

FDI Trends and a New Agenda for Investment Promotion and Facilitation

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Global and Regional Investment Trends

Global FDI: too low for too long

Growth rates of global GDP, trade, employment and productivity, 2005-2016*

(Per cent)

Variable	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016*
GDP	4.8	5.5	5.7	3.0	-0.1	5.4	4.2	3.5	3.3	3.4	3.2	3.1
Trade	7.8	9.3	8.0	2.9	-10.5	12.4	7.0	2.8	3.5	3.8	2.6	2.3
Employment	1.9	1.5	1.6	1.0	0.4	1.1	1.3	1.2	1.3	1.4	1.4	1.2
Productivity**	3.0	3.3	3.2	1.4	0.0	4.6	2.7	1.7	1.9	1.9	1.2	1.5

FDI value (in \$trillions)	0.95	1.40	1.90	1.50	1.18	1.39	1.57	1.51	1.43	1.28	1.76	1.59

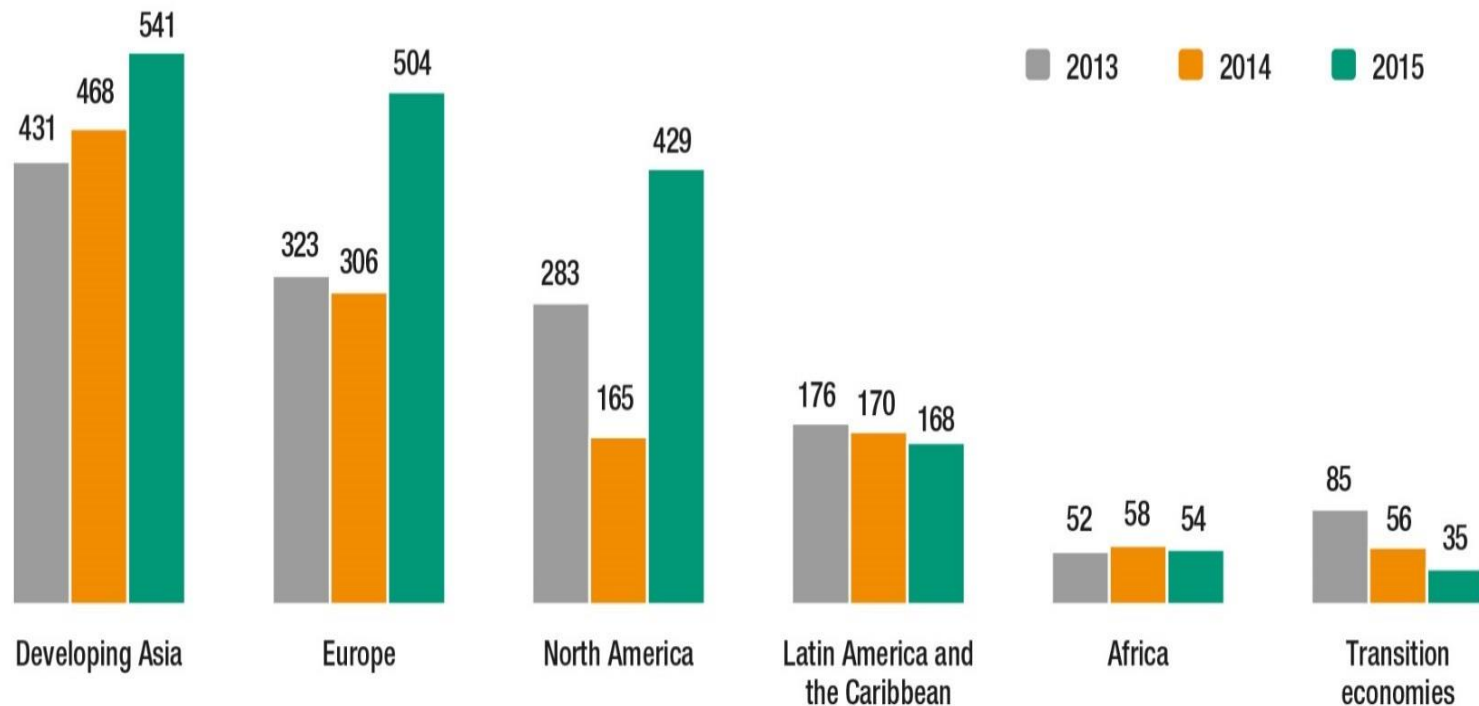
Source: ©UNCTAD, IMF for GDP and trade, ILO for employment; and the Conference Board for productivity.

