

The role of foreign investment contracts in sustainable development: between commitment to approaches and non-compliance

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Abstract:

This study examines the role of foreign investment contracts in promoting sustainable development, highlighting the gap between commitment to international standards and actual compliance with transparency and environmental, social, and economic sustainability requirements. The main challenge lies in balancing the attraction of investments to foster economic growth with adherence to global principles, amid weak oversight, lack of effective evaluation mechanisms, and conflicting interests that threaten project sustainability and reduce investment appeal in developing countries. Using a descriptive-analytical approach, the study analyzes reference texts to define concepts and frameworks related to these contracts, outlining the three dimensions of sustainable development and examining compliance mechanisms such as transparency, good governance, and environmental and social accountability. It finds that strong commitment is reflected in including clear sustainability clauses and continuous monitoring, while weak compliance leads to environmental damage and social inequality. The study also addresses legal, political, and economic challenges and proposes improving contract models, empowering international institutions, and developing national policies promoting transparency and accountability. It concludes that foreign investment contract effectiveness relies on genuine adherence to international frameworks and robust governance mechanisms, supported by cooperative efforts and incentives to ensure full compliance.

Keywords: Foreign investment contracts, sustainable development, commitment to approaches, compliance, transparency, good governance, sustainable evaluation.

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1. INTRODUCTION

The importance of foreign investment contracts in the context of sustainable development revolves around their contribution to achieving a balance between economic, social, and environmental goals, as they are an effective means of driving long-term growth and development. However, achieving these goals requires strict adherence to international principles and standards that stipulate transparency of procedures, environmental protection, and the promotion of the rights of local communities, a commitment that is taken into account to a large extent when drafting investment contracts. In contrast, there are many cases where full commitment is lacking, with the application of sustainability principles varying between full commitment, partial compliance, and sometimes non-compliance, which directly affects the results and sustainability of development projects. This variation reflects challenges related to weak oversight tools, the lack of effective mechanisms to ensure the application of principles, or the interests of various parties that may hinder the implementation of environmental and social commitments. Therefore, the precise definition of commitment principles and the development of robust governance systems are essential foundations for enhancing transparency, along with the need to activate sustainable assessment and audit tools to achieve positive results that lead to sustainable and balanced development. The sustainability of investment contracts remains dependent on the effectiveness of national policies and legislation, in addition to the cooperation of international parties and financing institutions to implement principles and standards, ensuring that commitments are not reneged upon and that economic, social, and environmental benefits are achieved in a balanced manner, while avoiding imbalances that may result from failure to comply or poor implementation.

1.1 Research question:

This study focuses on the extent to which foreign investment contracts contribute to sustainable development, especially given the varying degrees of commitment to international standards and the lack of full compliance with environmental, social, and economic sustainability standards. This highlights significant challenges in the formulation and implementation of these contracts. Although these contracts help attract investment and stimulate economic growth through technology transfer, job creation, and diversification of income sources, there are obstacles such as weak oversight and governance, varying levels of commitment from both host countries and foreign investors, and the absence of effective evaluation mechanisms that include transparency and environmental and social governance, leading to long-term development problems. These challenges are compounded by legal problems such as legislative instability and weak protection of the rights of local communities, as well as political challenges such as differences between national priorities and international trends, and economic issues such as the high costs of sustainability compared to quick profits. Some investors prefer

partial compliance or non-compliance to achieve quick gains at the expense of the environment and social justice, which threatens the sustainability of projects and reduces the attractiveness of investment in developing countries. Based on this, the study raises questions about the effectiveness of these contracts in achieving a balance between development and environmental goals, the role of international approaches in promoting commitment to development principles, and what mechanisms ensure full compliance and avoid problems resulting from non-compliance, with the need to develop robust frameworks and modify traditional contract models to suit sustainable development goals.

Accordingly, and following on from what has been presented, we can ask the following questions:

- How effective are foreign investment contracts in achieving a balance between economic, social, and environmental goals?
- How can international approaches promote commitment to development principles in the context of these contracts?
- What mechanisms can be adopted to ensure full compliance with environmental and social standards in foreign investment contracts?

