages, encourage the equitable distribution of investment benefits to underdeveloped regions, and underscore the complementary roles of both enterprises and governments in ensuring workers benefit from economic growth. Other international instruments, including the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, further reinforce this framework.

This brief examines sustainable investment, international and regional investment frameworks, and the roles that different actors play in driving sustainable outcomes of FDI. It highlights the role that investment promotion agenciesa can play.

IPAs at municipal, regional, and national levels have direct insight into investor commitments and on-the-ground outcomes, making them a vital source of information for shaping FDI policies and investment facilitation strategies that support sustainable development. The brief provides guidance on how IPAs can integrate decent work and RBC principles across all phases of the investment cycle, ensuring that FDI not only enters the country but also contributes to sustainable and inclusive development outcomes.

From quantity to quality and sustainable FDI

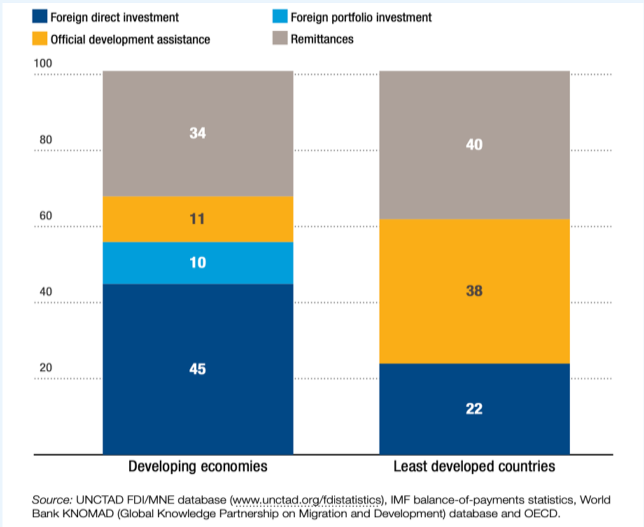
In developing countries, FDI plays a key role, as 45% of external financial flows derive from FDI (Figure 1). FDI is not just about capital inflows; it has the potential to simultaneously raise productivity levels, contribute to more and better jobs, transfer skills and technology, and broaden the host country tax base, to name just a few of the benefits associated with FDI. IPAs, positioned at the interface between governments and investors, are uniquely placed to steer FDI toward national and global sustainability goals.

[1] UNCTAD, World Investment Report 2025: International Investment in the Digital Economy (2025), 42, https://unctad.org/system/files/official-document/wir2025_en.pdf.

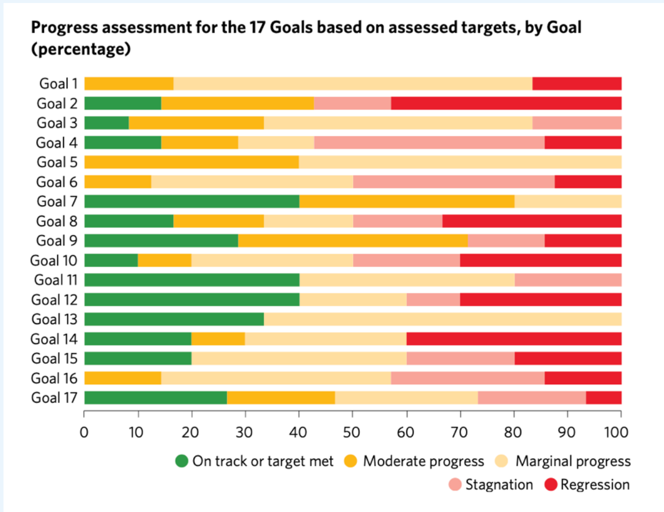
[2] Economic Commission for Latin America and the Caribbean (ECLAC), Foreign Direct Investment in Latin America and the Caribbean 2024 (2024), 86, https://www.cepal.org/en/publications/80565-foreign-direct-investment-latin-america-and-caribbean-2024.

[3] Organisation for Economic Co-operation and Development (OECD), Impulsando la conducta empresarial responsable a través del comercio y la inversión: América Latina y el Caribe (OECD Business and Finance Policy Papers, 2024), 9, https://doi.org/10.1787/bf84ff64-en.

▶ **Figure 1: Share of external financial flows by category, 2024 (Source: UNCTAD WIR 2025)**



▶ **Figure 2: Limited Progress on SDG 8 (Source: UN, The Sustainable Development Report 2025)**



In 2024, the value of sustainable development related investment, as defined by UNCTAD and encompassing both greenfield and international project finance, in developing countries fell by 26%.[4] Foreign investment is considered a critical enabler of sustainable development, particularly in bridging the financing gap required to achieve the Sustainable Development Goals (SDGs). Even before the COVID-19 pandemic, there was an estimated US $2.5 trillion annual financing gap. The pandemic has since widened this gap to US $4.2 trillion, with projections indicating it could reach US $6.4 trillion by 2030 if current trends continue.[5] The lack of SDG financing has especially severe implications for low-income countries.[6] Addressing this growing gap requires shifting the focus from merely increasing investment volumes to prioritizing the attraction of high-quality investment that actively contributes to sustainable development. The 2025 Sustainable Development Goals Report indicates that progress toward the SDGs, including SDG 8, remains off track (Figure 2).[7]

FDI plays an important role in advancing SDG 8 linked to decent work and inclusive and economic growth when aligned with national priorities and grounded in international labour standards. Enhancing the capacity of IPAs to attract and assess the quality of FDI is essential to ensure it contributes to the creation of more and better jobs.

FDI is often treated as a single category, but its impacts vary widely. Over the past decade, policy has shifted toward outcomes, guided by the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda on Financing for Development, which call for mobilizing FDI for sustainable development. As a result, policymakers and development institutions now focus not only on the volume of inflows but also on the quality of FDI and its contribution to inclusive and sustainable growth in host countries. Several international frameworks reflect this evolution:

UNCTAD – Investment Policy Framework for Sustainable Development

UNCTAD's Investment Policy Framework for Sustainable Development sets out core principles and practical menus that help governments align investment policy with

[4] UNCTAD, World Investment Report 2025: International Investment in the Digital Economy (2025), 48, https://unctad.org/system/files/official-document/wir2025_en.pdf.

