



FDI Trends and Investment in the SDGs

Regional Seminar on Facilitating Investment in SDG Projects
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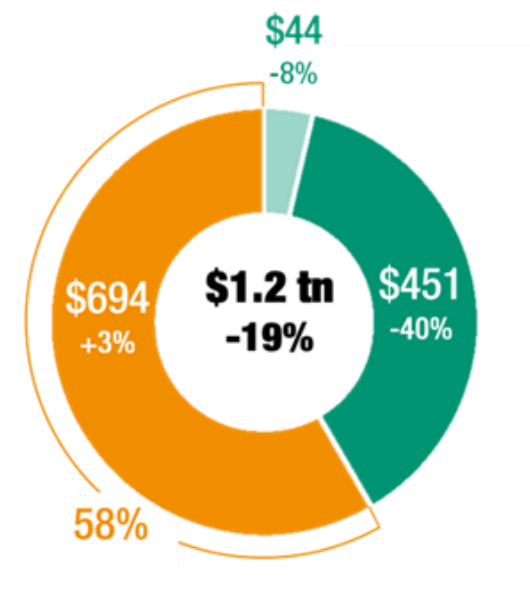
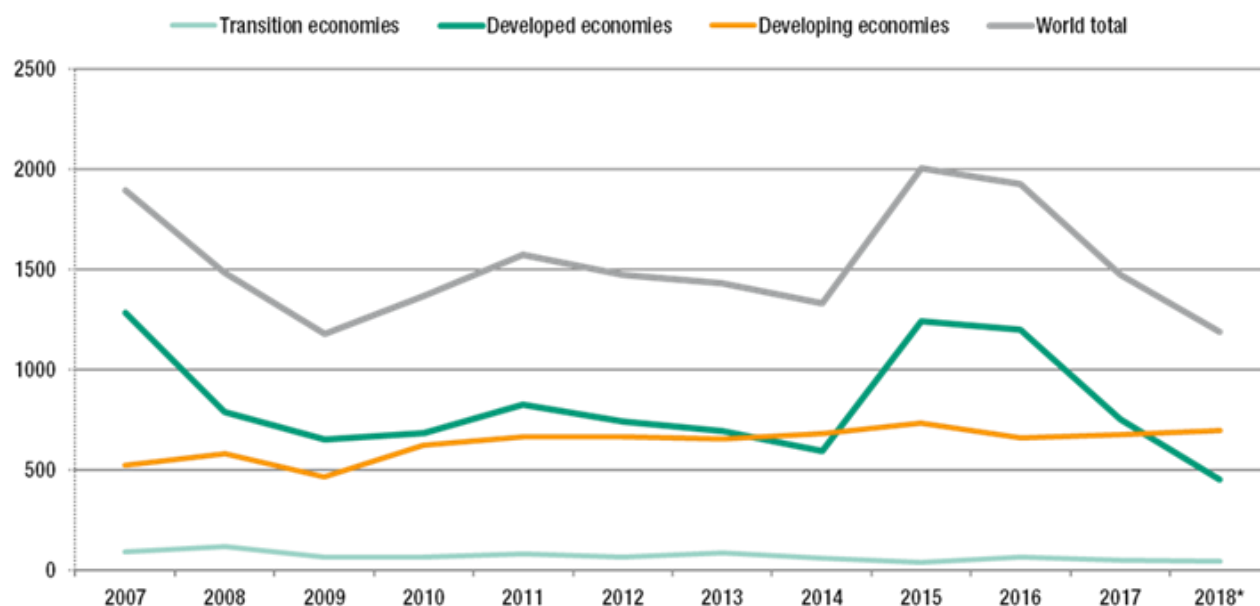
Chief, Investment Promotion Section
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Global FDI flows continue their slide in 2018

FDI inflows: global and by group of economies, 2007–2018*

(Billions of US dollars and per cent)