1.2 Importance of the study:

The importance of studying the role of foreign investment contracts in sustainable development, between commitment to international approaches and non-compliance, lies in their effective contribution to bridging the financing gaps of developing countries and promoting inclusive economic growth by attracting capital and technology, while maintaining environmental and social balance. It highlights the need to incorporate principles of transparency and international approaches into the drafting of these contracts to avoid negative effects such as environmental degradation or exacerbating social inequality, thereby enhancing investment attractiveness and achieving sustainable development goals, as foreign investment plays a pivotal role in economic diversification. The study also provides an analytical framework for policymakers to develop national legislation consistent with international standards and helps investors reduce risks through sustainable assessment mechanisms, thereby deepening international confidence and ensuring the sustainability of long-term projects. It enriches the academic literature by analyzing the difference between full commitment and partial compliance, opening up new avenues for research.

- It enriches the literature with a comprehensive analysis of international approaches to investment contracts.
- Recommends contract model amendments to strengthen international approaches

and ensure compliance.

- Supports economic diversification by attracting sustainable investments.
- Aligns with sustainable development goals.

1.3 Study objectives:

This study aims to analyze the role of foreign investment contracts in promoting sustainable development, focusing on the discrepancy between adherence to international approaches and full compliance with standards of transparency and environmental, social, and economic sustainability.

It also seeks to explore the challenges and effective mechanisms for ensuring that these approaches are applied in the drafting and implementation of contracts, and to provide practical recommendations to policymakers to enhance compliance and reduce development risks.

- Achieve a comprehensive understanding of the impact of foreign investment contracts on sustainable development dimensions between compliance and non-compliance.
- Identify the principles of international approaches and the extent to which they are incorporated into investment contracts.
- Assess the effects of partial compliance or non-compliance on environmental, social, and economic balance.
- Propose sustainable monitoring and evaluation mechanisms to enhance the effectiveness of these contracts.

1.4 Study approach:

This study relies on a descriptive and analytical approach based entirely on theory, in which the reference text is systematically deconstructed and analyzed to extract concepts and frameworks related to the role of foreign investment contracts in sustainable development between commitment to approaches and non-compliance. The approach begins with a review of the conceptual framework for defining sustainable development and its dimensions, followed by an analysis of foreign investment mechanisms and international approaches, with a detailed description of the commitment approach through the principles of transparency, governance, and sustainable evaluation. The analysis includes a description of compliance and non-compliance manifestations and their effects, It then proposes mechanisms to maximize effectiveness and overcome challenges, while building a standard framework for development impact based on the internal linkages between these elements to derive

theoretical conclusions without field or statistical data, ensuring that the results are consistent with the objectives of the study.

2. Conceptual and theoretical framework for sustainable development and foreign investment contracts

The conceptual and theoretical framework for sustainable development and foreign investment contracts is one of the foundations that guides the understanding of the role and patterns of application of development principles in the context of foreign investment. (عيسى آسيا، 2014، صفحة 366) Sustainable development is based on concepts of balance between three dimensions: economic, social, and environmental, so as to achieve economic growth, provide social justice, and preserve the environment for future generations. The concept of foreign direct investment stands out as an important means of promoting development, as it contributes to technology transfer, job creation, and diversification of national income sources by attracting international capital and expertise. (عياي، 2020، صفحة 2)

International approaches focus on the need to adhere to human rights standards, environmental standards, and good governance, with the aim of ensuring that investment contracts are consistent with sustainable development goals. These approaches include guidelines issued by international organizations, which set a reference framework for investment contracts and operations. However, challenges arise in their implementation on the ground, due to varying levels of commitment among states and investors, where the application of sustainability principles varies between full commitment, partial compliance, and sometimes non-compliance, as a result of economic pressures or weak oversight. (ولد العايب، 2019، صفحة 133)

The repetition of the foundations and formulations of international approaches is a guarantee for promoting harmony and fairness in investment contracts. However, effectiveness depends on the extent of application and genuine commitment to the principles of transparency, environmental and social governance, and sustainable impact assessment (حيتم، 2021، صفحة 48). It is clear that genuine commitment to these principles enhances the contribution of foreign investment to the achievement of sustainable development goals, while partial compliance or lack thereof weakens development efforts, disrupts government policies, threatens social responsibility issues, and potentially endangers the environment and society. Therefore, adapting and correcting investment contracts in line with development principles is essential to maximize benefits, minimize harm, and ensure long-term growth and development sustainability. (بركان، 2021، صفحة 795)

1.2 Definition of sustainable development and its three dimensions

Sustainable development is a comprehensive concept that seeks to meet the needs of the present without compromising the ability of future generations to meet their own needs. It is based on three main dimensions: economic, environmental, and social. The economic dimension focuses on promoting economic growth and creating job opportunities, while ensuring the fair and sustainable distribution of wealth, which achieves financial stability and supports comprehensive development. The environmental dimension concerns the conservation of natural resources and the reduction of pollution and environmental degradation, while promoting the use of clean and renewable energy sources and encouraging sustainable environmental practices that ensure the balance of ecosystems and the sustainability of resources for future generations. (بايزيد، 2022، صفحة 276)