* Projections

**Labor productivity per person employed.

FDI flows to developed countries nearly doubled Developing Asia remains largest FDI host region

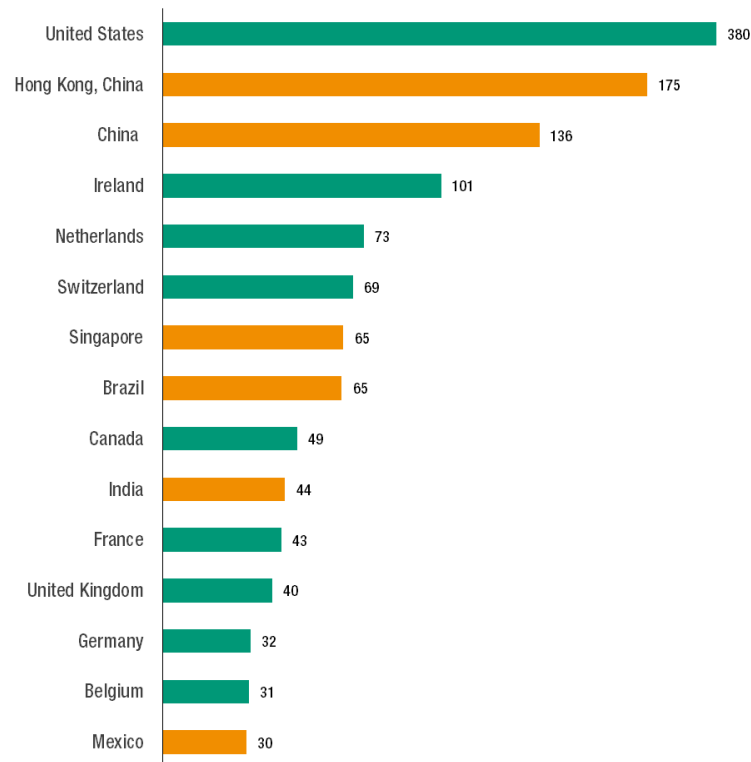
FDI inflows, by region, 2013–2015 (Billions of dollars)



Source: UNCTAD.

Top FDI destinations in 2015

FDI inflows, top 15 host economies: 2015 (Billions of dollars)



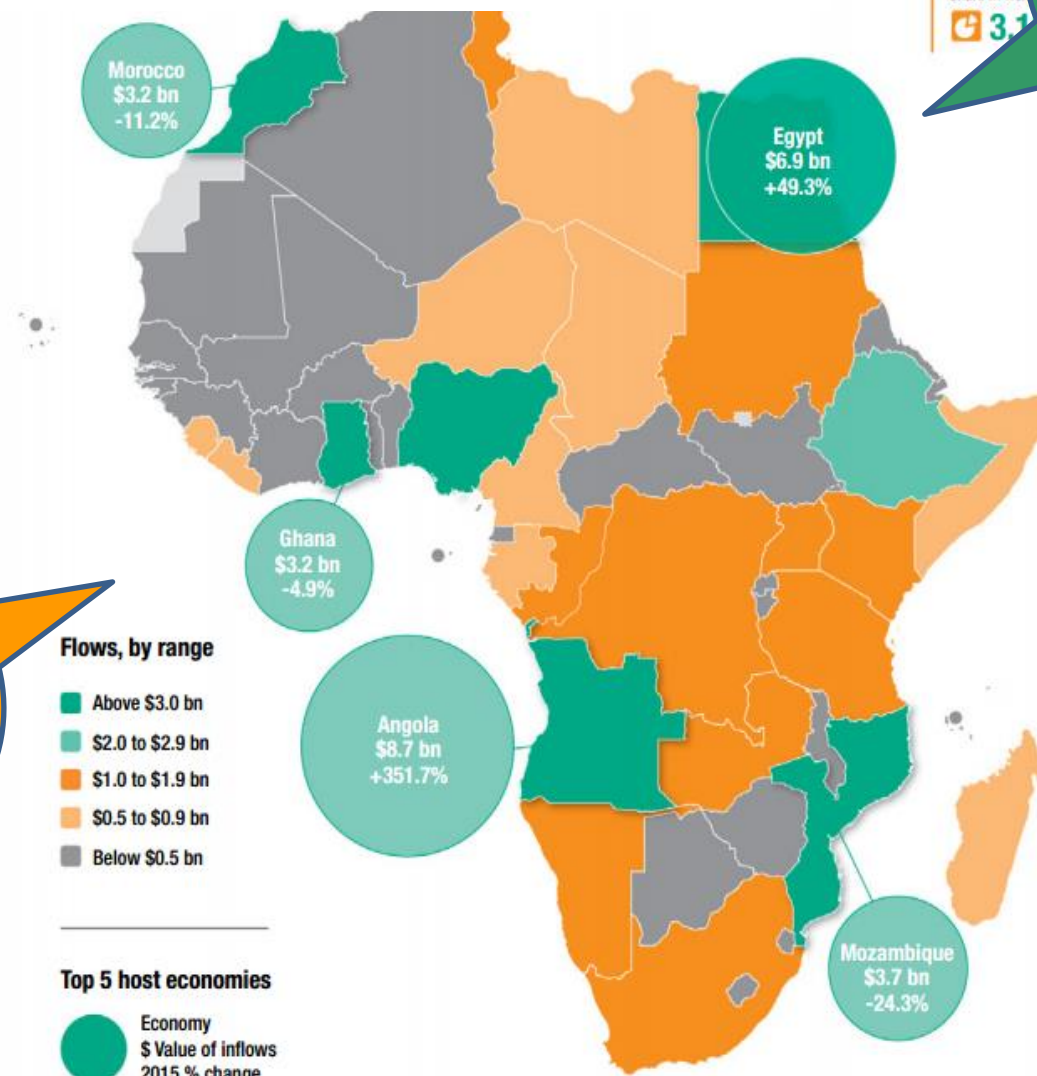
Source: ©UNCTAD.

