



INVESTMENT TRENDS MONITOR



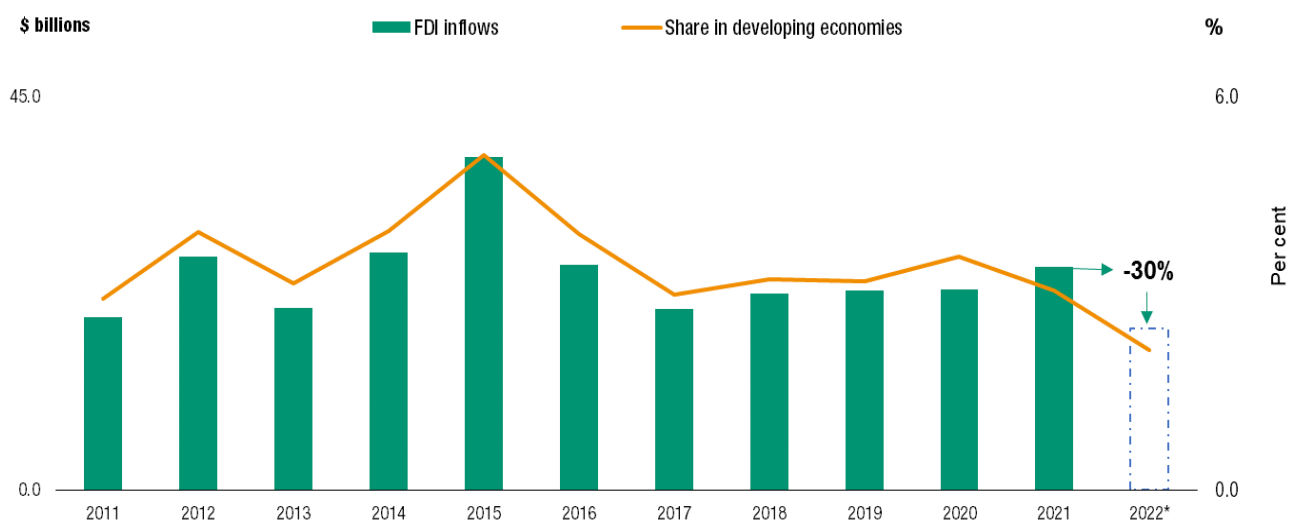
UNITED NATIONS
UNCTAD

INVESTMENT FLOWS TO LEAST DEVELOPED COUNTRIES AFFECTED DISPROPORTIONALLY BY GLOBAL CRISES

H I G H L I G H T S

- *Foreign direct investment (FDI) flows to the LDCs as a group increased only slightly over the last decade. After a peak in 2015 when LDCs accounted for more than 5% of developing country FDI they fell back to between \$20 and \$25 billion annually (figure 1). This represents about 3% of developing-country inflows, and less than 2% of global flows.*
- *Preliminary data for 2022 shows a decline in FDI flows to LDCs of about 30%, compared to a marginal increase in developing countries as a group. The succession of ongoing global crises, especially the food and energy crises as well as financial and debt distress, has hit investment flows to the poorest countries disproportionately.*
- *The growth of FDI in LDCs has lagged that of other external sources of finance for most of the last decade. Official development assistance (ODA) and remittances are significantly higher (figure 2). FDI flows remain, nonetheless, an important source of external finance for LDCs, crucial for their sustainable development and eventual graduation.*

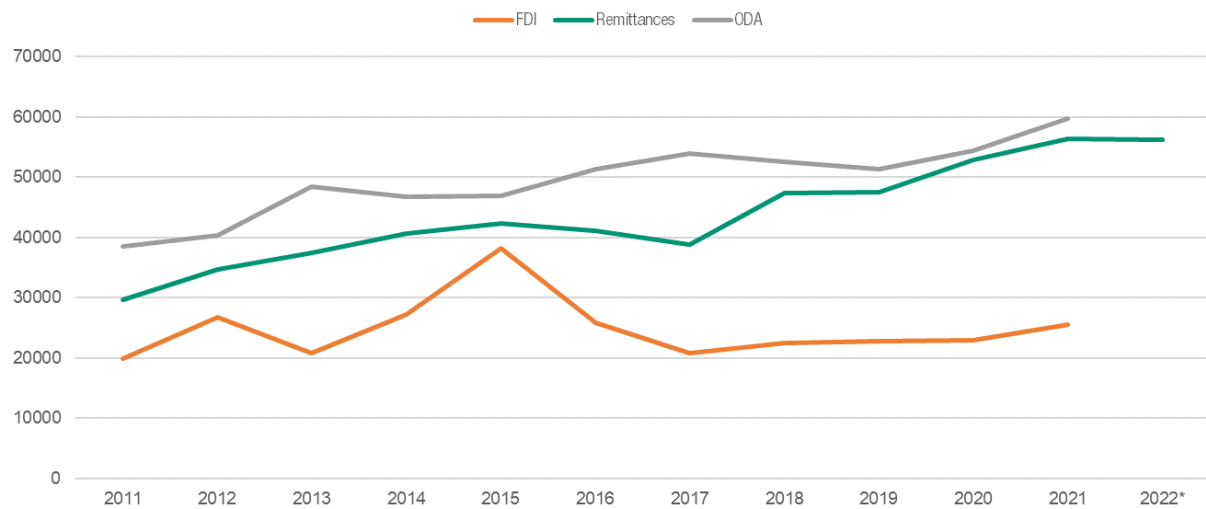
Figure 1. FDI inflows in LDCs and their share in developing-country inflows, 2011–2022 (Billions of dollars and per cent)



Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics).