In the social sphere, the focus is on improving quality of life, promoting equality and social justice, and strengthening social infrastructure, education, and health, with the aim of building cohesive and balanced societies characterized by justice and transparency. These dimensions overlap dynamically, such that one cannot be achieved at the expense of another, Close coordination between them is necessary to achieve comprehensive and sustainable growth. Sustainable development requires the adoption of policies and strategies that take into account contributions across these dimensions and the application of flexible and fair practices and methods to ensure a balance between growth and the well-being of individuals and groups and to provide a safe and healthy environment for current and future generations. (براهمي، 2024، صفحة 477)

2.2 The concept of foreign direct investment and mechanisms for involving it in development

Foreign direct investment is considered one of the effective tools for achieving economic and social development, as it enables the transfer of capital, technology, and expertise to host countries, thereby promoting sustainable growth, creating job opportunities, and improving infrastructure. The involvement of foreign investors in projects focused on sustainable development is often encouraged through the establishment of clear and coordinated mechanisms to ensure their commitment to environmental, social, and governance standards. (منصر، د س، الصفحات 38-39) There are many mechanisms that can be adopted to involve foreign direct investment in development, including drafting contracts that reflect the principles of sustainability, establishing binding conditions and standards for investors, activating continuous evaluation mechanisms, and achieving compliance with international standards. Partnerships with international institutions and development organizations are also key factors in monitoring and directing investments to achieve sustainable development goals, especially through financing and training programs and donor institutions that balance economic rights and sustainable development. In this context, cooperation between the various parties is strengthened through the adoption of regulatory and

legislative frameworks that ensure compliance monitoring and minimize deviations. where investment projects can be a lever for sustainable development or a source of non-compliance if the principles of governance and responsibility are not effectively applied. Therefore, the contractual framework plays a pivotal role in defining commitments and facilitating the involvement of foreign investors in development paths, with the need to include clauses that ensure compliance with international principles and standards, and to adopt accountability and transparency mechanisms to ensure that investments are consistent with sustainable development goals and to avoid the risks resulting from non-compliance or partial compliance. (بكطاش و مقلاتي، 2014،) (الصفحات 77-78)

3.2 Commitment to international approaches in investment contracts

Commitment to international approaches in investment contracts is characterized by a strong foundation based on principles and standards established by international organizations and global agreements, with the aim of ensuring sustainable development. With the increasing importance of foreign investment in supporting national economies, the integration of sustainability principles into investment contracts has become essential to ensuring a balance between profitability and the public interest, while preserving the environment and promoting community development. This includes clear commitments to apply standards of governance, transparency, respect for human rights, environmental safety, and social development. The international regulatory framework often provides guidelines and recommendations that serve as a basis for drafting investment contracts, whether through multilateral agreements or guidelines for private initiatives and multinational companies. (رحال و دريد، 2022، صفحة 383)

However, adherence to these approaches continues to face numerous challenges, including uneven implementation among countries, weak oversight, and varying levels of investor awareness of the importance of integrating sustainability principles. International investment contracts often exhibit two patterns of compliance: one is strict adherence to international principles, where contracts clearly incorporate sustainability criteria, ensuring that development goals are achieved. The other is partial or non-compliance, which leads to negative outcomes for sustainable development, such as increased social inequality, environmental degradation, and reduced effectiveness of investments in achieving long-term development goals. (إقولي، 2010، صفحة 88)

International trends play a decisive role in guiding the preparation and evaluation of investment contracts, as they establish binding standards and reference frameworks that contribute to enforcing compliance or incentivizing compliance through continuous evaluation mechanisms and the implementation of training and awareness programs for investors. However, this requires strong national contexts that enhance opportunities for compliance through national policies and legislation consistent with international standards, in an effort to achieve a broader impact that promotes sustainable

development and reduces the risks of imbalances and negative impacts resulting from non-compliance. (عباسة، 2021، صفحة 1048)

