

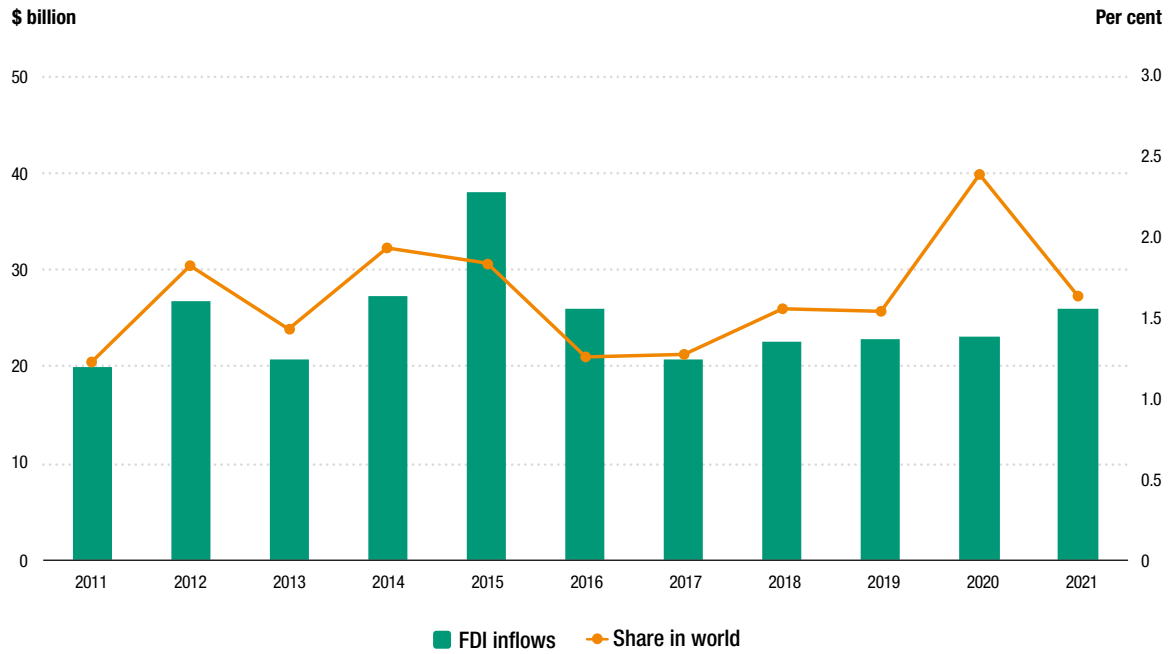
REGIONAL TRENDS

LEAST DEVELOPED COUNTRIES

HIGHLIGHTS

- FDI in the least developed countries (LDCs) increased by 13 per cent to \$26 billion, despite the acceleration of funds repatriation by oil companies, which resulted in negative inflows to Angola, at -\$4.1 billion (from -\$1.9 billion in 2020).
- Flows remained concentrated, with the top five recipients (Mozambique, Ethiopia, Cambodia, Bangladesh and Senegal, in that order) accounting for 69 per cent of total FDI in the group.
- FDI inflows to the 33 African LDCs increased by 17 per cent to \$16 billion, accounting for almost two thirds of all LDC inflows. Inflows exceeded \$1 billion in five African LDCs. In Mozambique, inflows grew by 68 per cent to \$5.1 billion, and the country saw a jump in greenfield projects. FDI in Senegal rose by 21 per cent to \$2.2 billion. Flows to Zambia remained negative at -\$457 million, due to a \$1.5 billion copper mine divestment.
- In the nine Asian LDCs, FDI inflows rose by 6 per cent to \$9.8 billion, or one third of the LDC total. In Cambodia, the largest LDC recipient, FDI was down by 4 per cent, at \$3.5 billion. Greenfield projects fell to only \$124 million (from \$1.6 billion in 2020), but international project finance deals numbered eight (compared with only two in 2020). In Bangladesh, inflows rose by 13 per cent to \$2.9 billion – about the pre-pandemic level.
- The number and value of greenfield project announcements in LDCs continued their downward trend in 2021. The number of projects fell to the lowest level since 2008. Their value fell to the lowest ever recorded, \$12 billion. This is a major concern as these investment types are crucial for building productive capacity and thus for prospects of sustainable recovery. By value, the largest projects announced were in energy and gas supply and in information and communication.
- International project finance deals targeting LDCs decreased by 6 per cent in number (to 73) but rose by 69 per cent in value. Renewable energy projects accounted for the largest number (34), while power projects accounted for the largest value (\$41 billion).
- Investment in SDG sectors in LDCs remains weak. The number of foreign investment projects (both greenfield and international project finance deals) fell in important SDG sectors, including renewables, power, food and agriculture, and health. They rose in transport, WASH (water, sanitation and hygiene) and education.
- MNEs from developing countries play an increasingly important role in LDCs. China continues to be the largest source of FDI, with its FDI stock in the group reaching \$46 billion – a 38 per cent rise from 2016.

