

FDI Trends & the Green Investment Opportunity

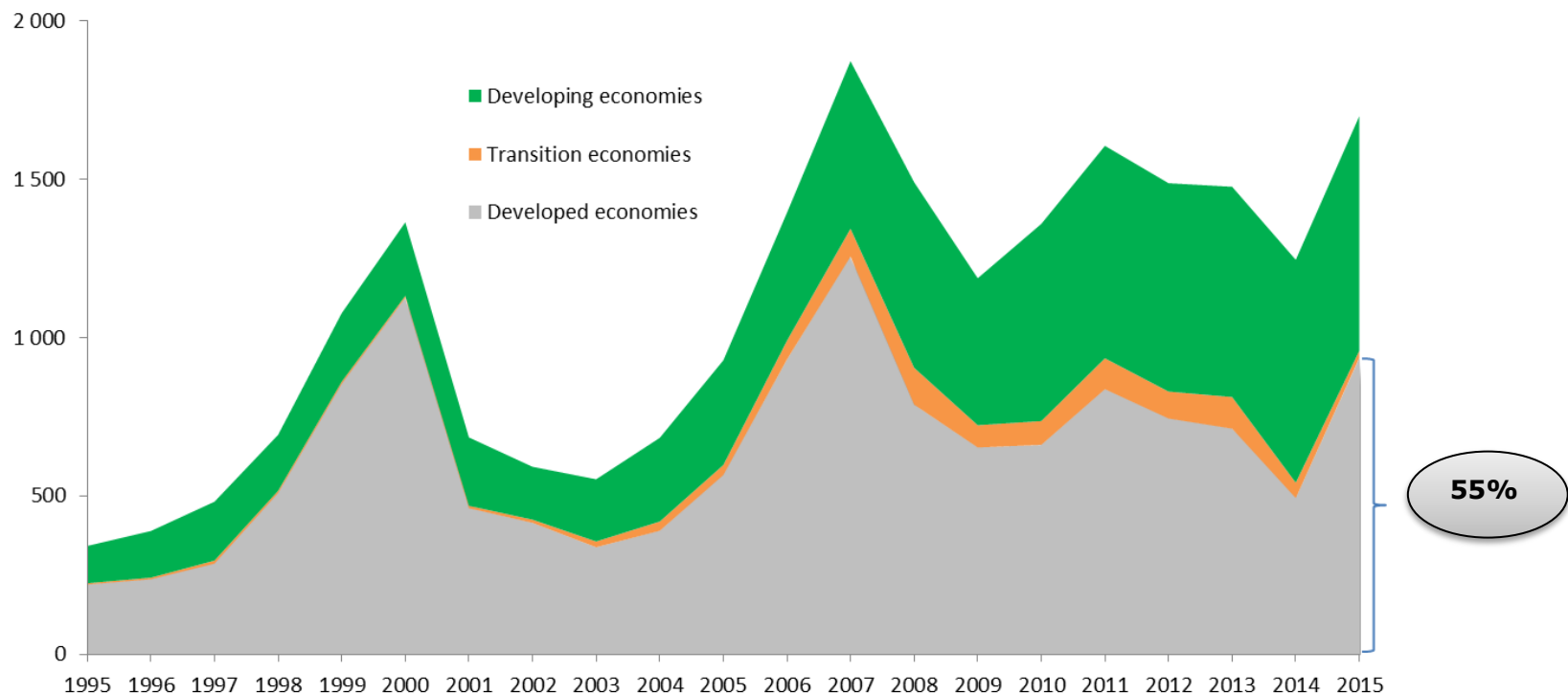
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10 March 2016, New Delhi

Global FDI flows jumped 36% in 2015

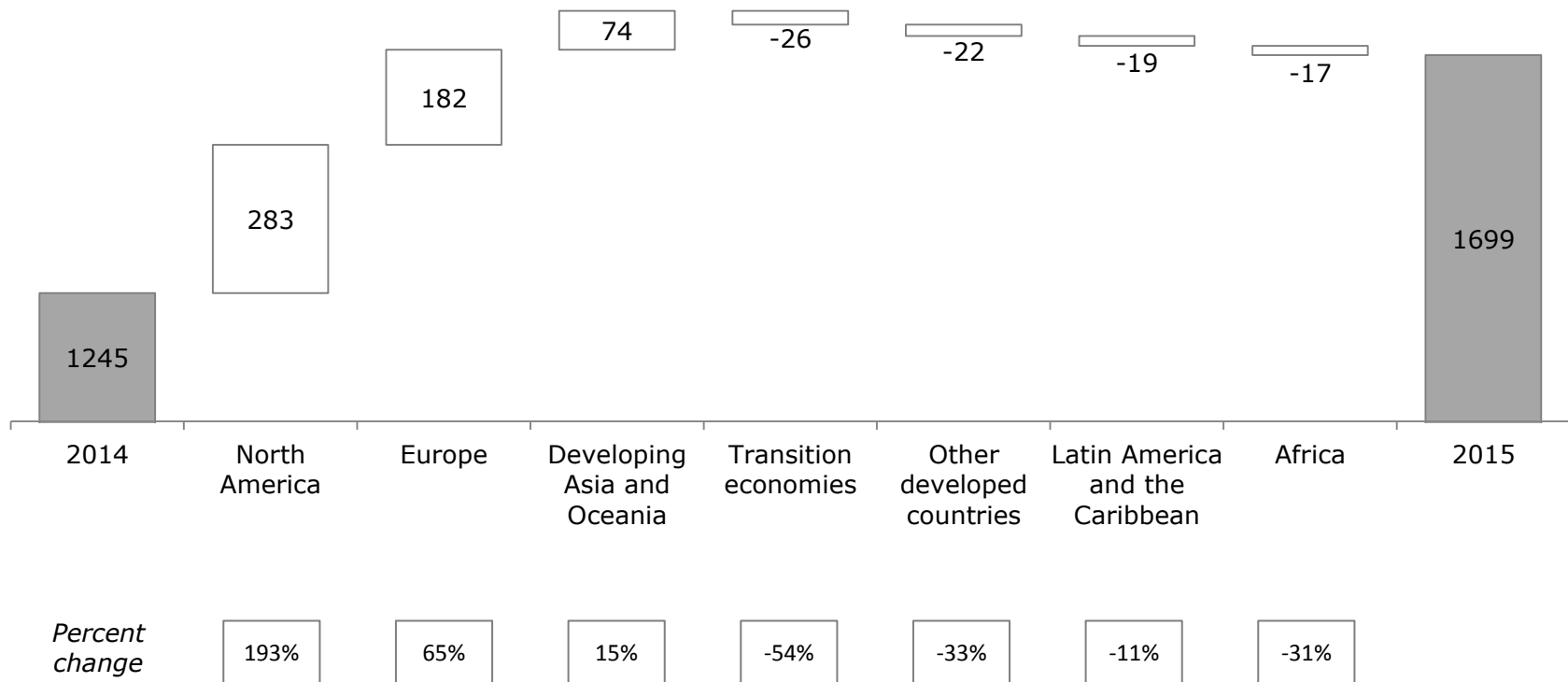
FDI inflows, global and by group of economies, 1995–2015
(billions of US dollars)