* UNCTAD survey carried out between February and April 2016.

FDI inflows to Africa 2015

Top 5 host economies

Africa
\$54 billion
-7%

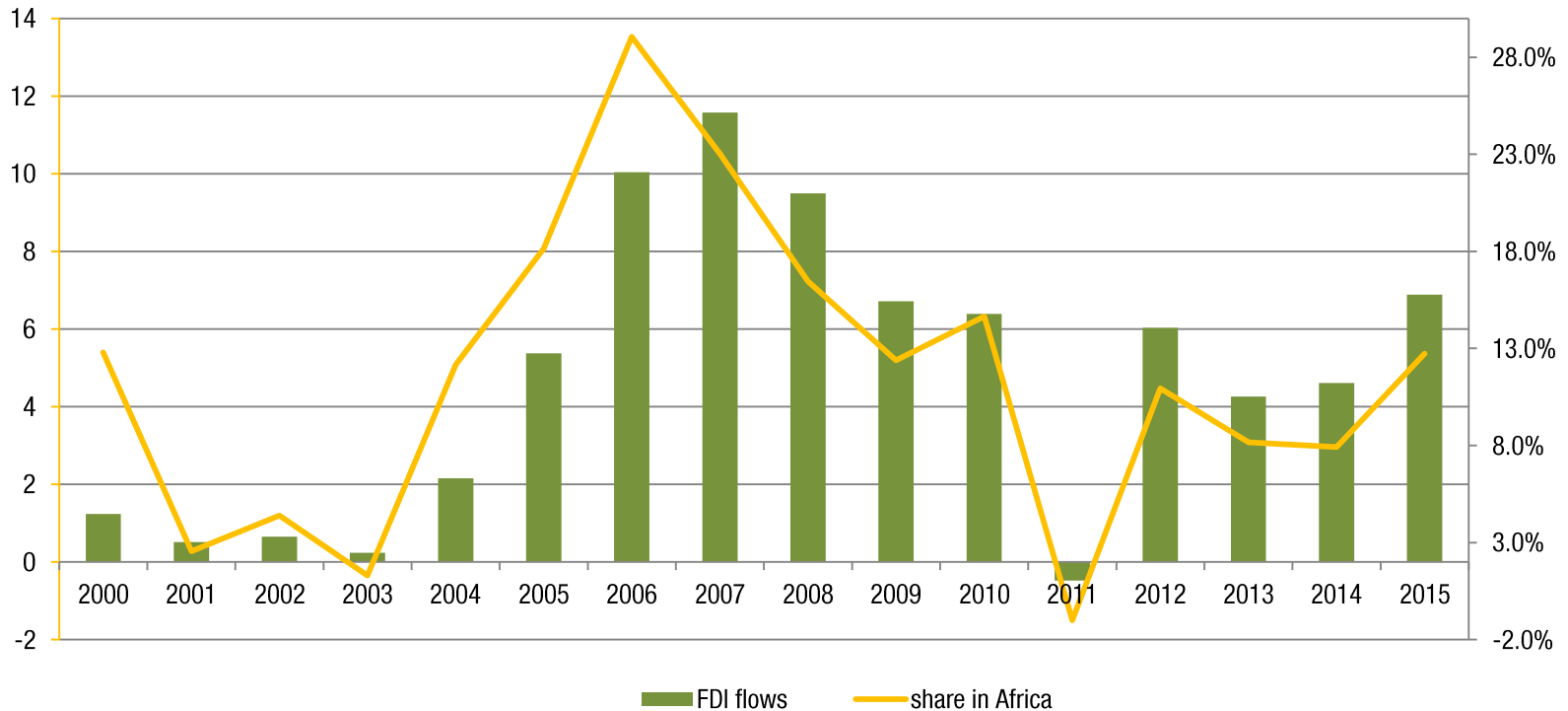


Egypt
\$6.9 billion
+49.3%

FDI flows to Egypt and its share in Africa

Egypt FDI inflows
(billions of dollars)

Share in Africa
(per cent)



Source: UNCTAD 2016 *World Investment Report*

Looking ahead: FDI prospects

FDI flows are expected to decline by 10–15 per cent in 2016, reflecting:

- Fragility of the global economy
- Persistent weakness of aggregate demand
- Sluggish growth in some commodity exporting countries
- Effective policy measures to curb tax inversion deals
- A slump in MNE profits