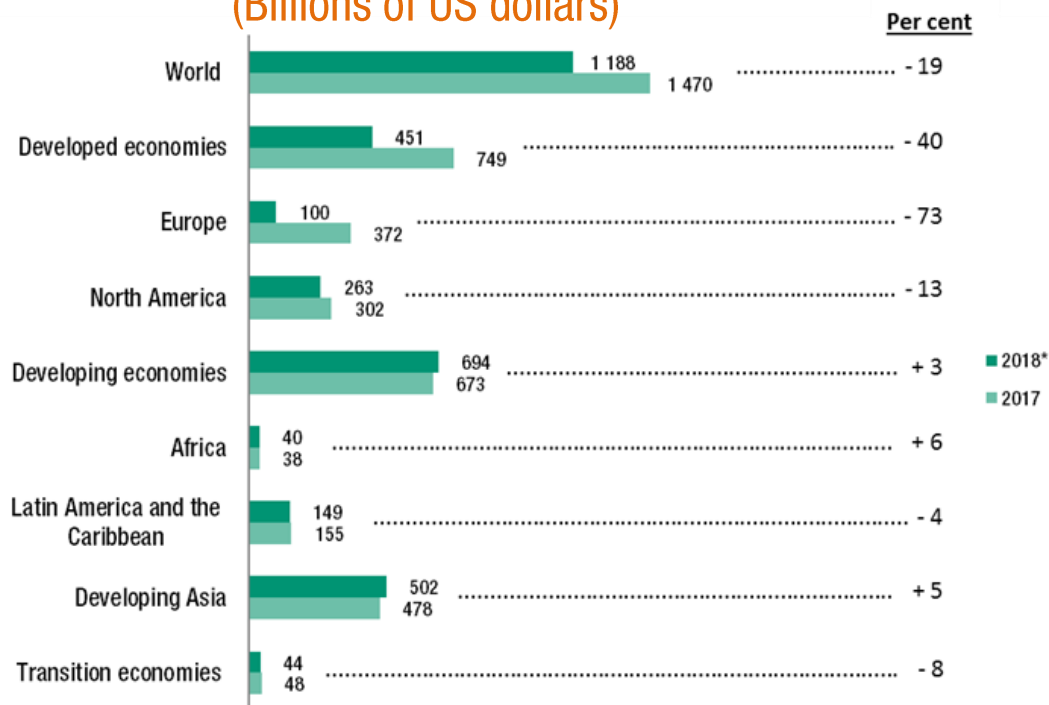
Source: UNCTAD.

* Estimates

Diverging FDI trends among regions:

Flows to developed economies lowest since 2004; those to developing economies remained resilient

Regional contribution to global FDI flows, 2017–2018* (Billions of US dollars)