Source: UNCTAD Global Investment Trend Monitor No. 22, January 2016

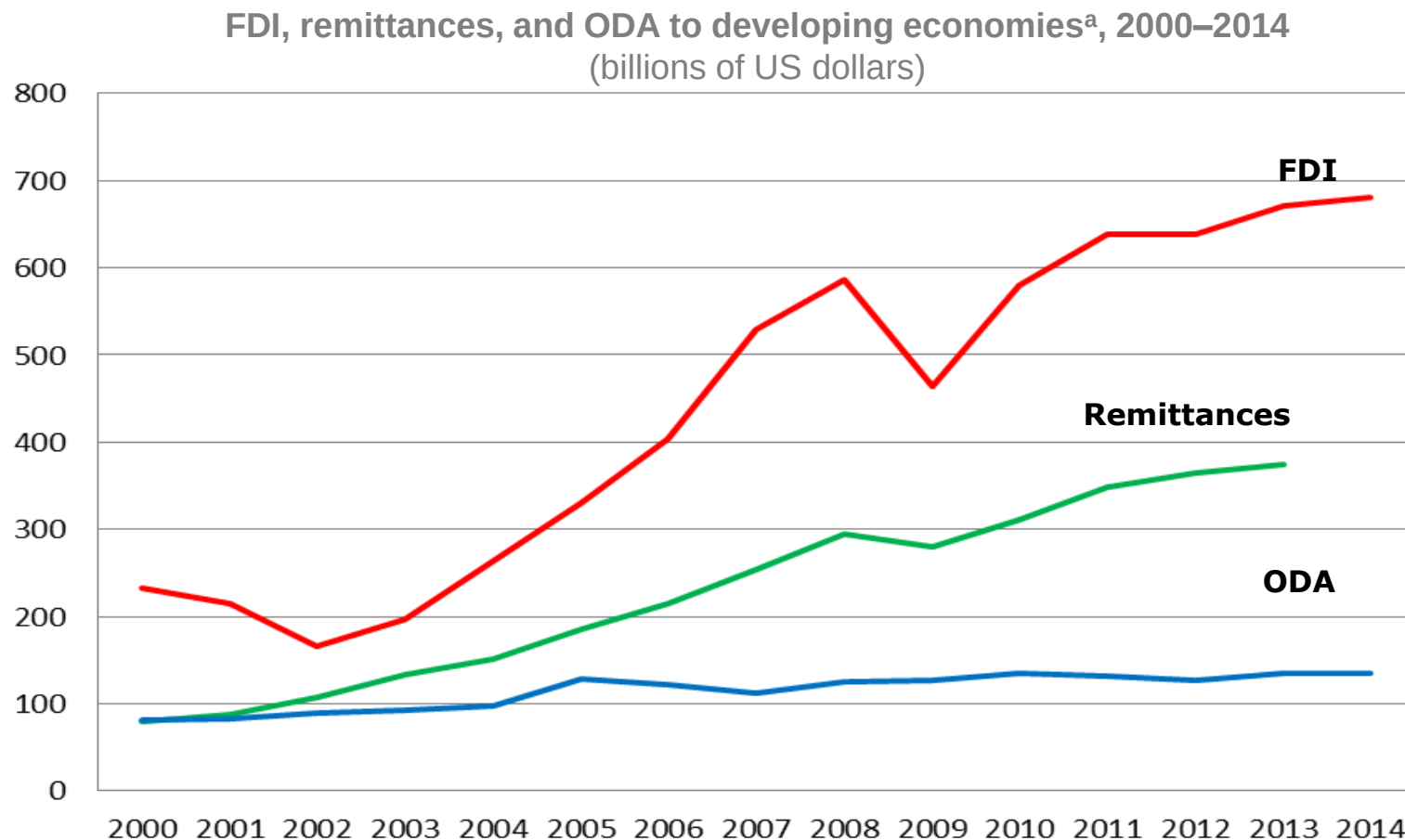
Developing Asia is the largest FDI recipient region in the world

Regional contribution to FDI flows growth, 2012–2014
(billions of US dollars)



Source: UNCTAD Global Investment Trend Monitor No. 22, January 2016.