Note: Estimates for FDI in 2022 are based on partial year data. Full year 2022 data will be included in the *World Investment Report 2023*.

Figure 2. LDCs: FDI inflows, ODA and remittances, 2011–2022
(Millions of dollars)

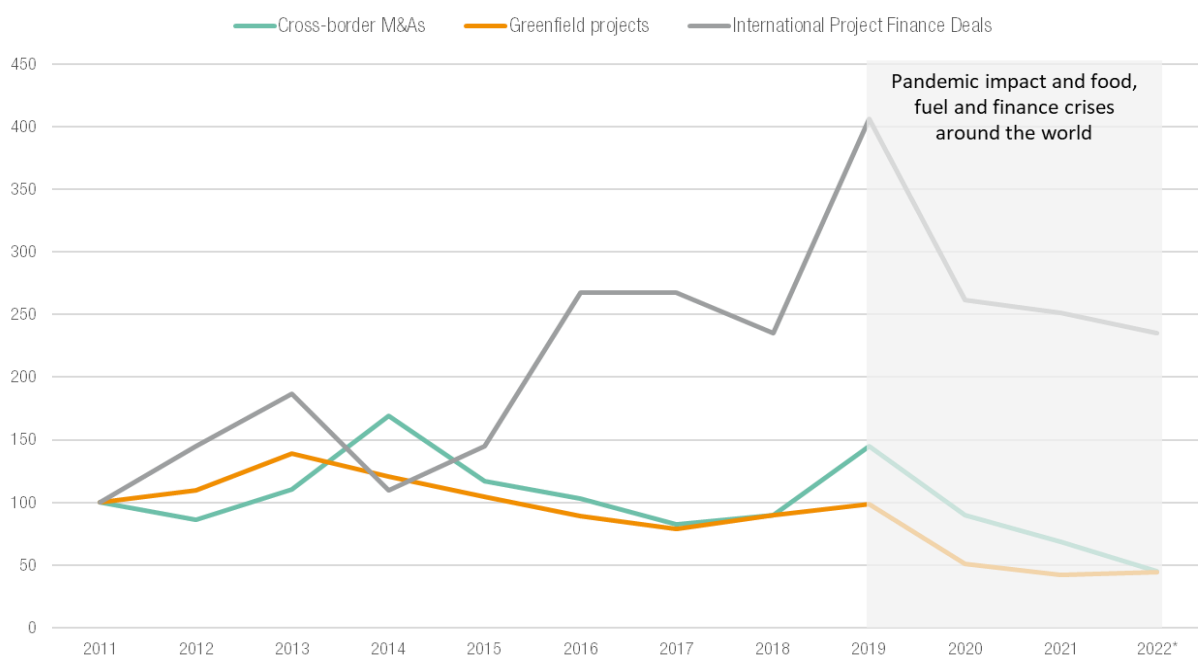


Source: UNCTAD, based on World Bank (for remittances), UNCTAD (for FDI) and OECD (for ODA).

Note: ODA flows to LDCs are approximated by flows to lower middle-income countries, as grouped by the World Bank.

- *The impact of the multi-dimensional crises is evident across all types of investment flows.* International project finance (IPF), which involves multiple financiers and is often in infrastructure and extractive industries, suffered the most (figure 3). In 2022, the number of IPF deals was 42% lower than in 2019 (76% lower in value). The number of greenfield project announcements by multinational enterprises (MNEs) fell by 55% over the same period (40% in value). This is a major concern for LDCs, because both these investment types are crucial for the build-up of productive capacity and essential infrastructure, and thus for sustainable development prospects.

Figure 3. Investment trends, 2011 – 2022 (Indexed, 2011=100)



Source: UNCTAD based on information from the Financial Times Ltd, fDi Markets (www.fDimarkets.com) for announced greenfield projects, Refinitiv SA for international project finance and cross-border M&A database (<https://unctad.org/fdistatistics>) for M&As.

Note: Project data for 2022 are preliminary; greenfield data is estimated based on 11 months.