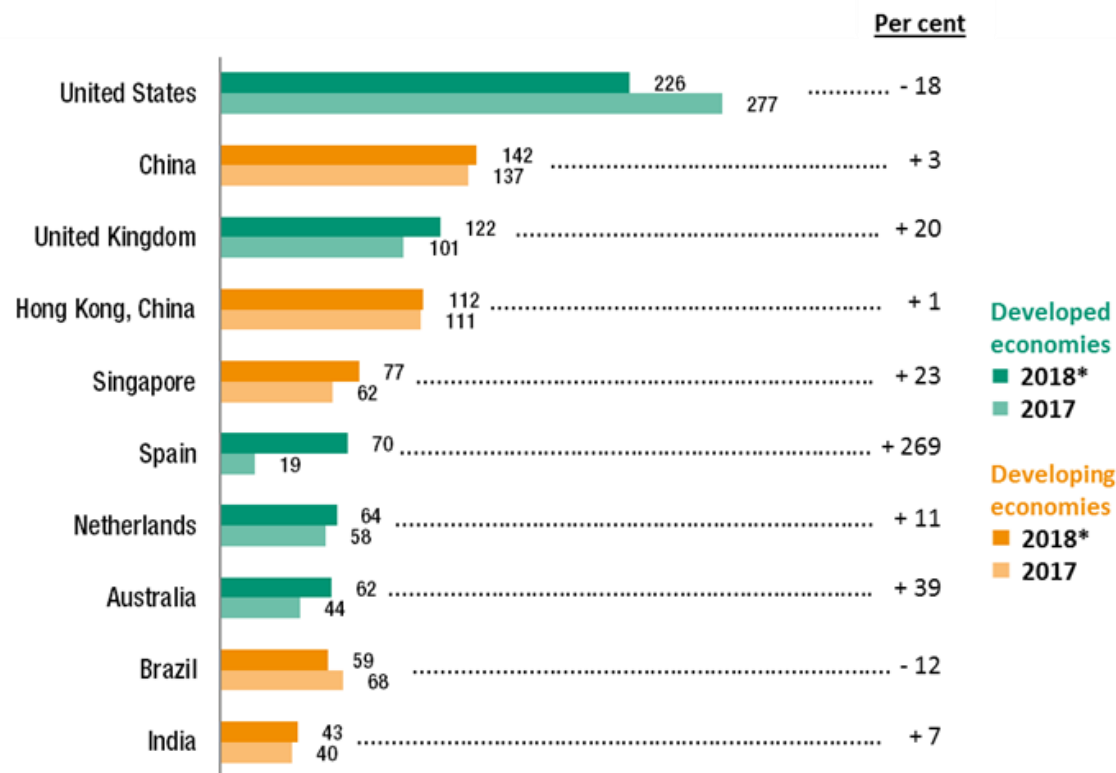


Source: UNCTAD.

* Estimates.

Half of the top 10 FDI hosts are developing economies

FDI inflows, top 10 host economies, 2017–2018*
(Billions of US dollars)



Source: UNCTAD.

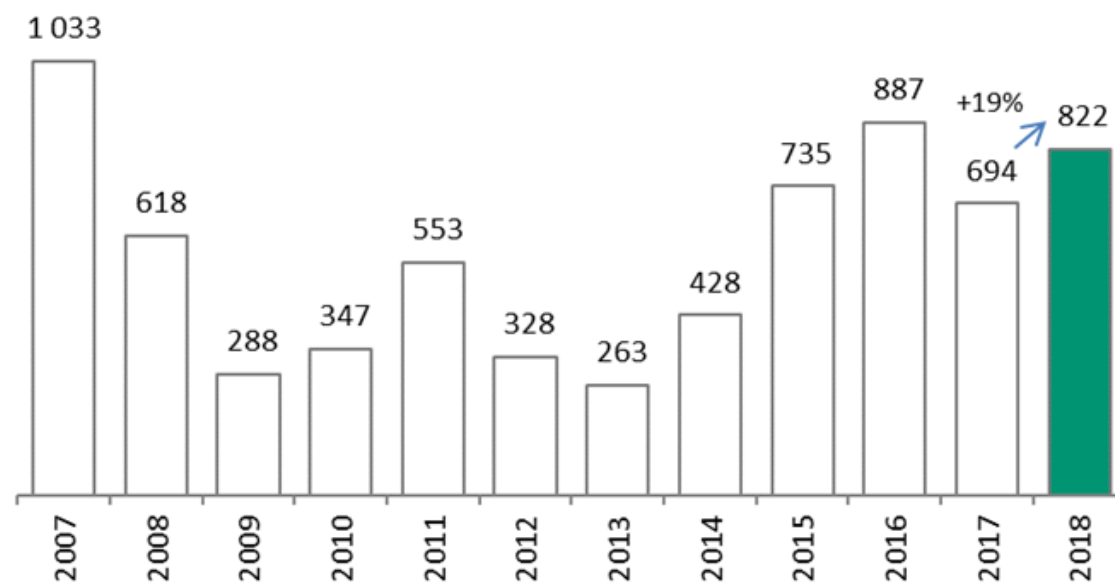
* Estimates.

Cross-border M&As increased by 19%:

One third of total M&A deals were carried out by United States MNEs

Value of cross-border M&As 2007–2018

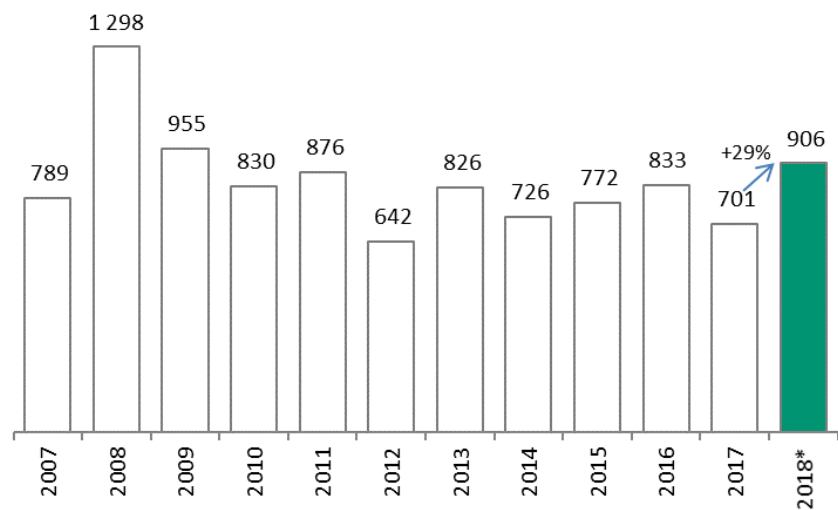
(Billions of US dollars)



Source: UNCTAD.

A rebound is likely in 2019, but the underlying trend remains weak

Announced greenfield investment, 2007–2018* (Billions of US dollars)



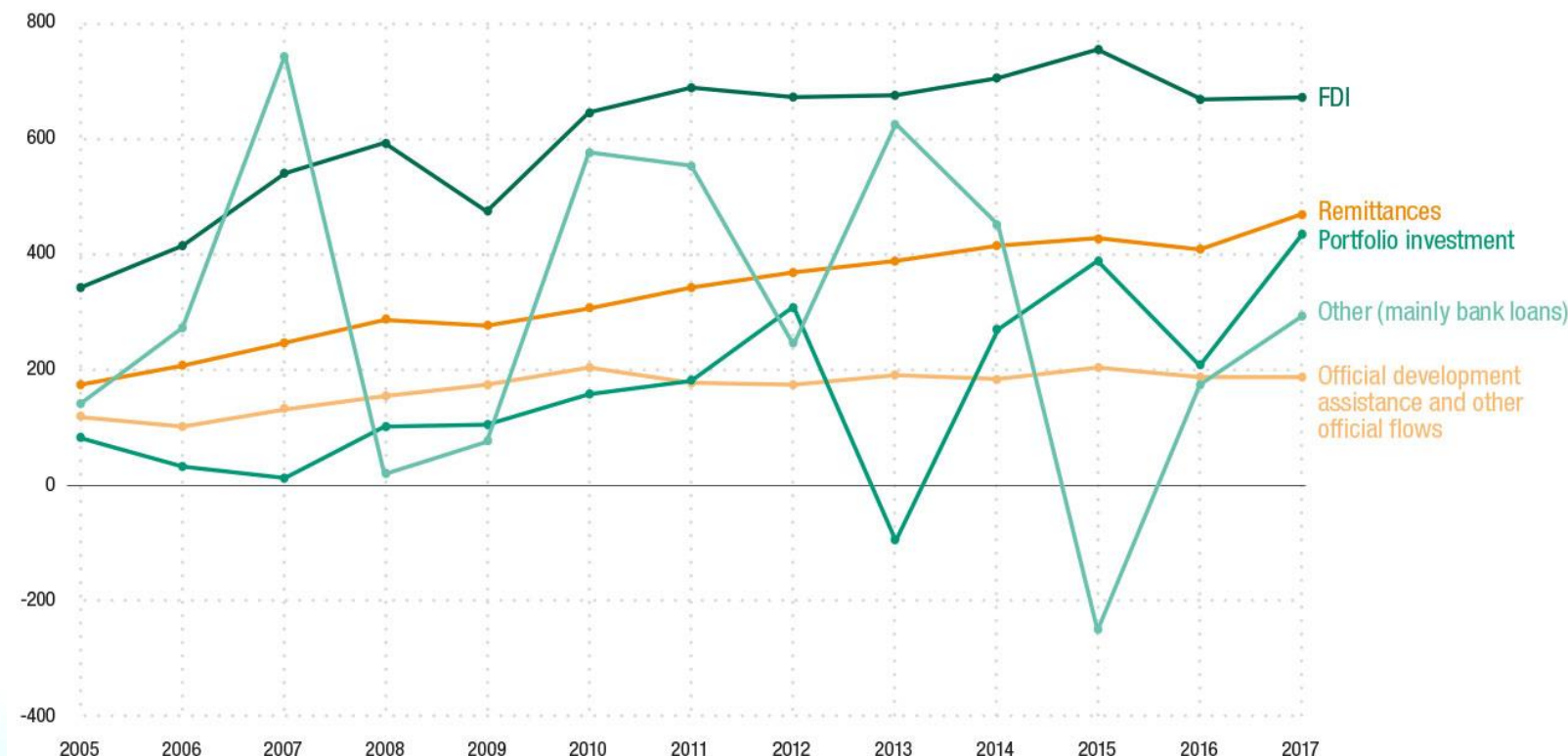
Source: UNCTAD.