Figure 1. | LDCs: FDI inflows and share in world inflows, 2011–2021 (Billions of dollars and per cent)



Source: UNCTAD, FDI/MNE database (<https://unctad.org/fdistatistics>).

Note: World excludes Caribbean financial centres.

Table 1. LDCs: FDI inflows and cross-border M&A sales, 2019–2021 (Millions of dollars and number)

Subregion/selected economy	FDI				Net cross-border M&A sales							
	Value				Value				Number			
	2019	2020	2021	2020–2021 growth rate (%)	2019	2020	2021	2020–2021 growth rate (%)	2019	2020	2021	2020–2021 growth rate (%)
LDCs	22 839	22 975	25 978	13	223	421	-1 883	..	42	26	21	-19
Africa (33)	13 016	13 664	16 055	17	197	417	-1 836	..	21	15	15	0
Angola	-4 098	-1 866	-4 150	..	135	-	-600	..	3	1	-1	..
Congo, Democratic Republic of the	1 488	1 647	1 870	14	-	-	-	..	-	-	-	..
Ethiopia	2 549	2 381	4 259	79	-	-	-	..	-	3	-	..
Mali	721	537	660	23	-	-	81	..	3	-	3	..
Mozambique	2 212	3 035	5 102	68	-	-	-42	..	3	1	-1	..
Senegal	1 065	1 846	2 232	21	-	400	188	-53	6	2	1	-50
United Republic of Tanzania	1 217	685	922	35	-3	-	1	..	-3	-	2	..
Zambia	860	-173	-457	..	5	-	-1 500	..	3	1	3	..
Asia (9)	9 716	9 276	9 822	6	-	-	-	..	21	8	4	-50
Bangladesh	2 874	2 564	2 896	13	351	-	-48	..	4	-	2	..
Cambodia	3 662	3 625	3 484	-4	46	-	-	..	4	2	2	0
Lao People's Democratic Republic	756	968	1 072	11	38	-	-	..	3	-	-	..
Myanmar	2 509	1 907	2 067	8	242	-	-	..	12	4	-	..
Latin America and the Caribbean (1)	75	23	50	117	-	-	-	..	-	-	-	..
Haiti	75	23	50	117	-	-	-	..	-	-	-	..
Oceania (3)	33	12	51	332	-	-	-	..	-	3	2	-33
Kiribati	-1	3	1	-61	-	-	-	..	-	-	-	..
Solomon Islands	33	9	50	448	-	4	2	-56	-	3	2	-33
Tuvalu	0.3	0.1	0.2	99	-	-	-	..	-	-	-	..
<i>Memorandum</i>												
World	1 480 626	963 139	1 582 310	64	507 396	474 864	727 880	53	7 118	6 201	8 846	43
Developed economies	764 456	319 190	745 739	134	428 468	388 581	615 083	58	5 949	5 333	7 838	47
Developing economies	716 170	643 949	836 571	30	78 928	86 283	112 797	31	1 169	868	1 008	16

Source: UNCTAD, FDI/MNE database (<https://unctad.org/fdistatistics>) for FDI and cross-border M&A database (<https://unctad.org/fdistatistics>) for M&As.

Note: World and developing economies exclude Caribbean financial centres.