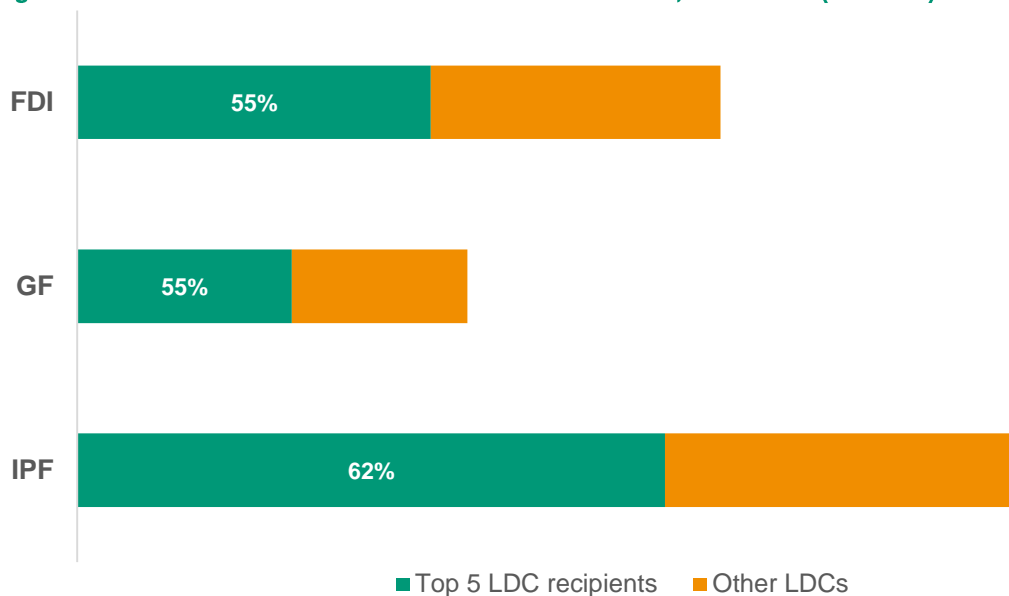
- While the list of top FDI recipients changed markedly over the past decade, flows remained concentrated, with the top five recipients (Cambodia, Mozambique, Ethiopia, Bangladesh and Myanmar, in that order) accounting for around 55% of the total (table 1).
- The concentration of flows is highest for international project finance, with the top recipients including Mauritania, Zambia, Sudan, Bangladesh and Angola, in that order. For greenfield projects the top recipients include Uganda, Myanmar, Mozambique, Angola and Zambia (figure 4).
- Extractive industries remain among the top recipient sectors for international project finance deals and greenfield investment projects, pointing to the continued dependence of LDCs on this sector and on resource-driven FDI (annex table 3). Nevertheless, several LDCs are seeing some sectoral diversification.

Table 1. Top recipients of FDI among LDCs in 2011-2013 and 2019-2021 (Millions of dollars)

2011-2013 average		2019-2021 average	
Mozambique	5 121	Cambodia	3 590
Congo, Dem. Rep. of	2 366	Mozambique	3 449
Sudan	1 911	Ethiopia	3 063
Cambodia	1 870	Bangladesh	2 778
United Republic of Tanzania	1 705	Myanmar	2 161

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

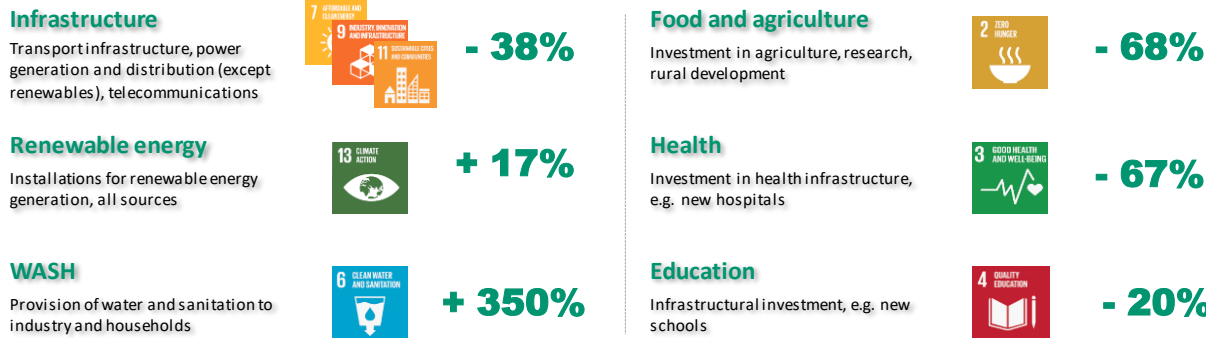
Figure 4. The concentration of investment values in LDCs, 2020-2022 (Per cent)



Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics) for FDI, information from the Financial Times Ltd, fDi Markets (www.fDimarkets.com) for announced greenfield projects and Refinitiv SA for international project finance.

- Investment activity in LDCs in sectors relevant for the attainment of the SDGs – infrastructure, renewables, water and sanitation, food security, health and education – suffered a significant blow in 2021-2022. Comparing with 2015 when the SDGs were adopted, project numbers in the last two years were significantly lower in most sectors except for renewables and water and sanitation (table 2). The decrease was evident in both greenfield project announcements and international project finance deals. The share of LDCs in SDG-relevant investment across developing countries as a group fell to its lowest level ever in 2022 (figure 5).