[5] OECD, Global Outlook on Financing for Sustainable Development 2025 Towards a More Resilient and Inclusive Architecture (2025), 6, https://www.oecd.org/en/publications/2025/02/global-outlook-on-financing-for-sustainable-development-2025_6748f647.html.

[6] OECD, Global Outlook on Financing for Sustainable Development 2025 Towards a More Resilient and Inclusive Architecture (2025), 6, https://www.oecd.org/en/publications/2025/02/global-outlook-on-financing-for-sustainable-development-2025_6748f647.html.

[7] United Nations, The Sustainable Development Goals Report 2025 (2025), 4, 44-45, https://unstats.un.org/sdgs/report/2025/The-Sustainable-Development-Goals-Report-2025.pdf,

sustainable development.[8] It provides national policy guidelines at the strategic, normative and administrative levels to embed investment within development strategies, steer FDI toward sustainable outcomes through coherent rules, and ensure effective implementation and evaluation. It also offers options for international investment agreements (IIAs) that strengthen the development dimension by balancing investor protection with the right to regulate, incorporating investor responsibilities and concrete promotion and facilitation measures, and improving dispute prevention and settlement. A complementary action menu supports the mobilisation of investment into SDG-related sectors.

ILO – Key Performance Indicators for More and Better Jobs

The International Labour Organization (ILO) and the World Association of Investment Promotion Agencies (WAIPA) developed a practical, evidence-based KPI framework that helps IPAs measure the impact of FDI on more and better jobs across the full investment lifecycle, including promotion, facilitation, aftercare, and policy advocacy.[9] The framework provides a clear roadmap for FDI impact assessments that inform evidence-based policymaking, identify high-impact sectors and incentives, and demonstrate to governments, workers' and employers' organizations, investors, and the public that FDI supports decent work outcomes. It covers 11 themes and 51 indicators, spanning job creation, skills development, occupational safety and health, RBC conduct, and gender equality.

Taken together, these frameworks help policymakers and practitioners enhance the development impact of investment, ensuring that FDI supports more and better jobs and sustainable, inclusive growth.

OECD – FDI Qualities Initiative

The OECD FDI Qualities Initiative helps countries enhance the impact of investment on sustainable development outcomes. It aims to strengthen the contribution of investment to sustainable development, with a focus on four SDG-related areas:

- productivity and innovation
- job quality and skills
- gender equality
- decarbonisation

The Initiative brings three mutually reinforcing elements together to guide action and measurement: the FDI Qualities Indicators for benchmarking impacts,[10] the FDI Qualities Policy Toolkit for diagnosing policy and institutional gaps and prioritizing reforms,[11] and the FDI Qualities Policy Network for peer learning and stakeholder dialogue. It is underpinned by the OECD Council Recommendation on FDI Qualities.

Responsible business conduct: standards and principles

RBC has emerged as a strong reference framework for both governments as well as investors to ensure FDI contributes to national development priorities. RBC encourages businesses to contribute positively to economic and social development. This, however, also requires a policy environment that enables responsible business practices using a smart mix of measures - mandatory and voluntary; national and international.

▶ **Box 1: Global Standards Guiding Responsible Business Conduct**

When it comes to the promotion of responsible business conduct, three international instruments are recognized by the international community as lead instruments and referenced by policymakers:

- The United Nations Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework (UNGPs)
- The ILO's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration)
- The OECD Guidelines for Multinational Enterprises on RBC (OECD MNE Guidelines)

These international instruments are aligned in their approach to outlining roles and responsibilities and complementary in their scope and application.

[8] UNCTAD, Investment Policy Framework for Sustainable Development (2015) https://unctad.org/system/files/official-document/diaepcb2015d5_en.pdf

[9] The KPIs were developed based on: The contribution of IPAs to achieving SDG 8: Report of the ILO-WAIPA Survey of Investment Promotion Agencies on inclusive economic growth and decent work, 2022, https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40ed_emp/%40emp_ent/%40multi/documents/publication/wcms_843635.pdf.

[10] OECD, FDI Qualities Indicators Measuring the sustainable development impacts of investment (2019) http://www.oecd.org/fr/investissement/fdi-qualities-indicators.htm.

[11] OECD, FDI Qualities Policy Toolkit (2022) https://doi.org/10.1787/7ba74100-en.

Building on its international labour standards, the ILO adopted in 1977 the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. The MNE Declaration provides guidance to governments, social partners and enterprises on the labour dimension of responsible business conduct. This instrument has been updated several times, most recently in 2022. The MNE Declaration contains principles addressed to multinational and national enterprises, governments of home and host countries, and employers' and workers' organizations in such areas as employment, training, conditions of work and life, industrial relations and general policies. The MNE Declaration also highlights the important role of social dialogue to achieve its aims.

From a FDI and investment facilitation perspective, the MNE Declaration outlines expectations toward governments and investors, highlighting roles and responsibilities that shape an enabling ecosystem that ensures FDI contributes positively to national development priorities.

In particular, it calls on governments to:

- Promote good social practices in accordance with the MNE Declaration among MNEs operating in their territories and their MNEs operating abroad
- Endeavour to adopt suitable measures to ensure that lower income groups and less developed areas benefit as much as possible from the activities of multinational enterprises
- Not include in their incentives to attract foreign investment any limitation of workers' freedom of association or the right to organize and bargain collectively
- Contribute to the realization of the ILO Declaration on Fundamental Principles and Rights at Work (1998), as amended in 2022. Even if they have not ratified the underlying fundamental Conventions in question, governments have an obligation, arising from the very fact of membership in the ILO, to respect, to promote and to realize the principles concerning the fundamental rights which are the subject of those Conventions
- Ensure an enabling policy and regulatory framework, including through appropriate laws and policies, measures and actions, including in the fields of labour administration and public labour inspection, and by cooperation among the governments and the employers' and workers' organizations of all countries.