FDI is the largest source of development finance



Source: UNCTAD (FDI and remittances) and OECD (ODA)

^a Excluding the Caribbean financial centres

UN Sustainable Development Goals (SDGs)

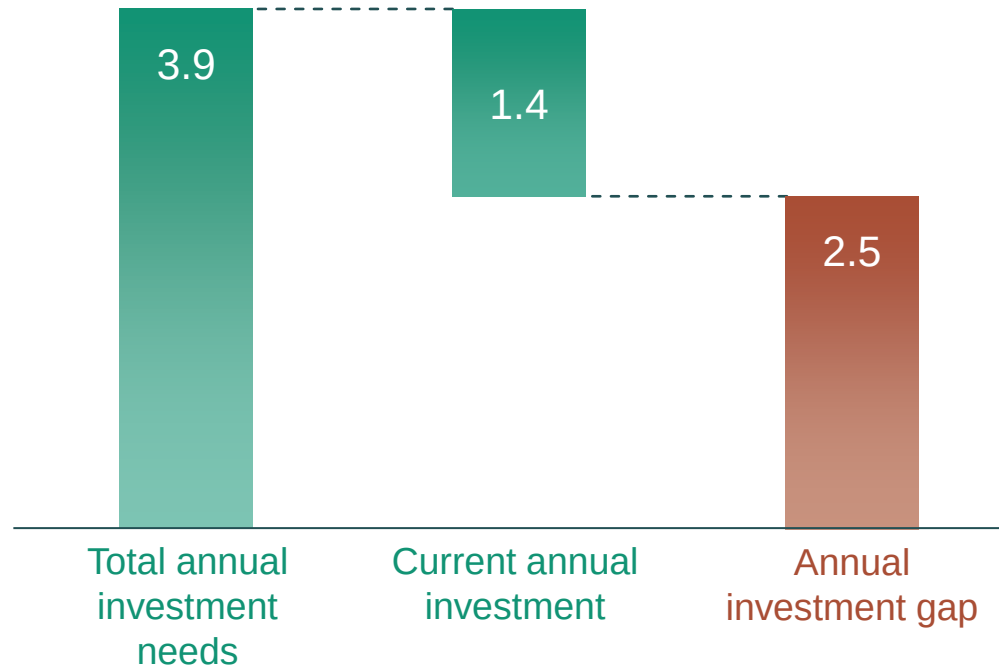
UN SDGs for 2030 focus efforts on fighting poverty and addressing global development and environmental challenges



Source: United Nations

The SDGs will need to bridge a large investment gap

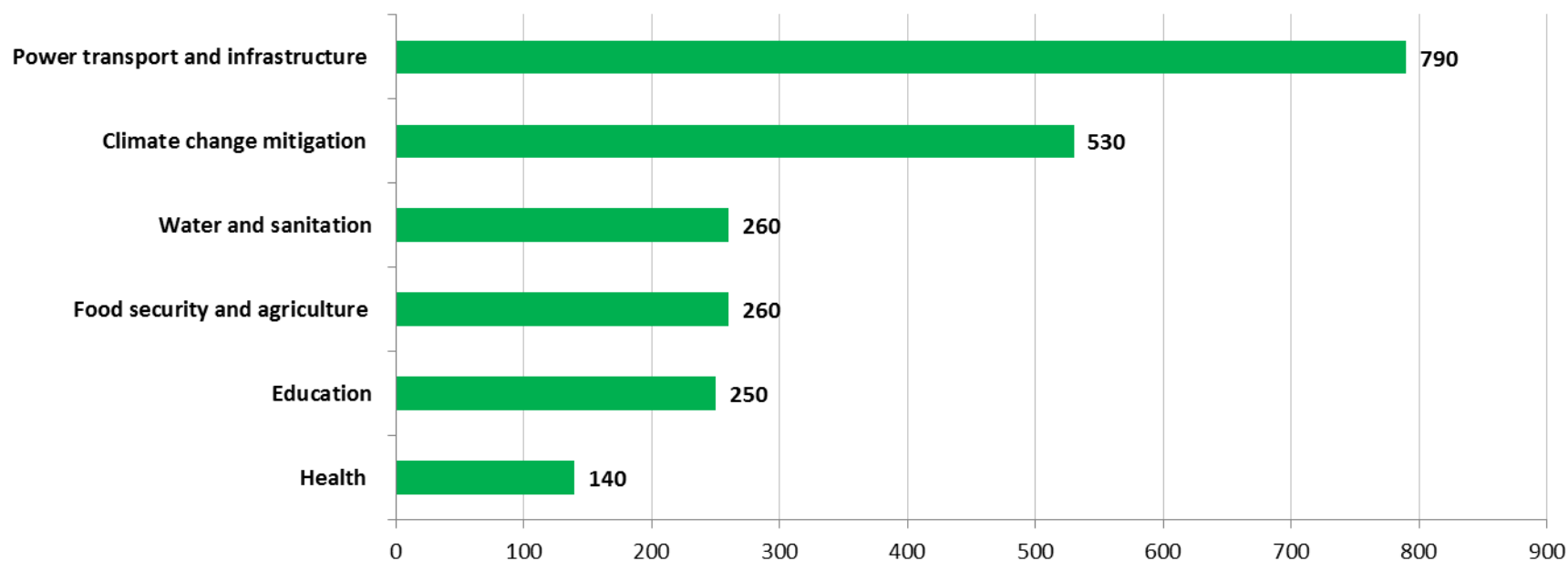
Estimated annual investment needs in key SDG sectors in developing countries,
2015–2030 (trillions of US dollars, annual average)