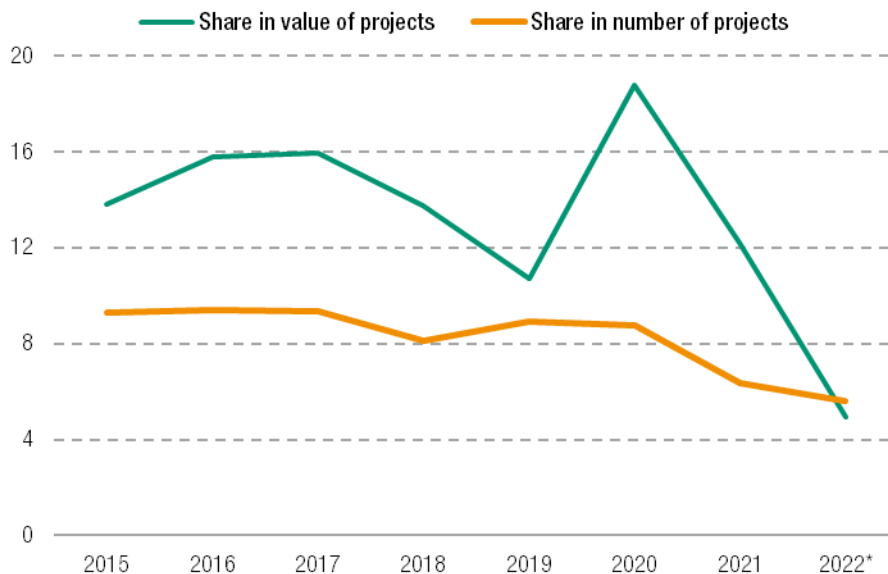
Table 2. LDCs: International investment in the SDGs: 2021-2022 project numbers compared to 2015-2016 (Per cent)



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

Note: Annual project numbers in several sectors are exceedingly low, leading to high percentage fluctuations. See annex table 6 for details.

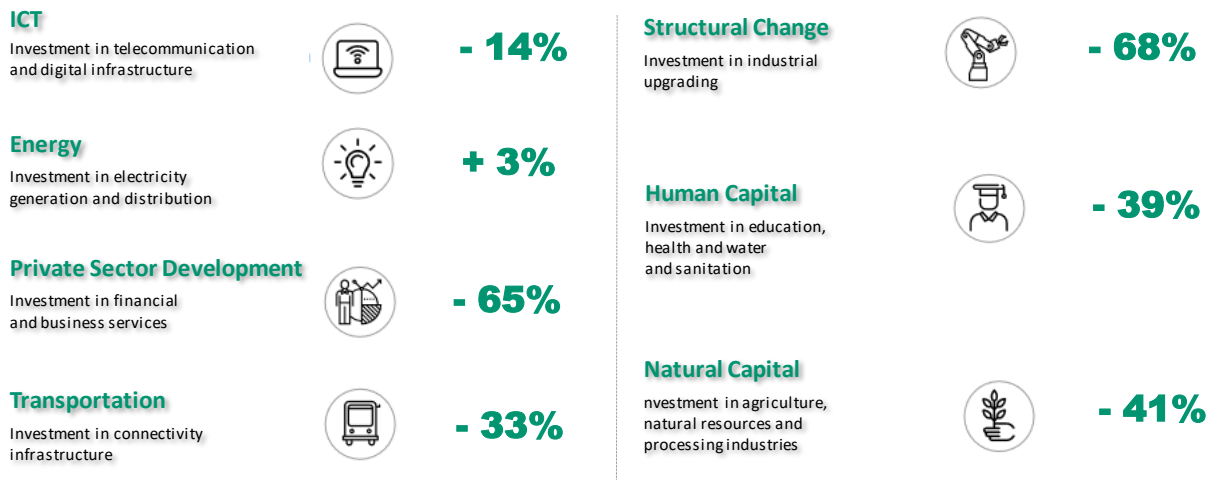
Figure 5. The share of international investment in SDG sectors in LDCs in total developing-country SDG investment, 2015–2022 (Per cent)



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

- Looking at LDC investment trends through the lens of productive capacity development highlights structural weaknesses and shows how several sectors have been hit hard by the multiple crisis. The number of investment projects important for private sector development and structural change declined by two thirds after 2015. Investment in natural capital (extractive) projects, traditionally an important part of FDI in many LDCs, show a long-term decline. Only energy increased due to the growth in renewable energy projects. The overall decline in productive capacity investments was stronger than that in developing countries as a group (figure 6).

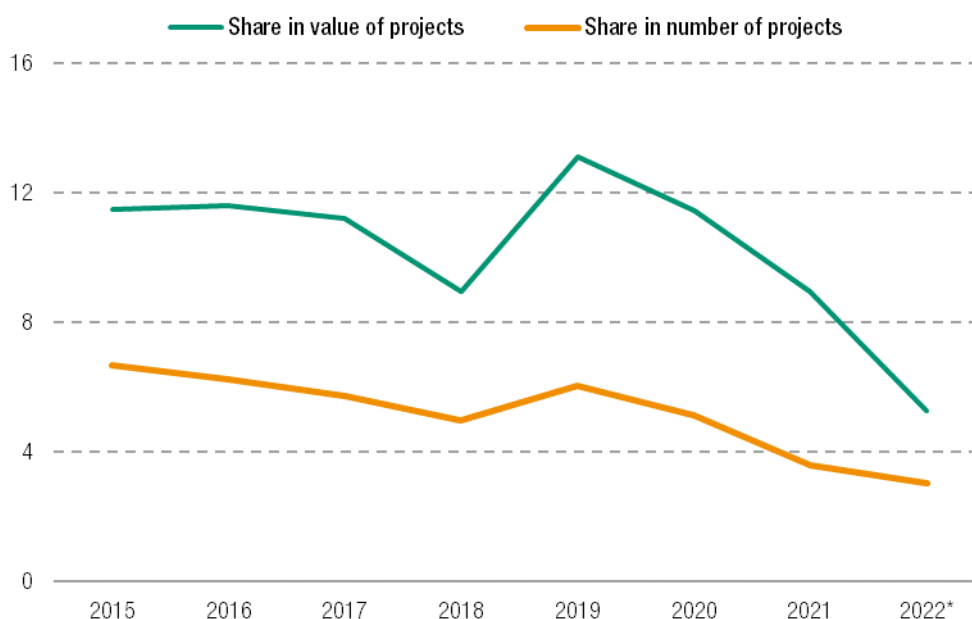
Table 3. LDCs: International investment in productive capacity: 2021-2022 project numbers compared to 2015-2016 (Per cent)