Table 2. LDCs: announced greenfield projects and international project finance deals, 2019–2021 (Millions of dollars and number)

Subregion/selected economy	Announced greenfield investment projects								Announced international project finance deals							
	Value				Number				Value				Number			
	2019	2020	2021	2020–2021 growth rate (%)	2019	2020	2021	2020–2021 growth rate (%)	2019	2020	2021	2020–2021 growth rate (%)	2019	2020	2021	2020–2021 growth rate (%)
LDCs	35 384	17 743	11 614	-35	368	191	158	-17	80 209	36 871	62 311	69	124	78	73	-6
Africa (33)	22 691	10 339	10 005	-3	279	139	126	-9	58 601	29 871	54 230	82	88	56	44	-21
Angola	2 205	3 406	640	-81	21	17	9	-47	1 272	1 740	3 090	78	5	7	4	-43
Congo, Democratic Republic of the	570	1 135	184	-84	6	12	4	-67	3 355	1 957	783	-60	8	7	2	-71
Ethiopia	1 908	503	132	-74	32	11	7	-36	876	4 263	660	-85	5	3	5	67
Mali	203	450	450	0	3	4	3	-25	719	290	459	58	5	2	2	0
Mozambique	833	672	2 457	266	25	8	8	0	1 543	1 656	827	-50	8	7	4	-43
Senegal	2 131	504	642	27	30	10	8	-20	1 349	1 844	374	-80	5	5	2	-60
United Republic of Tanzania	897	223	989	344	24	12	15	25	30 506	1 240	1 129	-9	8	2	1	-50
Zambia	625	881	786	-11	20	12	11	-8	2 495	11 482	-	..	11	4	-	..
Asia (9)	12 326	7 114	1 545	-78	89	52	32	-38	21 409	6 999	8 081	15	35	22	29	32
Bangladesh	5 762	795	995	25	18	16	15	-6	11 522	1 466	4 738	223	11	4	14	250
Cambodia	988	1 645	124	-92	19	13	9	-31	2 925	65	932	1338	11	2	8	300
Lao People's Democratic Republic	533	103	129	25	6	2	2	0	1 116	3 656	419	-89	5	7	4	-43
Myanmar	4 618	4 262	149	-97	36	15	3	-80	5 846	1 697	129	-92	8	8	1	-88
Latin America and the Caribbean (1)	-	-	-	..	-	-	-	..	-	-	-	..	-	-	-	..
Haiti	-	-	-	..	-	-	-	..	-	-	-	..	-	-	-	..
Oceania (3)	-	-	..	..	-	-	..	..	199	-	-	..	1	-	-	..
Kiribati	-	-	-	..	-	-	-	..	199	-	-	..	1	-	-	..
Solomon Islands	-	-	-	..	-	-	-	..	-	-	-	..	-	-	-	..
Tuvalu	-	-	..	..	-	-	..	..	-	-	-	..	-	-	-	..
<i>Memorandum</i>																
World	845 921	575 069	659 426	15	18 261	13 248	14 710	11	681 933	483 749	1 187 657	146	1 303	1 262	2 115	68
Developed economies	381 665	316 485	400 565	27	10 976	8 993	9 790	9	301 440	263 839	655 957	149	677	742	1 262	70
Developing economies	464 256	258 584	258 861	-	7 285	4 255	4 920	16	380 493	219 910	530 101	141	626	520	852	64

Source: UNCTAD based on information from the Financial Times Ltd, fDi Markets (www.fDimarkets.com) for announced greenfield FDI projects and Refinitiv SA for international project finance deals.

Table 3. LDCs: announced greenfield projects, by sector and selected industries, 2019–2021

Sector/industry	Value (Millions of dollars)			2020–2021 growth rate (%)	Number			2020–2021 growth rate (%)
	2019	2020	2021		2019	2020	2021	
Total	35 384	17 743	11 614	-35	368	191	158	-17
Primary	2 356	607	1 568	158	11	7	7	0
Manufacturing	20 848	5 375	2 198	-59	142	56	42	-25
Services	12 180	11 761	7 848	-33	215	128	109	-15
<i>Top 10 industries in value terms</i>								
Energy and gas supply	3 510	7 047	3 329	-53	18	24	10	-58
Information and communication	337	2 248	1 898	-16	19	31	31	0
Extractive industries	2 253	377	1 440	282	8	5	4	-20
Transport and storage	3 812	1 071	942	-12	37	17	25	47
Other non-metallic mineral products	1 588	806	902	12	16	14	4	-71
Construction	1 516	451	709	57	6	2	3	50
Basic metal and metal products	838	-	501	..	14	-	4	..
Professional services	179	130	284	119	14	6	17	183
Food, beverages and tobacco	1 345	202	250	24	17	6	2	-67
Hospitality	1 244	41	200	391	14	3	2	-33