Source: UNCTAD World Investment Report 2014

Investment gap for selected sectors in developing countries

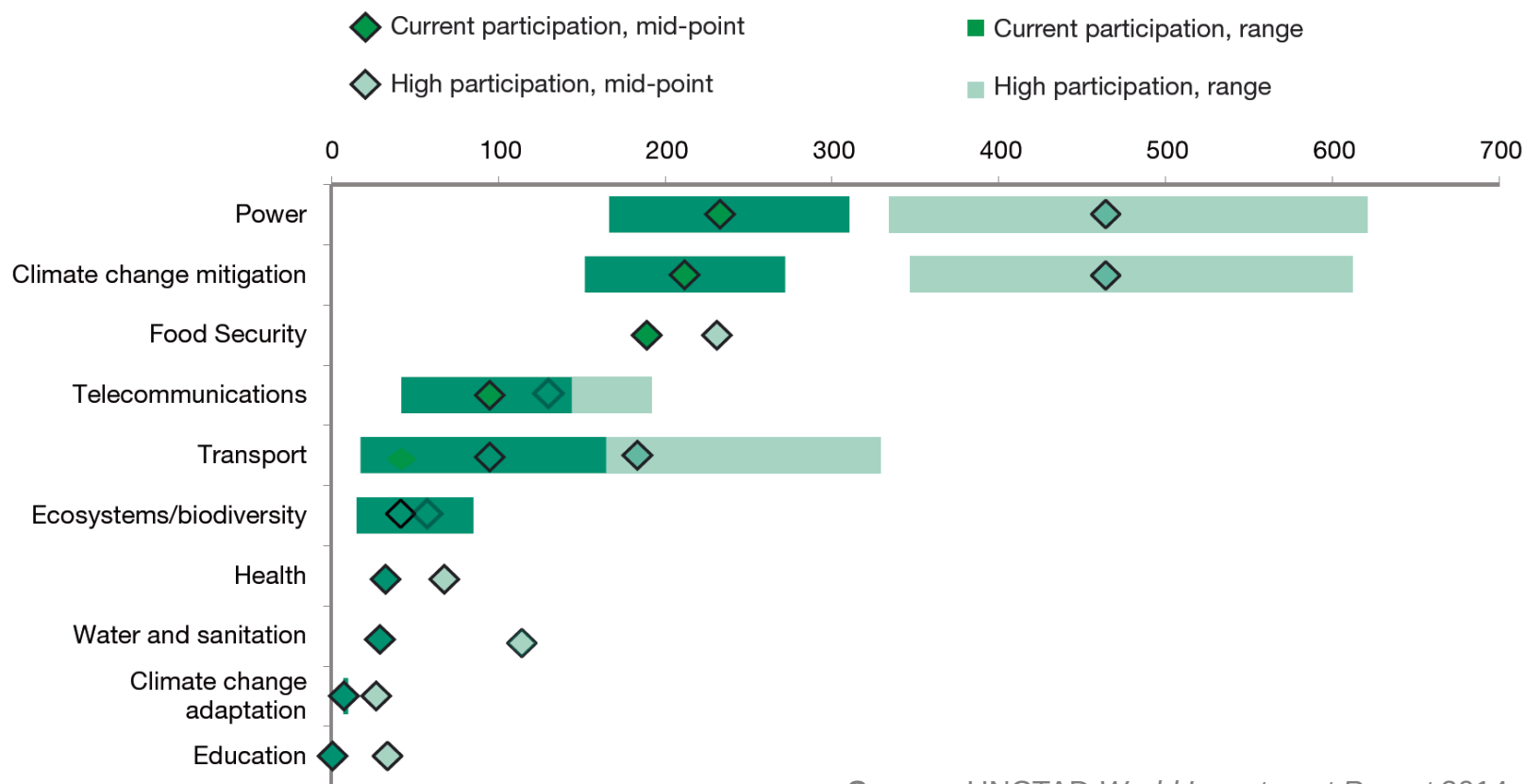
Average difference between required and current levels of annual investment per sector, 2015-30, billions of US dollars



Source: UNCTAD World Investment Report 2014

The potential for private sector investment is significant

Potential private-sector contribution to investment gaps at current and high participation levels
(billions of US dollars)



Source: UNCTAD World Investment Report 2014

How to promote SDG projects

Broaden IPA's network of in-country partnerships

Develop pipelines of bankable SDG projects, *incl. green projects*

Broaden contacts with potential investors

Regional cooperation between governments and their IPAs

Develop in-house expertise

Build partnerships with outward investment agencies (OIAs)

Targeting Low Carbon Investment

Types of low carbon investment

Investment in production processes with a reduced GHG impact

- Implementation of energy-saving processes
- Introduction of processes and equipment that reduces GHG emissions
- Use of green construction techniques in building