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

Note: Categories based on UNCTAD's Productive Capacity Index. Trends in energy and transportation infrastructure are based on international project finance data. Trends in all other PCI components are based on greenfield data.

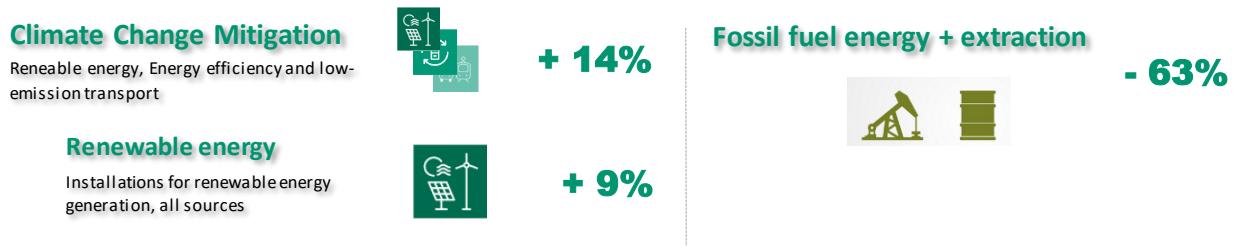
Figure 6. Share of international investment in productive capacity in LDCs in total developing-country productive capacity investment, 2015–2022 (Per cent)



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

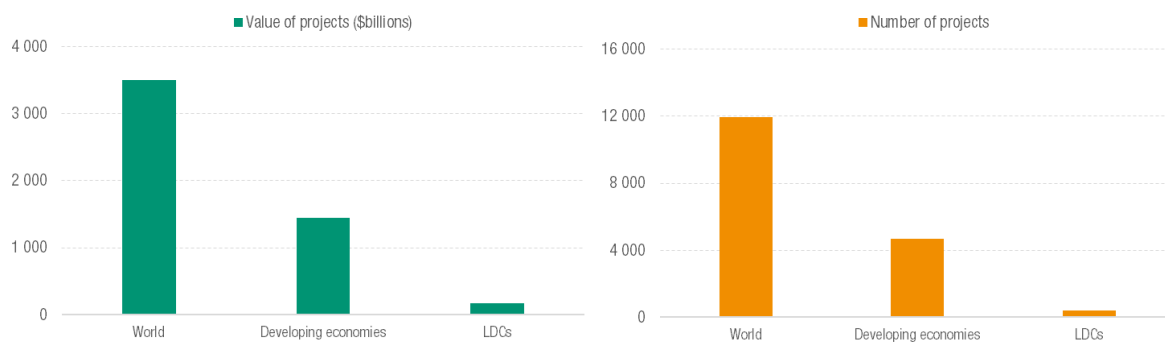
- *Cross-border investment in climate change mitigation in LDCs showed an upward trend after 2015 (table 4).* The push for green energy investment and loose financing conditions especially stimulated international project finance worldwide. In a sign of the effects of the energy transition, the number of investment projects in fossil-fuel-based energy generation and extractive projects declined by 63% over the same period.
- *International investment in climate change sectors in LDCs remains small compared to developing economies as a group.* However, at 8% of project numbers in developing economies and 12% in value terms, it is relatively high compared to the LDC share in total FDI (figure 7).

Table 4. LDCs: International investment in Climate Change Industries and Fossil fuel energy: 2021-2022 project numbers compared to 2015-2016 (Per cent)



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

Figure 7. International investment in climate change mitigation and adaptation, cumulative 2015-2022 (Billions of dollars and number)



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

Annex Table 1. LDCs: FDI inflows and cross-border M&A sales, 2020–2022
(Millions of dollars and number)