**WORLD
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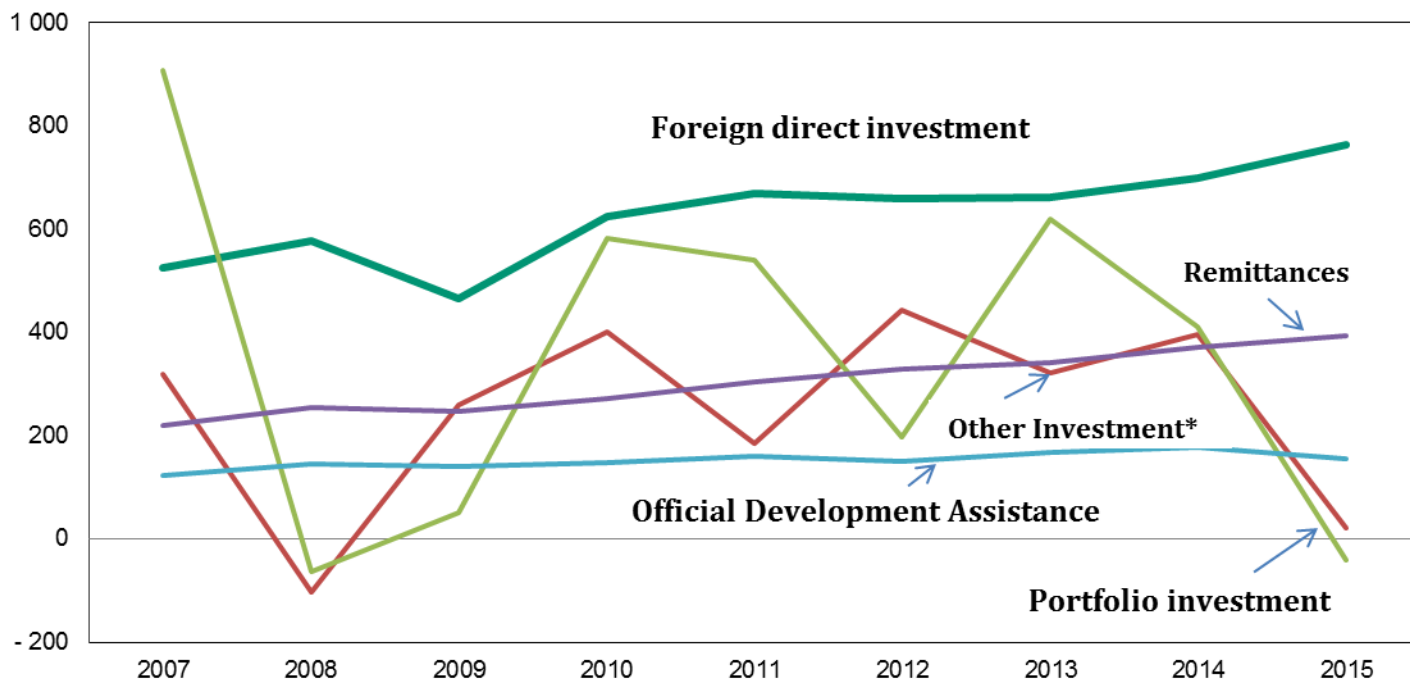
FDI prospects by region

- **FDI flows to Africa are likely to return to growth** as a result of liberalization measures and planned privatizations
- **Flows to developing Asia are expected to decline by about 15 per cent in 2016**, returning to 2014 levels
- **Latin America and the Caribbean may see FDI slow further in 2016** in the face of persisting macroeconomic challenges
- **Flows to transition economies are expected to increase modestly in 2016**, after experiencing a significant decline in 2015
- **The recovery of FDI activity in developed economies recorded in 2015 is unlikely to be sustained in 2016**

Why a New Agenda for Investment Promotion and Facilitation?

FDI flows is the largest and the most stable source of development finance

External development finance to developing economies, 2007-2015
(Billions of dollars)



Source: ©UNCTAD.

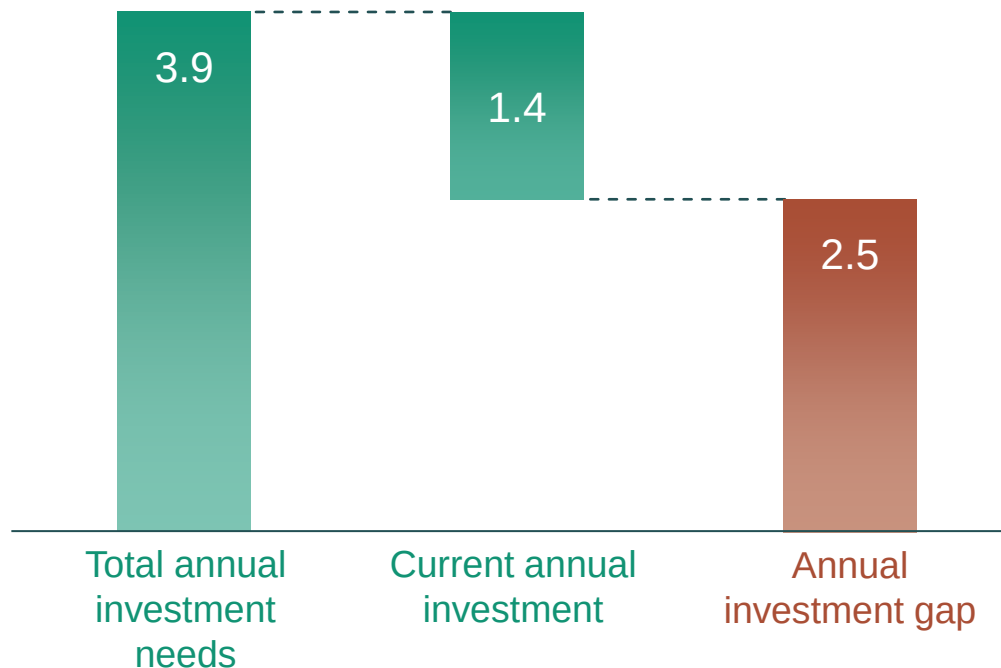
* Other investment are loans among non-affiliated enterprises.