3. Commitment approach: Principles of sustainability in foreign investment contracts

The commitment approach in the context of foreign investment contracts focuses on establishing the basic principles of sustainability as a reference framework to ensure commitment to sustainable development goals. This requires the adoption of contractual models based on the principles of transparency and good governance, where investment operations are regulated and monitored to ensure compliance with relevant international standards. This approach also involves incorporating environmental and social governance requirements into investment contracts, which enhances the responsibility of the parties concerned and ensures that the negative impact of projects on the environment and society is minimized. The application of rigorous sustainability assessments before and after the conclusion of contracts makes it possible to measure the extent to which the targeted principles are being implemented and to avoid risks that could lead to strategic setbacks or damage the image of investment in host countries. (موسى و بكيري، 2021، الصفحات 169-170)

Within the framework of commitment, understanding and applying the key principles of sustainable development, including environmental and social justice, is essential to ensure that development goals are achieved and that the trap of partial or non-compliance is avoided. Foreign direct investment that adheres to the principles of sustainability contributes effectively to improving the quality of the business environment, providing employment opportunities, and promoting local development in a sustainable manner. It is therefore necessary for contracts to adopt a clear commitment to the principles of good governance and to include clear accountability mechanisms, as well as to strengthen cooperation between international institutions and host countries to ensure the application of uniform standards. The effectiveness of the commitment depends on the adoption of clear policies and the establishment of a binding legal framework, with continuous monitoring to ensure that commitments are not exceeded and to limit cases of laxity or disregard for sustainability principles. In this way, the commitment approach ensures that investment contracts are effective tools for achieving sustainable development and promoting transparency, serving economic, environmental, and social interests alike. (بولرياس، 2021، صفحة 610)

1.3 Transparency and good governance in contracts

Transparency and good governance in foreign investment contracts relate to the need to provide an environment that ensures that the parties concerned are informed of the

terms and decisions of the agreements, thereby enhancing trust and strengthening the principle of accountability. Transparency enables the parties to accurately assess risks, and facilitates the ongoing monitoring of project performance, particularly with regard to economic, environmental, and social development aspects. On the other hand, good governance provides a management framework that clearly defines responsibilities and decision-making processes and promotes adherence to ethical principles and relevant international standards. (سريدي و ضويفي، 2021، الصفحات 377-378)

The successful implementation of transparency and good governance depends on the existence of effective systems to prevent corruption and promote financial and administrative transparency, in line with international standards that ensure fair participation and discrimination in decision-making and contracting processes. In addition, commitment to these principles is reflected in the activation of the role of regulatory institutions and the consolidation of governance mechanisms within companies and foreign investment establishments to promote sustainability and achieve a balance between economic, social, and environmental interests. (سريدي و ضويفي، 2021، صفحة 379)

In the context of investment contracts, clear and binding mechanisms must be put in place to ensure the application of governance standards, with a commitment to the principles of transparency, thereby contributing to reducing potential imbalances and increasing the effectiveness of the implementation of projects with sustainable development objectives. Therefore, careful monitoring, regular disclosure, and the rights of the parties are vital to ensuring continued commitment and achieving positive results that benefit sustainable development in a comprehensive manner. (رحال و دريد، 2022، صفحة 391)

2.3 Environmental and Social Governance and Corporate Governance

Environmental, social, and corporate governance are key to promoting commitment to sustainable development principles within the framework of foreign investment contracts. Effective governance requires the integration of environmental, social, and corporate governance standards into the design and implementation of contracts, reflecting the parties' commitment to balancing economic objectives with social and environmental responsibility. This approach is important for improving investor image, building trust, reducing reputational or legal risks, and supporting international efforts to promote sustainable investment through standardized and agreed-upon standards. (سعد بابكر سعد، 2025، صفحة 6)

The implementation of governance requires effective coordination between the various stakeholders, as well as the adoption of clear monitoring and evaluation mechanisms, through their commitment to transparent and tangible standards. Investment contracts can ensure the implementation of initiatives that are consistent

with environmental and social values, while adhering to ethical principles and the prevailing legal framework. For example, contracts should include controls to limit carbon emissions, achieve social justice, and promote sustainable working conditions, in addition to corporate governance standards such as transparency in transactions and the establishment of good management practices. (سعد بابكر سعد، 2025، الصفحات 7-8)

In the context of strengthening compliance with standards, there is a need for periodic evaluation and the development of sustainable strategies for performance monitoring, so that courses of action can be corrected when necessary and contracts can be ensured to comply with the latest international standards. Incentive mechanisms, such as rewards or penalties, contribute to strengthening commitment and motivating long-term sustainable performance improvement. Awareness-raising and training play a pivotal role in enabling various parties to understand and effectively apply sustainable governance standards, thereby contributing to real change in investment practices and enhancing their contribution to sustainable development. (غلاب، 2023، صفحة 604).