Subregion/selected economy	FDI			Net cross-border M&A sales							
	Value			Value				Number			
	2020	2021	2021–2022 growth trends* (%)	2020	2021	2022	2021–2022 growth rate (%)	2020	2021	2022	2021–2022 growth rate (%)
LDCs	22 976	25 602	-28	421	- 1 843	35	..	26	20	13	-35
Africa (33)	13 663	15 701	-41	417	- 1 794	- 25	..	15	15	10	-33
Angola	- 1 866	- 4 355	..	-	- 600	-	..	1	- 2	-	..
Congo, Democratic Republic of the	1 647	1 870	22	-	-	-	..	-	-	-	..
Ethiopia	2 381	4 259	-19	-	-	-	..	3	-	-	..
Mali	537	640	-11	-	81	-	..	-	3	-	..
Mozambique	3 035	5 102	-90	-	-	-	..	1	- 1	- 1	..
Senegal	1 846	2 588	0	400	188	-	..	2	1	3	200
United Republic of Tanzania	685	922	21	-	1	-	..	-	2	2	0
Uganda	874	1 100	28	-	-	-	..	-	-	-	..
Zambia	- 173	- 457	..	-	- 1 500	-	..	1	3	-	..
Asia (9)	9 276	9 821	-7	-	- 48	60	..	8	4	3	-25
Bangladesh	2 564	2 896	22	-	- 48	54	..	-	2	2	0
Cambodia	3 625	3 483	2	-	-	35	..	2	2	1	-50
Lao People's Democratic Republic	968	1 072	-51	-	-	-	..	-	-	-	..
Myanmar	1 907	2 067	-38	-	-	30	..	4	-	1	..
Latin America and the Caribbean (1)	25	51	-23	-	-	-	..	-	-	-	..
Haiti	25	51	-23	-	-	-	..	-	-	-	..
Oceania (3)	12	29	11	4	-	-	..	3	1	-	..
Kiribati	3	1	..	-	-	-	..	-	-	-	..
Solomon Islands	9	28	11	4	-	-	..	3	1	-	..
Tuvalu	0.1	0.2	..	-	-	-	..	-	-	-	..

Source: UNCTAD, FDI/MNE database (<https://unctad.org/fdistatistics>) for FDI and cross-border M&A database (<https://unctad.org/fdistatistics>) for M&As.
* FDI growth trends based on partial year data.

Annex Table 2. LDCs: Announced greenfield projects and international project finance deals, 2020–2022.
(Millions of dollars and numbers)

Subregion/selected economy	Announced greenfield investment projects								Announced international project finance deals							
	Value				Number				Value				Number			
	2020	2021	2022*	2021–2022 growth rate (%)	2020	2021	2022*	2021–2022 growth rate (%)	2020	2021	2022	2021–2022 growth rate (%)	2020	2021	2022	2021–2022 growth rate (%)
LDCs	17 743	11 614	20 463	-92	191	158	151	4	38 403	62 248	19 646	-68	81	78	73	-6
Africa (33)	10 629	10 069	19 198	108	139	126	112	-3	31 404	53 875	15 734	-71	57	45	45	0
Angola	3 406	640	336	-43	17	9	5	-39	2 017	3 075	371	-88	8	4	2	-50
Congo, Democratic Republic of the	1 135	184	762	351	12	4	6	64	2 889	699	931	33	8	2	4	100
Ethiopia	503	132	557	361	11	7	6	-6	4 273	702	211	-70	3	5	1	-80
Mali	450	450	225	-45	4	3	1	-84	292	454	-	..	2	2	-	..
Mozambique	672	2 457	1 369	-39	8	8	7	-5	1 629	786	228	-71	7	4	2	-50
Senegal	504	642	1 313	123	10	8	13	77	1 837	373	1 176	215	5	2	2	0
United Republic of Tanzania	223	989	1 243	37	12	15	20	45	2 140	1 129	929	-18	3	1	6	500
Uganda	354	260	10 162	4167	5	8	9	23	-	-	-	..	-	-	-	..
Zambia	881	786	1 580	119	12	11	8	-21	11 468	-	2 202	..	4	-	3	..
Asia (9)	7 114	1 545	1 265	-11	52	32	39	33	6 999	8 351	3 802	-54	24	32	26	-19
Bangladesh	795	995	376	-59	16	15	16	16	1 678	4 345	1 117	-97	5	14	1	-93
Cambodia	1 645	124	654	474	13	9	10	21	152	953	1 207	27	3	9	12	33
Lao People's Democratic Republic	103	129	-	..	2	2	-	..	3 338	350	1 174	236	6	3	6	100
Myanmar	4 262	149	89	-35	15	3	5	82	1 659	128	235	83	8	1	3	200
Latin America and the Caribbean (1)	-	-	-	..	-	-	-	..	-	-	-	..	-	-	-	..
Haiti	-	-	-	..	-	-	-	..	-	-	-	..	-	-	-	..
Oceania (3)	-	-	-	..	-	-	-	..	-	-	111	404	-	1	2	100
Kiribati	-	-	-	..	-	-	-	..	-	-	-	..	-	-	-	..
Solomon Islands	-	-	-	..	-	-	-	..	-	22	66	201	-	1	1	0
Tuvalu	-	-	-	..	-	-	-	..	-	-	45	..	-	-	1	..

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.

*Greenfield announced data for the first eleven months of 2022. The growth rate is calculated based on 2022 full year estimate.