Triple Challenges for Development Financing

- SDG investment gap
- Productive investment gap
- Systemic policy gap

SDG investment gap

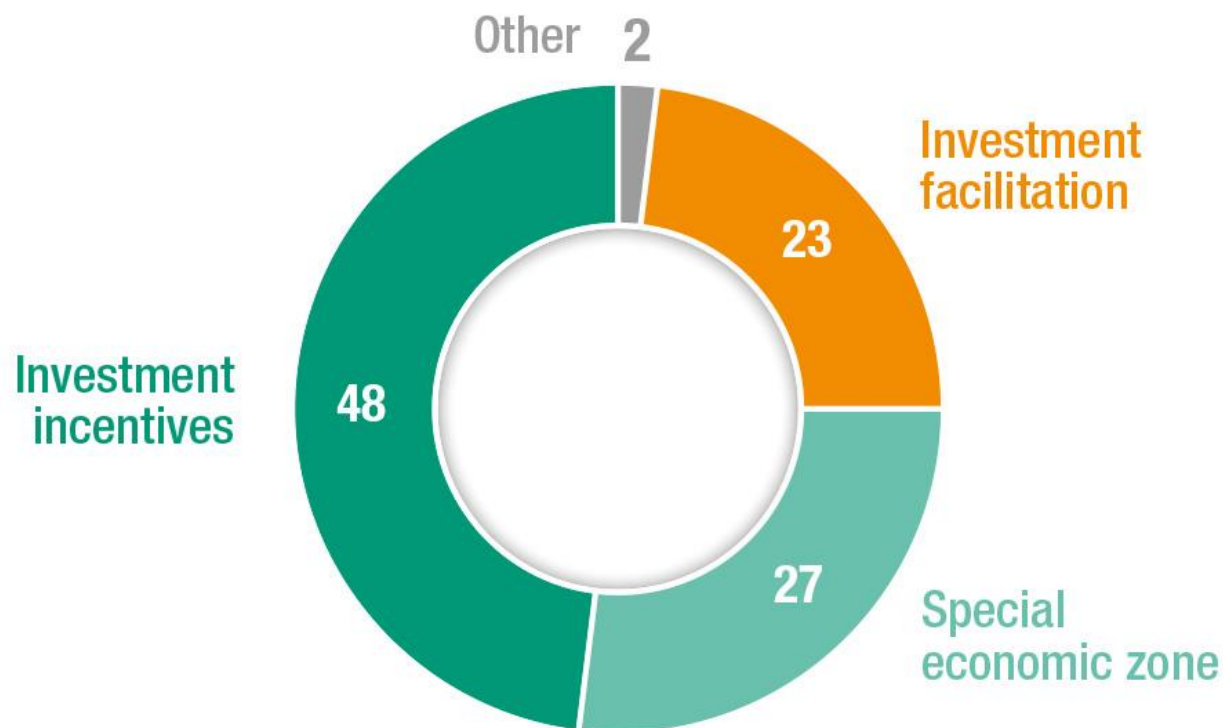
Estimated annual investment needs in key SDG sectors in developing countries, 2015 – 2030 (trillions of US dollars, annual average)



Source: UNCTAD World Investment Report 2014.

- **Global investment flow: too low for too long**
- **Low productive capital formation across the world**
- **Barriers for SDG investment**

Categories of promotion and facilitation policies, 2010 – 2015 (per cent)