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

Table 4. LDCs: announced international project finance deals, selected industries, 2019–2021

Industry	Value (Billions of dollars)			2020–2021 growth rate (%)	Number			2020–2021 growth rate (%)
	2019	2020	2021		2019	2020	2021	
Total	80 209	36 871	62 311	69	124	78	73	-6
<i>Top 10 industries by number</i>								
Renewable energy	7 970	12 695	6 519	-49	46	35	34	-3
Oil and gas	42 781	1 191	8 069	578	7	5	8	60
Mining	7 897	3 899	1 508	-61	25	13	7	-46
Transportation infrastructure	7 164	12 849	3 135	-76	9	4	6	50
Industrial real estate	314	992	858	-14	3	5	5	0
Power	8 267	3 910	40 970	948	13	6	4	-33
Residential/commercial real estate	4 935	542	329	-39	16	4	3	-25
Telecommunication	320	-	410	..	2	-	2	..
Water and sewerage	130	351	138	-61	1	2	2	0
Education	-	-	78	..	-	-	1	..

Source: UNCTAD, based on data from Refinitiv SA.

Table 5. LDCs: net cross-border M&A sales, by sector and selected industries, 2019–2021

Sector/industry	Value (Millions of dollars)			2020–2021 growth rate (%)	Number			2020–2021 growth rate (%)
	2019	2020	2021		2019	2020	2021	
Total	223	421	-1 883	..	42	26	21	-19
Primary	-486	404	-1 459	..	1	7	9	29
Manufacturing	126	17	-	..	9	3	1	-67
Services	584	-	-424	..	32	16	11	-31

Top 10 industries in value terms

Financial and insurance	54	-	224	..	13	7	6	-14
Agriculture	40	-	-	..	0	-	1	..
Food, beverages and tobacco	98	-	-	..	5	1	1	0
Hospitality	13	-	-	..	2	1	1	0
Administrative and support services	2	-	-	..	1	-	1	..
Construction	330	-	-	..	1	-	-1	..
Information and communication	0.3	-	-	..	1	3	1	-67
Professional services	-	-	-	..	3	1	1	0
Health services	57	-	-48	..	2	-	-1	..
Trade	128	-	-600	..	4	3	-	..

Source: UNCTAD, cross-border M&A database (<https://unctad.org/fdistatistics>).

Table 6. LDCs: investment project announcements in SDG sectors, 2019–2021
(Millions of dollars and per cent)

SDG-relevant sector	Greenfield projects				International project finance deals			
	2019	2020	2021	2020–2021 growth rate (%)	2019	2020	2021	2020–2021 growth rate (%)
Total								
Value	12 824	10 824	6 332	-41	24 032	29 805	51 249	72
Number of projects	114	85	69	-19	72	47	49	4
<i>Power^a</i>								
Value	1 483	3 452	2 000	-42	8 267	3 910	40 970	..
Number of projects	4	4	1	-75	13	6	4	..
<i>Renewable energy</i>								
Value	2 030	3 601	1 329	-63	7 970	12 695	6 519	-49
Number of projects	15	21	9	-57	46	35	34	-3
<i>Transport services^b</i>								
Value	3 627	1 071	449	-58	7 164	12 849	3 135	-76
Number of projects	36	17	22	29	9	4	6	50
<i>Telecommunication</i>								
Value	255	2 112	1 717	-19	320	-	410	..
Number of projects	6	22	20	-9	2	-	2	..
<i>Water, sanitation and hygiene (WASH)</i>								
Value	61	-	136	..	130	351	138	-61
Number of projects	1	-	1	..	1	2	2	..
<i>Food and agriculture</i>								
Value	4 812	477	421	-12	181	-	-	..
Number of projects	30	12	7	-42	1	-	-	..
<i>Health</i>								
Value	419	77	172	123	-	-	-	..
Number of projects	14	5	3	-40	-	-	-	..
<i>Education</i>								
Value	137	33	109	229	-	-	78	..
Number of projects	8	4	6	50	-	-	1	..