* Estimates.

- Greenfield project announcements – an indicator of future trends – increased by 29%
- As repatriations abated in the third quarter of 2018, developed country inflows might revert to normal levels
- Recent downward revisions in growth forecasts
- Uncertainty about the global policy environment for trade and investment
- Possibility of structurally lower reinvested earnings by United States MNEs

FDI remains the largest external source of finance for developing economies

Sources of external finance, developing economies, 2005-2017
(Billions of US dollars)



Source: UNCTAD, WIR 2018.

What are the Sustainable Development Goals?

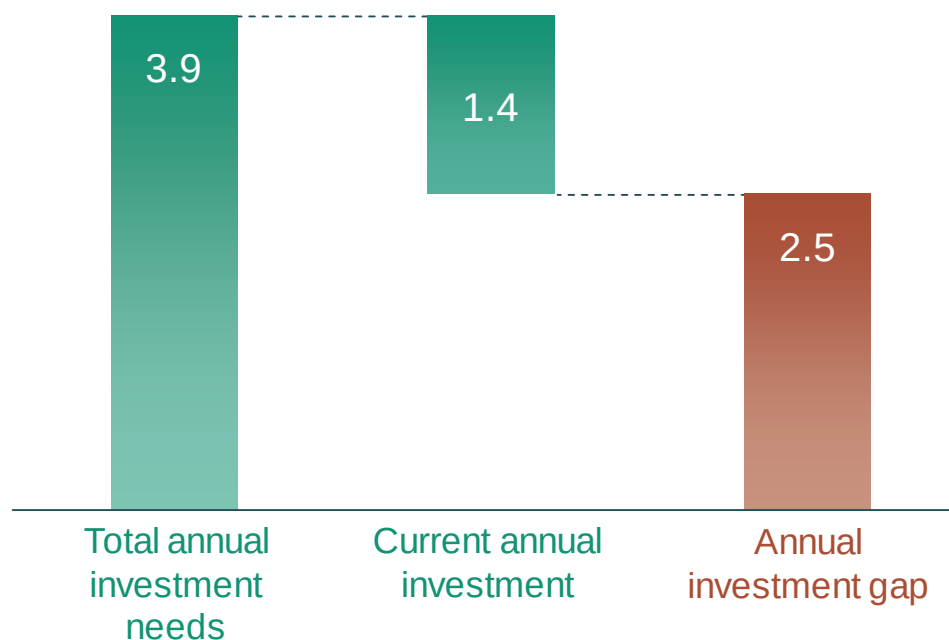
The 2030 Agenda for Sustainable Development includes 17 SDGs and 169 targets addressing economic, social and environmental challenges



Source: United Nations.