Investment in clean energy generation

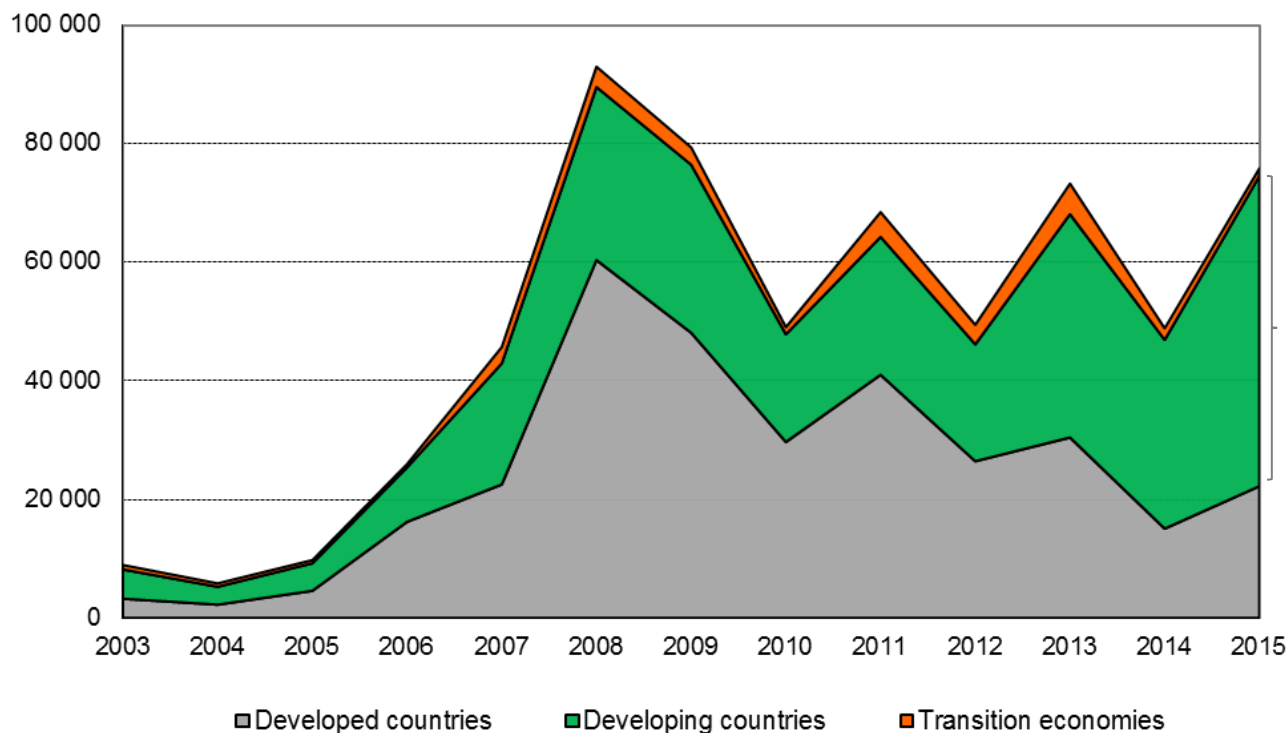
- Solar energy
- Windmill parks
- Hydropower generation
- Geothermal energy facilities

Investment in research and production facilities to manufacture GHG-reducing products and provide related services

- Research in energy efficiency and recycling
- Production of solar panels, windmills
- Production of energy-efficient products (electric cars, light bulbs, etc.)
- Technology services
- Waste management services

Inward greenfield projects in low-carbon sectors increased globally (and the share of developing countries as well)

FDI in selected low-carbon business areas, by group of host economies, 2003-2015
(millions of US dollars)