Some examples of expectations of investors include:

- Take fully into account established general policy objectives of the countries in which they operate. Their activities should be consistent with national law and in harmony with the development priorities and social aims and structure of the country in which they operate.
- Consult with government, employers' and workers' organizations to ensure that operations are consistent with national development priorities
- Endeavour to increase employment opportunities and standards, taking the employment policies and objectives of governments into account
- Build linkages with local enterprises
- Participate in programmes encouraging skills formation, lifelong training and development, as well as providing vocational training and making skilled resource personnel available
- Make qualifications, skill and experience the basis for the recruitment, placement, training and advancement of their staff at all levels.

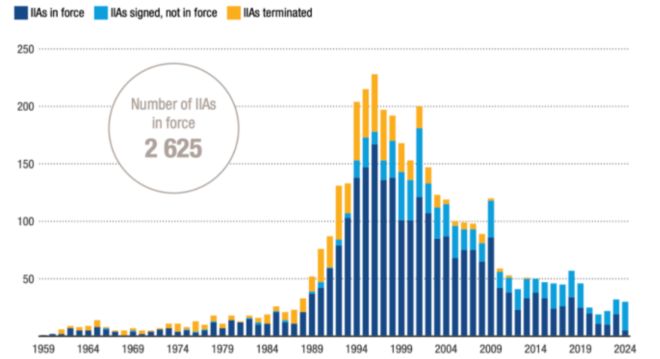
Sustainability clauses in international investment agreements

International Investment Agreements (IIAs) are agreements between countries and/or groups of countries that outline rights and obligations of both host countries as well as investors. In the past IIAs were tilted towards host countries responsibilities. However, recently IIAs are increasingly addressing sustainable development issues, including labour standards and decent work, while also strengthening connections across regions.[12] IIAs encompass bilateral investment treaties (BITs) and treaties with investment provisions in force (TIPs). As of 5 November 2025, there are 2,226 BITs in force and 409 TIPs in force (Figure 3).[13]

[12] United Nations Conference on Trade and Development (UNCTAD), World Investment Report 2025: International Investment in the Digital Economy (2025), 111, https://unctad.org/system/files/official-document/wir2025_en.pdf; International Labour Organization (ILO), Integrating Trade and Decent Work, Volume 2: The Potential of Trade and Investment Policies to Address Labour Market Issues in Supply Chains, ed. Marva Corley-Coulibaly, Franz Christian Ebert, and Pelin Sekerler Richiardi (2023), 30, https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40dgreports/%40inst/documents/publication/wcms_903192.pdf.

[13] UNCTAD, IIA Navigator, https://investmentpolicy.unctad.org/international-investment-agreements; United Nations Conference on Trade and Development (UNCTAD), World Investment Report 2025: International Investment in the Digital Economy (2025), 105, https://unctad.org/system/files/official-document/wir2025_en.pdf.

▶ **Figure 3: Number and status of IIAs by year of signature (Source: UNCTAD WIR 2025)**

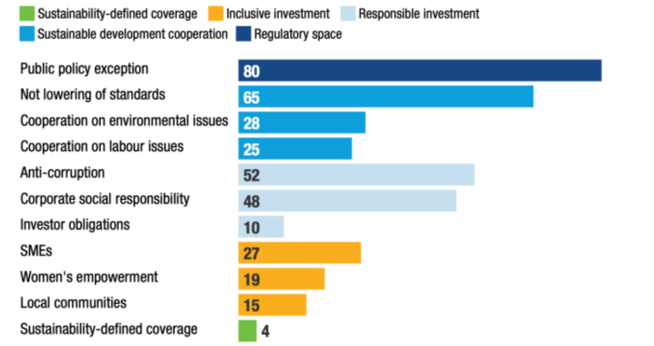


Source: UNCTAD, IIA Navigator database, accessed 24 March 2025.
Note: The UNCTAD IIA Navigator is updated continuously as new IIA-related information becomes available.
Abbreviation: IIA, international investment agreement.

New-generation treaties, or IIAs adopted after 2010, are markedly different from old-generation treaties adopted before 2010. New-generation IIAs place greater emphasis on cooperation and facilitation, refine traditional protection standards, expand liberalization commitments, reduce reliance on investor-state dispute settlement (ISDS), and strengthen attention to sustainable development.[14]

Recent international investment agreements (IIAs) signed between 2020 and 2024 embed more social provisions: about one quarter include explicit labour-cooperation provisions, four-fifths preserve the right to regulate in areas such as the environment, health, and labour standards, and nearly half reference RBC standards such as the ILO MNE Declaration (CSR) (Figure 4).[15]

▶ **Figure 4: IIAs signed 2020-2024 with sustainable development features (Source: UNCTAD WIR 2025)**



Source: UNCTAD.
Note: Based on 75 IIAs for which texts are available.
Abbreviation: SMEs, small and medium-sized enterprises.

Examples of these features and what they mean for governments include:

- **Public policy exceptions:** Preserve governments' right to regulate in areas such as health, environment, and safety, even if this affects investors.
- **No lowering of standards:** Commit governments not to weaken labour or environmental rules to attract or keep investment.
- **Cooperation on labour issues:** Promote dialogue and cooperation on labour standards, inspection, and decent work outcomes.
- **Responsible business conduct:** Encourage investors to follow international RBC standards and good practices.
- **Investor obligations:** Clarify that investors must comply with domestic laws and, in some cases, specific social and environmental duties.
- **SME provisions:** Promote linkages between foreign investors and local small and medium enterprises to spread benefits.

