STATEMENT ON BEHALF OF THE GROUP OF LEAST DEVELOPED COUNTRIES DELIVERED BY MALAWI AS LDC COORDINATOR AT UNCTAD 68TH EXECUTIVE SESSION OF THE TRADE AND DEVELOPMENT BOARD AGENDA ITEM 3 – INVESTMENT FOR DEVELOPMENT

President of the Trade and Development Board Ambassador Michael Gaffey

Secretary General of UNCTAD Mukhisa Kituyi

Excellencies,

Distinguished delegates,

Ladies and gentlemen,

Mr President, Malawi takes the floor on behalf of the LDCs. At the outset, the Group would like to align itself with the statement delivered by the representative of Ecuador on behalf of the Group of 77 and China. The LDC Group would like to acknowledge the value of the information contained in the 2019 World Investment Report and commend the UNCTAD secretariat, and particularly the Division on Investment and Enterprise for their work on the Report. Indeed, the World Investment Report continues to be a comprehensive source of data, trends and issues relating to foreign direct investment (FDI). In particular, the dedicated section on FDI issues in LDCs provides highly useful analysis, which enhances the ability of LDCs to accurately assess their investment situation and respond accordingly with appropriate policies.

FDI flows to LDCs in 2018 amounted to USD24 billion. This was a partial recovery from the six-year low in 2017 (USD21 billion), however remains significantly below the all-time high recorded in 2015 (USD37 billion). The LDCs' share of the world total of FDI flows remains very low at 1.8 per cent in 2018.

It remains the case that FDI received by LDCs is lower than official development assistance (ODA) and remittances. This situation is different for developing countries as a whole, where FDI is the largest source of external finance.

Within the LDC Group, FDI flows to the 33 African LDCs increased by 27 per cent to USD12 billion in 2018, but they were 44 per cent below the annual average between 2012 – 2016. Meanwhile, the 13 Asian LDCs were the fastest growing FDI recipients. In 2018, their inflows reached a record high of USD12 billion (up 8 per cent).

The World Investment Report 2019 highlights that South-South FDI is an important source of investment in LDCs. Half of the top 10 investors in LDCs are from emerging Asian economies. Overall, the top 10 investors in LDCs are substantially different from the top 10 investors worldwide. However, while South-South FDI has great potential to drive the economic development of LDCs, it remains below its potential levels and there is significant room for growth. In this regard, the Group considers that UNCTAD has an important role in providing policy advice and technical assistance to our members to maximise regional investment flows.

LDCs have the chance to work towards the goal of status graduation and one way to achieve this is by attracting investment for industrial development and structural transformation. The focus of this year's World Investment Report, Special Economic Zones (SEZs), underscores an important instrument that LDCs can use in this endeavor.

While many LDCs have used such Zones, only 3 per cent of the world's total Special Economic Zones are located in LDCs. The Group acknowledges that there is an opportunity to better utilize such Zones as a strategy, not only for for attracting investment, but also for developing local enterprises, for accelerating technological progress, for developing value chains and for encouraging the formation of clusters. Various LDCs in Africa have realized the potential of Special Economic Zones and are currently planning to establish their first zones.

In this respect the World Investment Report 2019 provides timely policy advice for the implementation of Special Economic Zones. The LDC Group encourages UNCTAD to integrate policy advice on Special Economic Zones into its technical assistance and capacity building offer to LDCs.

The LDC Group would like to recognise the inaugural SDGs Investment Trends Monitor, launched last week. LDCs have a major investment shortfall in terms of reaching the SDGs, and as the Monitor highlights, FDI flows to LDCs are weak and private sector participation remains low. While signs of progress are evident in some SDG sectors, the Monitor confirms that the transition towards sustainable development-oriented investment is not happening at the necessary scale or pace.

The Group considers that the data presented in the Monitor will assist us directing our investment policy and promotion efforts towards the SDG sectors that are most in need. The Monitor also highlights important data and knowledge gaps, which we hope can be better addressed in investment monitoring by governments and international organisations moving forward.

Finally, we would like to take the opportunity to acknowledge the Division on Investment and Enterprise’s strong focus on LDCs through its policy advice and technical assistance, which are of immense assistance to our Group members. The Division’s products include Investment Policy Reviews (19 of which have been in LDCs), the Global Investment Trends Monitor, which always features trends in LDCs, the business facilitation programme (of which 15 beneficiaries are LDCs), the EMPRETEC programme (of which 8 beneficiaries are LDCs) and the Investment i-Guides (14 of which were prepared for LDCs). DIAE also provides important support towards the investment promotion and facilitation activities of LDCs, enhancing our ability to promote investment and build productive capacity, in addition to the development of bankable projects. UNCTAD's important work in these areas remains critical to our economic development and the realization of the SDGs.

Thank you.