SDG investment gap

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

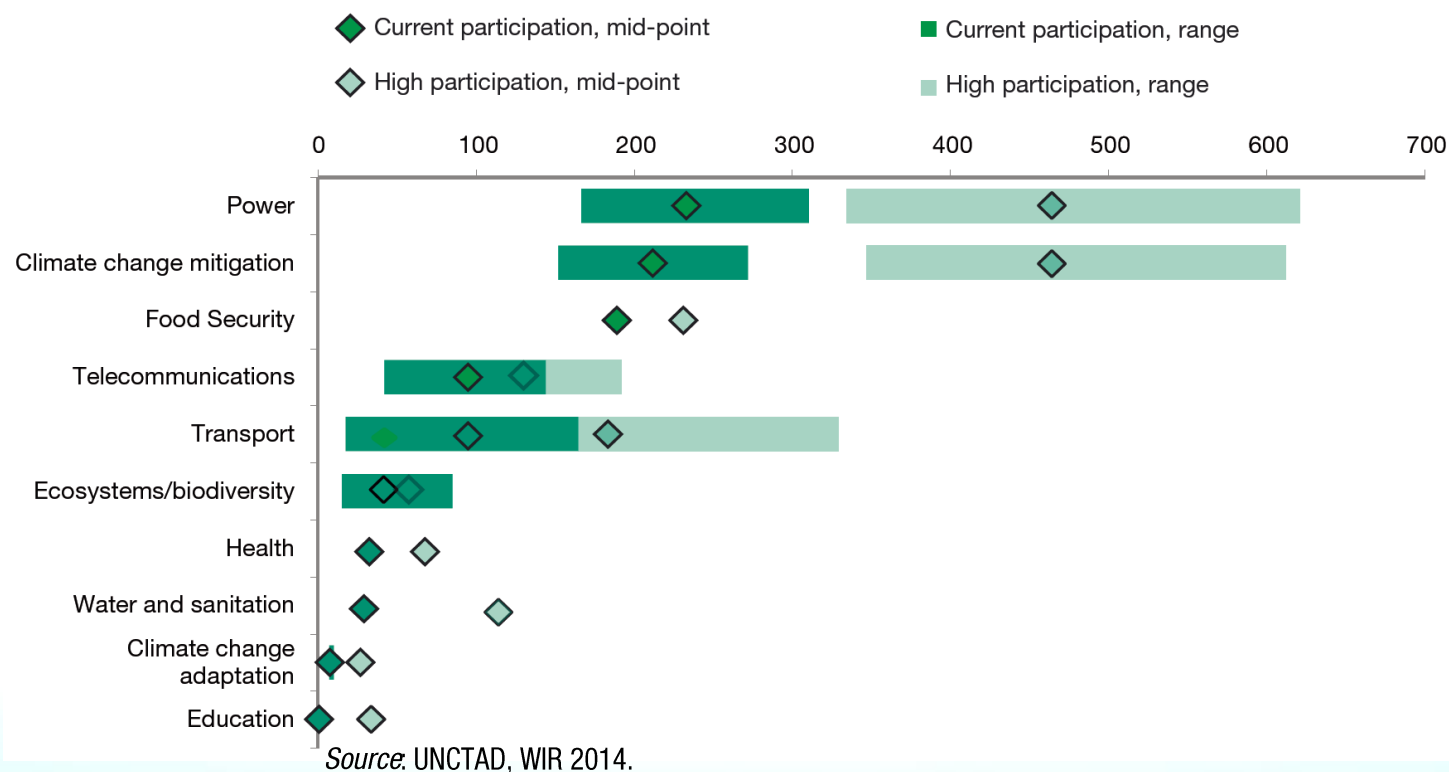


Source: UNCTAD, WIR 2014.