These safeguards and responsibilities are embedded in the **Southern African Development Community (SADC) Finance and Investment Protocol** as revised through the Agreement amending Annex 1 (2016). The Protocol makes clear, for instance, that governments may not lower health, safety, or environmental standards to attract investment (Article 11), and it reaffirms their right to regulate to ensure

[14] UNCTAD, World Investment Report 2025: International Investment in the Digital Economy (2025), 106, https://unctad.org/system/files/official-document/wir2025_en.pdf.

[15] UNCTAD, World Investment Report 2025: International Investment in the Digital Economy (2025), 111, https://unctad.org/system/files/official-document/wir2025_en.pdf.

that investment advances sustainable development and broader social and economic objectives (Article 12). It also includes provisions promoting local and regional entrepreneurs to strengthen linkages, skills development, and competitiveness (Article 3), as well as measures on sourcing the requisite skills needed for investment projects (Article 9).

Between 2020 and 2024, IIAs increasingly incorporated direct investor obligations, with around 10% including provisions on issues such as anti-corruption, transparent corporate governance, environmental protection, labour standards, engagement with local communities, and taxation.[16] Examples include:

▶ Box 2: The EU–Angola Sustainable Investment Facilitation Agreement

The **EU–Angola Sustainable Investment Facilitation Agreement**, in force since September 2024, focuses on transparent, efficient procedures and links investment facilitation to sustainable development, labour and environmental protection, and responsible business conduct.

- It does not create new investment protection or ISDS but aims to attract and retain sustainable investment that supports diversification and development (Arts. 1, 2(3).
- It affirms a strong right to regulate in the public interest, including labour, environmental, climate, health, and social protection objectives (Arts. 2(2), 29, 47).
- It aims to improve transparency through clear, accessible and regularly updated investment-related information and contact points (Arts 6-8, 9-12).
- It promotes responsible business conduct, anti-corruption, and adherence to international environmental and social standards (Art. 34).
- It provides for capacity-building and a joint committee with stakeholder dialogue to support implementation and continuous improvement (42-46).

▶ Box 3: African Continental Free Trade Area Protocol on Investment: Leveraging Investment for Sustainable Development and Decent Work

The **African Continental Free Trade Area (AfCFTA) Protocol on Investment** was signed in 2023 and provides a framework to ensure that investments promote sustainable development, decent jobs, and respect for workers' rights, including investor obligations to uphold international labour standards.

- The AfCFTA Protocol on Investment embeds investor duties on labour and RBC conduct through explicit references to fundamental labour rights, non-discrimination, and non-lowering of standards (Arts. 33, 25, Preamble).
- It creates strong policy space for States to regulate in pursuit of sustainable development, protect labour, and use targeted measures for local linkages and technology transfer (Arts. 24–25, 28).
- It operationalises skills development through human resources development and technology transfer provisions, with attention to youth, women, persons with disabilities, and vulnerable groups (Arts. 29, 30, 38, 39).
- It links promotion and incentives to RBC and transparency, creating entry points for IPA practice change (Arts. 6, 8, 9–10, 31–33, 38–39).
- It establishes accountability through investor liability for harm caused by acts or omissions (Art. 47).

[16] UNCTAD, World Investment Report 2025: International Investment in the Digital Economy (2025), 112, https://unctad.org/system/files/official-document/wir2025_en.pdf.

▶ Box 4: Morocco–Nigeria Bilateral Investment Treaty: A Model for Investor Responsibilities and Sustainable Development

The Morocco–Nigeria (2016) bilateral investment treaty is widely noted for embedding sustainable development and investor responsibilities directly into binding text. The preamble frames investment as contributing to “sustainable development” and “human rights,” and the body contains operational duties on investors: mandatory environmental and social impact assessments before establishment (Article 14); labour and human-rights commitments that prohibit lowering protections to attract investment (Article 15); a stand-alone anti-corruption article that treats investor bribery as a breach of domestic law and requires prosecution where appropriate (Article 17); and post-establishment obligations that include upholding human rights, acting in line with ILO core labour standards, and, where relevant, maintaining ISO 14001 or equivalent environmental-management certification (Article 18). It also allows civil liability in the investor’s home state for significant damage, personal injuries or loss of life in the host state (Article 20), enhances host-state access to information about an investor’s governance history (Article 21), affirms a detailed right to regulate for sustainable-development objectives (Article 23), and articulates corporate social responsibility expectations linked to the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) (Article 24). The agreement is frequently cited as an innovative model even though it has not entered into force.

▶ Box 5: Netherlands Model Investment Agreement: Embedding Sustainable Development and Investor Responsibilities

The Netherlands Model Investment Agreement (2019) integrates sustainable development throughout and strengthens state regulatory space while articulating investor responsibilities. Article 2 affirms the right to regulate for legitimate policy goals including public health, environment, labour rights and consumer protection, clarifying that regulation, even if it affects profits, does not, by itself, breach the treaty. Section 3 adds a dedicated Sustainable Development article that prohibits lowering labour or environmental standards to attract investment and references multilateral commitments such as the Paris Agreement and fundamental ILO Conventions. Article 7 on Corporate Social Responsibility requires compliance with host-state human-rights, labour and environmental law; encourages alignment with the OECD Guidelines and UNGPs; calls for due-diligence processes to identify, prevent, mitigate and account for environmental and social risks; and provides for home-state liability for significant harms in the host state. The model also modernises protection standards and dispute-settlement procedure (including transparency and third party-funding disclosure), and it includes text on gender equality within the sustainable-development section.

Box 6: Canada's Model FIPA: Centering Responsible Business Conduct, Transparency and Indigenous Rights

Canada's Model Foreign Investment Promotion and Protection Agreement (2021) places RBC and transparency alongside traditional protections. Article 3 reaffirms the right to regulate, expressly listing objectives such as environmental protection and climate action, social and consumer protection, health and safety, the rights of Indigenous peoples, gender equality and cultural diversity. Article 15 (Transparency) requires prompt publication of measures, advance notice and opportunities to comment, and specific accessibility of laws and procedures relating to Indigenous peoples. Article 16 (Responsible Business Conduct) confirms that investors must comply with host-state laws on human rights, Indigenous rights, gender equality, environment and labour; encourages alignment with the OECD Guidelines and UNGPs; highlights areas including anti-corruption; and calls for "meaningful engagement and dialogue" with Indigenous peoples and local communities. Notably, ISDS claims cannot be based on the RBC or transparency articles themselves, which signals policy direction without creating new bases for investor claims.