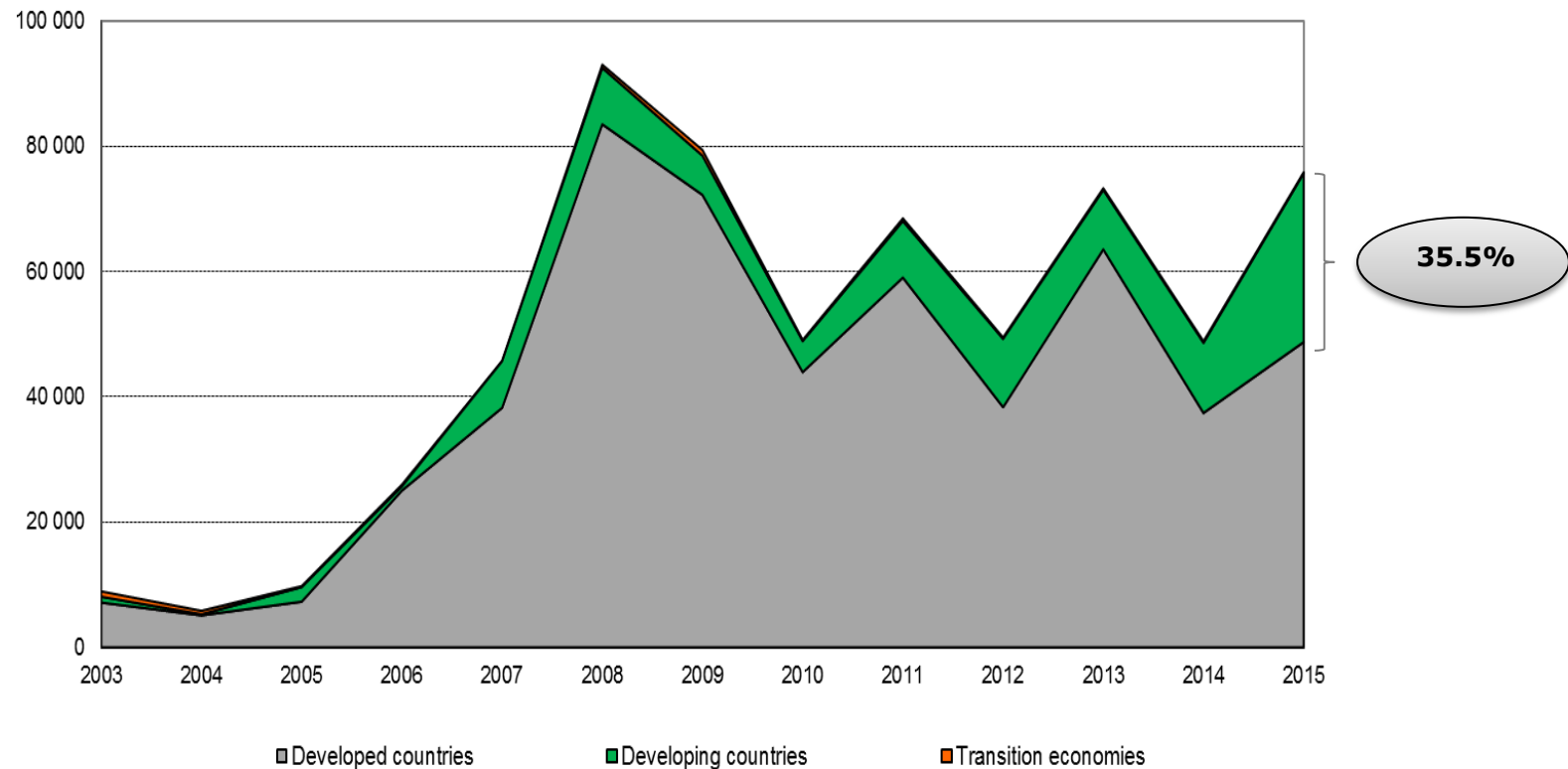


69%

Source: UNCTAD, based on information from the Financial Times Ltd, fDi Markets (www.fDimarkets.com)

Outward FDI in low-carbon sectors by home region

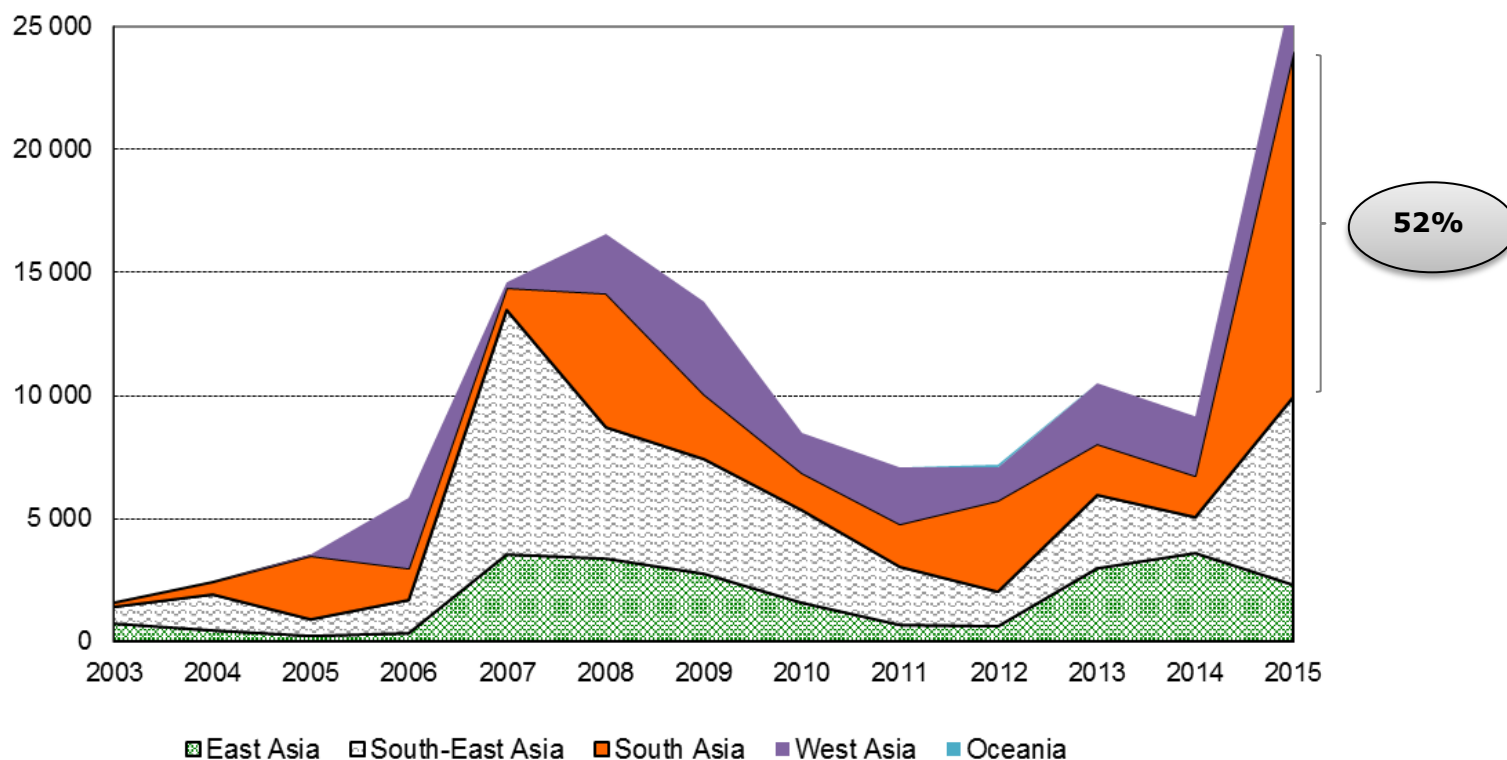
FDI in selected low-carbon business areas, by group of home economies, 2003-2015
(millions of US dollars)