3.3 Assessment and evaluation of the sustainability of investment projects

The sustainable assessment of investment projects is one of the fundamental pillars for ensuring their compliance with the principles of sustainable development and the achievement of the environmental, social, and economic objectives set. This requires the application of accurate methodologies that enable the measurement and evaluation of the project's impact on the various targeted elements, taking into account temporal and spatial dimensions to ensure their long-term sustainability. Sustainable assessment processes include identifying indicators and criteria that reflect the extent to which the project complies with international and local principles, taking into account the potential risks and impacts on the environment and society, whether positive or negative. (رزوقي، 2009، الصفحات 16-17)

Many international institutions and organizations have developed practical tools and mechanisms for sustainable evaluation, including the development of quality standards and governance reports, as well as the use of modern information technologies, such as data analysis and environmental and social analysis. These tools give investors and decision-makers the flexibility to continuously monitor and improve performance. and to understand the extent to which the project contributes to achieving sustainable development goals. On the other hand, sustainable assessment is a dynamic process that requires periodic updating to ensure that it keeps pace with economic, social, and environmental changes, especially in light of global transformations and major challenges that affect the business and investment environment. (طرطار، 2022، صفحة 147)

Relying on sustainable evaluation contributes to enhancing transparency and governance and encourages adherence to social responsibility standards, which

positively reflects on investors' reputation and facilitates interaction with regulatory authorities. Sustainable assessment also facilitates informed decision-making that balances short-term profits with long-term sustainability requirements, thereby enhancing the resilience of projects and their ability to achieve the desired results. Sustainable assessment and auditing are rational tools that enable the identification of strengths and weaknesses and the direction of investments in a manner consistent with national and international sustainable development goals, ultimately leading to sustainable and inclusive economic development. (رزوقي، 2009، صفحة 19)

4. Manifestations of compliance and irregularities in foreign investment contracts

Compliance in foreign investment contracts is manifested through strict adherence to the principles of transparency and good governance, reflecting the parties' desire to ensure effective and responsible management of investment projects. This is evident in the inclusion of detailed provisions on the disclosure of financial statements and periodic reports, as well as the application of control mechanisms to ensure effective implementation and compliance with ethical and social principles. Contracts that comply with environmental and social governance standards also focus on compliance with regulations that protect the environment and respect human rights, thereby contributing to sustainability. (بن ضياف، 2024، صفحة 5)

However, some contracts are characterized by partial or non-compliance, where the parties ignore some of the stipulated standards or disregard environmental and social obligations in favor of short-term financial gains. This may be evident in the failure to activate the sustainable evaluation clauses of projects or the delay in implementing social responsibility programs, This threatens the continuity of the sustainable approach and hinders comprehensive development. It should be noted that a lack of oversight or weak legal mechanisms may facilitate this imbalance, leading to lax compliance or manipulation in the application of principles.

The effects of compliance are mostly positive, as good adherence to sustainability principles contributes to maximizing economic and social benefits, mitigating environmental risks, and achieving comprehensive and balanced sustainable development. Conversely, the absence of compliance or breach of contracts deepens development problems and exposes local communities and the environment to serious risks, as well as undermining confidence in the international investment environment. Thus, compliance and non-compliance are central to determining the effectiveness of foreign investment contracts in supporting sustainable development goals, highlighting the need to strengthen policies and practices that ensure responsible implementation and full compliance with international and domestic principles. (ضويفي و عبد الصمد، 2020، صفحة 2)

4.1 Cases of strong commitment to sustainability principles

Cases of strong commitment to sustainability principles are evident in clear and consistent actions and measures by investors and governments that demonstrate a deep and sincere commitment to sustainable development goals. In many investment contracts, explicit clauses are included that oblige the parties to comply with international standards of environmental and social governance, with clear mechanisms for monitoring implementation and continuous impact assessment. Strong commitment is also demonstrated through the adoption of comprehensive sustainability strategies that include improving resource efficiency, adherence to human rights standards, and reduction of negative environmental impacts, in coordination with regulatory bodies and international organizations. This is exemplified by investment contracts that require investors to establish advanced environmental and social management systems and implement employee training and awareness programs to ensure ongoing compliance, as well as adhering to principles of transparency and financial disclosure to enable accurate monitoring of project performance. This commitment is reinforced through sustainable assessment measures, which rely on clear performance indicators and periodic reports highlighting the extent to which the parties are committed to the principles of sustainable development. This is also reflected in the adoption of long-term strategies based on responsible practices and the provision of incentives for investors who demonstrate a strong commitment to sustainability standards. Therefore, cases characterized by a strong commitment to sustainability principles are a fundamental pillar for enhancing the impact of foreign direct investment on sustainable development. They also serve as a model for ensuring that economic benefits are aligned with environmental and social interests, resulting in long-term positive outcomes that benefit both society and the environment. (رحال و دريد، 2022، الصفحات 393-391)