Annex Table 3. LDCs: Announced greenfield projects, by sector and selected industries, 2020–2022
(Millions of dollars and number)

Sector/industry	Value (Millions of dollars)			2021–2022 growth rate (%)	Number			2021–2022 growth rate (%)
	2020	2021	2022*		2020	2021	2022*	
Total	17 743	11 614	20 463	92	191	158	151	4
Primary	607	1 568	8 928	521	7	7	9	40
Manufacturing	5 375	2 198	2 267	13	56	42	42	9
Services	11 761	7 848	9 268	29	128	109	100	0
<i>Top 10 industries in value terms</i>								
Extractive industries	377	1 440	8 928	576	5	4	9	145
Transportation and storage	1 071	942	4 220	388	17	25	18	-21
Energy and gas supply	7 047	3 329	2 891	-5	24	10	11	20
Information and communication	2 248	1 898	1 010	-42	31	31	23	-19
Chemicals		43	411	954		2	5	173
Other non-metallic mineral products	806	902	397	-52	14	4	3	-18
Hospitality	41	200	339	84	3	2	5	173
Food, beverages and tobacco	202	250	333	46	6	2	7	282
Basic metal and metal products		501	290	-37		4	1	-73
Rubber and plastics products	4	10	247	2,731	1	1	2	118

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

Annex Table 4. LDCs: announced international project finance deals, by sector and selected industries, 2020–2022
(Millions of dollars and number)

Sector/industry	Value (Millions of dollars)			2021–2022 growth rate (%)	Number			2021–2022 growth rate (%)
	2020	2021	2022		2020	2021	2022	
Total	38 403	62 248	19 646	-68	81	78	73	-6
<i>Top 10 industries by number</i>								
Renewable energy	12 873	44 800	6 887	-85	34	34	29	-15
Mining	3 890	1 535	2 333	52	13	9	10	11
Transportation infrastructure	13 950	2 964	4 852	64	6	6	6	0
Industrial real estate	983	860	796	-7	5	5	6	20
Water and sewerage	344	138	987	617	2	2	5	150
Residential/commercial real estate	560	669	345	-48	4	5	4	-20
Telecommunication		534	317	-41		3	4	33
Agriculture and forestry			1 931	..			3	..
Oil and gas	1 278	8 065	406	-95	6	8	3	-63
Power	4 094	2 485	776	-69	7	4	2	-50

Source: UNCTAD, based on data from Refinitiv SA.

Annex Table 5. LDCs: net cross-border M&A sales, by sector and selected industries, 2020–2022
(Millions of dollars and number)

Sector/industry	Value (Millions of dollars)			2021–2022 growth rate (%)	Number			2021–2022 growth rate (%)
	2020	2021	2022		2020	2021	2022	
Total	421	-1 843	35	..	26	20	13	-35
Primary	404	-1 419	-25	..	7	8	1	-88
Manufacturing	17	-	2	..	3		2	..
Services	0	-424	58	..	16	12	10	-17
<i>Top 10 industries in value terms</i>								
Utilities	-	-	53	..	-1	2	1	-50
Transportation and storage	-	-	35	..	2	1	1	0
Textiles, clothing and leather	-	-	1	..			1	..
Electronics and electrical equipment	-	-	1	..			1	..
Agriculture	-	-	-	..		1	-1	..
Construction	-	-	-	..		-1	1	..
Hospitality	-	-	-	..	1	1	2	100
Information and communication	-	-	-	..	3	1	3	200
Professional services	-	-	-	..	1	1	2	100
Extractive industries	404	-1 419	-25	..	7	7	2	-71

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

Annex Table 6. LDCs: Investment project announcements in SDG sectors, 2015–2016 and 2020–2022
(Millions of dollars)

SDG-relevant sector	Greenfield projects						International project finance deals					
	2015	2016	2020	2021	2022*	2021–2022 growth rate (%)	2015	2016	2020	2021	2022	2021–2022 growth rate (%)
Total												
Value	18 037	21 602	10 824	6 332	5 482	-6	22 249	32 669	31 261	51 119	15 766	-69
Number of projects	135	117	85	69	57	-10	29	61	49	51	50	-2
Power ^a												
Value	6 971	9 736	3 452	2 000	1 717	-6	9 020	7 154	4 094	2 485	776	-69
Number of projects	8	12	4	1	2	118	10	13	7	4	2	-50
Renewable energy												
Value	5 142	1 343	3 601	1 329	1 174	-4	5 449	12 902	12 873	44 800	6 887	-85
Number of projects	17	11	21	9	9	9	12	30	34	34	29	-15
Transport ^b												
Value	1 237	2 267	1 071	449	720	75	6 780	8 769	13 950	2 964	4 852	64
Number of projects	28	23	17	22	17	-16	6	12	6	6	6	0
Telecommunication												
Value	1 374	2 915	2 112	1 717	838	-47		105		534	317	-41
Number of projects	28	23	22	20	11	-40		1		3	4	33
Water, sanitation and hygiene (WASH)												
Value				136	163	31		338	344	138	987	617
Number of projects				1	1	9		2	2	2	5	150
Food and agriculture												
Value	2 437	5 018	477	421	706	83	999	3 281			1 931	..
Number of projects	33	38	12	7	13	103	1	2			3	..
Health												
Value	814	307	77	172	164	4		120			16	..
Number of projects	12	9	5	3	4	45		1			1	..
Education												
Value	62	15	33	109		..				199		..
Number of projects	9	1	4	6		..				2		..