Source: UNCTAD, based on information from the Financial Times Ltd, fDi Markets (www.fDimarkets.com)

FDI in selected low-carbon sectors in South Asia has gained momentum

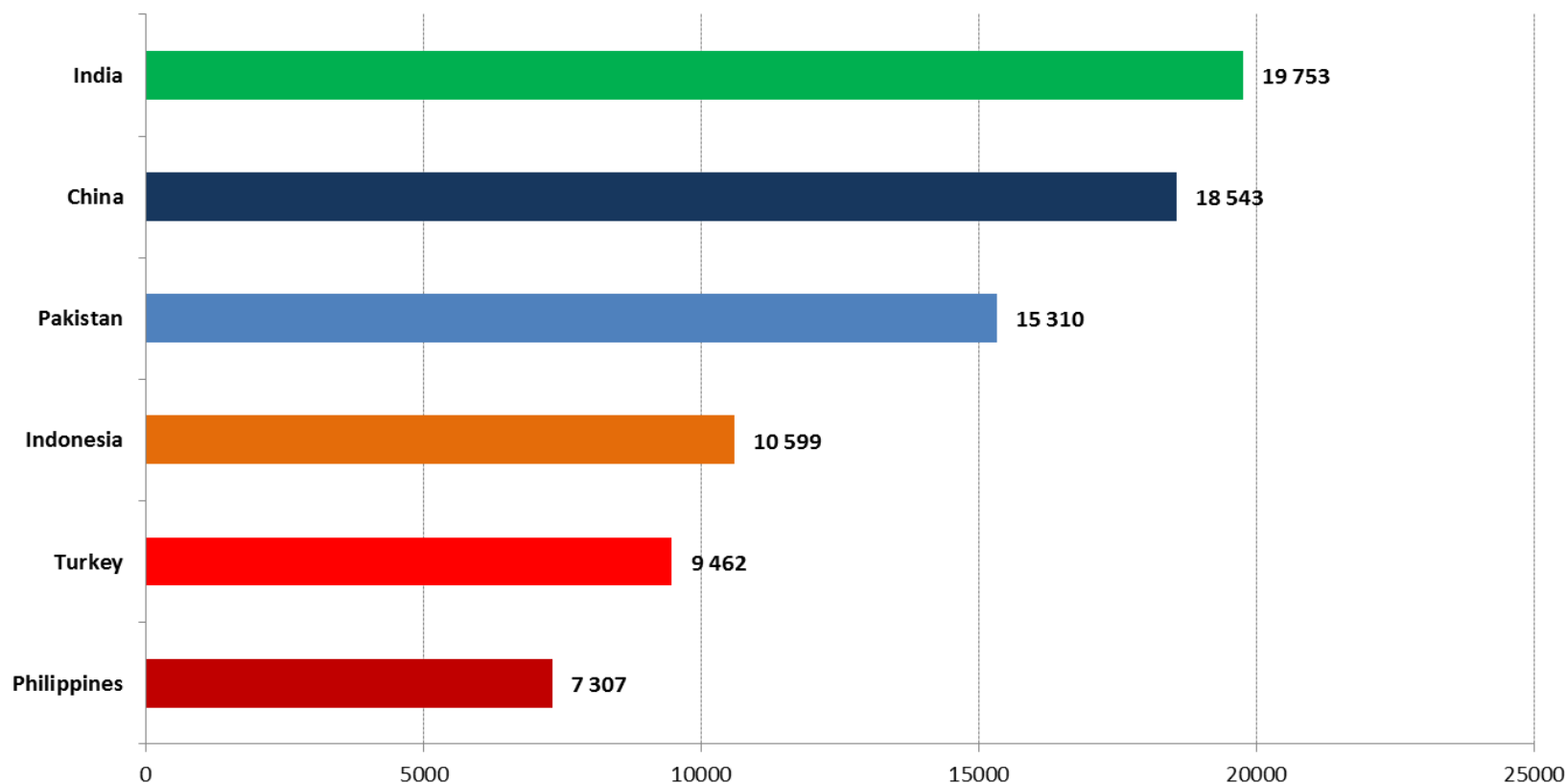
Greenfield projects in selected low-carbon business areas in Asia and Oceania, by group of host economies 2003-2015 (millions of US dollars)



Source: UNCTAD, based on information from the Financial Times Ltd, fDi Markets (www.fDimarkets.com)