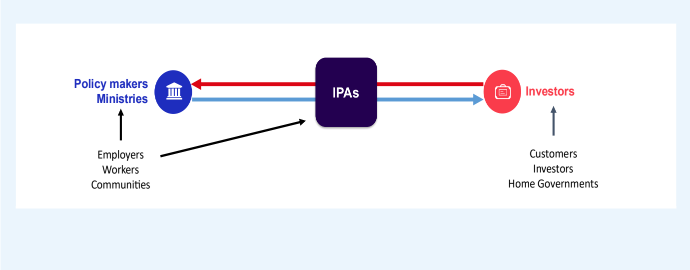
At the national level, in 2024, 78% of new national investment policy measures worldwide favoured investor protection, but the trend is not the same across developed and developing countries. In developed countries, new investment policies were less favourable to investors, with an increase in restrictive measures, while developing countries expanded the number of favourable measures for investment protection and emphasized incentives, facilitation, and public–private partnerships.[17]

Overall, the IIA landscape has shifted from a narrow focus on investor protection to a more balanced approach that embeds sustainable development and labour considerations, preserves public policy space, and introduces clearer investor responsibilities. Newer treaties prioritize cooperation, RBC, skills and linkages, and more calibrated approaches to dispute settlement. The next step is to translate these treaty commitments into domestic law and IPA practice, build robust monitoring of decent work and sustainability outcomes, and ensure that FDI demonstrably delivers more and better jobs and advances the SDGs.

The role of investment promotion agencies in advancing more and better jobs and responsible business conduct

Investment promotion agencies (IPAs) are the primary interface between governments and the private sector. They help direct investment toward sectors that generate quality employment, innovation, and inclusive, sustainable growth. Through daily engagement with foreign investors and enterprises, IPAs can advise government on how to create an enabling environment conducive to sustainable development. As public institutions with access to both policymakers and business, IPAs are well placed to communicate national priorities to investors and to help align business operations with national development goals. Figure 5 illustrates their central role linking governments and investors.

Figure 5: Central role of IPAs in delivering more and better jobs through FDI



As such, IPAs play a critical role in advancing decent work and promoting RBC conduct through two complementary functions. Table 1 below outlines the key roles they play when engaging directly with enterprises and when advising governments on policies that drive sustainable development and inclusive growth.

[17] UNCTAD, World Investment Report 2025: International Investment in the Digital Economy (2025), 81, https://unctad.org/system/files/official-document/wir2025_en.pdf.

Table:1 IPA role between enterprises and governments

As interlocutors with enterprises, IPAs can:	As policy advisors to government, IPAs can:
• Communicate expectations on RBC and national development priorities to potential and existing investors. • Advise companies and broker partnerships with government and civil society initiatives on decent work, gender equality, employment, elimination of child and forced labour, skills development, productivity, training, and apprenticeships. • Facilitate linkages between foreign investors and domestic small and medium-sized enterprises (SMEs). • Provide clear information on human rights, sustainability, grievance and remedy mechanisms, and access to justice. • Support the alignment of business plans with national priorities and promote policy coherence between private and public actions.	• Promote policy coherence for responsible investment across ministries and agencies. • Contribute to national frameworks on RBC and human rights due diligence (HRDD). • Participate in international policy dialogue and reporting. • Inform policy development and deliver services that enhance SME competitiveness and productivity.

Box 7: InvestChile: "Measure What Matters" for Sustainable FDI and Skills Development

InvestChile reshaped its policies to embed sustainability into its aftercare services, moving beyond traditional investor support to encourage foreign companies to contribute meaningfully to Chile's sustainable development. Recognizing that most established investors already understand how to expand their operations without government assistance and responding to rising interest during the COVID-19 pandemic in local linkages and gender equality, InvestChile shifted its focus toward sustainability-driven services. It built partnerships with chambers of commerce, NGOs, regional bodies such as the EU, and international organizations including the ILO and the United Nations to advance shared objectives.

To highlight and enhance the positive environmental, economic, and social impact of foreign companies, InvestChile created the "Measure What Matters" programme in 2020. The programme offers four months of free support to help companies identify socio-environmental risks and strengthen management practices, encouraging adoption of triple-impact standards. Although data challenges emerged at first, close collaboration with companies made their contributions visible. After two completed rounds, a third phase began in April 2023, reflecting the agency's long-term commitment to improving FDI's sustainable impact.

Beyond sustainability reporting, InvestChile tackled Chile's skilled labour shortage after identifying it as a barrier to stronger FDI outcomes. It created Talento Digital to map skills gaps in telecommunications, connect firms with a digital training centre, and organize job fairs. This initiative helps young people upskill and find employment, boosting economic growth. To promote gender equality, InvestChile partnered with the ILO and UN Women to launch We Empower, which promotes workplace gender policies and provides training and knowledge sharing on women's economic empowerment.

Box 8: Costa Rican Investment Promotion Agency (CINDE): Skills-Centred Investment Promotion for Inclusive Growth

For almost four decades, Costa Rica's investment promotion agency, CINDE, has built the country's competitiveness not only by attracting global firms like Intel, IBM, Amazon, and Boston Scientific, but by investing in the skills of its people. Instead of relying on traditional local-content rules, CINDE focuses on enabling Costa Ricans to participate in high-value global industries by closing talent gaps and promoting a culture of lifelong learning.

Working with multinational companies, government agencies, and training institutions, CINDE identifies priority skills and co-designs learning pathways in areas such as technology, data, business capabilities, and English. Its partnership with Coursera helped scale these opportunities nationwide, ensuring that talent development reached beyond San José and into rural communities, with curated online programmes aligned to specific career paths and industry-recognized credentials.