The potential for private sector investment in SDG sectors is significant

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

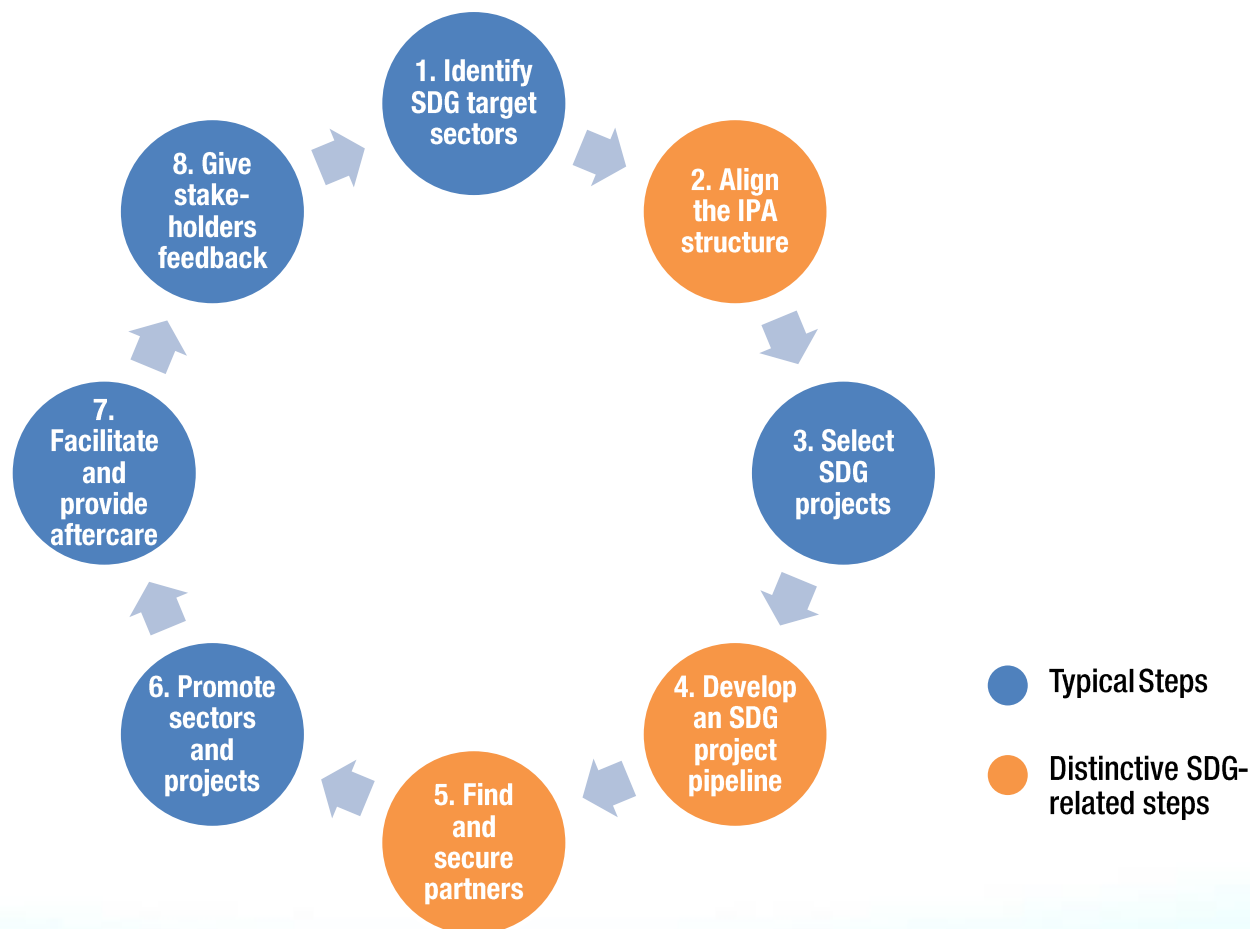


Investment facilitation: The perfect match for investment promotion

- Investment promotion and facilitation go hand in hand.
- Investment in the SDGs requires enhanced facilitation. This includes support to companies in improving their environmental, social and governance (ESG) performance.
- Partnerships in investment facilitation dramatically improve a location's offer.
- UNCTAD's Global Action Menu for Investment Facilitation provides a guiding framework.



Mainstreaming SDGs in investment promotion and facilitation



Source: UNCTAD, Investment Advisory Series 8

Facilitation in the pre-establishment phase

4. Develop
an SDG
project
pipeline

Example

An SDG project profile template

A. General project information	-Project title -Relevant SDGs and target(s) addressed -Sector, sub-sector, project description -Estimated financial need and potential SDG related financing -Project duration ...
B. More detailed project information	-Target market -Presence of suppliers, maintenance required -Detailed information on land and property requirements, labor required, capital needs, technology, business proposition -Measures to ensure economic sustainability of the project ...
C. Regulatory requirements	-Is regulatory pre-clearance required? If so, has this been provided? -Has environmental impact assessment been carried out? -Requirements such as social impact assessments, CSR reporting ...
D. Support, incentives and monitoring	-IPA support with project establishment and operations -Participation of public bodies -SDG-related incentives, tax incentives, training support -Monitoring mechanisms to optimize environmental/social impacts ...
E. Contacts	-IPA Contact -Other key project related communication contacts, such as government ministries, local governments, development organizations, infrastructure providers and research institutions.