Source: UNCTAD

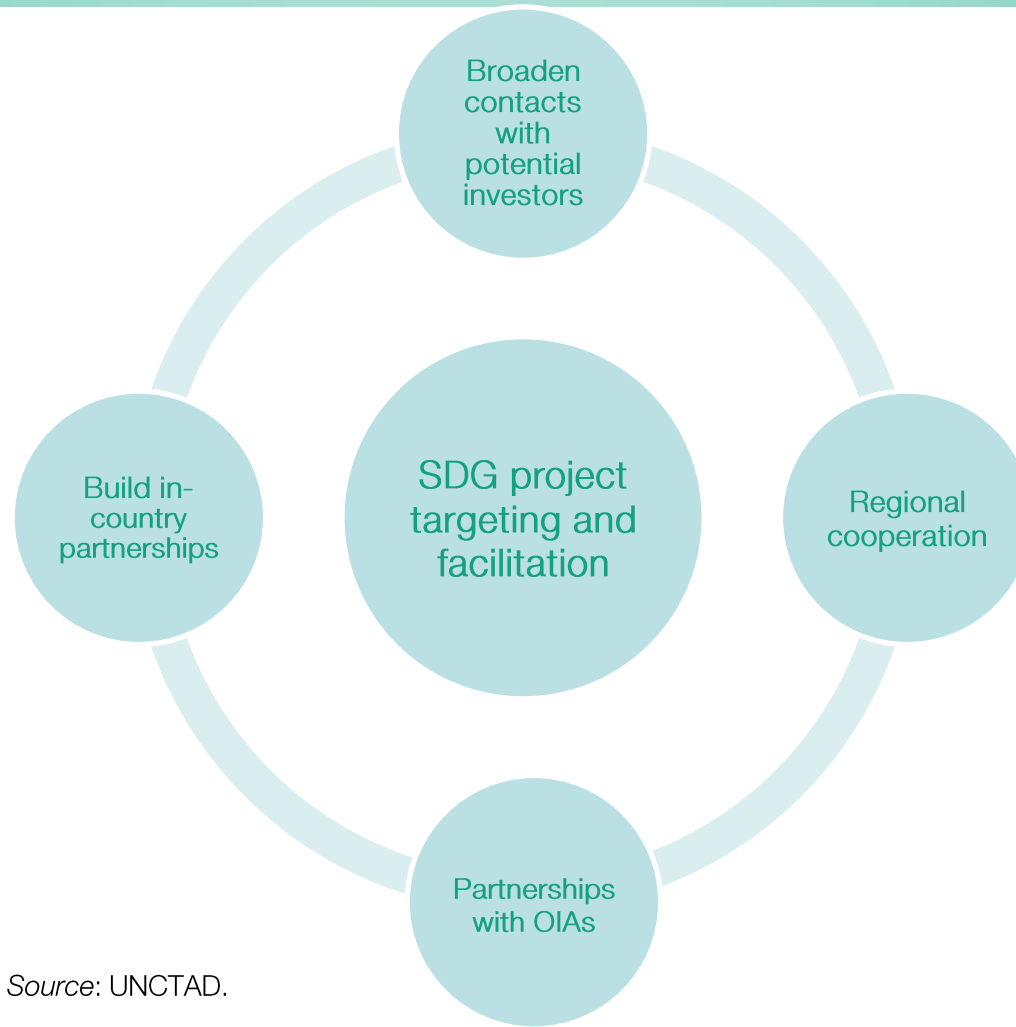
SDGs: overall guidance for promoting FDI for development

UN SDGs for 2030 focus efforts on fighting poverty and addressing global development and environmental challenges



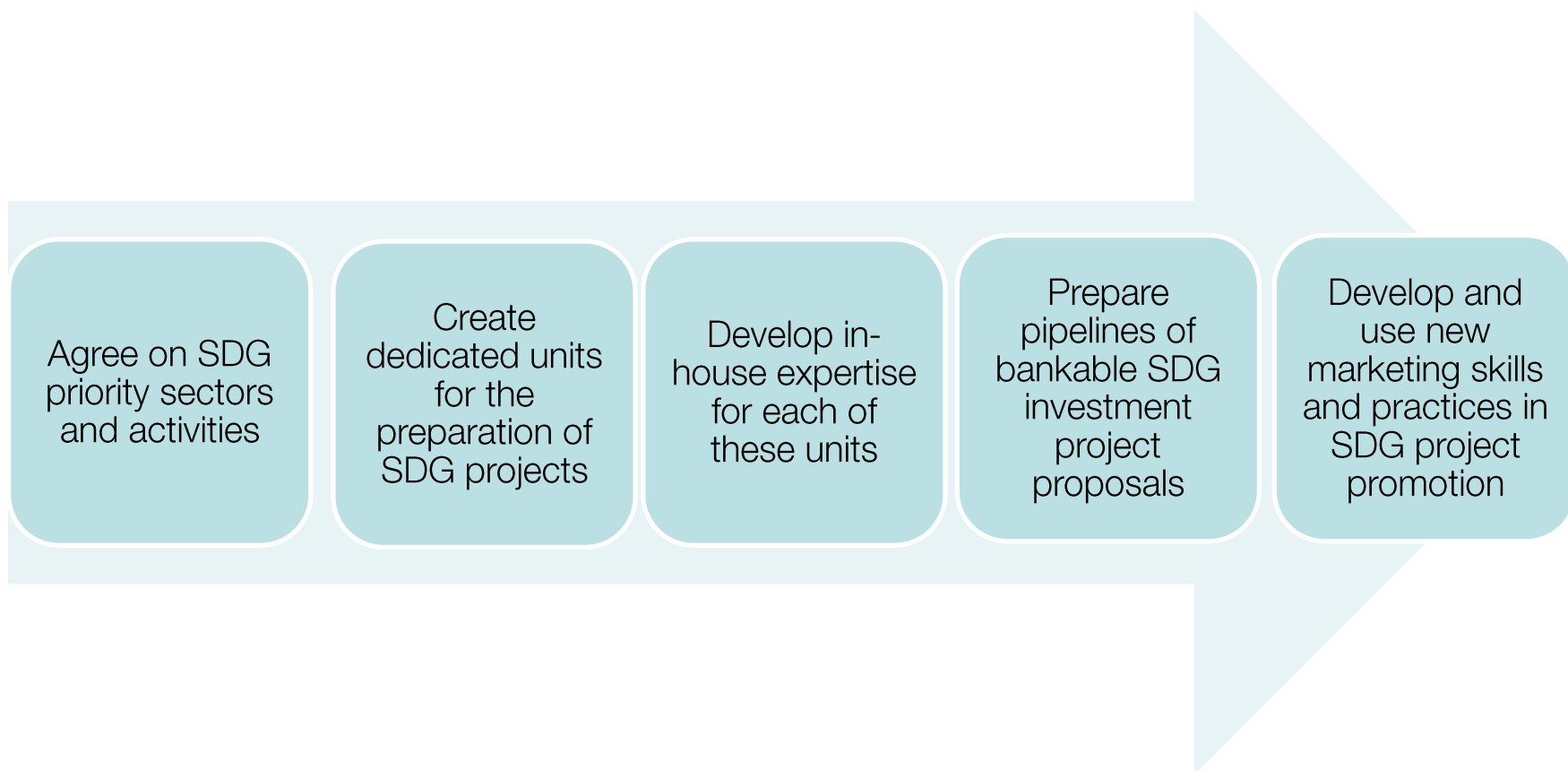
Source: United Nations.