The results have been significant. Employment in CINDE-linked companies increased even during the pandemic, and most new jobs in recent years were created by firms the agency supports. More than 23,000 Costa Ricans enrolled in online courses, completing over 40,000 modules and building a foundation for faster onboarding and stronger career mobility. CINDE's experience demonstrates how embedding skills development into investment promotion can expand opportunity, strengthen value-chain participation, and convert foreign investment into broad-based economic gains.

Embedding decent work and responsible business conduct across the investment facilitation cycle

Embedding decent work and RBC across the investment promotion cycle means integrating these principles into every core function of an IPA. IPAs undertake a wide range of activities to attract and support investment at national, regional or municipal level. These activities can broadly be grouped into three stages of the investment facilitation cycle: attraction and generation, facilitation and retention, and aftercare focused on retention and expansion. A crosscutting area of institutional strengthening supports all three stages and helps ensure policy coherence across government and in consultation with social partners. At each stage there are practical entry points for IPAs to integrate decent work and RBC, so that FDI contributes to more and better jobs and sustainable development.

Attraction and generation

In the attraction and generation stage, IPAs shape investor perceptions and expectations about responsible investment practices in the country and in specific regions or sectors. The priority is to attract interest from investors whose strategies align with national development priorities and to generate qualified leads for follow up.

IPAs can use this stage to build and promote a national or regional brand that presents the location as both competitive and committed to sustainability and decent work. This includes actively promoting responsible and sustainable investment opportunities that reflect national development plans and the SDGs, for example in renewable energy, green manufacturing, social enterprises, cultural or sustainable tourism, sustainable infrastructure, healthcare, and youth employment.

The Tanzania Investment Centre, for instance, launched the *SDG Investments Tanzania Platform* to provide investors with detailed data and insights on SDG-aligned opportunities, including expected returns, timeframes, funding ranges, and regional prospects.[18] Similarly, the Namibia Investment Promotion and Development Board (NIPDB) has prioritized investment in the green hydrogen sector to advance climate neutrality goals under Namibia's Green Hydrogen and Derivatives Strategy, integrated into the Harambee Prosperity Plan II.[19] In South Africa, InvestSA promotes the Global Business Services (GBS) incentive, run by the Department of Trade, Industry and Competition, which supports investors to set up or expand GBS operations serving offshore markets if they create at least 80% of new jobs for young people aged 18 to 35 and keep these jobs for at least three years, and applicable for five years.[20]

At the same time, IPAs can communicate sustainability standards, values, and expectations clearly by ensuring that their promotional materials and websites reference the country's commitment to the SDGs and to international RBC frameworks such as the ILO MNE Declaration and other ILO standards, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises. Business Sweden, for example, highlights Sweden's longstanding commitment to sustainable development and climate smart innovation and explicitly refers to OECD and UN frameworks, as well as the SDGs, as foundations of its sustainability approach.[21]

Attraction and generation also provide an opportunity to screen potential investors and prioritise those that send a strong sustainability signal. Practical steps include reviewing investor websites, policies and reporting to understand their environmental, social and governance commitments and using simple scoring or screening tools to rate potential projects. The Investment and Finance Office of the Presidency of Türkiye applies an *Investor Management Model and an SDG Scoring System* that evaluates projects ex ante across several categories and assigns a score, helping identify and prioritise projects that best support national sustainable development and climate objectives.[22] Germany Trade & Invest uses an integrated scoring model to evaluate FDI projects against qualitative and quantitative sustainability indicators and to tailor its promotion and advisory services.[23] Invest in Canada similarly applies a scoring mechanism that prioritises opportunities based on FDI impact and investment potential, including criteria related to social and sustainable development benefits.[24]

Through these approaches, IPAs can develop value-based branding that positions the country as a responsible and sustainable investment destination, with a clear focus on innovation, sustainability, decent work and inclusive growth

Facilitation and retention stage

During the facilitation and retention stage, IPAs work directly with investors who have confirmed interest. The focus is on ensuring that projects are established or expanded smoothly while embedding decent work and RBC in day-to-day interactions, guidance, and procedures.

IPAs can use this stage to provide clear, practical information on national labour legislation and RBC expectations, including local labour laws, occupational safety and health standards, gender equality, social dialogue mechanisms, and grievance and remedy options. This information may be presented through dedicated investor guidelines on responsible business conduct, or by relying on existing national guidance and sector-specific tools. Such guidelines can help translate legal requirements and policy expectations into accessible information for investors and can be complemented with links to national employers' and workers' organizations. Enterprise Singapore, for example, offers investor toolkits that explain labour laws, workplace safety regulations, skills development grants, and non-discrimination policies, and directs investors to the Singapore Business Federation

[18] SDG Investments Tanzania Platform, SDG Investments Tanzania (n.d.), available at: https://sdg.tic.go.tz/#:~:text=SDG%20Investments%20Tanzania%20Platform%20provides,sector%2C%20indicative%20return%20or%20timeframe (accessed 5 Dec. 2025).

[19] Namibia Investment Promotion and Development Board (NIPDB), Priority Sectors: Renewable Energy (n.d.), available at: https://www.nipdb.com/priority-sectors-renewable-energy (accessed 5 Dec. 2025).

[20] Department of Trade, Industry and Competition (the dtic), "Global Business Services (GBS) incentive", available at: https://www.thedtic.gov.za/financial-and-non-financial-support/incentives/global-business-servicescopy/ (accessed 11 December 2025).

[21] Business Sweden, Sustainability at Business Sweden (n.d.), available at: https://www.business-sweden.com/about-us/sustainability/ (accessed 5 Dec. 2025).

[22] Republic of Türkiye, National FDI Strategy (n.d.), available at: https://fdistrategy.gov.tr/en (accessed 5 Dec. 2025).