4.2 Cases of partial compliance and non-compliance

Partial and non-compliance cases are manifested in the failure to fully adhere to the sustainability principles stipulated in foreign investment contracts, which raises several challenges that affect the achievement of sustainable development goals. Some companies or investors partially comply with certain environmental and social governance provisions, such as limited environmental standards or limited social practices, while sometimes failing to meet transparency or good governance reporting requirements on a consistent basis. This is often due to varying levels of awareness, conflicting interests, or a lack of sufficient oversight to ensure full compliance with sustainability frameworks. (راجع، 2025، الصفحات 13-12)

In cases of non-compliance, some investors deliberately reduce their commitment or completely evade the application of basic sustainability principles as a result of economic pressure or a desire to make quick profits at the expense of environmental or social standards. This often manifests itself in a reduction in the volume of sustainable

review and evaluation of projects, This has negative effects on the environment, local communities, and the long-term reputation of the investors themselves. As a result of political pressure or weak legal enforcement, many investment contracts tend to lower standards or include unjustified exceptions, which contribute to the exacerbation of violations and lack of accountability. (رحال و دريد، 2022، صفحة 395)

This pattern of partial compliance or non-compliance leads to negative outcomes for sustainable development, as it weakens communities' ability to benefit from investments and increases the likelihood of natural resource degradation. It also hinders efforts to improve quality of life and undermines trust in investment institutions. The implications of this are evident at the level of international commitment, which requires effective cooperation to ensure the comprehensive integration of sustainability principles, so that theoretical commitment is translated into practical application that enhances the level of accountability and ethical initiative of investors. and spares the international community the risks of continued partial or non-compliant compliance, establishing a more sustainable and equitable development reality. (يحيوي، 2019، صفحة 212)

4.3 The effects of compliance and non-compliance on sustainable development

The effects of compliance and non-compliance on sustainable development are clear and contrasting. Compliance contributes to strengthening the economic, social, and environmental aspects of investment projects, leading to comprehensive and balanced sustainable development. Compliance with good governance principles, environmental and social standards, and sustainable assessment ensures improved institutional performance, reduced risks, and enhanced trust between investors and society, which positively reflects on economic growth, reduces social disparities, and protects the environment. On the contrary, non-compliance leads to dire consequences, including the degradation of natural resources, the exacerbation of social inequality, and economic decline as a result of lack of transparency and poor resource management, which threatens countries' ability to achieve sustainable development goals in the long term. Weak commitment also reinforces corruption and environmental neglect and undermines the international credibility of investment, which reduces opportunities to attract quality and balanced investments. Therefore, commitment to international principles enhances the sustainability of projects and increases their positive contribution to achieving comprehensive sustainable development, while non-compliance hinders progress, deepens development challenges, and threatens the sustainability of resources and future generations. There is an urgent need to develop effective regulatory frameworks and incentives that ensure compliance and reduce non-compliance in order to achieve the desired positive impact of foreign investment contracts. (يحيوي، 2019، صفحة 213)

5. Maximizing the effectiveness of foreign investment contracts in sustainable development

The effectiveness of foreign investment contracts requires the strengthening of tools and mechanisms that ensure the effective and sustainable application of sustainability principles. Modifying traditional contracts and adapting them to quality and sustainability standards is one of the essential steps to achieve this, by including clear environmental and social requirements and precisely defining the responsibilities of the parties. The integration of sustainable assessment and continuous auditing mechanisms also contributes to monitoring compliance and achieving development goals that are consistent with sustainability standards, while the adoption of sustainable contracting models enhances investor confidence and encourages their active contribution to sustainable development projects. (يحياوي، 2019، صفحة 219)

The role of international institutions and financing mechanisms plays a pivotal role in guiding and supporting the implementation of investment agreements in line with sustainability standards, by providing both technical and financial support. In addition, they develop uniform standards and guidelines that contribute to regulating contractual relationships and achieving development goals. National regulatory policies highlight the ability to enforce compliance and activate monitoring and follow-up mechanisms, ensuring that contracts are implemented in accordance with development and sustainability policies. (ولد العايب، 2019، صفحة 148).