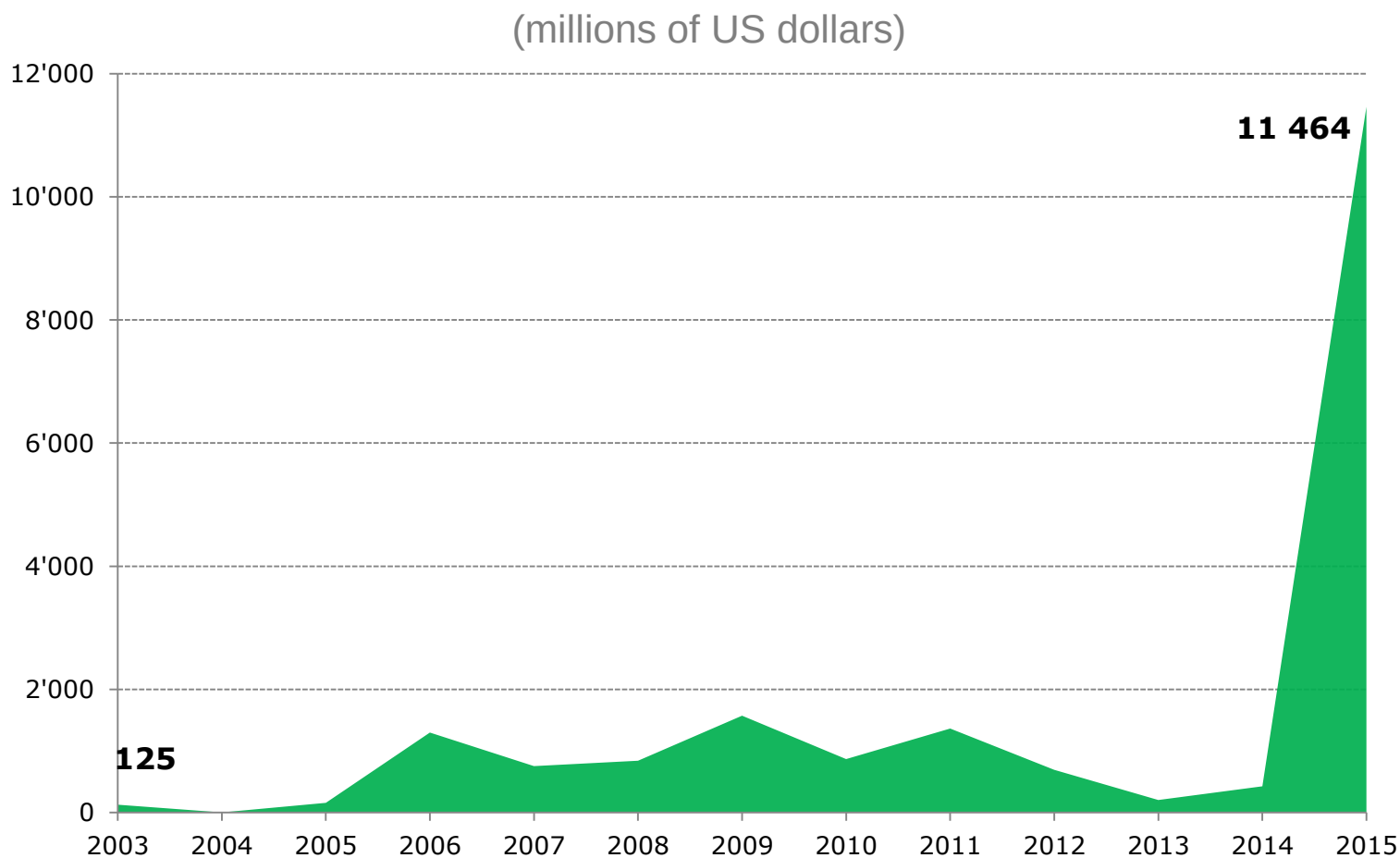
Top recipients of low-carbon greenfield projects in South Asia, 2003-2015

(cumulated inflows, millions of US dollars)



Source: UNCTAD, based on information from the Financial Times Ltd, fDi Markets (www.fDimarkets.com)

Total greenfield FDI projects in selected low-carbon business areas in India, 2003-2015



Source: UNCTAD, based on information from the Financial Times Ltd, fDi Markets (www.fDimarkets.com)

Why do MNEs engage in low-carbon foreign investment?

Home market
and trade
conditions

Home
government
policies

Costs of
production

Business
conditions

Drivers

- Home-country policies, public opinion and shareholder pressure increasingly drive MNEs to invest into low-carbon activities abroad.

Locational determinants

- Tailored policy frameworks and business facilitation are important.
- General factors dominate the economic determinants, but low-carbon investment has some unique aspects.

General policy
framework

Economic
determinants

Business facilitation

Promotion of low-carbon investment

IPA practices

Targeted promotion

IPAs select and target low-carbon subsectors that match the country's development objectives and for which the location is competitive, e.g., attracting FDI in the manufacturing of solar panels for a fast expanding local market.

Facilitation and aftercare

Specific focus on networking, matchmaking and the forging of partnerships between low-carbon development stakeholders, including international and domestic companies, local authorities and research institutions, e.g., support in the development of cleantech clusters.

Policy advocacy

Promotion of low-carbon friendly policies and measures for target sectors, e.g., encourage the use of feed-in tariffs mechanisms for renewable energies.

GreenFDI.org, a tool for promoting green investment



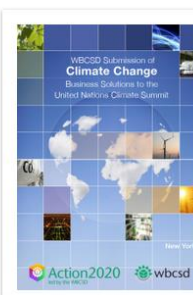
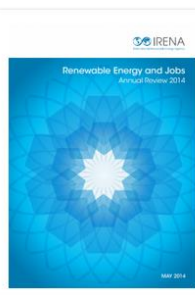
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Thank you!

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