[23] Organisation for Economic Co-operation and Development (OECD), Sustainable Investment Policy Perspectives in the Economic Community of West African States (ECOWAS) (2024), p. 42, available at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2024/01/sustainable-investment-policy-perspectives-in-the-economic-community-of-west-african-states-ecowas_041995cc/654e2de5-en.pdf.

[24] Organisation for Economic Co-operation and Development (OECD), Sustainable Investment Policy Perspectives in the Economic Community of West African States (ECOWAS) (2024), p. 42, available at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2024/01/sustainable-investment-policy-perspectives-in-the-economic-community-of-west-african-states-ecowas_041995cc/654e2de5-en.pdf.

and trade union channels such as the National Trades Union Congress.[25]

IPAs can also work with relevant authorities to integrate decent work and RBC clauses into investment contracts, performance agreements, or incentive schemes, so that roles, responsibilities and expectations are explicit and aligned with sustainability goals. The Rwanda Development Board assesses projects against criteria such as quality job creation, skills transfer and local linkages when determining eligibility for incentives, and some schemes include specific commitments on employment and training.[26]

Coordinated engagement with other public institutions helps ensure coherent messages and opens space for joint initiatives. The Seychelles Investment Board, for instance, collaborates with the Department of Blue Economy to ensure that ocean related investments in sustainable fisheries, eco-tourism, port development and renewable energy are aligned with the Seychelles Marine Spatial Plan and the Blue Economy Strategic Framework and Roadmap 2018–2030.[27]

In addition, IPAs can design incentive policies and prioritisation mechanisms that favour investors with strong commitments to decent work and sustainability, such as those adopting green technologies, promoting reuse and recycling, or implementing circular economy models. The Malaysian Investment Development Authority prioritises companies that adopt green technologies and circular economy approaches, including pollution and waste management projects,[28] while the Philippine Board of Investments uses specific indicators to prioritise investors that apply green processes and modern, clean technologies.[29] In Brazil, the Brazilian Trade and Investment Promotion Agency (ApexBrasil) integrates sustainability and decent work considerations into investment facilitation by prioritising projects in renewable energy, advanced biofuels, decarbonisation and sustainable infrastructure, and working with investors and relevant ministries to incorporate local job creation, skills development and inclusion objectives into project design.

By using the facilitation and retention stage in these ways, IPAs can help ensure that investment projects established in the country are not only successful commercially but also contribute meaningfully to decent work and sustainable development. In Egypt, the General Authority for Investment and Free Zones (GAFI) supports investors by coordinating permits and infrastructure connections through its single window system and investor service centres, and by assigning a dedicated relationship manager to liaise with public authorities. These facilitation services contribute to shortening approval timelines, reducing costs linked to regulatory and infrastructure bottlenecks, and helping projects stay on track with their planned investment and employment commitments.

Retention, expansion and aftercare stage

In the retention, expansion and aftercare stage, IPAs can consolidate long term partnerships with investors and support continuous improvement in responsible business practices. Aftercare services can be designed to help investors deepen their contribution to decent work and sustainable development over time. This includes systematic follow up on RBC and labour conditions and offering targeted support where gaps are identified. InvestChile's "Measure What Matters" programme shows how aftercare can be framed as sustainability services, with a focus on skills development, gender inclusion and environmental performance. Under this programme, the agency follows up with companies and supports improvements through relevant government programmes.[30] The Zambia Development Agency provides another example by offering training programmes for

[25] Enterprise Singapore, Resources: All Guides and Tools (n.d.), available at: https://www.enterprisesg.gov.sg/resources/all-guides-and-tools (accessed 5 Dec. 2025).

[26] OECD, Sustainable Investment Policy Perspectives in the Southern African Development Community (SADC) (2023), p. 38, available at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/11/sustainable-investment-policy-perspectives-in-the-southern-african-development-community_6e7ed814/02c9ef1d-en.pdf.

[27] OECD, Sustainable Investment Policy Perspectives in the Southern African Development Community (SADC) (2023), p. 38, available at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/11/sustainable-investment-policy-perspectives-in-the-southern-african-development-community_6e7ed814/02c9ef1d-en.pdf.

[28] Organisation for Economic Co-operation and Development (OECD), Sustainable Investment Policy Perspectives in the Economic Community of West African States (ECOWAS) (2024), p. 42, available at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2024/01/sustainable-investment-policy-perspectives-in-the-economic-community-of-west-african-states-ecowas_041995cc/654e2de5-en.pdf.

[29] Organisation for Economic Co-operation and Development (OECD), Sustainable Investment Policy Perspectives in the Economic Community of West African States (ECOWAS) (2024), p. 42, available at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2024/01/sustainable-investment-policy-perspectives-in-the-economic-community-of-west-african-states-ecowas_041995cc/654e2de5-en.pdf.

[30] Organisation for Economic Co-operation and Development (OECD), FDI Qualities Review of Chile (2023), pp. 69–70, available at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/06/fdi-qualities-review-of-chile_9b509bd7/98bf1829-en.pdf.

entrepreneurs to support their entry into the supply chains of foreign investors. This includes courses on agribusiness development and corporate governance, which reinforce decent work outcomes and responsible management practices and foster inclusive economic growth for rural communities.[31]

IPAs can also promote investment by facilitating partnerships between investors, training institutions, skills development programmes and local suppliers, thereby strengthening the local ecosystem. The Botswana Investment and Trade Centre, for instance, supports the upskilling of the domestic workforce by providing education and training grants that encourage investors to invest in developing local talent.[32] InvestSA works with Business Process Enabling South Africa, government programmes such as SA Youth, and industry partners to build an inclusive talent pipeline for the Global Business Services (GBS) sector. This collaboration connects disadvantaged youth and people with disabilities to job opportunities and strengthens the labour supply for GBS investors.