In the same context, continuous interaction between the parties concerned and the consolidation of cooperation between government agencies, international organizations, and the private sector enhance the effectiveness of investment contracts and increase their sustainability. This requires the establishment of mechanisms for periodic review and amendment of contracts in line with developments and changes, while ensuring that there are punitive mechanisms for violators, stimulating initiatives that support sustainable development, and providing a mature and sustainable investment environment that meets the aspirations of the people and achieves long-term development goals. (يحياوي، 2019، صفحة 220)

5.1 Sustainable contracting mechanisms and modification of traditional contracts

Sustainable contracting mechanisms are one of the fundamental pillars for enhancing the role of foreign investment contracts in achieving sustainable development, especially in light of the need to overcome the obstacles imposed by traditional contracts. This concept revolves around amending and developing contract terms in line with the principles of sustainability, so that environmental, social, and administrative standards are included, encouraging continuous commitment and the achievement of long-term development goals. These mechanisms require the adoption of flexible bases that allow investors to commit to and achieve long-term development goals. and administrative standards that encourage continuous commitment and the achievement of long-term development goals. These mechanisms require the adoption of flexible

frameworks that allow investors to adhere to international principles related to transparency and good governance, while ensuring economic, environmental, and social sustainability. (فرقاني، 2025، الصفحات 201-202)

Sustainable contracting methods include the inclusion of clauses that allow for the modification of contracts according to operating conditions, or the adoption of flexible contracts that allow for the review and updating of commitments based on periodic performance evaluations. This highlights the importance of long-term contractual frameworks that incentivize the implementation of sustainable practices, while ensuring clear accountability mechanisms that monitor compliance with sustainable development principles and the rights of local communities and the environment. In addition, the integration of corporate and social governance standards into investment contracts is encouraged, through contracting based on continuous assessment and periodic review of compliance.

The importance of modifying traditional contracts is demonstrated by the adoption of flexible models that include commitments that can be adapted to economic, environmental, and social changes, ensuring that the substance of long-term commitments is not undermined by circumstantial challenges. These contracts should also include incentives that enable investors to commit to sustainability and achieve development goals, such as financial or moral incentives, while establishing effective oversight and accountability mechanisms. It is advisable to incorporate principles of risk mitigation associated with non-compliance and dispute resolution in a manner that encourages compliance and enhances the long-term effectiveness of contracts, thereby contributing to building trust and activating the role of contracts as a key driver of sustainable development. (يحيوي، 2019، الصفحات 222-223)

5.2 Role of international institutions and development finance

International institutions and development finance play a pivotal role in guiding and strengthening the commitment of states and investment institutions to the principles of sustainable development in foreign investment contracts. By providing technical support, specialized expertise, and concessional financing, these institutions contribute to embedding sustainable guidance concepts in investment processes, as well as strengthening the governance and transparency framework at the national and international levels. International institutions adopt programs and initiatives that include strict international standards, aimed at ensuring the integration of the three dimensions of sustainability—environmental, social, and economic—into all stages of investment. They also assess investment projects from an environmental and social perspective and provide recommendations on good governance practices to ensure sustainable compliance with international agreements and global trends. (بوكروح، 2018، صفحة 842)

International institutions promote development financing instruments as a mechanism to encourage countries, especially developing countries, to adopt sustainable investment practices that are consistent with sustainable development standards, through grants, concessional loans, guarantees, and technical facilities. These tools reduce risks, encourage responsible investment, and support projects with a developmental dimension, thereby directly contributing to the achievement of sustainable development goals. The monitoring and follow-up system provided by international institutions is essential for measuring the extent to which countries and investment institutions are committed to the principles of sustainability, in addition to monitoring the implementation of agreements and financing programs and adopting corrective measures when necessary. (بوسهوه، 2004، صفحة 272)

International institutions also seek to coordinate efforts among all actors, including governments, multinational corporations, and civil society organizations, to ensure policy integration and alignment of development goals. This fosters a climate of trust and maintains the credibility of international commitments, which encourages countries to respond more seriously to sustainable development requirements within the framework of foreign investment contracts. The growing role of these institutions reflects their belief in the need to align foreign investment with national and international strategies to ensure sustainable development that addresses current environmental, social, and economic challenges and charts a course toward a more sustainable and equitable future. (بوسهوه، 2004، الصفحات 273-274)