Source: UNCTAD, information from the Financial Times Ltd, fDI Markets (www.fdimarkets.com) for announced greenfield FDI projects and Refinitiv SA for international project finance deals.

^a Excluding renewable energy.

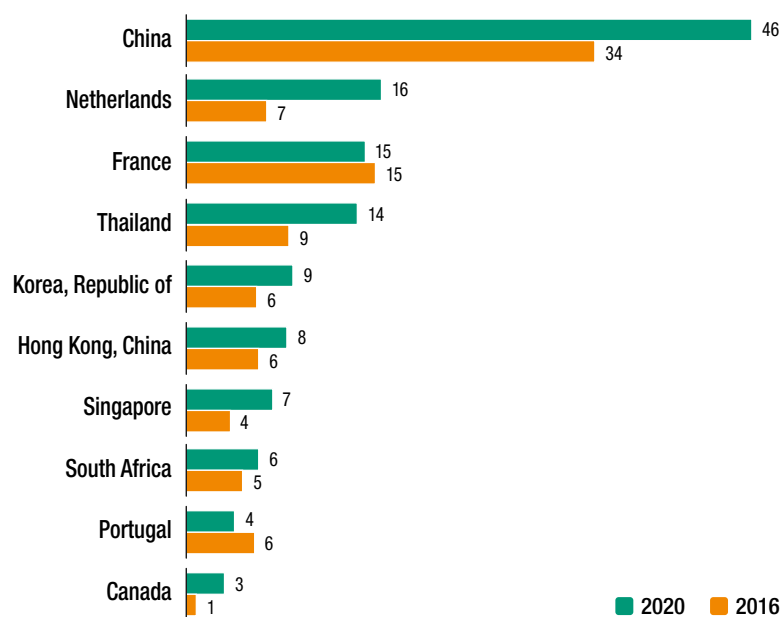
^b Transport services for greenfield projects and transport infrastructure for project finance.

Table 7. LDCs: investment project announcement in productive capacity, 2019–2021
(Millions of dollars and per cent)

Productive capacity-relevant sector	Greenfield projects				International project finance deals			
	2019	2020	2021	2020–2021 growth rate (%)	2019	2020	2021	2020–2021 growth rate (%)
Total								
Value	33 779	17 314	11 368	-34	67 376	32 401	60 474	87
Number of projects	421	207	160	-23	83	60	63	5
<i>Energy</i>								
Value	3 483	7 047	3 260	-54	59 267	18 208	55 855	207
Number of projects	17	24	7	-71	67	49	47	-4
<i>Human capital</i>								
Value	201	43	244	467	130	351	216	-38
Number of projects	10	5	7	40	1	2	3	50
<i>Information and communication technology</i>								
Value	337	2 248	1 898	-16	320	-	410	..
Number of projects	19	31	31	0	2	-	2	..
<i>Natural capital</i>								
Value	11 214	3 059	1 568	-49	181	-	-	..
Number of projects	19	10	7	-30	1	-	-	..
<i>Private sector development</i>								
Value	1 377	838	524	-37	-	-	-	..
Number of projects	108	45	31	-31	-	-	-	..
<i>Structural change</i>								
Value	14 754	4 078	3 364	-18	314	992	858	-14
Number of projects	232	92	72	-22	3	5	5	0
<i>Transportation</i>								
Value	2 413	-	509	..	7 164	12 849	3 135	-76
Number of projects	16	-	5	..	9	4	6	50

Source: UNCTAD, information from the Financial Times Ltd, fDi Markets (www.fdimarkets.com) for announced greenfield FDI projects and Refinitiv SA for international project finance deals. For the methodology for calculating investment in productive capacity, see WIR21, chapter IV, and UNCTAD's Productive Capacities Index.

Figure 2. LDCs: top 10 investor economies by FDI stock, 2016 and 2020 (Billions of dollars)



Source: UNCTAD, FDI/MNE database (<https://unctad.org/fdistatistics>).