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.

Annex Table 7. LDCs: investment project announcement in productive capacity, 2015–2016 and 2020–2022
(Millions of dollars, number and per cent)

Productive capacity-relevant sector	Greenfield projects						International project finance deals					
	2015	2016	2020	2021	2022	2021–2022 growth rate (%)	2015	2016	2020	2021	2022	2021–2022 growth rate (%)
Total												
Value	41 383	39 917	17 314	11 368	19 660	89	30 824	57 514	33 925	60 044	16 968	-72
Number of projects	458	387	207	160	158	8	39	73	63	64	59	-8
Energy												
Value	11 940	11 033	7 047	3 260	2 666	-11	21 329	41 756	18 648	55 350	8 069	-85
Number of projects	23	20	24	7	8	25	28	50	50	46	34	-26
Human capital												
Value	151	98	43	244	249	11		458	344	336	1 003	198
Number of projects	13	5	5	7	4	-38		3	2	4	6	50
Information and communication technology												
Value	1 441	2 995	2 248	1 898	1 010	-42		105		534	317	-41
Number of projects	33	32	31	31	23	-19		1		3	4	33
Natural capital												
Value	8 223	2 931	3 059	1 568	8 928	521	999	3 281			1 931	..
Number of projects	17	12	10	7	9	40	1	2			3	..
Private sector development												
Value	2 191	1 805	838	524	538	12						..
Number of projects	116	89	45	31	38	34						..
Structural change												
Value	16 542	16 937	4 078	3 364	2 753	-11	1 715	3 146	983	860	796	-7
Number of projects	243	225	92	72	73	11	4	5	5	5	6	20
Transportation												
Value	896	4 120		509	3 516	654	6 780	8 769	13 950	2 964	4 852	64
Number of projects	13	4		5	3	-35	6	12	6	6	6	0

Source: UNCTAD, information from the Financial Times Ltd, fDi Markets (www.fdi-markets.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.

Annex Table 8. LDCs: Announced greenfield projects and international project finance deals in climate change sectors and fossil fuel energy, 2020–2022 (Millions of dollars and number)

Climate change-relevant sector	Greenfield projects						International project finance deals					
	2015	2016	2020	2021	2022	2021–2022 Growth rate (%)	2015	2016	2020	2021	2022	2021–2022 Growth rate (%)
Mitigation												
Value	5 142	1 364	3 601	1 476	1 311	-3	10 945	17 470	25 049	45 066	6 887	- 85
Number of projects	17	14	21	11	12	19	14	32	37	35	29	- 17
Renewable energy												
Value	5 142	1 343	3 601	1 329	1 174	-4	5 449	12 430	12 739	43 195	5 941	- 86
Number of projects	17	11	21	9	9	9	12	27	32	28	26	- 7
Other energy efficiency												
Value		21		147	138	2		472	134	1 605	945	- 41
Number of projects		3		2	3	64		3	2	6	3	- 50
Low carbon transport												
Value						..	5 497	4 567	12 177	267		..
Number of projects						..	2	2	3	1		..
Adaptation												
Value					163	..		338	344	138	987	617
Number of projects					1	..		2	2	2	5	150
Water management												
Value					163	..		338	344	138	987	617
Number of projects					1	..		2	2	2	5	150
Other adaptation												
Value					
Number of projects					
Green minerals												
Value	863		361	462	2 431	474		2 000	852	22	600	2 627
Number of projects	2		1	2	7	282		1	3	1	1	0
Fossil fuel energy + extraction												
Value	9 446	12 537	5 907	2 003	8 248	349	15 881	28 854	5 372	9 220	1 182	- 87
Number of projects	10	18	7	2	5	173	16	20	13	12	5	- 58

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.

Note: Fossil fuel investments include power generation and extraction of oil, gas and coal.

Annex Table 9. LDCs: Announced greenfield projects and international project finance deals in climate change mitigation, 2020–2022 (Number)

Region / subregion	Greenfield projects				International project finance deals			
	2020	2021	2022	2021–2022 Growth rate (%)	2020	2021	2022	2021–2022 Growth rate (%)
LDCs								
Value	3 601	1 476	1 311	- 3	25 049	45 066	6 887	- 85
Number of projects	21	11	12	19	37	35	29	- 17
Africa (33)								
Value	3 000	947	1 089	26	22 662	42 526	5 043	- 88
Number of projects	19	8	11	50	27	19	21	11
Asia (9)								
Value	601	529	222	- 54	2 388	2 540	1 843	- 27
Number of projects	2	3	1	- 64	10	16	8	- 50
Latin America and the Caribbean (1)								
Value			
Number of projects			
Oceania (3)								
Value			
Number of projects			

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.



INVESTMENT TRENDS MONITOR



For the latest investment trends and policy developments, please visit the website of the UNCTAD Investment and Enterprise Division

 unctad.org/diae  investmentpolicyhub.unctad.org

 [@unctadwif](https://twitter.com/unctadwif)

For further information, please contact

Mr. James X. Zhan

Director

Investment and Enterprise Division UNCTAD

 diaeinfo@unctad.org  +41 22 917 57 60



UNITED NATIONS
UNCTAD