5.3 State regulatory policies and strengthening sustainability in contracts

State regulatory policies seek to strengthen commitment to the principles of sustainable development within foreign investment contracts by adopting a set of tools and procedures that ensure the implementation of environmental, social, and corporate governance standards. Supervisory and regulatory tools are essential for enabling the state to establish a clear legal framework that defines the obligations and requirements that foreign companies must comply with, thereby enhancing their responsibility towards society and the environment. This includes imposing strict review and audit laws, as well as establishing mechanisms to enforce penalties against violators, thereby ensuring serious commitment and reducing selective or irregular compliance. (فرقاني، 2025، صفحة 204)

Policies are geared toward strengthening the capabilities of regulatory bodies by enhancing the capabilities of local personnel and updating administrative systems to effectively monitor contract compliance. This requires the development of uniform standards for comparison and evaluation to ensure that commitments are not compromised, with the need to develop continuous evaluation models that give an accurate picture of the reality of implementation and the achievement of development

goals. In addition, policies encourage public-private partnerships through incentives that ensure the implementation of sustainable practices, such as tax breaks or technical support for projects that comply with environmental and social governance standards. (بوسهوه، 2004، صفحة 275)

The policies are based on transparency and accountability, as investment contracts are subject to requirements that mandate the publication of periodic reports and data related to the stages of implementation, which enhances trust between the parties and reduces the risks associated with corruption or mismanagement. In addition, the policies seek to incorporate sustainable governance standards from the contract conclusion stage, ensuring that all terms are consistent with the latest international approaches and reflect corporate responsibility towards society and the environment, while taking into account local development needs. (يحيوي، 2019، صفحة 225)

The state's regulatory policies are an important tool for achieving a strategic balance between attracting foreign investment and achieving sustainable development goals, which effectively contributes to improving performance and achieving tangible results in the long term.

6. Legal, political, and economic challenges to compliance

The implementation of sustainable development principles in foreign investment contracts faces many legal, political, and economic challenges, which hinder full compliance and affect the effectiveness of these contracts in supporting sustainable development goals. Legally, the legislative framework is sometimes unstable, weak legal protection of the rights of the parties, and a lack of effective enforcement mechanisms for environmental and social standards, leading to uneven application of commitments and non-compliance. The absence of strict legislation linking compliance with sustainable principles to penalties for violators also increases the potential for delays in implementation.

Politically, commitments vary among countries according to their economic interests and priorities, posing a challenge to the coordination of national and international policies for the implementation of sustainable development principles. In some countries, environmental and social commitments are seen as constraints on economic growth, which hinders cooperation and the uniform application of sustainable practices. Political changes and fluctuations in governments also contribute to weakening the political will to achieve sustainable commitments and sometimes lead to a decline in related measures and legislation. (والي، 2017، صفحة 134)

From an economic perspective, limited financial resources and the high costs of complying with sustainability standards threaten the viability of sustainable investment projects, especially in countries with emerging economies or limited resources. In addition, investors and project owners face challenges in reconciling short-term

economic goals with long-term sustainability requirements, prompting some to reduce their commitment to environmental and social governance principles in order to secure immediate profits.

Given these challenges, there remains an urgent need to develop supportive legal frameworks and policies that incentivize sustainable commitment and enact strict measures to address non-compliance by strengthening oversight and governance mechanisms and providing economic incentives for sustainable development projects, with the aim of achieving a balance between national interests and international commitments, thereby consolidating the role of investment contracts as an effective tool in promoting sustainable development despite the existing complexities and difficulties. (والي، 2017، صفحة 135)

7. Conclusion

It is clear that the effectiveness of foreign investment contracts in achieving sustainable development goals depends on the extent to which the parties adhere to specific international principles and standards, as well as their ability to deal with legal, political, and economic challenges that may hinder the optimal application of these principles. The role of regulatory bodies and international organizations remains essential in promoting transparency and good governance practices, as well as encouraging the integration of environmental and social governance principles into investment contracts, in order to ensure the sustainability of projects and achieve a lasting positive impact.

Therefore, striking a balance between strict adherence to international guidelines and flexibility in investment contracts plays a crucial role in creating an investment environment conducive to development. The importance of this stems from the fact that full compliance enhances trust between all parties and leads to positive development outcomes, while failure or non-compliance may undermine economic and social stability and negatively affect sustainable development goals. In a related context, enhancing the effectiveness of these contracts requires integrated efforts that include developing national policies, improving evaluation mechanisms, and modifying traditional contract models to keep pace with modern principles of sustainability. The biggest challenge remains the development of a legal and political framework that ensures commitment and stimulates innovation, while providing sufficient guarantees to promote transparency and accountability, in order to ensure that foreign investment is an effective tool in building a sustainable future that serves the interests of current and future generations.

8. List of References

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