How to promote and facilitate SDG projects?



Source: UNCTAD.

Investment promotion: targeting SDG projects



Source: UNCTAD.

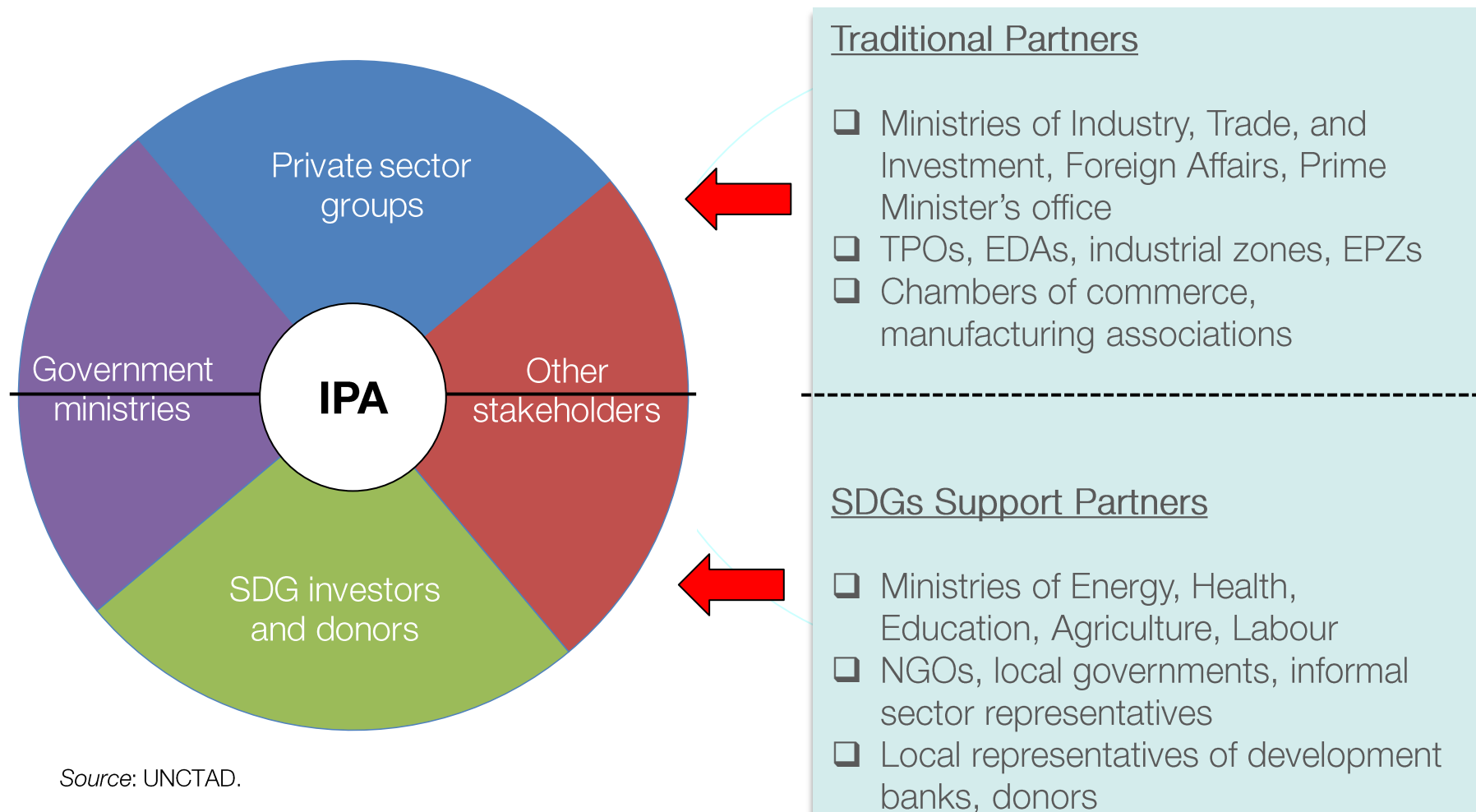
Investment facilitation: UNCTAD's Global Action Menu