Promoting peer learning among investors is another effective strategy. The Ghana Investment Promotion Centre, acting as a focal point for promoting the ILO MNE Declaration in Ghana together with the Ministry of Employment and Labour Relations, the employers' association and the Trades Unions Congress, organises roundtables with investors on RBC and decent work, using the ILO MNE Declaration as the guiding framework. These platforms encourage experience sharing and help identify practical improvements.[33]

Recognising and rewarding good performers further reinforces positive behaviour. IDA Ireland, for example, presents a Special Recognition Award to companies that make a significant contribution to both the Irish economy and society.[34] At the global level, the *World Association of Investment Promotion Agencies' Investment Excellence Awards* highlight outstanding efforts by IPAs in demonstrating strategic leadership, innovation and measurable impact across the investment lifecycle, including a dedicated category for sustainable impact.[35] Through such initiatives, IPAs can signal the importance of decent work and sustainability and motivate investors to continuously improve their performance.

Institutional strengthening for policy coherence and synergies

Institutional strengthening underpins all stages of the investment promotion cycle and helps IPAs create an enabling environment for responsible investment that goes beyond individual projects. By building internal capacities, improving coordination with other public institutions and with social partners, and using practical tools to assess impacts, IPAs can ensure that investment promotion systematically supports decent work, sustainability and policy coherence.

IPAs can advise government on improving the overall business and investment climate by providing evidence-based input on RBC expectations, legal reforms and international developments that affect responsible investment. The Investment and Finance Office of the Presidency of Türkiye, for example, operates a structured feedback loop in which the Office serves as a coordination bridge between investors and policymakers. Through high level mechanisms such as YOİKK and the Investment Advisory Committee, as well as thematic working groups, investor insights inform national strategies and reforms, while the National FDI Strategy guides implementation and alignment between policy and practice.[36]

[31] OECD, Sustainable Investment Policy Perspectives in the Southern African Development Community (SADC) (2023), p. 38, available at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/11/sustainable-investment-policy-perspectives-in-the-southern-african-development-community_6e7ed814/02c9ef1d-en.pdf.

[32] OECD, Sustainable Investment Policy Perspectives in the Southern African Development Community (SADC) (2023), p. 38, available at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/11/sustainable-investment-policy-perspectives-in-the-southern-african-development-community_6e7ed814/02c9ef1d-en.pdf.

[33] International Labour Organization (ILO), Ghana Appoints Four National Focal Points to Promote the MNE Declaration (n.d.), available at: https://www.ilo.org/projects-and-partnerships/projects/ghana-appoints-four-national-focal-points-promote-mne-declaration#:~:text=Newsroom-,Ghana%20appoints%20four%20national%20focal%20points%20to%20promote%20the%20MNE,the%20application%20of%20its%20principles (accessed 5 Dec. 2025).

[34] Microsoft Europe, Microsoft Receives IDA Ireland Special Recognition Award for Its Significant Contribution to the Irish Economy during Its 40-Year Presence in Ireland (3 Mar. 2025), available at: https://news.microsoft.com/europe/2025/03/03/microsoft-receives-ida-ireland-special-recognition-award-for-its-significant-contribution-to-the-irish-economy-during-its-40-year-presence-in-ireland/ (accessed 5 Dec. 2025).

[35] World Association of Investment Promotion Agencies (WAIPA), WAIPA Awards 2025 (2025), available at: https://waipa.org/awards25/ (accessed 5 Dec. 2025).

[36] International Labour Organization (ILO), The Contribution of IPAs to Achieving SDG 8: Report of the ILO–WAIPA Survey of Investment Promotion Agencies on Inclusive Economic Growth and Decent Work (2022), available at:

IPAs can also develop or apply practical tools and checklists, such as RBC screening tools and responsible investment guidelines, to use during investor targeting, project assessment and aftercare. The ILO and the International Organisation of Employers have developed *a self-assessment tool for enterprises based on the ILO MNE Declaration* that enterprises can use to benchmark their policies and practices, which IPAs can reference in their guidance and promotion work.[37]

Cross agency coordination is equally important for aligning investment promotion and facilitation with wider employment and social objectives. The Uganda Investment Authority, for instance, collaborates with the Ministry of Gender, Labour and Social Development on initiatives that focus on employment creation, skills development and social protection, helping ensure that investment promotion supports broader labour and social policies.[38]

Finally, monitoring and evaluating the impact of promoted investments is essential to understand how they contribute to job quality, gender equality, environmental sustainability and local development. In this regard, the ILO-WAIPA KPI framework on SDG8 provides IPAs with a practical tool and data points to assess and report how FDI contributes to decent work outcomes and to use this evidence to refine their strategies and policy advice.[39]

Conclusion

The real test of foreign direct investment is not how much capital enters a country, but how far it advances sustainable development and more and better jobs. International frameworks and new generation investment treaties increasingly embed sustainable development, labour rights, and responsible business conduct, creating policy space and clearer investor responsibilities. The challenge now is to translate these commitments into practice. IPAs sit at the centre of this effort. By integrating decent work and RBC across attraction, facilitation, aftercare, and institutional strengthening, and by using tools such as the ILO-WAIPA KPI framework for decent work, IPAs can steer FDI toward quality outcomes, support evidence-based reforms, and ensure that investment contributes to inclusive growth, skills development, gender equality, and environmental sustainability.

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https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40ed_emp/%40emp_ent/%40multi/documents/publication/wcms_837280.pdf.

[37] https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40ed_emp/%40emp_ent/%40multi/documents/publication/wcms_837280.pdf

[38] World Association of Investment Promotion Agencies (WAIPA), WAIPA Honors Global Investment Promotion Leaders at 2025 Investment Excellence Awards (2025), available at: https://waipa.org/news/waipa-honors-global-investment-promotion-leaders-at-2025-investment-excellence-awards/ (accessed 5 Dec. 2025).

[39] International Labour Organization (ILO), Key Performance Indicators for Investment Promotion Agencies: Measuring FDI for More and Better Jobs (2023), available at: https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40ed_emp/%40emp_ent/%40multi/documents/publication/wcms_897148.pdf

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