Source: UNCTAD, Investment Advisory Series 8

Facilitation during project implementation



Example

eRegulations Tanzania

The screenshot displays the eRegulations Tanzania website interface. At the top, a navigation bar includes links for HOME, WELCOME, PROCEDURES, INVESTMENT GUIDE, PUBLICATIONS, ABOUT TIC, and CONTACT US. Below this, a breadcrumb trail shows 'Starting a business > Starting a local company > Schedule A company'. The main content area is divided into two columns. The left column, titled 'List of steps (Total number of steps: 20)', lists the following steps: 1. Obtain notarized declaration of compliance (1), 2. Obtain certificate of incorporation (4), 3. Register notarized lease agreement (3), 4. Submit request and obtain notarized documents, 5. Assessment of documents and fees, 6. Pay incorporation fees, 7. Submit request for company registration, and 8. Obtain certificate of incorporation. The right column, titled 'SUMMARY OF THE PROCEDURE', features a section 'Where to go?' with the text 'You will have to go to the following agencies. The number inc'. Below this text are four images representing different agencies: 1. Public Notary, 2. Business Registrations and Licensing Agency (BRELA) (x 3), 3. Tanzania Revenue Authority (x 5), and 4. Ministry of industry & trade (x 4).

Source: UNCTAD

- In total, 68 eRegulations/eRegistrations Systems and Trade Portals implemented in 37 countries, including Kenya, Rwanda, Tanzania and Uganda.
- In 2013, Tanzania launched its eRegulations system. It also developed a Trade Portal.

Facilitation during project operations

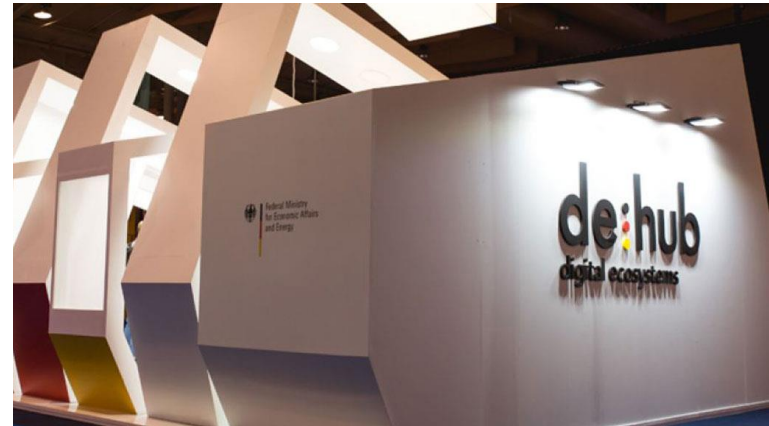
Development of business partnerships

German Trade & Invest Digital Hub Initiative

Brings together the expertise of established companies with innovative start-ups.



Source: GTAI



Comprises 12 Digital Hubs, each with different fields of expertise and focus areas. By networking these hubs with each other and with national and international experts from business, science and society, the initiative drives the digitalization of core areas of the German economy.



UNCTAD's Global Action Menu for Investment Facilitation

Offers flexibility to adapt and adopt for countries' policy needs

Action Line 1

Promote accessibility and transparency in investment policies and regulations and procedures relevant to investors

Action Line 2

Enhance predictability and consistency in the application of investment policies

Action Line 3

Improve the efficiency of investment administrative procedures

Action Line 4

Build constructive stakeholder relationships in investment policy practice

Action Line 5

Designate a lead agency, focal point or investment facilitator

Action Line 6

Establish monitoring and review mechanisms for investment facilitation

Action Line 7

Enhance international cooperation on investment facilitation

Action Line 8

Strengthen investment facilitation efforts in developing-country partners, through support and technical assistance

Action Line 9

Enhance investment policy and proactive investment attraction in developing country partners

Action Line 10

Complement investment facilitation by enhancing international cooperation for investment promotion for development, including through provisions in IIAs

Source: UNCTAD

Thank you!

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This presentation will be available on
sustainableFDI.org