Action lines:

1. Promote accessibility and transparency in the formulation of investment policies, regulations and procedures relevant to investors
2. Enhance predictability and consistency in the application of investment policies
3. Improve the efficiency and effectiveness of investment administrative procedures
4. Build constructive stakeholder relationships in investment policy practice
5. Designate a lead agency or investment facilitator with a specific mandate for disputes prevention and mediation
6. Establish monitoring and review mechanisms for investment facilitation
7. Enhance international cooperation for investment facilitation
8. Strengthen investment facilitation efforts in developing-country partners through technical assistance
9. Enhance investment policy and proactive investment attraction in developing-country partners
10. Enhance international cooperation towards investment for development, including through provisions in IIAs

Source: UNCTAD.

Building in-country multi-stakeholder partnerships

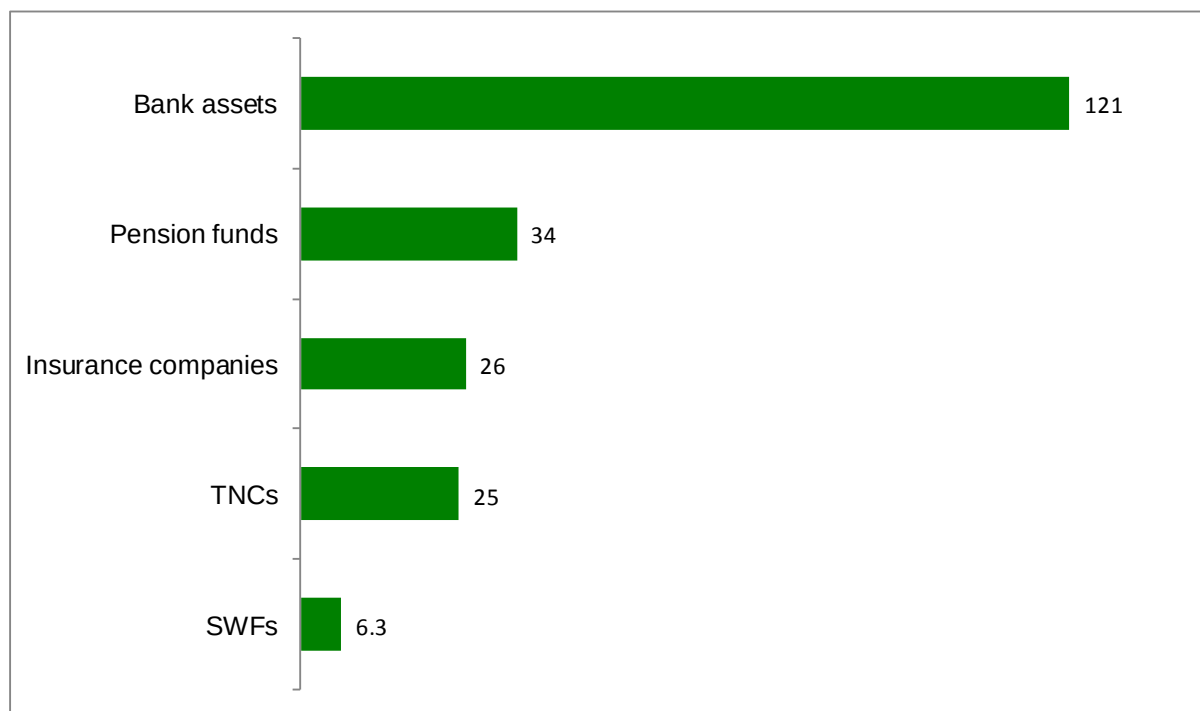


Source: UNCTAD.

Broaden contact with potential investors

Relative sizes of selected potential sources of investment, 2012

(value of assets, stocks and loans in trillions of US dollars)



Source: UNCTAD World Investment Report 2014.

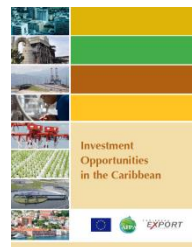
Regional cooperation between governments and their IPAs



**Caribbean Association of
Investment Promotion Agencies**



East Africa Community



Partnerships with outward investment agencies

Information sharing

Technical cooperation

Investment opportunities
marketing

Outward investment agencies
(OIAs)



Foreign enterprise



Inward investment promotion
agencies (IPAs)



Selected UNCTAD services on investment policies, promotion and facilitation

1. Investment promotion and facilitation advisory services
2. Capacity-building for investment promotion officials and diplomats
3. Best-practice exchanges & UNCTAD's Investment Promotion Awards
4. Investment Policy Reviews
5. Investment Policy Framework for Sustainable Development
6. Assistance on key issues in IIAs
7. OIA-IPA partnership development
8. Business linkages programme
9. eRegulations programme & online Investment Guides
10. GreenFDI.org platform & SmartPromotionNetwork



Thank you!

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