Multinationals, through their large-scale investment projects (such as mines, dams, agriculture projects), are central to reaching many of the SDGs, including: poverty alleviation, reducing inequalities, and environmental protection. However, many of these projects fail to meet their intended development outcomes with significant adverse impacts upon communities and the environment, typically owing to firms favoring investment returns (efficiency) over sustainable development goals sought by communities and other diverse stakeholders (equity).

We develop a conceptual model to understand how both efficiency and equity performance outcomes can be balanced among firms and their various stakeholders in investment projects. We use insights gathered from proprietary access to all internal International Finance Corporation (IFC)—the investment-wing of the World Bank Group with a mandate for economic development through private sector investment—documentation on five projects (over 5,000 documents for some projects), comprising highly-detailed contracts, evaluations and baseline reports, assessments, projections, annual reviews, ombudsman notifications and complaints. We also conducted field visits including meetings with firm managers, government officials, local communities and elders, and independent project evaluators. In our conceptual model, we seek to define and attain balanced efficient and equitable performance. Defining balanced performance requires: i) specifying the multiple stakeholder objectives of efficiency (financial and operational) and equity (economic, private sector development, governance, social, and environmental); ii) maximizing within or optimizing dispersion across the multiple stakeholder objectives; and iii) balancing short-term tradeoffs and long-term synergies across the multiple stakeholder objectives. Attaining balanced performance demands a balancing actor which must itself espouse the dual logics of efficiency and equity, and leverage the special tools of financial/investment capital, governance/institutional capital, relational/social capital, and knowledge/expertise capital. We use insights from our cases to illustrate how the balancing actor’s special tools and dual logics can be leveraged to attain balanced performance outcomes in large-scale investment projects. Our work explores the complexity of diverse stakeholder relations needed to (together) create sustainable development, and provides direction on how balanced project outcomes can be created for sustainable development. Our work seeks to also guide practitioners and inform policy-makers on how to achieve more equitable sustainable development outcomes through private sector mobilization.